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Media Release Embargoed until 11:00am AEDT, Thursday 15 December 2016

Melbourne Institute Survey of Consumer Inflationary Expectations

Inflationary expectations rose slightly in December

The expected inflation rate (30-per-cent trimmed mean measure), reported in the Melbourne Institute Survey of Consumer Inflationary Expectations, rose by 0.2 percentage points to 3.4 per cent in December from 3.2 per cent in November.

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 5.2 percentage points to 67.9 per cent. The weighted mean of responses within this range fell slightly from 2.3 per cent last month to 2.2 per cent in December.

This month's survey also includes quarterly information on past and future pay growth in Australia. Total pay growth over the 12 months to December 2016 decreased by 1.1 percentage points to 1.2 per cent (from 2.3 per cent over the 12 months to September 2016, and 1.0 per cent over the 12 months to June 2016). In December, 38.9 per cent of respondents reported a rise in total pay while 13.1 per cent reported a fall. Pay expectations in the coming 12 months also fell to 1.5 per cent in December from 2.1 per cent in the previous quarter. The relatively sharp growth in actual and expected total pay reported in the September quarter therefore appears to have been a one-off, with actual and expected pay in December falling back to levels observed in the first half of 2016.

The January 2017 Survey of Consumer Inflationary Expectations will be released at 11am AEDT, Thursday, 19 January 2017.

ENDS

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 in the attached report or by visiting: www.melbourneinstitute.com/miaesr/publications/indicators/cie.html

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