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Media Statement  
Immediate Release

BUSA comments on the latest interest rate reduction

Commenting on the decision by the Monetary Policy Committee (MPC) today to cut the repo rate by another 100 basis points, BUSA says

Quote:

BUSA welcomes the decision to cut interest rates further as an indication that the Reserve Bank is now lowering interest rates faster than previously indicated, thereby reflecting more fully the needs of still rapidly changing economic circumstances. BUSA believes that the real economic indicators in SA remain overwhelmingly negative and a further cut in interest rates will help to strengthen business and consumer confidence at a crucial economic juncture.

BUSA hopes that the downward cycle in interest rates will continue in the months ahead, with the prime rate perhaps reaching 12% by May 2009. Crucial to future reductions in interest rates will be continued falling inflation, the latest growth figures, what is happening overseas and how the rand responds to events. BUSA believes that in these circumstances monetary policy must remain flexible and therefore sees today's decision as the right one.

Unquote

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