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MEDIA RELEASE

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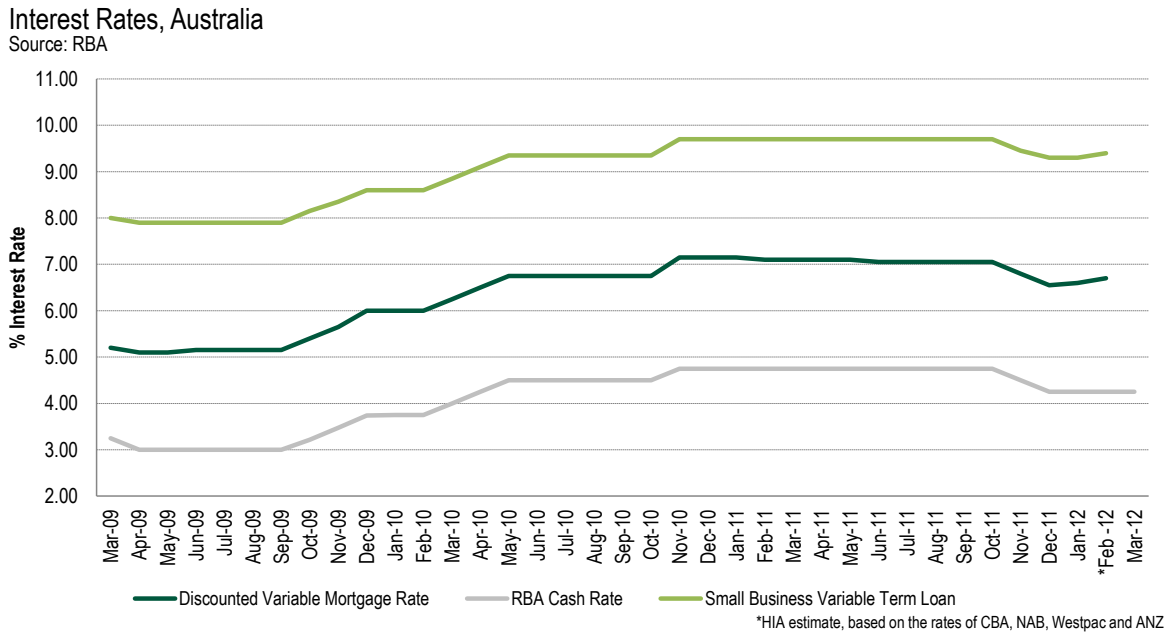
Steady Rates a Risky Decision, says HIA

In a widely anticipated decision the Reserve Bank Board decided to keep official interest rates on hold at 4.25 per cent in March, said the Housing Industry Association (HIA), the voice of Australia's residential building industry.

"The fractured state of economic conditions in Australia means there is considerable pain being felt by small and medium sized businesses, as well as some large businesses, which tends to get lost in a general focus on aggregate economic outcomes," said HIA Chief Economist, Dr Harley Dale. "Against this backdrop a rate cut today would have been the appropriate action to take."

"As it stands, the widely held expectation coming into 2012 of some further interest relief has been replaced by an apparent hold on official rates, while businesses and households count the potential cost from the possibility of further out of tune rate hikes by the banks," Harley Dale said.

"That doesn't seem to be a healthy recipe for domestic economic activity, within which the risk of new residential building revisiting GFC-equivalent lows has increased over 2012 to date," added Harley Dale.



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