



the voice of the industry

FOR IMMEDIATE RELEASE

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RBA Rates Decision ‘a disappointment’

The Reserve Bank of Australia today kept its key interest rate, the Official Cash Rate, on hold at 2.75 per cent, said the Housing Industry Association, the voice of Australia’s residential building industry.

“We are disappointed that the RBA did not cut rates again today following on from last month’s reduction,” said Shane Garrett, HIA’s Senior Economist.

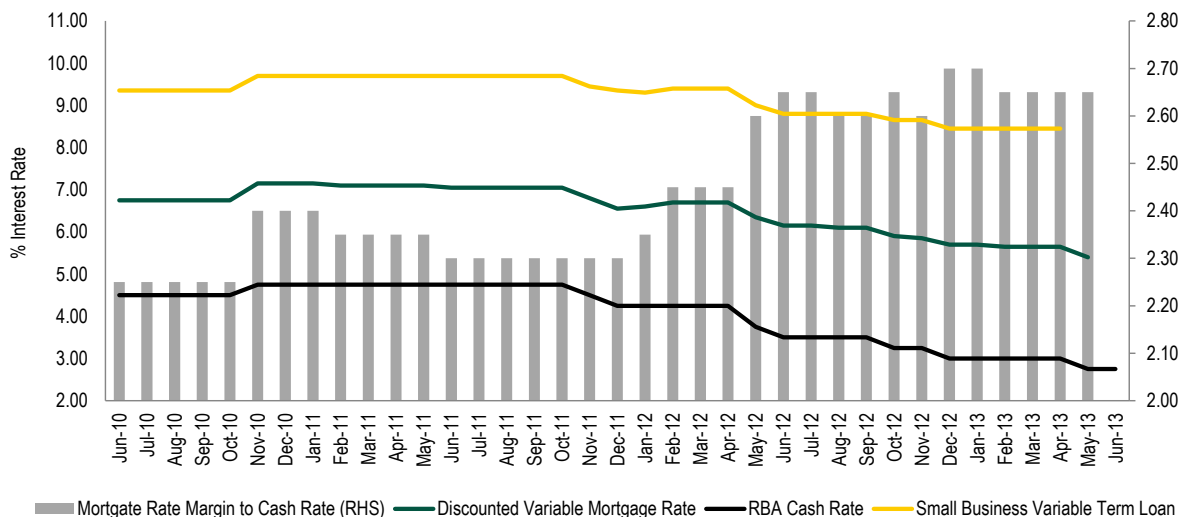
“A reduction in rates would certainly have been warranted; inflation is well within target, while economic activity is struggling in many important sectors like home building,” added Shane Garrett. “A one-off cut in May without immediate follow-up in June simply adds to business and household uncertainty,” commented Shane Garrett.

“Our recent policy manifesto *Housing Australians* underlines that house building is substantially lower than a decade ago, despite the fact that the population is at a record high. A continuation of this trend will mean an acute shortage of housing will emerge by the end of this decade,” warned Shane Garrett.

“We want further interest rate cuts to follow speedily. It is clear that the reductions so far have been helpful in nudging economic activity in the right direction. More rate reductions will greatly improve the chances of a self sustaining recovery taking hold in house building and other sectors of the economy. Stronger activity in residential construction will play a crucial role in providing for Australia’s long term housing needs,” concluded HIA Senior Economist Shane Garrett.

Interest Rates, Australia

Source: HIA Economics, RBA



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