



TRANSCRIPT

ACCI SAYS AN INCREASE IN RATES WOULD ADD \$1.8 BILLION IN COSTS FOR ECONOMY

ACCI Chief Executive Peter Hendy on ABC Radio News - Interest Rates - 7 August 2007.

Australian businesses say an interest rate rise would be bad news for the economy.

The Australian Chamber of Commerce and Industry (ACCI) says if the Reserve Bank announces a rate increase tomorrow, it will add \$1.8 billion in costs for the economy.

ACCI chief executive Peter Hendy has released a survey which shows business confidence is at an eight-year high.

Mr Hendy says he is not convinced an interest rate rise is needed.

“The underlying rate of inflation is in the Reserve Bank’s target band of 2 to 3 per cent,” he said.

“The headline rate of inflation is comfortably within that band and we’ve seen that share markets have been a bit skittish over the last couple of weeks at least, so we’re not totally convinced.”

The Reserve Bank will announce its decision on interest rates tomorrow morning.