

19 December 2025

NOVEMBER CPI PREVIEW AND ANALYSIS

Complete Montly CPI will take some time to understand

Key points

- The October monthly CPI was flat in the month, broadly as we expected but stronger than market expectations. For more information see [“Electrical noise is far from static”](#).
- The impact on our inflation profile was marginal. The December quarter CPI remains 0.6%qtr/3.6%yr, while the Trimmed Mean edged up from 0.7%qtr/3.1%yr to 0.8%qtr/3.2%yr.
- Our November monthly CPI estimate is 0.4% for the month, leaving the annual pace unchanged at 3.8%yr.
- The introduction of the complete monthly CPI is a significant enhancement to our analysis of price formation in the Australian economy. However, with many series having only a short history, it will take time to fully understand some of the finer details.
- For now, we will continue to place greater emphasis on the quarterly measures of core inflation.

Breakdown: Dec Quarter CPI & Monthly CPI

| | Dec | Sep | Oct | Nov |
|---|---------|-------|-------|---------|
| | Qtr fcs | Mth | Mth | Mth fcs |
| Item | % qtr | % mth | % mth | % mth |
| Food | 0.2 | -0.3 | 0.2 | 0.2 |
| of which, bread & cereals | 0.2 | -0.3 | 0.1 | 0.2 |
| of which, meat & seafood | 2.2 | 0.4 | 1.0 | 0.6 |
| of which, dairy & related prod. | 1.1 | 0.7 | -0.5 | 0.7 |
| of which, fruit & vegetables | -3.8 | -4.0 | 0.5 | -0.2 |
| of which, food products nec | 0.7 | 0.6 | -0.5 | 0.3 |
| of which, non-alcohol bev. | -1.0 | -0.8 | -0.4 | 0.2 |
| Alcohol & tobacco | 1.3 | 1.2 | 0.0 | 0.7 |
| of which, alcohol | -0.4 | -0.4 | -0.4 | 0.9 |
| of which, tobacco | 4.6 | 5.2 | 1.0 | 0.1 |
| Clothing & footwear | 0.6 | -0.6 | 2.2 | -2.9 |
| of which, garments | 0.1 | -3.0 | 2.6 | -1.6 |
| Housing | 0.8 | 0.8 | -0.8 | 2.2 |
| of which, rents | 0.7 | 0.2 | 0.2 | 0.3 |
| of which, house purchases | 1.4 | 0.7 | 0.4 | 0.4 |
| of which, electricity | -0.9 | -0.4 | -10.2 | 16.0 |
| of which, gas & other fuels | -0.6 | 2.3 | -3.7 | 3.2 |
| H/hold contents & services | 0.2 | 2.1 | 2.0 | -0.2 |
| Health | -0.2 | 0.0 | 0.0 | 0.0 |
| Transportation | 1.0 | 0.1 | 0.3 | 0.6 |
| of which, auto fuel | 1.7 | 0.5 | -0.9 | 2.3 |
| Communication | -0.1 | -0.2 | -0.2 | -0.1 |
| Recreation | 1.0 | 2.2 | -0.2 | -1.1 |
| of which, holiday travel | 1.5 | 4.8 | -1.0 | -2.6 |
| Education | 0.1 | 0.0 | 0.0 | 0.0 |
| Financial & insurance services | 0.3 | 0.3 | 0.2 | 0.0 |
| CPI: All groups | 0.6 | 0.5 | 0.0 | 0.4 |

Sources: ABS, Westpac Banking Corporation

“... monthly volatility in some of the series is quite baffling ...”

We will continue to focus on the quarterly prints



Justin Smirk
Senior Economist

No surprise in the October CPI

The new complete monthly CPI gained 3.8% in the year to October, coming in a touch softer than Westpac's estimate of 3.9%yr but a bit stronger than the market estimate of 3.6%yr. So while the market and other commentators may have been surprised by the result it was broadly within our expectations and as such has had just a marginal impact on our inflation profile.

