



BUSINESS UNITY SOUTH AFRICA (BUS A)

MEDIA STATEMENT ON INTEREST RATES

IMMEDIATE RELEASE

Commenting on the latest interest rate decision by the Reserve Bank announced today BUS A says –

Quote

BUS A regrets that the SARB has not found it possible to reduce interest rates further at its latest Monetary Policy Committee (MPC) meeting. On a balance of risks such a decision still seemed feasible to BUS A given the overall economic circumstances in SA. It is unfortunate that given the current recession, the declining rate of inflation and the steep rise in unemployment, the SARB has been unable to make a further cut in the repo rate at this stage.

As BUS A agrees with the SARB that the growth prospects for the economy remain a downside risk for the inflation outlook – and given the magnitude of the economic downturn – BUS A had therefore hoped that there was scope for at least one more cut in interest rates. Such steps remain essential to help rebuild business and consumer confidence. BUS A concurs with the SARB that the risk of cost push pressures, in particular from electricity price increases, confirms why Eskom tariff rises have to be kept to a minimum.

BUS A hopes that if inflation continues to fall in the months ahead, the door will be left open for the SARB to resume the downward trend in interest rates.

Ends

25 June 2009

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