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RBA Holds Rates as Inflation Slows in Australia

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The Reserve Bank of Australia (RBA) has kept the cash rate unchanged in its most recent policy meeting, opting for caution despite signs of easing inflation. The decision follows the release of quarterly consumer price data, which shows inflation continuing to slow across key indicators.

RBA Governor Michele Bullock addressed the media following the board's decision, stating that while inflation is trending downward, the central bank remains focused on ensuring that the decline is sustained before taking any further action on interest rates.

According to data from the Australian Bureau of Statistics, the **headline inflation rate** dropped to **2.1%** in the June quarter. This figure places inflation at the **lower end of the RBA's 2% to 3% target band**, signalling a continued softening in consumer price pressures.

More notably, the **“trimmed mean” measure of inflation** the RBA's preferred gauge of underlying price movements also declined to **2.7%**, down from **2.9%** in the March quarter. This measure removes temporary or volatile components, offering a clearer view of long-term inflation trends.

While monthly inflation indicators throughout the first half of the year suggested a steady deceleration in price growth, the RBA has remained focused on quarterly figures, which provide a broader and more detailed economic picture. This approach aligns with the bank's conservative strategy aimed at maintaining long-term price stability.

In her remarks, Governor Bullock reiterated the board's intention to avoid premature adjustments that could later require policy reversals. She emphasized that any future rate decisions will depend on ongoing economic data, including inflation, employment, and household spending trends.

Despite the recent figures, the RBA board has not provided forward guidance on potential rate cuts. Financial markets and analysts will continue to monitor upcoming data releases ahead of the central bank's next meeting.

The current cash rate has remained steady since the last increase earlier this year, as the RBA attempts to balance controlling inflation with sustaining economic growth. The moderation in inflation could ease pressure on households affected by higher borrowing costs, but the central bank has made clear that its decisions will remain data-driven.

As inflation moves closer to the RBA's comfort zone, attention now turns to how long the current rate settings will remain in place and whether further adjustments will be made later in the year.