The October CPI was flat in the month, a touch softer than Westpac's published near-cast of 0.1% on the back of a larger than expected decline in electricity (–10.2%) which was only partially offset by a smaller than expected decline in auto fuel (–0.9%) and an unexpected bump up in garments (+2.6%).

The Trimmed Mean (TM) lifted 0.3% in the month of October, the same monthly increase it has seen for the previous two months and down from the 0.5%^{mth} increase in July but stronger than the 0.2%^{mth} prints from March to June.

This saw the annual pace of the TM increase to 3.3% from 3.2% in September. This month the TM excluded the annual rise in electricity; alongside other large price rises and falls. Due to the short history of many series in the monthly CPI, the annual pace of monthly TM inflation can only be calculated back to April 2025. Before then the ABS notes that the annual pace is calculated from the quarterly CPI data.

For more information on the October monthly CPI see ["Electrical noise is far from static"](#).

Monthly CPI points to some momentum

Following the October CPI we have seen some minor revisions to the various components in our December quarter CPI estimate with the upward revisions, such as transport via auto fuel and motor vehicles, being offset by downward revisions to recreation, alcohol & tobacco and utilities in particular. This has left our December CPI estimate unchanged at 0.6%^{qtr}.

As our Chief Economist, Luci Ellis, has noted that inflation did see a bump in the September quarter and again in the month of October. However, the main sources of the surprise have had little to do with domestic demand or labour market pressures. Rather, a sizeable part of the bump looks to have been from administered prices and noise. Since the release of the data, the RBA has recognised this issue but at the post RBA Board Decision Media Conference in December, the Governor communicated that the Bank is more worried about upside risks to inflation than first thought.

We agree that some of this momentum will continue into the December quarter as highlighted by our upward revision in our

Revision to the December quarter CPI estimate

| Item | Nov 2, 2025 | | Dec 12, 2025 | |
|---|-------------|--------------|--------------|--------------|
| | % qtr | contrib | % qtr | contrib |
| Food | 0.4 | 0.07 | 0.2 | 0.04 |
| of which, Fruit & vegetables | –2.8 | –0.06 | –3.8 | –0.08 |
| Alcohol & tobacco | 1.9 | 0.13 | 1.3 | 0.09 |
| of which, Tobacco | 5.0 | 0.10 | 4.6 | 0.09 |
| Clothing & footwear | –0.3 | –0.01 | 0.6 | 0.02 |
| Housing | 1.0 | 0.22 | 0.8 | 0.18 |
| of which, Rents | 0.4 | 0.03 | 0.7 | 0.05 |
| of which, House purchases | 1.3 | 0.10 | 1.4 | 0.11 |
| of which, Utilities | 2.0 | 0.09 | 0.2 | 0.01 |
| H/hold contents & services | 0.2 | 0.02 | 0.2 | 0.02 |
| Health | –0.2 | –0.01 | –0.2 | –0.02 |
| of which, Pharmaceuticals | –1.6 | –0.02 | –1.4 | –0.01 |
| Transportation | –1.3 | –0.15 | 1.0 | 0.11 |
| of which, Car prices | –0.2 | –0.01 | 0.1 | 0.00 |
| of which, Auto fuel | –4.0 | –0.13 | 1.7 | 0.06 |
| Communication | 0.3 | 0.01 | –0.1 | 0.00 |
| Recreation | 1.8 | 0.22 | 1.0 | 0.12 |
| of which, Audio visual & comp. | –1.4 | –0.03 | –0.4 | –0.01 |
| of which, Holiday travel | 4.6 | 0.28 | 1.5 | 0.10 |
| Education | 0.0 | 0.00 | 0.1 | 0.00 |
| Financial & insurance services | 0.4 | 0.02 | 0.3 | 0.02 |
| CPI: All groups | 0.6 | – | 0.6 | – |
| CPI: All groups % year | 3.6 | – | 3.6 | – |

Sources: ABS, Westpac Banking Corporation

Westpac inflation profile

| | | Dec–25 | Mar–26 | Jun–26 | Sep–26 |
|---------------------|--------------|--------|--------|--------|--------|
| CPI | Index | 144.4 | 145.5 | 146.5 | 147.5 |
| | (%qtr) | 0.6 | 0.8 | 0.7 | 0.7 |
| | (%yr) | 3.6 | 3.4 | 3.4 | 2.7 |
| Trimmed mean | (%qtr) | 0.8 | 0.6 | 0.6 | 0.6 |
| | (%yr) | 3.2 | 3.1 | 3.0 | 2.6 |
| | (6mth ann'd) | 3.7 | 2.7 | 2.4 | 2.4 |

Source: ABS, Westpac Economics.

