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Steady Rates Should Continue says HIA

Today's decision to keep interest rates on hold for a second consecutive month is appropriate given clear signs that past rate rises are denting demand and confidence, says the Housing Industry Association (HIA), the voice of Australia's residential building industry.

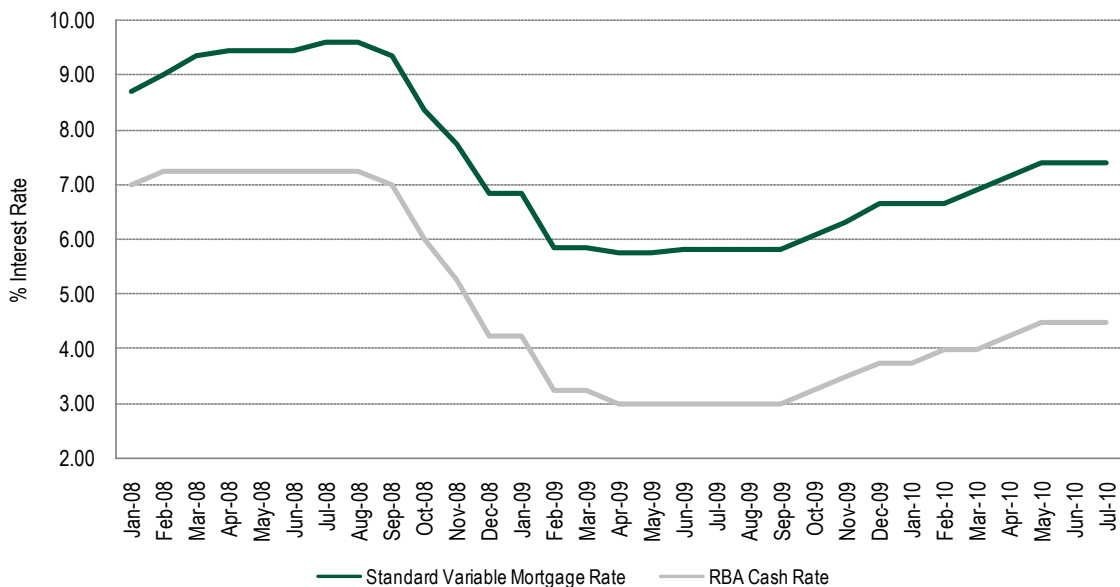
"Through to May this year there were six interest rate rises in eight months and there was anticipation from households of significant further hikes to come. This situation has played a part in the mounting evidence pointing to a stalling of the new home building recovery," said HIA Chief Economist, Harley Dale.

"It is appropriate for the RBA to hold interest rates steady while domestic economic signals remain mixed and renewed nervousness abroad persists."

"Meanwhile there remains no justification for major banks to lift interest rates independently of the RBA. The continuation of overly tight lending conditions for residential development is already acting as a considerable constraint on new home building activity," said Harley Dale.

Interest Rates, Australia, RBA

Source: RBA



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