

Headline and Underlying Inflation

Headline inflation reflects the prices of all goods and services in the Consumer Price Index, whereas underlying inflation excludes unusually large or volatile price changes.

Inflation is expected to be above the 2–3 per cent target range for a while longer.

Inflation Forecast	Headline Inflation (%)	Underlying Inflation (%)
Dec 2025	3.6	3.4
June 2026	4.8	3.8
Dec 2026	4.0	3.5
June 2027	2.4	3.1
Dec 2027	2.4	2.6
June 2028	2.5	2.5

Higher fuel prices are likely to push up the prices of other goods and services, while increases in new-dwelling costs and consumer durables point to a renewed rise in underlying inflation. With electricity rebates ending and electricity prices rising sharply, headline inflation is expected to remain above 3 per cent for most of 2026 before easing toward the middle of the 2–3 per cent target range by late 2027.

