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## RBA Out of Excuses to Delay Rate Cuts

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The latest inflation data leaves the Reserve Bank of Australia with no justification to maintain restrictive monetary policy, with both headline (2.1%) and trimmed mean (2.7%) inflation now comfortably within target. June quarter CPI figures confirm sustained disinflation across key sectors, meeting all conditions RBA Governor Michele Bullock outlined for easing. Major banks unanimously forecast a 25-basis point cut in August, with three additional reductions anticipated through 2026.

Analysis of the Bureau of Statistics data reveals particularly encouraging trends in services inflation (3.3% annually) and rental growth (4.5%), both critical concerns for the central bank. The unemployment rate's rise to 4.3% further weakens arguments for maintaining tight policy. Westpac Chief Economist Luci Ellis notes the June quarter data provides the "confirmation" the RBA sought when pausing cuts in July, while ANZ's Adelaide Timbrell emphasizes the results "support" immediate easing.

Market expectations now reflect 89% probability of an August cut, up from 32% before the CPI release. The delay in easing has already cost borrowers, with the average mortgage holder paying approximately \$1,900 more monthly than when rates began rising. Housing demand continues outpacing supply despite improved borrowing capacity from earlier cuts, suggesting monetary policy's transmission mechanism remains effective.

As inflation shows signs of moderation and several economic indicators point to slowing growth, economists and market analysts are closely watching the Reserve Bank of Australia's August decision for signals of a possible policy shift. Many observers note that global central banks have begun moving toward more accommodative stances, and Australia's monetary response may reflect similar trends if current data persists. The outcome is expected to shape expectations for the remainder of the year and could influence confidence in the RBA's ability to respond effectively to evolving economic conditions.