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24 March 2011

MEDIA STATEMENT

IMMEDIATE RELEASE

BUSA SEES THE INTEREST RATE DECISION AS INEVITABLE

BUSA sees the latest decision by the SA Reserve Bank (SARB) to leave interest rates unchanged at present as expected and inevitable in current economic circumstances. BUSA therefore shares the SARB's realistic assessment of the broad global and domestic economic trends which have shaped this decision.

BUSA agrees with the SARB that the nature of the cost-push inflation which may emerge in the near future will not necessarily be responsive to monetary policy. It is also once again clear that administered prices play an important part in creating upside risks for the inflation outlook and continue to be a distorting factor in our economic performance.

BUSA believes that interest rates need to remain relatively low for as long as practicable in order not to jeopardise the nascent economic recovery. SA needs to do much better in terms of growth and employment. SARB's economic analysis emphasises the essential role of total investment in helping to get SA onto a higher growth path and it remains imperative therefore to maintain a favourable investment climate for this purpose.

ENDS.

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