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MEDIA RELEASE

## Steady As She Goes Appropriate Course For Rates, says HIA

The Reserve Bank Board today decided to keep the official cash rate on hold for the fourth meeting in a row, providing a positive tonic for an ailing new home building sector, says the Housing Industry Association (HIA), the voice of Australia's residential building industry.

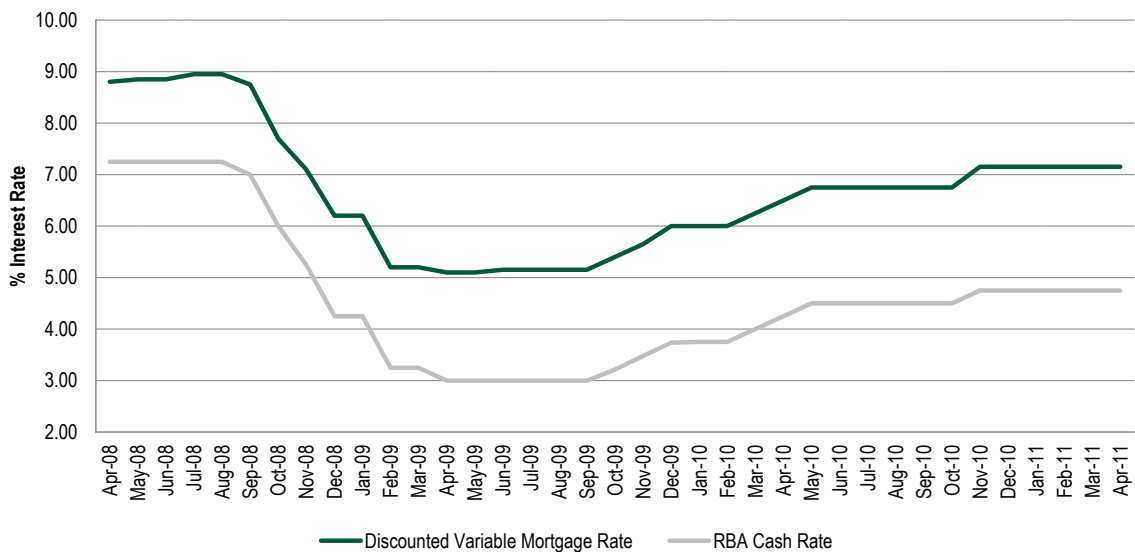
"New home starts look set to weaken considerably in 2011 and that's with interest rates staying where they are," said HIA Economist, Matthew King.

"Further rate hikes now would exacerbate a sharp home building correction and aggravate the negative social and economic consequences of a widening housing shortage," said Mr King.

"Australia's new home building market needs an extended period of interest rate stability to create an environment where confidence and activity have the opportunity to improve. That's only one side of the coin, however, the other being an urgent need for the Federal Government to lead by example in re-invigorating the policy reform process to reduce the excessive cost of new housing," Mr King added.

Interest Rates, Australia

Source: RBA



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