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## **MEDIA STATEMENT**

### **IMMEDIATE RELEASE**

## **BUSA COMMENTS ON INTEREST RATE POLICY**

BUSA broadly shares the economic analysis offered by the Reserve Bank of the current domestic and global economic outlook. The trends outlined resonate with business perceptions. The external economic environment has clearly deteriorated since the last meeting of the Monetary Policy Committee (MPC) and BUSA agrees that forecasts of SA economic growth in 2012 will now need to be revised downward. Business confidence and employment prospects remain at low levels.

Although the decision was not unexpected, BUSA is nonetheless puzzled that in a period in which the MPC concedes that the output gap in SA is growing, interest rates again remain unchanged. With a fragile economic outlook - combined with the nature of cost inflation - BUSA would have liked to have seen more boldness in the MPC's approach at this stage. A small cut in interest rates would have sent out a positive message to underpin economic recovery in 2012, without upsetting the balance of risks on the inflation outlook.



ENDS

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