

# RBA TO STAY IN HIBERNATION: LOAN MARKET

RATES TIPPED TO STAY ON HOLD OVER WINTER

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RBA COULD HIBERNATE THROUGH WINTER: LOAN MARKET

The Reserve Bank of Australia (RBA) could remain in hibernation through winter while it continues to assess the impact of its previous interest rate cuts, says leading mortgage broker Loan Market.

Loan Market Corporate Spokesman Paul Smith said it was no surprise today to see the RBA maintain the cash rate at 3.5 per cent after successive reductions in May and June.

Mr Smith said the RBA was likely to keep official rates on hold over the coming months even though consumer sentiment remains subdued.

"Mortgage holders will always be happy to see rates come down but the RBA could stay in hibernation over the winter after back-to-back monthly reductions in May and June," he said.

"While the RBA sleeps, consumers will still be nervous about the financial situation in Europe and the direction of the domestic economy.

"The impact of the carbon tax is another great unknown, particularly how it will affect consumer behaviour in the months ahead."

Mr Smith said the 75 basis points reduction in the cash rate over May and June had yet to have a substantial impact on the housing and retail sectors.

"Our own surveys have shown strong support for further rate reductions as some consumers did not believe the previous cuts had made much difference to them – especially as they haven't been passed on in full by most lenders," he said.

"The RBA will be under pressure to lower rates further this year and it has plenty of room to move to combat further economic slowdown in various sectors."

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For further information:

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#### About Loan Market

Founded in 1994, Loan Market is Australia's largest independently owned retail mortgage brokerage settling more than \$6 billion in home loans annually through a team of over 600 brokers in Australasia. Loan Market is part of the Ray White Group of companies, which were established over a century ago and is one of the largest private companies in Australia with over \$25 billion in real estate sales annually and international operations in Asia, the Middle East and New Zealand.

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