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FOR IMMEDIATE RELEASE

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MEDIA RELEASE

Rate Cut Well-Timed, Says HIA

The Reserve Bank Board today took the decision to cut interest rates, marking the end of eleven months in which the Board kept rates steady.

The Housing Industry Association (HIA), the voice of Australia's residential building industry, said that the cut in interest rates was the only appropriate action given current economic circumstances.

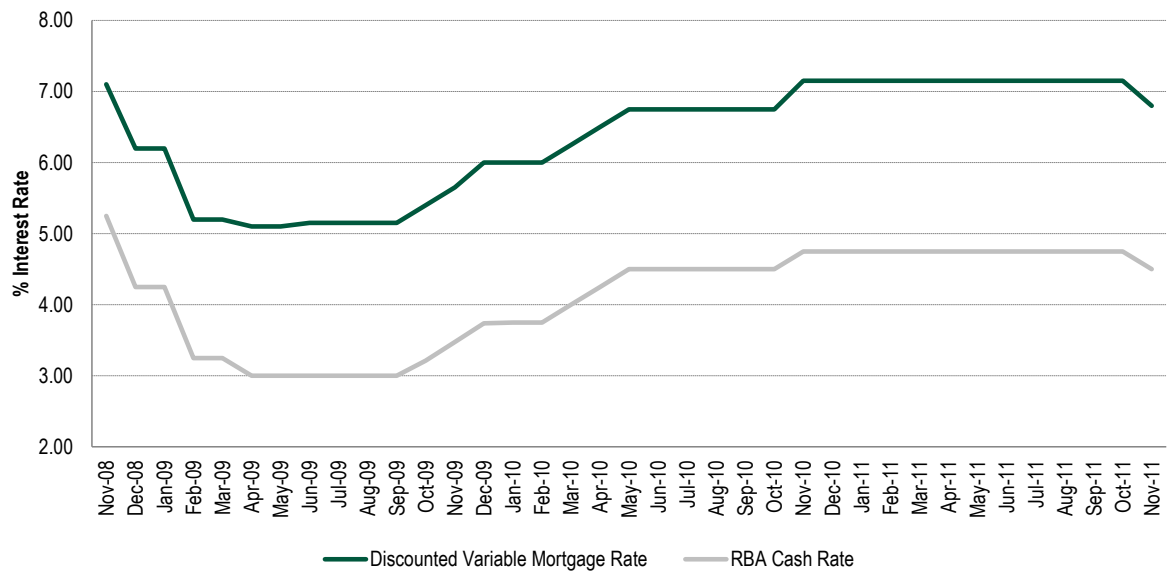
"Both consumers and business need a shot of confidence given offshore and domestic economic circumstances. Today the RBA used the opportunity to administer that shot and it is exactly the right call," said HIA Acting Chief Economist, Andrew Harvey.

"The most recent inflation figures gave the green light for a rate cut and the RBA would've acted knowing that it takes time for the impact of any rate to flow through to economic activity – beginning the interest rate easing cycle now rather than waiting is wise," said Andrew Harvey.

"In terms of residential building this is exactly what the industry needs – a rate cut with potentially more to come will help entice buyers and investors back into the new housing market. It gives the prospect of a quicker turnaround from the soft home building conditions that have prevailed in the second half of 2011," added Mr Harvey.

Interest Rates, Australia

Source: RBA



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