

## Steady Rates Still Appropriate says HIA

The decision by the Reserve Bank to once again leave the official cash rate steady at 3 per cent is the right decision given uncertainty surrounding the magnitude of near-term recovery in the Australian economy said the Housing Industry Association, Australia's largest building industry organisation.

"It will be important to keep interest rates stable in coming months to bolster activity and confidence amidst intensifying speculation regarding retail banks acting off their own bat to raise mortgage rates," said HIA Chief Economist, Dr Harley Dale.

"Despite an acute shortage of new housing stock a sustained recovery in new home building is some way off from being assured.

"It seems likely that the early stage of a lift in residential construction will be very mild relative to the gap in supply which needs to be plugged.

"There is already anecdotal evidence of a loss of momentum in sentiment towards housing given recent rate rise talk. That is concerning given that we are only now seeing signs of a turnaround in what has been the longest down-cycle in new home starts in Australia's post war history."

**For further information:**

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