December quarter TM estimate to 0.8%qtr/3.2%yr from our earlier estimate of 0.7%qtr/3.1%yr.

For the December quarter, price changes that are included in the TM go from a low of -0.26% to a high of 1.66%. Readers will remember that the TM is calculated from seasonally adjusted price changes and not the original estimates so if unaffected by regular seasonal price shifts. We estimate that the most significant components to be trimmed off the top in the quarter are: electricity (2.7%); other services for motor vehicles (2.5%); tobacco (2.1%); and automotive fuel (1.7%). Trimmed off the bottom are: other non-durable household products (-0.39%); garments for women (-0.92%); international holiday travel (-0.97%); vegetables (-1.16%) and wine (-1.27%).

However, we do not expect this momentum to continue through 2026. As Luci noted in her article "[RBA on hold in 2026, risks on both sides](#)" we expect inflation to keep easing, due to the lagged impact of past restrictive policy and the unwind of earlier government support measures. We believe that many commentators have overlooked these lags. Monetary policy typically takes a year or more to fully affect jobs and prices, so current outcomes reflect the peak cash rate from a year ago and we expect to see further labour market softening. Strong hiring across the care economy has masked some of that restrictiveness, as has public infrastructure spending, but these supports are now fading along with last year's tax-cut boost. We believe that even with the 75bps in rate cuts this year, policy remains mildly restrictive, and given usual lags, this will keep showing in the data through 2026.

Taking a look at some of the recent larger moves in monthly prices can highlight many of the issues Luci raises. Taking the seasonally adjusted data, smoothing it with a three month average then calculating the change over three months (so we have three months on three months percentage change) we find at the top end of the list some price increases you would not expect to continue at the same pace.

For example at the top are: lamb & goat (8.1%, highly seasonal); accessories (8.1% with jewellery prices surging on the back of record high gold prices); audio visual & computing services (6.0% due to Netflix subscriptions); beef & veal (3.7%, highly seasonal); coffee & tea (3.6% noting global coffee prices have passed their peak and are already significantly lower); water & sewerage (2.3% IPART decision was for a 13.8% increase for Sydney Water in October); property rates & charges (2.3% administered prices); and electricity (1.2%, reflecting unwinding of cost of living rebates). Offsetting some of these increases was falling prices for: men's footwear (-2.0%); vegetables (-2.0% seasonal); eggs (-1.5%, reflecting the unwinding of the price spike associated with an outbreak of bird flu); and major household appliances (-1.2%).

Core inflation still to moderate through 2026

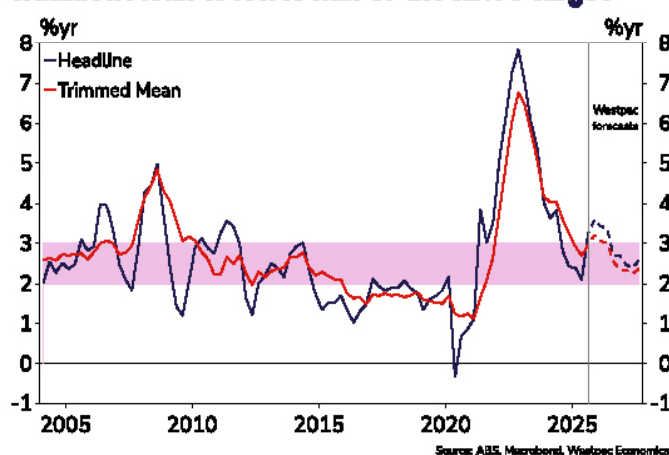
We are projecting headline inflation to get back to the RBA's target band, but not until later in 2026. We now see core inflation back below the midpoint of the 2-3% range at the end of the year. We had thought this might be achieved by the third quarter but now expect current momentum to continue

