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Melbourne Institute Survey of Consumer Inflationary Expectations

Inflationary expectations rose in June

The expected inflation rate (30-per-cent trimmed mean measure), reported in the Melbourne Institute Survey of Consumer Inflationary Expectations, rose by 0.3 percentage points to 3.5 per cent in June from 3.2 per cent in May.

In June, the weighted proportion of respondents (excluding the 'don't know' category) expecting the inflation rate to fall within the 0-5 per cent range rose by 1.0 percentage points to 69.3 per cent (Table 3). The weighted mean of responses within this range also rose to 2.4 per cent from 2.2 per cent in May. Both of these rises were mainly attributable to the sizeable rise in the cluster of responses around an expected price change of 5 per cent.

This month's survey also includes quarterly information on past and future pay growth in Australia. Total pay growth over the 12 months to June 2016 fell further, by 0.5 percentage points to 1.0 per cent (from 1.5 per cent over the 12 months to March 2016, and 3.0 per cent over the 12 months to December 2015). In June, 41.9 per cent of respondents reported a rise in total pay while 8.7 per cent reported a fall (Table 4). Pay expectations in the coming 12 months also fell, to 1.0 per cent in June from 2.0 per cent in March. Despite recent improvements in labour market conditions, both actual and expected pay growths remain modest. This likely reflects uncertainty about current and near-term economic conditions.

The July 2016 Survey of Consumer Inflationary Expectations will be released at 11:00am AEST, Thursday, 14 July 2016.

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

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