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## RBA Tipped to Deliver Three Interest Rate Cuts by 2026 Amid Easing Inflation

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Australia's central bank, the Reserve Bank of Australia (RBA), is now expected to cut interest rates three times by early 2026, easing the cash rate from the current 3.85 percent to 3.1 percent. This marks an upgrade from earlier expectations of only two rate cuts and reflects growing confidence among economists that inflationary pressures are stabilising. The anticipated policy shift is being closely monitored by businesses and households, many of whom have felt the sting of the RBA's aggressive tightening cycle that began in 2022.

The forecasted rate reductions are largely tied to the improving inflation outlook, with consumer price growth showing signs of moderation over recent months. Economists from several major banks believe the RBA will have sufficient evidence by mid-2025 to begin easing monetary policy without reigniting price pressures. While some uncertainty remains particularly around global oil prices and supply chains the domestic data trend appears to support a more accommodative stance moving forward.

The RBA's shift toward rate cuts could also offer a critical lifeline to Australia's struggling housing and retail sectors, both of which have taken a hit from high borrowing costs. A lower cash rate would ease mortgage pressures, stimulate consumer spending, and support business investment. That said, monetary policy remains a delicate balancing act. Some commentators have urged the RBA to remain cautious, warning that cutting rates too soon could undo hard-won progress in curbing inflation.



As the RBA continues to weigh its next steps, the broader economic context will be pivotal. Real wage growth, employment stability, and consumer sentiment will play central roles in determining the pace and scale of monetary easing. While the current Labour government has largely failed to offer meaningful cost-of-living relief, the RBA appears to be the only institution taking proactive steps to ease the burden on Australians. If executed prudently, the upcoming rate cuts could signal the beginning of a more stable economic phase, one where everyday Australians can finally look forward to some breathing room after years of financial strain.