Breakdown: Monthly CPI Annual Pace

| | Aug | Sep | Oct | Nov fcs |
|---|------------|------------|------------|------------|
| | Mth | Mth | Mth | Mth |
| Item | % yr | % yr | % yr | % yr |
| Food | 3.0 | 3.2 | 3.2 | 3.1 |
| of which, bread & cereals | 2.1 | 1.9 | 0.7 | 0.6 |
| of which, meat & seafood | 2.9 | 3.4 | 3.8 | 4.2 |
| of which, dairy & related prod. | 1.3 | 2.6 | 3.0 | 2.8 |
| of which, fruit & vegetables | 1.2 | 0.7 | 1.8 | 0.0 |
| of which, food products nec | 4.1 | 4.3 | 3.8 | 0.0 |
| of which, non-alcohol bev. | 4.9 | 5.4 | 4.8 | 4.7 |
| Alcohol & tobacco | 6.0 | 5.5 | 4.4 | 4.9 |
| of which, alcohol | 3.1 | 2.2 | 1.6 | 2.1 |
| of which, tobacco | 12.6 | 13.5 | 11.6 | 11.6 |
| Clothing & footwear | 4.3 | 3.8 | 5.4 | 5.4 |
| of which, garments | 3.1 | 1.4 | 3.6 | 3.0 |
| Housing | 4.5 | 5.7 | 5.9 | 6.3 |
| of which, rents | 3.7 | 3.8 | 4.2 | 3.9 |
| of which, house purchases | 0.7 | 1.5 | 1.7 | 2.7 |
| of which, electricity | 24.6 | 33.9 | 37.1 | 30.1 |
| of which, gas & other fuels | 4.1 | 6.5 | 3.8 | 3.8 |
| H/hold contents & services | 1.7 | 1.8 | 2.1 | 2.1 |
| Health | 4.1 | 4.2 | 4.0 | 4.2 |
| Transportation | 0.9 | 2.3 | 2.7 | 3.0 |
| of which, auto fuel | -1.7 | 2.8 | 1.9 | 3.4 |
| Communication | 1.8 | 1.6 | 0.8 | 0.7 |
| Recreation | 1.4 | 1.8 | 3.2 | 2.0 |
| of which, holiday travel | 1.1 | 2.0 | 3.0 | 1.6 |
| Education | 5.4 | 5.4 | 5.4 | 5.4 |
| Financial & insurance services | 2.9 | 2.5 | 2.5 | 2.5 |
| CPI: All groups | 3.2 | 3.6 | 3.8 | 3.8 |

Sources: ABS, Westpac Banking Corporation

Trimmed Mean to lower half of the RBA's target



for a bit longer. However, it is worth noting that our estimate of the six month annualised pace of the TM is down to 2.4%yr by June 2026.

Electricity to boost November CPI

Westpac is estimating a 0.4% increase in the November monthly CPI which will hold the annual pace flat at 3.8%yr. The seasonally adjusted estimate is 0.5% in the month suggesting it is a stronger than usual estimate.

Boosting the November estimate is: a 16% surge in electricity (as the impact of the last round of rebates fades); a 3.2% jump in gas & other household fuels; and a 2.3% bump in auto fuel (based on reported pump prices). Partially offsetting these gains is a -2.6% decline in holiday travel & accommodation and a -2.9% drop in clothing & footwear.

Take care with the Monthly CPI

Many series in the monthly CPI only date back to early 2024 so seasonal adjustment is somewhat problematic. Some series did have a longer monthly history coming from the previously published monthly CPI indicator and it appears the ABS may have used some of this to seasonally adjust the data. However, we caution that some of the new data has a different history to the old data and as such, we expect it is going to take some time to understand the seasonal behaviour of the new data.

