

consumer price index (CPI)	summarises the movement in the prices of a basket of goods and services according to their significance for the average Australian household; it is used to measure inflation in Australia
cost-push inflation	occurs when there is an increase in production costs (such as oil price increases or wage increases) that producers pass on in the form of higher prices thus raising the rate of inflation
demand-pull inflation	occurs when aggregate demand or spending is growing while the economy is nearing its supply capacity, so that higher demand leads to higher prices rather than more output
fiscal policy	is a macroeconomic policy that can influence resource allocation, redistribute income and reduce the fluctuations of the business cycle; its instruments include government spending and taxation and the budget outcome
inflation	is a sustained increase in the general level of prices in an economy

inflation rate

measures the percentage change in prices of consumer goods (as measured by the consumer price index) and therefore reflects any change in the cost of living

international competitiveness

refers to the ability of an economy's exports to compete on global markets, an economy may be competitive by selling products of a higher quality or a lower price than its competitors

labour market policies

are microeconomic policies that are aimed at influencing the operating and outcomes in the labour market, including industrial relations policies that regulate the process of wage determination as well as training, education and job-placement programs to assist the unemployed

microeconomic policies

policies that are aimed at individual industries, seeking to improve the efficiency and productivity of produces, also referred to as supply-side policies

monetary policy

is a macroeconomic policy that aims to influence the cost and supply of money in the economy in order to influence economic outcomes such as economic growth and inflation; the Reserve Bank of Australia (RBA) administers monetary policy by influencing the level of interest rates

nominal wage

is the pay received by employees in dollar terms for their contribution to the production process, not adjusted for inflation

productivity

refers to the quantity of goods and services the economy can produce with a given amount of inputs such as capital and labour

purchasing power parity
(PPP)

states that exchange rates should adjust to equalise the price of identical goods and services in different economies throughout the world

stagflation

occurs when the rate of inflation and the rate of unemployment rise simultaneously

structural change

refers to the process by which the pattern of production in an economy is altered over time, and certain products, processes of production, and even industries disappear, while others emerge

trimmed mean

inflation is determined by calculating the average inflation rate after excluding the 15 percent of items with largest price increases and the 15 percent of items with the smallest price increases (or largest price falls) from the CPI

underlying inflation

is a measure of the increase in the general price level that removes the effect of one-off or volatile price movements

weighted mean

inflation is calculated by comparing the inflation rate of every item in the CPI and identifying the middle observation; the inflation rate of half the items in the CPI will be greater than the weighted median inflation rate, and the inflation rate of the other half will be less than it