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## **INTEREST RATE CUT MEANS MERRY CHRISTMAS FOR RETAILERS AND CONSUMERS**

The Reserve Bank of Australia's decision to drop interest rates by 0.25 percentage points today was good news for ACT businesses, according to Canberra Business Council.

"It has been a difficult year for many business owners, particularly those in retail, tourism and manufacturing," Canberra Business Council CEO, Chris Faulks said. "These sectors in the ACT have been struggling with dampened consumer confidence, high credit costs and a strong Aussie dollar.

"The cut in interest rates should mean consumers have more disposable income and are more inclined to spend in the lead up to Christmas," Ms Faulks said.

"The challenge is that Australia generally and the ACT in particular are performing well economically. The Australian Bureau of Statistics (ABS) revealed last week that the nation's wealth is at record levels as are household savings.

"Despite this good news, the local retail sector in particular is feeling the pressure. According to the latest ABS retail figures, total retail in the ACT fell in trend terms during August. Every other State and Territory, except South Australia, recorded a rise in retail trade during the same period.

"Hopefully, today's interest rate cut will give consumers the confidence to visit the shops in the lead up to Christmas and spend a little more than they might have been previously planning.

"It is important for our local retailers that this occurs as many retailers rely on the important Christmas and holiday period for a significant proportion of their annual trade and if holiday shopping is slow it can hurt their overall profitability.

"I am pleased to see a number of banks have already passed on the interest rate cut to their customers and urge all financial institutions to follow suit."

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