



National Retail Association

MEDIA STATEMENT

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Retailers call for an end to the 'rate rise roundabout'

The National Retailers Association has welcomed today's announcement by the Reserve Bank that it will leave official interest rates on hold for another month.

However, retailers have called for a longer period of certainty around interest rates, saying the monthly cycle of speculation and anticipation of potential increases was almost as damaging to consumer sentiment as an actual rate rise.

NRA executive director Gary Black said the Reserve Bank needed urgently to work on a longer-term mechanism for controlling the economy.

"Retailers across Australia will be breathing an enormous sigh of relief today, after a very difficult trading year in 2010 and a devastating rate rise in November, just before the vital Christmas trading period," he said.

"However, I expect any joy retailers take out of today's announcement will be short lived.

"If our previous experience is any guide, no sooner will today's news be digested than economic forecasting and media reporting will turn to the March RBA meeting, and speculation will begin about the likelihood of an increase next month.

"This constant roundabout of anticipation and speculation has now grown to fill the entire month between RBA meetings. The threat of a rate rise hanging constantly over the heads of consumers is almost as damaging to retail businesses as a rate increase itself."

Mr Black said interest rates were now widely viewed as far less effective at controlling the multi-speed economy, where sectors such as mining were surging ahead but other large employers, including retail, hospitality and fast food, remained in the doldrums.

"Rather than allowing damaging speculation to run unchecked every month, the RBA should shift to quarterly reviews of monetary policy. This would allow it to move more decisively and with the benefit of three months' economic data instead of just one.

"It would also provide confidence for consumers which would in turn flow through to certainty for the retail sector, allowing employers to hire staff and make crucial investment decisions."

The NRA is Australia's largest and most representative retail organisation with 3700 members and affiliates located across all states and territories. Its membership includes the majority of Australia's national retail chains and extends across the retail take-away food and fast food sectors.

Gary Black is available for interviews. Contact Malcolm Cole on 0408 612 603