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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 0.2 percentage points to 3.3 per cent in September from 3.5 per cent in August.

In September, 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 1.3 percentage points to 69.2 per cent. The weighted mean of responses within this range fell slightly from 2.2 per cent last month to 2.1 per cent in September. The former increase is mainly attributable to a decline in the proportion of respondents clustered around an expecting inflation rate of 10 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 September 2016 increased by 1.3 percentage points to 2.3 per cent (from 1.0 per cent over the 12 months to June 2016, and 1.5 per cent over the 12 months to March 2016). In September, 47.3 per cent of respondents reported a rise in total pay while 9.2 per cent reported a fall. Pay expectations in the coming 12 months also rose by 2.1 per cent in September from 1.0 per cent in June. Although pay expectations appear to have improved over the last couple of quarters, there remains considerable uncertainty about economic conditions, with expectations still below the levels observed this time last year.

The October 2016 Survey of Consumer Inflationary Expectations will be released at 11 am AEST, Thursday, 13 October 2016.

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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