

## MNI RBA Preview - November 2025

**Meeting Date:** Tuesday 4 November 2025

**Announcement Time:** 14:30 AEST / 03:30 GMT

**Link To Statement:** <https://www.rba.gov.au/monetary-policy/int-rate-decisions/2025/>

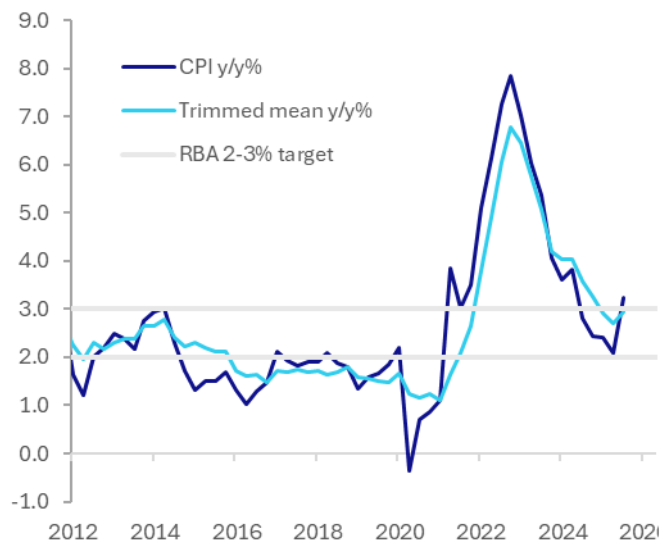
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### MNI POV (Point Of View): CPI Outlook Key To Rates

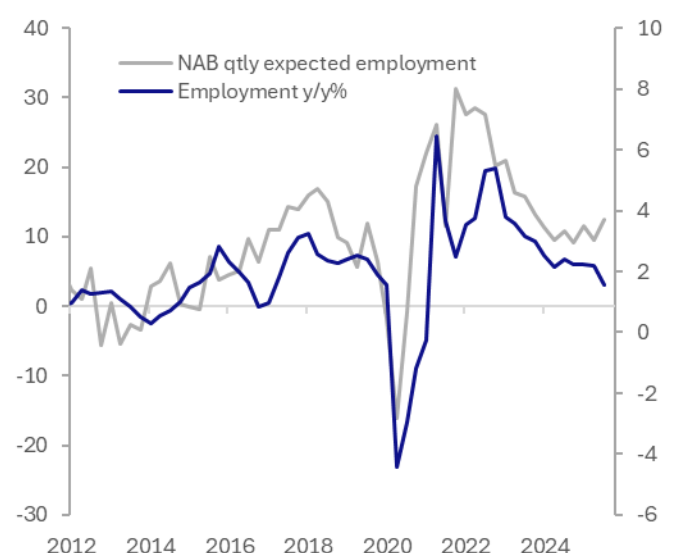
The Q3 trimmed mean print at 3.0% y/y up from 2.7% and at the top of the 2-3% target band was a “material miss” for the RBA and meant that the Board is now highly likely to leave rates at 3.6% at its 4 November decision as it waits for more information. Economists who were expecting a cut this month took it out of their forecasts following the CPI data and now 33 of the 34 analysts surveyed by Bloomberg expect the RBA to be on hold and almost no chance of a cut priced in. The close to unanimous view means that the updated RBA projections and the statement will be scrutinised. The Board is likely to remain highly data dependent and cautious given inflation’s renewed shift higher and the emerging domestic recovery. There is likely to be at least a near-term upward revision to the RBA’s inflation forecasts but the higher market pricing, which is used in the projections, is likely to help core return to the 2.5% band mid-point. How far this goal is pushed out will be a key input into the outlook for further easing.

**Figure 1: Core inflation hits top of band**



Source: Source: MNI – Market News/Refinitiv/ABS

**Figure 2: Employment growth may stabilise**



Source: MNI – Market News/ABS/Bloomberg

Given the RBA's hold is likely to be extended, we expect them to reiterate that it remains "cautious" as "the data evolve". The "heightened level of uncertainty about the outlook" will also probably stay in the statement. It will also continue to monitor the effect of the previous 75bp of easing, given the usual lags, on financial conditions and credit which it noted in September were "easing" and "readily available" respectively.

