

RBA should start lowering rates before years' end

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The ACTU is urging the Reserve Bank of Australia to start pulling down interest rates before the end of the year, following today's inflation figure coming in at 2.8 per cent.

Today's CPI result confirms that headline inflation has hit a three and-a-half year low.

The figures also show underlying inflation is also trending downwards. The trimmed mean measure – that excludes temporary items with the largest price changes – has dropped from 4.0 per cent down to 3.5 percent. On an annualised basis, this puts underlying inflation near the top of the Reserve Bank's target band.

Today's figures show the economy can finally sustain some interest rate relief for workers and their families this side of Christmas. Inflation is continuing to come down due to falling petrol prices and other factors broader than the Albanese Government's energy bill relief.

Today's figures further confirm that Australia's inflation has risen and now fallen in close concert with the rest of the world. Key central banks including the US Federal Reserve and the European Central Bank have already started cutting rates.

Australian Unions are now calling on the Reserve Bank to start cutting interest rates before the year is out.

The Reserve Bank board is meeting on 4 and 5 November and 9 and 10 December 2024.

Quotes attributable to ACTU Secretary, Sally McManus:

“Australia's families have spent three-and-a-half years shouldering the financial hardship that has come with the need to put the brakes on inflation.

“Even an initial quarter of a percentage cut in interest rates, on the average mortgage, puts an extra \$100 a month back into the household budgets of families who need that money.

“Australia's inflation is clearly following the global trend, as global supply chain challenges get resolved. Major central banks around the world are well advanced in cutting rates. The Reserve Bank needs to now follow their lead or else risk the health of the economy and people's jobs.

“Working people have done all of the heavy lifting to fight inflation, while in many cases big business has made things tougher for consumers by price gouging. They have withstood tough times meeting mortgage costs while supermarkets engaged in phony price discounting.

“The latest national accounts show working families are spending less and cutting back spending during trips to the supermarket, as they look for ways to reduce food bills.

“Now that underlying inflation is quickly returning to target, the Reserve Bank should start lowering the official cash rate this year.

“The Reserve Bank’s indications that it will hold back on rate cuts until next year is not reasonable, given that today’s data shows Australia’s inflation is less ‘sticky’ or stubborn than it was.

“Major economies around the world have already been cutting rates and Australians have a right to expect that our rates can and should start to be lowered before the year is out.”

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