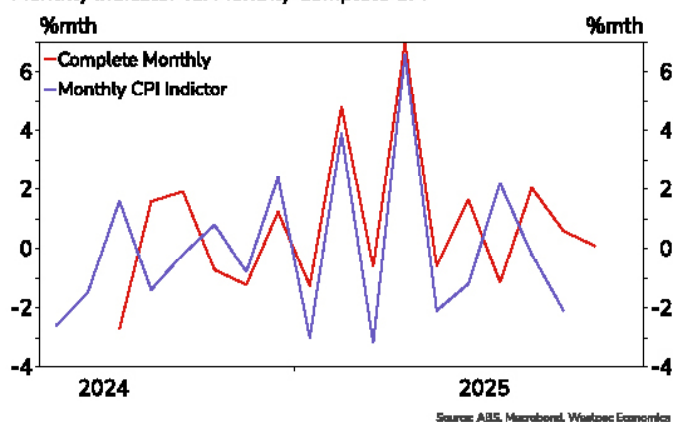
For example, for male garments there is some difference with the reported monthly change compared to the old CPI Indicator series but this appears to be only marginal. However, for women's, the difference can be significant with even a reversal of the sign of change in some recent months. And for some series with a short history and no monthly indicator data to compare to some of the adjustment appears to be a little arbitrary, as you can see in the chart right which compares the children's garments index in original and seasonally adjusted terms. The only adjustment made to the series was in June 2025 when a -3.2% change was adjusted to a flat print. Why? We are yet to uncover.

You can also see where the ABS has turned to smoothing processes to seasonally adjust short data series. In the chart over the seasonally adjusted series looks as if has been generated by applying a Henderson Trend to the original children's footwear series.

As such, we expect it is possible there will be significant adjustments made to the seasonally adjustment process as data is collected which could result in significant revisions to seasonally adjusted series including the Trimmed Mean and the Weighted Median.

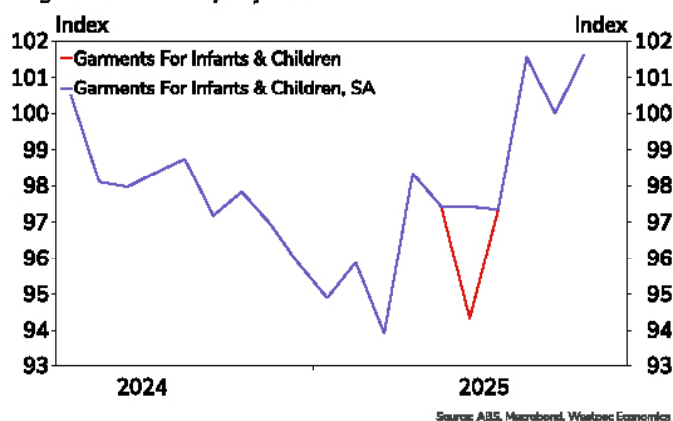
Womens Garments Monthly

Monthly Indicator vs. Monthly Complete CPI



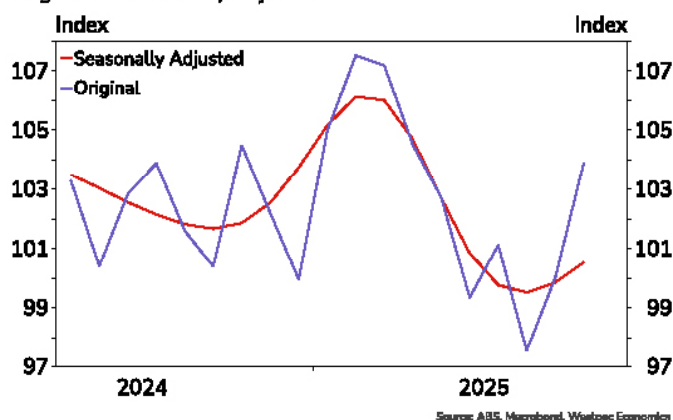
Childrens Garments Monthly CPI

Original vs Seasonally Adjusted



Monthly CPI Childrens Footwear

Original vs. Seasonally Adjusted





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