



National Retail Association

MEDIA STATEMENT

June 07, 2011

No rates news is good news for retailers

The Reserve Bank's decision to hold rates at 4.75 per cent has been applauded by retailers who continue to struggle with subdued trading conditions and an uneven playing field in relation to GST and other charges.

While last week's ABS figures showed welcomed growth in April, National Retail Association Executive Director Gary Black said it had taken the sector almost six months to regain any momentum following the rate rise in November last year.

"Retail has been trading in what are effectively recessionary conditions for over 12 months now," Mr Black said

"Despite the growth that was seen in last week's retail figures, particularly in the food sector, we continue to face heavy competition from overseas online outlets and we saw that in other sectors such as clothing and footwear.

"The industry is definitely still suffering in many areas, and will take a long time to build up again to pre-GFC levels.

"In these conditions, for the RBA to have raised rates now would have sent those modest gains reported last week into reverse."

Mr Black said the two-speed economy called for restraint and careful consideration on the part of the RBA.

"We know that consumer spending is down, and household savings are at their highest levels since 1985. We also know that overwhelmingly the growth in the economy is coming from the mining sector.

"From retailers' perspective, an interest rate increase in the future would hit hardest those sectors that are already suffering, while doing little to cool the overheating mining sector.

"I think the next few months' retail data will give a clearer picture of the state of the sector and the wider economy, and we would urge the RBA to continue holding off on rates movement at least until we receive that information."

Gary Black is available for interviews.

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