



Statement by the Monetary Policy Board: Monetary Policy Decision

Date: 9 December 2025

At its meeting today, the Board decided to leave the cash rate unchanged at 3.60 per cent.

While inflation has fallen substantially since its peak in 2022, it has picked up more recently. The Board's judgement is that some of the recent increase in underlying inflation was due to temporary factors and there is uncertainty about how much signal to take from the monthly CPI data given it is a new data series. Nevertheless, the data do suggest some signs of a more broadly based pick-up in inflation, part of which may be persistent and will bear close monitoring.

Economic activity continues to recover. Growth in private demand has strengthened, driven by both consumption and investment. Activity and prices in the housing market are also continuing to pick up. Financial conditions have eased since the beginning of the year, credit is readily available to both households and businesses and the effects of earlier interest rate reductions are yet to flow through fully to demand, prices and wages. On the other hand, money market interest rates and government bond yields have risen more recently.

Various indicators suggest that labour market conditions remain a little tight. The unemployment rate has risen gradually over the past year and employment growth has slowed. However, measures of labour underutilisation remain at low rates, surveyed measures of capacity utilisation are above their long-run average and business surveys and liaison continue to suggest that a significant share of firms are experiencing difficulty sourcing labour. Wages growth, as measured by the Wage Price Index, has eased from its peak but broader measures of wages continue to show strong growth and growth in unit labour costs remains high.

There are uncertainties about the outlook for domestic economic activity and inflation and the extent to which monetary policy remains restrictive. On the domestic side, the pick-up in momentum has been stronger than anticipated, particularly in the private sector. If this continues, it is likely to add to capacity pressures. Uncertainty in the global economy remains significant but so far there has been minimal impact on overall growth and trade in Australia's major trading partners.

- **Decision**

The recent data suggest the risks to inflation have tilted to the upside, but it will take a little longer to assess the persistence of inflationary pressures. Private demand is recovering. Labour market conditions still appear a little tight but further modest easing is expected. The



Board therefore judged that it was appropriate to remain cautious, updating its view of the outlook as the data evolve.

The Board will be attentive to the data and the evolving assessment of the outlook and risks to guide its decisions. In doing so, it will pay close attention to developments in the global economy and financial markets, trends in domestic demand, and the outlook for inflation and the labour market. The Board is focused on its mandate to deliver price stability and full employment and will do what it considers necessary to achieve that outcome.

Today's policy decision was unanimous.