RESERVE BANK OF AUSTRALIA

Students Q&A Version

What's going on in the Economy?

Use the QR to watch the video, then answer the questions below.

rba.gov.au/education/resources/videos.html?id=cec-nov-2026

November 2026

Statistics

As you go through the video, keep an eye out for the following statistics:

Statistic	**Value** (as at 28 October 2026)
Headline inflation (September quarter 2026)	
Underlying inflation (September quarter 2026)	
Unemployment rate	

Dual Mandate

1. **What are the TWO elements of the Reserve Bank of Australia's (RBA) dual mandate, and what do they involve?**

Inflation

2. **What does headline inflation measure?**

- ☐ It measures all the goods and services in the consumer price index
- ☐ It measures the largest price movements in the consumer price index

3. **Why does the RBA also consider underlying inflation?**

4. **State the TWO reasons why inflation remains above the RBA's target range.**

5. **Complete the following sentences using the following words:**

transport | consumers | higher | petrol | pass | expensive | prices | diesel | make

Higher oil prices make fuels like _____ and _____ more _____. When these fuels cost more, businesses can face _____ costs to _____ and _____ their products. They may then _____ those costs on to _____ through higher _____.

Labour market

6. **What does it mean if labour market conditions have 'eased'?**

_____

_____

_____

7. ***'The unemployment rate tells us everything about labour market conditions?'***
Is this statement true or false?

☐ True
☐ False

8. **What does the unemployment rate measure?**

_____

_____

Outlook

9. **What is the RBA's outlook for the Australian economy?**
Focus on the following areas:

a) _____

_____

b) _____

_____

c) _____

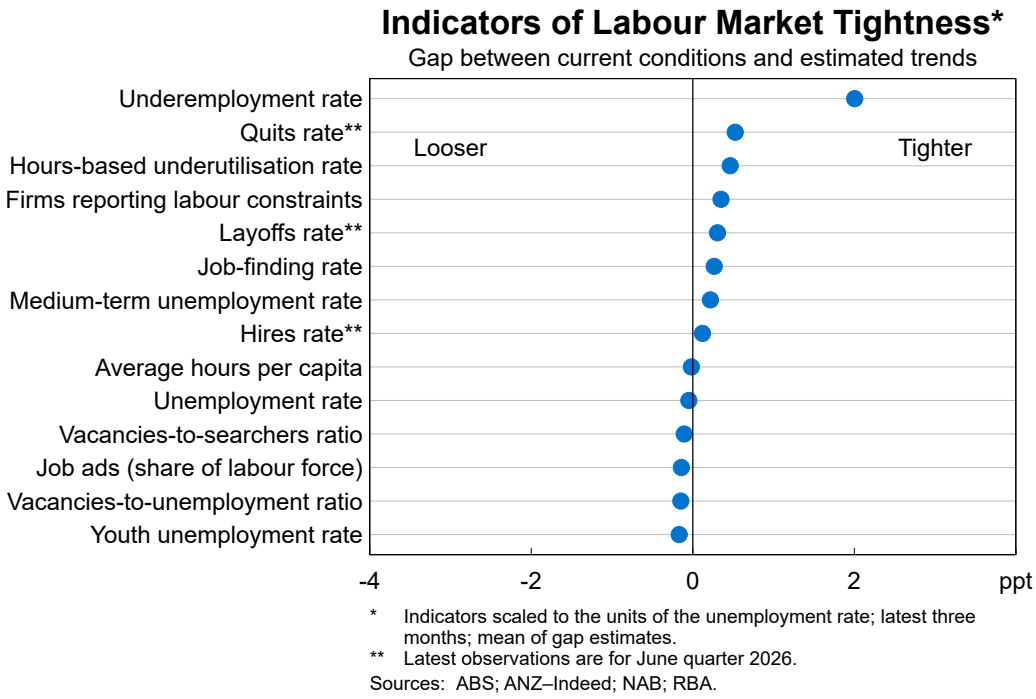
_____

Monetary policy decision

10. **What cash rate decision did the Monetary Policy Board make at its November meeting?**

Part two: Extended responses

11. **Using the graph below, answer the following questions.**



a) What does this graph show us?

b) Distinguish between a 'looser' and 'tighter' labour market

c) Why is it important to consider a range of labour market indicators and not rely on just one measure, such as the unemployment rate?

d) What does 'firms reporting labour constraints' refer to, and why is it important to understand? (*NOTE: you may need to research this term)*

e) Considering all the blue dots, what is the current state of the labour market?

12. **In the video, the presenter said:**
"the interest rate increases this year will help slow spending, which is needed to bring inflation down".

Describe TWO ways that higher interest rates will slow spending and bring down inflation.
Focus on:

- **businesses**
- **people deciding between a local and overseas holiday**

HINT: You can find more information on the way higher interest rates lower inflation at **rba.gov.au/education/interest-rates-and-inflation**

1. _____

_____

_____

_____

_____

_____

_____

2. _____

_____

_____

_____

_____

_____

_____

_____