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## Australian Inflation Slows as Economy Falters

August 1, 2025

– Categories: Economics



Australia's Consumer Price Index (CPI) for the June quarter slowed to an annual rate of 2.1 percent, falling just short of the expected 2.2 percent. The latest figures from the Australian Bureau of Statistics (ABS) suggest inflation is easing more quickly than markets anticipated. This development strengthens the case for keeping interest rates on hold, particularly amid stagnant economic growth and signs of a weakening labour market.

Economist Callam Pickering from jobs platform Indeed highlighted the concerning rise in unemployment despite falling inflation. Speaking on the Talking Business podcast, Pickering noted that “slowing inflation typically provides relief, but the labour market’s current softness makes the economic picture more fragile than policymakers would like.” The combination of easing prices and rising joblessness raises questions about the broader strength of Australia’s economy heading into the second half of 2025.

Also featured in the podcast, Senior Finance Broker Charles Zerafa from Integrity Finance Australia discussed ongoing difficulties businesses face in securing funding. With over three decades in banking, Zerafa has witnessed firsthand how tightened lending conditions and cautious banking strategies are impacting small and medium-sized enterprises. He noted that “many business owners are simply unable to get the finance they need through traditional lenders, despite presenting sound proposals.” The credit squeeze is exacerbating the effects of slow growth, particularly for businesses attempting to expand or recover from recent economic shocks.

As the Reserve Bank of Australia (RBA) weighs its next move, the interplay between inflation control and employment sustainability remains critical. With CPI now edging closer to the RBA’s target range, and the economy showing limited momentum, a more flexible monetary stance may be necessary. The central bank must now strike a balance between stability and stimulation. Meanwhile, business leaders and financial experts are urging the government to focus less on political optics and more on creating an environment that supports real economic resilience.