Where there could be changes are on inflation and the labour market. It is likely to acknowledge that core inflation printed higher than it expected but if it returns to voicing its concern regarding upside risks to its price outlook, then it could be on an extended hold. In August, the RBA forecast trimmed mean inflation at 2.6% y/y from Q4 2025 until Q4 2027 when it reached 2.5%. The near-term is likely to be revised higher, as a 0.2% q/q rise is needed to achieve 2.6% which hasn't happened since 2016 outside of Covid. The market rate path is also around 25-50bp higher which should help underlying inflation to approach the band mid-point. The consumption profile could also be revised up if the RBA believes that "households have become more comfortable consuming as real incomes and wealth rise". [Q3 consumption](#) volumes were robust excluding alcohol and tobacco.

The Board is also likely to note that the September jobs data was softer than expected. The Q4 2025 unemployment rate may be revised higher after Q3 came in at 4.3%, which was the RBA's Q4 projection in August. Employment growth was also slower than it expected. Any weakening of projections could drive wage expectations down and thus also help the inflation outlook. There may also be a change in its assessment of conditions from September's "steady" and "remain a little tight". In recent appearances, Governor Bullock downplayed the rise in the unemployment rate noting that the data are volatile and that there could be some reversal in October (released 13 November).

[Q3 CPI](#) printed higher than expected with the underlying trimmed mean rising 1.0% q/q to be up 3.0% y/y up from 0.7% q/q (revised +0.1pp) & 2.7% y/y. The RBA also looks at the 2q/2q annualised rate, which printed at 3.4% in Q3, above the top of the 2-3% band and up from Q2's 2.8%. Trimmed mean inflation rose for the first time since Q4 2022 and the quarterly rate was the highest since Q1 2024, when policy was being tightened. Governor Bullock sounded worried about services inflation in September given trends in the July/August data and stickiness overseas. Australia's headline services rose 1.3% q/q and 3.5% y/y up from Q2's 3.3% due to rents and medical services. Market services also increased 1.3% q/q, in line with Q3 2023 & 2024, leaving the annual rate at 2.9% - both quarterly & annual rates tentatively suggest stickiness in Australia too.

[Labour market](#) conditions eased in September but it may want to see further developments before changing its medium-term view. There are now signs that job growth can't keep up with increases in the labour force resulting in higher unemployment and that any additional demand is being met by increasing hours. The average Q3 monthly job gain was 12.3k down from 30.8k but above Q1's 4.3k decline. The unemployment rate rose 0.2pp to 4.5% in September, highest in almost four years, with the participation rate +0.1pp to 67%. Through the volatility it has been rising 0.1pp/qtr through 2025. However, underemployment improved over Q3 declining 0.2pp to 5.8%, which is also monitored by the RBA. Some survey data, including SEEK job ads, NAB Q3 expected employment and labour shortages, suggest that the labour market may stabilise in Q4.

