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## MEDIA STATEMENT

### IMMEDIATE RELEASE

### INTEREST RATE POLICY

Commenting on the decision by the Reserve Bank on interest rates today, BUSA says —

Quote

BUSA welcomes the decision to cut the repo rate by another 100 basis points as highly necessary and desirable in current economic and business conditions. The latest data on company insolvencies and liquidations are further evidence of the extent to which the SA economy has moved into negative territory under the impact of the global recession. Current prospects for positive economic growth in South Africa remain minimal.

BUSA agrees that the main risks to the inflation outlook now emanate from cost push pressures, particularly administered prices, which include the risk of higher-than-expected electricity tariff increases. BUSA concurs with the Reserve Bank that the balance of risks to the inflation outlook in the medium term is on the downside.

BUSA therefore sees further interest rate reductions as complementary to other policy steps taken by SA in fiscal and other spheres in recent months to cushion to some extent the fall-out from the global crisis on the economy. BUSA hopes that additional cuts in interest rates will be possible in the months ahead. A responsive monetary policy will help to underpin business and consumer confidence.

Unquote

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