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Melbourne Institute, The University of Melbourne

Melbourne Institute Survey of Consumer Inflationary Expectations
March 2016

Inflationary expectations fell in March

The expected inflation rate (30-per-cent trimmed mean measure), reported in the Melbourne Institute Survey of Consumer Inflationary Expectations, fell by 0.2 percentage points to 3.4 per cent in March from 3.6 per cent in February.

In December, the weighted proportion of respondents (excluding the 'don't know' category) expecting the inflation rate to fall within the 0-5 per cent range fell by 2.8 percentage points to 72.6 per cent. The weighted mean of responses within this range also fell to 2.3 per cent from 2.6 per cent.

This month's survey also includes quarterly information on past and future pay growth in Australia. Actual pay growth over the 12 months to March 2016 fell by 1.5 percentage points to 1.5 per cent (from 3.0 per cent over the 12 months to December 2015). In March, 34.3 per cent of respondents reported a rise in total pay while 10.4 per cent reported a fall. Pay expectations in the coming 12 months rose to 2.0 per cent in March from 1.6 per cent in December. The weak average change in total pay over the 12 months to March likely reflects uncertainty about current economic conditions. The increase in expected pay, however, suggests that consumers expect labour market conditions to improve somewhat over the course of the year.

The April 2016 Survey of Consumer Inflationary Expectations will be released at 11am AEST, Thursday, 14 April 2016.

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