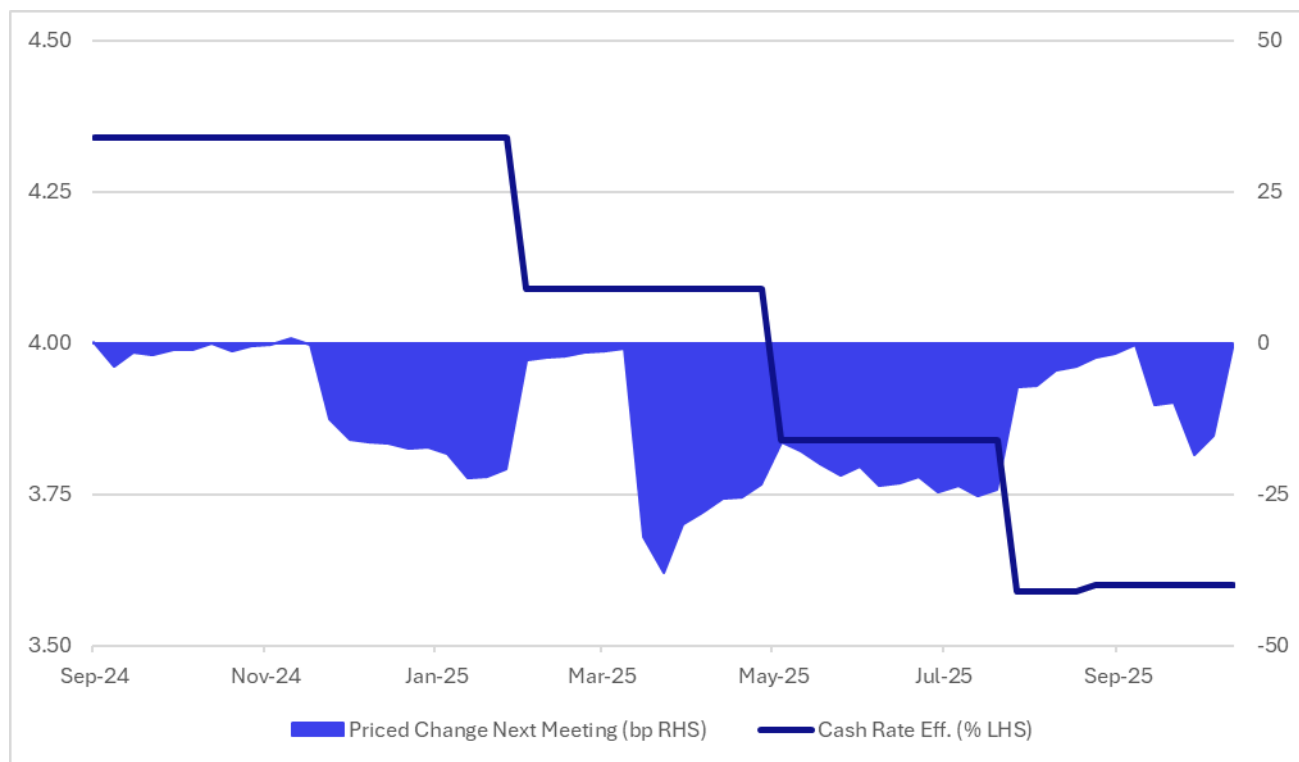
The data, outlook and risks are likely to continue driving policy rate expectations. The Board will need to see inflation resuming its trend lower towards the 2.5% band mid-point before it is likely to consider cutting rates again. The new complete monthly CPI will be released from 26 November but the RBA will continue to rely on the quarterly trimmed mean as it will take time for the seasonal factors to emerge. Q4 CPI data print on 28 January, which the RBA will wait for to determine the trend in trimmed mean and services inflation. Thus, rates are likely on hold on 9 December and depending on this data possibly also 3 February. There are a lot of key data ahead, including October jobs on 13 November, Q3 wages 19 November, October CPI 26 November (first full sample monthly CPI) and Q3 GDP 3 December, plus the usual monthly releases.

## Pre-Meeting RBA Dated OIS Pricing

Going into tomorrow's RBA policy decision, RBA-dated OIS pricing implies almost no chance of an easing, with just a 2% probability assigned.

- In the wake of the surprise rise in the September unemployment rate to 4.5% in mid-October, markets had briefly priced as much as an 80% probability of a 25bp rate cut in November.
- However, that confidence faded in the lead-up to last week's Q3 CPI release.
- Compared with previous episodes in this easing cycle, markets appeared noticeably less certain about a November 4 cut ahead of the CPI release.
- That caution proved justified, with the Q3 CPI printing well above expectations.
- As it currently stands, the OIS market has only 80% chance of a 25bp cut by mid-2026.

**Figure 3: RBA-Dated OIS - Cash Rate Vs. Priced Change Next Meeting**



Source: Bloomberg Finance LP / MNI

## RBA 30 September 2025 Meeting Statement

At its meeting today, the Board decided to leave the cash rate unchanged at 3.60 per cent.

### **The decline in underlying inflation has slowed.**

Inflation has fallen substantially since the peak in 2022, as higher interest rates have been working to bring aggregate demand and potential supply closer towards balance. Both headline and trimmed mean inflation were within the 2–3 per cent range in the June quarter. Recent data, while partial and volatile, suggest that inflation in the September quarter may be higher than expected at the time of the August *Statement on Monetary Policy*.

### **Domestic economic activity is recovering but the outlook remains uncertain.**

Data for the June quarter show that private demand is recovering a little more rapidly than expected, taking over from public demand as the driver of growth. In particular, private consumption is picking up as real household incomes rise and measures of financial conditions ease. The housing market is strengthening, a sign that recent interest rate decreases are having an effect. Credit is readily available to both households and businesses.

Various indicators suggest that labour market conditions have been broadly steady in recent months and remain a little tight. Growth in employment has slowed by slightly more than expected, but the unemployment rate was unchanged at 4.2 per cent in August. Measures of labour underutilisation remain at low rates and business surveys and liaison suggest that availability of labour has been little changed of late. Looking through quarterly volatility, wages growth has eased from its peak, but productivity growth has been weak and growth in unit labour costs remains high.

