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Steady Rates Should Continue says HIA

The Reserve Bank Board today made the right decision in keeping interest rates on hold for a third consecutive month, and steady rates should continue, says the Housing Industry Association (HIA), the voice of Australia's residential building industry.

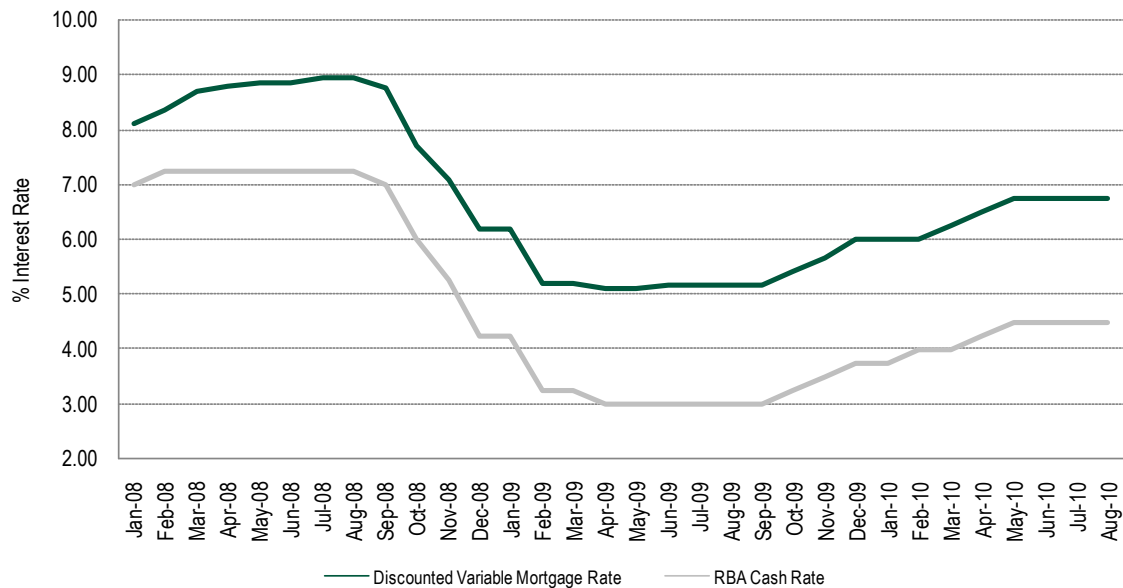
"Interest rate hikes in the first half of this year and their impact in fuelling interest rate expectations significantly dampened new housing demand amidst an acute shortage of dwelling stock. The continuation of steady rates through the remainder of the year would bolster new home buying confidence," said HIA Chief Economist, Harley Dale.

"General inflationary pressures are in check and there is compelling evidence that Australia's much needed new home building recovery will end prematurely. This is not an environment supportive of further rate rises," Harley Dale said.

"Meanwhile the major banks have no justification in lifting interest rates independently of the RBA. The continuation of overly tight lending conditions for residential development is already acting as a significant brake on new home building activity," added Harley Dale.

Interest Rates, Australia,

Source: RBA



For further information:

Harley Dale, Chief Economist

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