



National Retail Association

MEDIA STATEMENT

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Rates stability gives retailers much-needed breathing space

The National Retail Association has commended the Reserve Bank of Australia (RBA) for keeping interest rates steady for another month, saying the decision will give retailers some much-needed breathing space.

NRA executive director Gary Black said rates stability was necessary to keep the industry afloat, and he called on the bank to hold off on any increase for the rest of 2011.

The decision to hold rates at 4.75 per cent comes after retail trade figures were released yesterday by the Australian Bureau of Statistics (ABS) showing a drop of 0.6 per cent in turnover for May 2011, the worst fall since October last year.

“This is what we had hoped for, and although it is what we were expecting we’re still extremely pleased and relieved,” Mr Black said.

“It was really the only option that could give those in the retail industry any optimism. At the moment our situation is highly volatile, as can be seen by comparing April’s figures with May’s figures, and a rates rise now would have been disastrous for us.

“Consumers are continuing to be frugal with their purchases, so we need rates stability to build confidence so people will start spending again. Although the essential sectors such as food saw growth even in May, the industry will continue in the slump it’s been in for over a year if rates rise in 2011.

“Small businesses are continuing to struggle under extremely tough economic conditions and a rates rise in the future would just make things worse for them.

“We’re already bracing ourselves for continued tough conditions between now and the end of the year.

“If we are to see a recovery by next year, which is what we are aiming towards at the moment, we need the continued support of the RBA, so we urge the bank to keep rates on hold for the rest of the year.”

Gary Black is available for interviews.

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