media release

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Inflation drop kills case for rate rise

Today's drop in inflation should end any case for a rate rise at the RBA's upcoming board meeting, according to Australian Unions.

CPI data out today shows that headline inflation has fallen from 4% to 3.8% for the year to June, while underlying inflation is steady at 3.6%.

The figures reinforce the need for the RBA to stop punishing working families and mortgage holders with more rate increases.

The call from Australian Unions also comes off the back of new OECD research which shows that renewed inflationary pressures since the middle of 2025 have been driven yet again by profits and not growing labour costs.

The report also shows that the contribution of growth in labour costs to annual inflation is now at a post-pandemic low. Ongoing global uncertainty caused by Trump's Middle East war is no justification for the RBA's broken model of taking money out of workers' pockets in its misguided attempts to bring inflation back to an arbitrary target.

The drop in inflation today will also see further welcome real wage growth for those workers on union-covered enterprise agreements, or awards.

Quotes attributable to ACTU Secretary, Sally McManus:

"Today's better inflation figures should completely kill off the case for any further rate rise when the RBA board meets in a couple of weeks.

"Working families should not be punished with further rate rises as a response to Donald Trump's wars.

"We have also learned – yet again - that it is profits, and not workers' wages, that have driven the recent rise in inflation since the middle of 2025, according to new research by the OECD.

"That research also shows that the contribution of growth in labour costs to annual inflation is at a post-pandemic low.

"This is yet more evidence that the RBA should not punish workers for an inflation problem they've done nothing to cause.

"The RBA model of constantly increasing the cash rate if there are global developments and economic uncertainty has got to be overhauled because working people have yet to recover their pre-COVID position when it comes to real wages.

"Today's lower than expected inflation figures will provide additional real wage growth, particularly for workers on enterprise agreement and those enjoying the 4.75% increase to award wages coming through this month."

ENDS

Media Contact: Cameron Warasta (0447) 159 467