June 2019

The cash rate has been cut!

After nearly 3 years of waiting the cash rate has finally moved, with today's announcement by the Reserve Bank of Australia (RBA) confirming a reduction **from 1.50 per cent to 1.25 per cent.**

In the official statement released by the RBA, it was stated that this decision is to support employment growth and provide greater confidence that inflation will remain consistent with the medium-term target.

But what does that mean for the housing and credit sectors? Governor Philip Lowe had this to say:

"The adjustment in established housing markets is continuing, after the earlier large run-up in prices in some cities. Conditions remain soft, although in some markets the rate of price decline has slowed, and auction clearance rates have increased. Growth in housing credit has also stabilised recently. Credit conditions have been tightened and the demand for credit by investors has been subdued for some time. Mortgage rates remain low and there is strong competition for borrowers of high credit quality."

"Today's decision to lower the cash rate will help make further inroads into the spare capacity in the economy. It will assist with faster progress in reducing unemployment and achieve more assured progress towards the inflation target. The Board will continue to monitor developments in the labour market closely and adjust monetary policy to support sustainable growth in the economy and the achievement of the inflation target over time."

The cash rate drop has prompted one big question - will the banks pass on the reduction? To find out, get in touch and discover whether you can now save on your current or future loan.