

The Reserve Bank has spoken: Michael Pascoe's Take on the Rise!

by Michael Pascoe, one of Australia's most respected finance commentators

The Reserve Bank has spoken: not only has the emergency passed, Australia and its trading mates will be back to normal growth in no time at all, inflation is hunky-dory for the next year, private investment is coming to the party and no banker will live in poverty by 2010 - or something like that. The statement by Governor Glenn Stevens differs more in tone than fact from last month's effort. There's a greater feeling of confidence about Australia's rosy economic outlook and a certain strength of purpose in the RBA working "to increase the sustainability of growth in economic activity and keep inflation consistent with the target over the years ahead". Sounds a bit like the intro to the old Superman television show: "He fights a never-ending battle for truth, justice and the American Way". Fortunately for us though, it's the Australian economic way, not the "modest" expansion expected next year in the major countries of the Old Order. And the ever-vigilant RBA remains in the middle of a major spin offensive against the usual tabloid shock-horror brigade as it tries to present its interest rate increases as, well, not really interest rate increases. Indeed, the Governor's final paragraph today states "that it is prudent to lessen gradually the degree of monetary stimulus that was put in place when the outlook appeared to be much weaker". This isn't tightening monetary policy - it's just un-loosening it a little. Which is correct. The RBA is still stimulating the economy with a 3.5 per cent cash rate, but the big question for the markets and borrowers will be the unknown of exactly what "gradual" means. So far, it stands for back-to-back 25 point increases. Failing any surprise regional or local economic shocks, there's nothing to indicate that "gradual" won't mean another 25 points next month. Michael Pascoe is one of Australia's most respected and experienced finance and economics commentators with 36 years in newspaper, broadcast and on-line journalism. He's also a most entertaining and provocative speaker on matters financial, economical and political. For further information on Michael Pascoe to present a keynote on economic and financial matters please contact Platinum or visit <http://www.platinumspeakers.com.au/speaker1158-Michael-Pascoe>. Platinum Speakers & Entertainers provides expert advice, knowledge and assistance to engage the perfect keynote speaker, business speaker, economist, sports personality, MC and entertainer for your next event or conference. For further information and assistance with your next event contact Platinum on 03 9673 7400, or theteam@platinumspeakers.com.au. We can be found at www.platinumspeakers.com.au.

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