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MEDIA RELEASE

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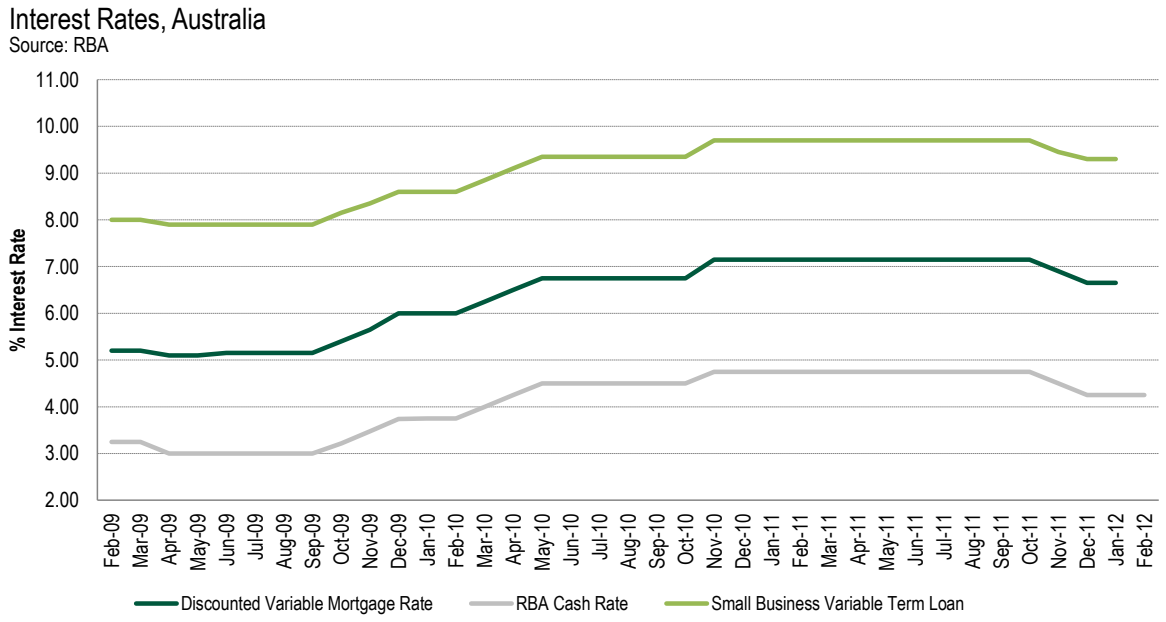
Rates on hold could rattle confidence, says HIA

The Reserve Bank Board decided to keep interest rates on hold at 4.25 per cent in February, missing an opportunity to bolster business and household confidence, said the Housing Industry Association (HIA), the voice of Australia's residential building industry.

"A rate cut today would have been appropriate for current economic conditions, but sadly that decision was not taken," said HIA Chief Economist, Dr Harley Dale. "The global and domestic economic outlook remains clouded, within which new housing activity in Australia faces the risk of re-visiting GFC lows."

"Today's steady interest rate decision follows widespread expectation for a cut and an increasingly aggressive debate regarding what Australia's banks would and should do with such a cut," Harley Dale said. "Against this backdrop, leaving rates unchanged has the potential to weigh down on confidence and non-resource economic activity."

"Despite the RBA's decision today, it would be helpful if our banks moved to provide some further interest rate relief to Australian businesses," added Harley Dale.



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