



National Retail Association

MEDIA STATEMENT

6 April, 2010

Retailers disappointed by Reserve Bank rates decision

The National Retail Association today expressed its disappointment at the Reserve Bank's decision to increase official interest rates.

NRA Executive Director Gary Black said last week's retail trade figures, which showed consumer spending went backwards by 1.2 per cent in February, showed growth in the Australian economy was uneven at best.

"World GDP may be growing, but domestic trading conditions in Australia are still very tough," Mr Black said.

"Retail sales were sluggish across the Christmas period, growing just 0.2 per cent in December, and have remained patchy ever since.

"Our members across Australia are telling us that the difficult trading conditions they experienced in the early part of the year are continuing.

"Retailers were looking to the Reserve Bank for a decision that would strengthen consumer confidence and stabilise trading conditions for the retail sector.

"Unfortunately, the decision to boost the cash rate to 4.25 per cent will have the opposite effect.

"Many already struggling businesses will be placed at further risk because of the drop in consumer confidence that is sure to follow today's decision. The jobs of thousands of workers across Australia will also be under threat."

Mr Black said retailers would be alarmed at the RBA's suggestion that today's increase was merely "a further step" in a process of increasing rates over the longer term.

"The RBA Board appears to have decided already that rates will continue to increase in coming months.

"We call on the RBA to be more flexible, and consider the impact of today's decision on the domestic economy before increasing rates again in coming months."

The NRA is Australia's largest and most representative retail organisation with more than 3000 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