

Melbourne Institute Survey of Consumer Inflationary Expectations

Inflationary expectations fell in September

The expected inflation rate (30-per-cent trimmed mean measure), reported in the Melbourne Institute Survey of Consumer Inflationary Expectations, fell by 0.5 percentage points to 3.2 per cent in September from 3.7 per cent in August.

In September, the proportion of respondents (excluding the 'don't know's) expecting the inflation rate to fall within the 0-5 per cent range fell by 4.6 percentage points to 73.2 per cent from 77.8 per cent in August. The weighted mean of responses within this range fell by 0.4 percentage points to 2.3 per cent in September from 2.7 per cent in August. This fall is attributable to both big falls in the clusters of responses around the expected price increases between 2 to 5 per cent and a considerable rise in the cluster of responses of no price change. This signals a shift in the distribution of responses within this range towards the lower end.

This month's survey also includes quarterly information on past and future pay growth in Australia. Actual pay growth over the 12 months to September 2015 rose by 0.3 percentage points to 3.9 per cent from 3.6 per cent (over the 12 months to June 2015). In September, 53.8 per cent of respondents reported a rise in total pay (down further from 54.1 per cent in June and 63.3 per cent in March) while 9.5 per cent reported a fall. Pay expectations in the coming 12 months rose to 2.9 per cent in September from 1.2 per cent in June. Despite expecting only a relatively modest pay growth in the coming 12 months, consumers appear to be a little more optimistic about future pay growth than they were in June.

The October 2015 Survey of Consumer Inflationary Expectations will be released at 11am AEST, Thursday 15 October 2015.

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The Melbourne Institute Survey of Consumer Inflationary Expectations measures are designed to represent the average householder's expected rate of consumer price changes over the coming 12 months. Further information can be found by visiting:

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

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