There are uncertainties about the outlook for domestic economic activity and inflation stemming from both domestic and international developments. On the domestic side, stronger-than-expected data on growth and inflation may indicate that households have become more comfortable consuming as real incomes and wealth rise. If this continues, it may make it easier for businesses to pass on cost increases and lead to more demand for labour. Alternatively, the recent growth in consumption might not persist, particularly if households become more concerned about overseas developments.

Uncertainty in the global economy remains elevated. There is a little more clarity on the scope and scale of US tariffs and policy responses in other countries, suggesting that more extreme outcomes are likely to be avoided. Trade policy developments are nevertheless still expected to have an adverse effect on global economic growth over time. Beyond tariffs, a broader range of geopolitical risks remain a threat to the global economy. This could all weigh on growth in aggregate demand and lead to weaker labour market conditions in the domestic economy.

There are also uncertainties regarding the lags in the effect of recent monetary policy easing, the balance between aggregate demand and potential supply for goods and services, conditions in the labour market and the outlook for productivity.

### **Maintaining price stability and full employment is the priority.**

With signs that private demand is recovering, indications that inflation may be persistent in some areas and labour market conditions overall remaining stable, the Board decided that it was appropriate to maintain the cash rate at its current level at this meeting. Financial conditions have eased since the beginning of the year and this seems to be having some impact, but it will take some time to see the full effects of earlier cash rate reductions. The Board judged that it was appropriate to remain cautious, updating its view of the outlook as the data evolve. The Board remains alert to the heightened level of uncertainty about the outlook. It noted that monetary policy is well placed to respond decisively to international developments if they were to have material implications for activity and inflation in Australia.

The Board will be attentive to the data and the evolving assessment of the outlook and risks to guide its decisions. In doing so, it will pay close attention to developments in the global economy and financial markets, trends in domestic demand, and the outlook for inflation and the labour market. The Board is focused on its mandate to deliver price stability and full employment and will do what it considers necessary to achieve that outcome.

### **Decision**

Today's policy decision was unanimous.



## MNI RBA Watch: Board To Hold, Push Out Midpoint Return

By Daniel O'Leary

MELBOURNE - The Reserve Bank of Australia Board is expected to keep the cash rate at 3.6% next Tuesday following stronger-than-expected Q3 inflation and is likely to push back the anticipated return of inflation to the midpoint in updated forecasts released alongside the decision.

Higher Q3 inflation, particularly in the trimmed-mean measure, has significantly shifted market expectations, all but eliminating any chance of further 2025 rate cuts and pushing out potential easing to May at the earliest.

This follows September's pause, when Governor Michele Bullock refrained from signalling an easing bias [despite unemployment ticking up to 4.5%](#). (See [MNI RBA WATCH: On Hold, Eyeing Further Labour, CPI Data](#)) The RBA has held the cash rate steady since its 25-basis-point cut in July.

