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Melbourne Institute Monthly Inflation Gauge Monthly inflation increased in June

The Melbourne Institute Monthly Inflation Gauge rose by 0.6 per cent in June, after a 0.2 per cent fall in May. In the twelve months to June, the Inflation Gauge increased by 1.5 per cent, after a rise of 1.0 per cent for the twelve months to May.

Contributing to the overall change in June were price rises for automotive fuel (+7.6 per cent), holiday travel and accommodation (+7.4 per cent) and fruit and vegetables (+6.4 per cent). These were primarily offset by decreases in clothing and footwear (-1.1 per cent), and insurance and financial services (-0.5 per cent).

The trimmed mean measure of the Inflation Gauge rose by 0.2 per cent in June, after falling by 0.2 per cent in May.

According to Dr Sam Tsiaplias, Senior Research Fellow at the Melbourne Institute, "Inflation rose sharply in the final month of this quarter, and this was heavily driven by a significant rise in fuel prices. Given this rise, it seems unlikely that we will get a repeat of last quarter's negative CPI result for the current quarter."

"Since items such as fuel prices are quite volatile, it is often preferable to look at smoothed measures of inflation such as the trimmed mean. Both trimmed mean inflation and the inflation gauge excluding volatile items rose this month, although they are still below their long-term averages" added Dr Tsiaplias.

From the July issue, for release in August 2016, the Melbourne Institute Inflation Gauge will only be available to subscribers. Subscribers should check their log-in page for information about the date of the next release.

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The Melbourne Institute Monthly Inflation Gauge is designed to give markets and policy makers a monthly update on inflation trends. Further information can be found in the attached report or by visiting:

www.melbourneinstitute.com/miaesr/publications/indicators/tdsec.html

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