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Steady Rates the Necessary Decision, says HIA

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

"The housing industry is continuing to lose momentum in the second half of 2010. New home building activity is set for a renewed decline and investment in renovations is proving disappointing," said HIA Chief Economist, Harley Dale.

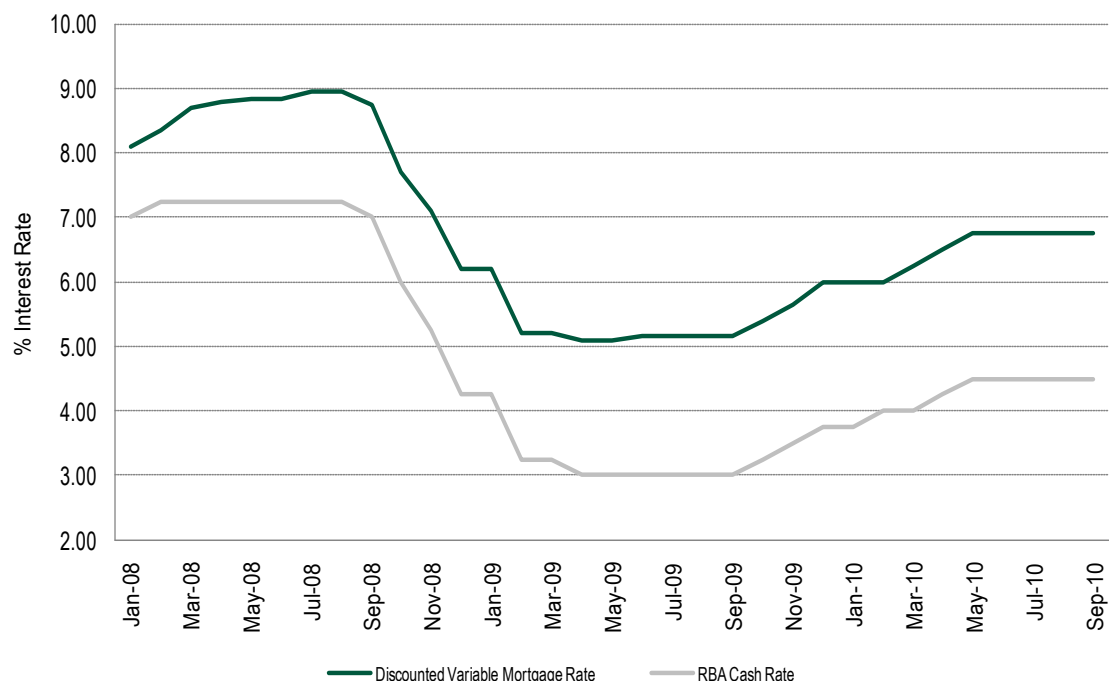
"There is widespread anecdotal evidence that housing conditions in some states are deteriorating markedly and this is the case even with the steady interest rates of recent months," Harley Dale said.

"This is certainly not an environment supportive of further rate hikes and it goes without saying that includes independent moves by Australia's trading banks," Harley Dale said.

"To be spruiking demand on the one hand while heavily restricting finance for development on the other is suspect enough. To top that up by independently hiking rates would be unjustified, especially given the fragile nature of the new home building cycle in the early stages of 2010/11," added Harley Dale.

Interest Rates, Australia

Source: RBA



For further information:

Harley Dale, Chief Economist
Graham Wolfe, Chief Executive, Association

0414 994 186
0419 751 188