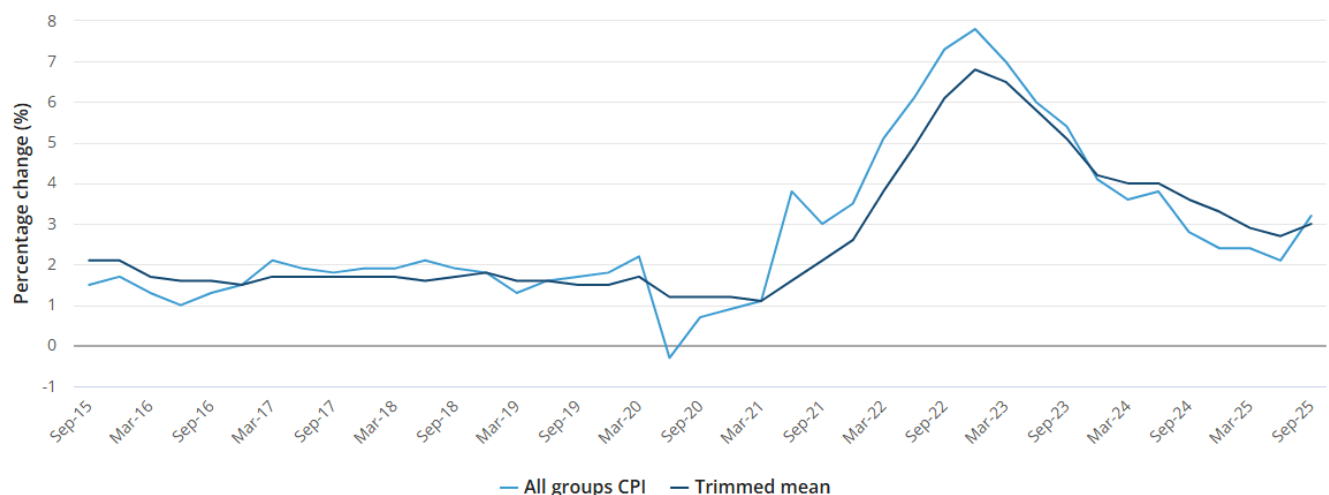
### Q3 INFLATION

Australia's headline CPI grew 3.2% y/y in Q3, 20 basis points above expectations and up from 2.1% in Q2, while trimmed-mean inflation – the RBA's preferred measure – rose to 3.0% from 2.7%, topping forecasts by 30bp, [according to ABS data released Wednesday](#).

#### All groups CPI Trimmed mean, Australia, annual movement (%)

Graph Table

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While the RBA had anticipated some increase in headline CPI as government electricity subsidies ended, the rise in trimmed mean – up 1.0% q/q – was unexpected. Bullock had previously stated that a 0.9% q/q rise would represent a “material miss.”

Stronger price pressures came from a 3.3% annual increase in the cost of eating out, suggesting households continue to have sufficient disposable income to support higher prices. Services inflation also broadly remained sticky, edging up 20bp to 3.5%. Excluding the effect of expiring rebates, electricity costs would still have risen 5.9% over the year.

Former staffers have consistently warned of stronger inflationary pressures that could impact the RBA's easing path. (See [MNI INTERVIEW: Stronger Q3 Inflation To Limit RBA Easing](#)) Some expect the Bank to hold the cash rate [at 3.6% for some time](#).

**HIKES NEXT?**

[Former RBA senior economist John Simon](#) told MNI this week that the Bank's next move could be up in H1 2026 if Q4 and Q1 CPI readings remain elevated, questioning whether the current 3.6% cash rate will be sufficient to cool inflation. "If we're close to long-run neutral – and I've been saying 3.5%, which is where we are – and the economy still has heat in it, that suggests an increase might actually be on the cards," Simon said. "I wouldn't expect the picture to be clear until next year."

He also noted the results are likely to prompt a significant reshaping of the RBA's forecasts, pushing back the expected return of inflation to the midpoint beyond the current projection horizon. The Bank's August Statement on Monetary Policy had inflation at 2.5% by the end of 2027.

## Sell-Side Analyst Views

**TD Securities (unch):** “Our base case is for the RBA to deliver its next cut in May'26, but the risk to this call is for easing to be pushed out to H2'26 or for 2026 easing to be priced out. The key for markets will be the RBA's trimmed mean forecast. If 2.50% no longer appears in its projections, this would be outright bearish. 2.80% Q2'26 and Q4'27 at 2.50% would support our May'26 cut call.”

**Westpac (unch):** “Inflation data implies a “material miss” to the upside on inflation. RBA Monetary Policy Board will therefore keep the cash rate on hold at its November meeting. The upside surprise and emerging consumer recovery also count against a December move. Even a February cut is far from certain now, given the size of the upside surprise this quarter.”

- “However, with the starting point for the unemployment rate now also higher, and a higher assumed track for the cash rate in the forecasts, there are downward pressures on inflation further out. The RBA is focussed on inflation risks now, but could be surprised in 2026 by the gradual labour market softening.”
- “Another factor counting against a December rate cut is that the consumption outlook has brightened. Our own internal data had previously (and correctly) been showing that the recovery in household spending was slow to come through. However, these data now suggest solid gains in Q3 and into Q4.”
- “There is recent past experience of a September quarter CPI surprising on the upside, only for the December quarter result to reverse much of the surprise. The near-term does look higher now, even with some payback, but it would be an over-interpretation of the data to carry the September quarterly outcomes forward as a new trend.”
- “The starting point for the labour market is weaker and the implied trough for the cash rate was 3.2% as of this morning, rather than the 2.9% that was priced in at the time of the August SMP. Both factors should weigh on the RBA's inflation forecast relative to August, at least beyond the next couple of quarters.”
- “At her speech earlier this week, the Governor pointed to “stickiness” in services inflation in selected other countries. The data in Australia a bit more mixed, with some components of personal and financial services inflation still slowing.”
- “Like the RBA, we expect a partial reversal of September's kick up in the unemployment rate over the next month or two. Even at 4.4%, though, the unemployment rate would be starting the forecast period above the rate that the RBA forecast for the *entire* period back in August.”

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