Australian Monetary Policy Board Kept Unchanged Interest Rates

The monetary policy board of Australia has kept the interest rates unchanged in the meeting held in August 2026 at 4.35%. The members have acknowledged the fact that inflation is likely to remain high for the foreseeable future. The Board remains focused on ensuring that high inflation does not become embedded and will continue to do, what it considers necessary to bring inflation sustainably back to target. Oil prices have been volatile, but growth in Australia's major trading partners has remained resilient, supported by strong AI-related activity. Inflation in the Australian economy has remained elevated in the June quarter, against the backdrop of ongoing domestic capacity pressures and some effect from higher input costs since the Middle East conflict is ongoing. Capacity pressures and the labor market have eased a little as growth in domestic demand looks to have moderated. That said, the economy is still operating with capacity constraints: growth in the economy's supply potential remains constrained by weak productivity growth, and the labour market is still judged to be a little tight.

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