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**IMMEDIATE RELEASE**

**MEDIA STATEMENT**

**BUSA Agrees with SARB Decision on Interest Rates**

BUSA agrees with the decision by the Reserve Bank today to leave interest rates unchanged for the time being. This is a realistic reading of external and internal economic factors. The domestic economic recovery is still modest and the global economic outlook remains uncertain.

BUSA is still concerned about the extent to which continued rises in administered prices pose a risk to the inflation outlook. Unless a more coordinated approach is taken to decisions on administered prices, this trend will have a very negative impact on the cost structure of business. At a time where a number of key wage negotiations are under way, BUSA also agrees that it is important that remuneration levels as a whole should remain reasonable and closely linked to productivity.

Although on growth prospects for SA, the Reserve Bank has only slightly modified its growth forecast for 2011 from 3.7% to 3.6%, the fact remains that this revision is in a context in which inflation is now expected to breach the upper limit of the inflation target range in the first quarter of 2012. This again emphasizes the careful balance which monetary policy needs to keep in its decisions on interest rates.

Ends.

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