

7 June 2011

## Rates on Ice Makes Sense, says HIA

The Housing Industry Association (HIA), the voice of Australia's home building industry, welcomed today's decision by the RBA Board to keep the official cash rate on hold.

"The decision reflects a rare bit of good news amidst mounting pressure on home affordability and fast-declining activity in the residential building sector," said HIA Senior Economist, Andrew Harvey.

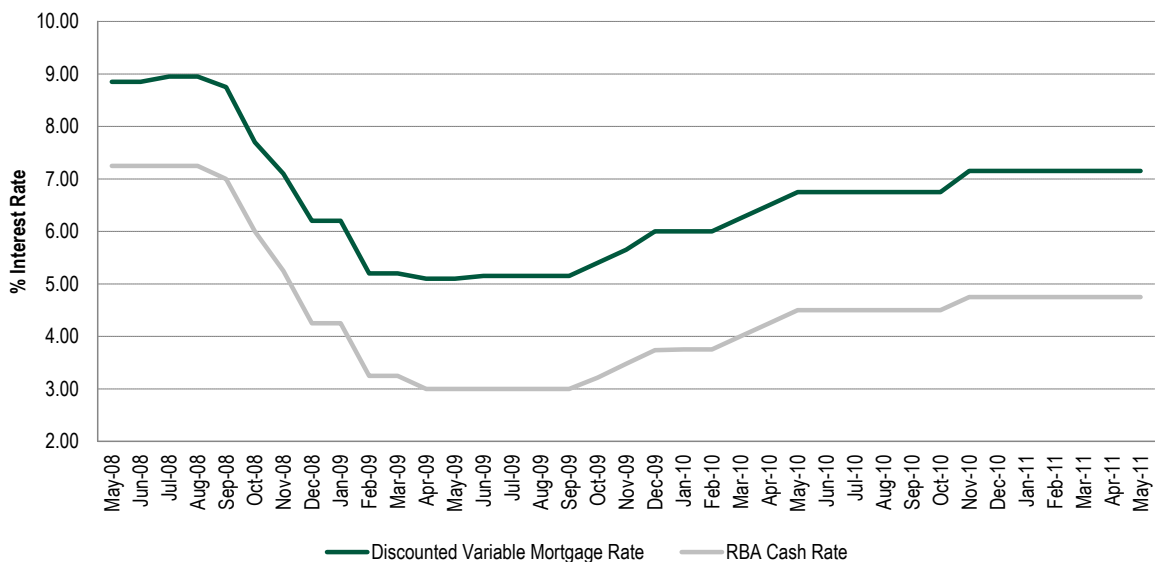
"This is the sixth meeting in a row at which the RBA Board has left interest rates unchanged. It just gives a touch of relief to those Australians paying off mortgages and also to those trying to enter the housing market, amidst the less predictable environment households face in the post-GFC era," said Andrew Harvey.

"Even with interest rates on hold new home building levels will slide further over 2011, due in no small measure to an on-going credit crunch afflicting residential development. The last thing we need is an increase in borrowing costs aggravating an already worsening housing shortage."

"Hopefully what we are seeing today is due recognition by the RBA Board that a narrow focus on controlling price pressures emanating from one sector of the economy is an approach fraught with risk. The March quarter GDP result served as a timely reminder of what can happen to an economy running on one cylinder if that one cylinder suddenly doesn't fire," added Mr Harvey.

Interest Rates, Australia

Source: RBA



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