

Herald Sun Sunday

Battlers need relief on interest rates

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IT'S a fair bet that on the first Tuesday in November, many Victorian homeowners will be focused on more than the Melbourne Cup.

Sure, most hard-pressed families will stop with the rest of the nation for the Cup, but that won't stop them watching the monthly meeting of the board of the Reserve Bank of Australia closely. If ever there was a need for the RBA to cut interest rates it is next month.

Families are battling soaring utility bills, stock market volatility and out-of-control grocery costs, and they haven't enjoyed a rate cut on their mortgages since April 2009.

RBA governor Glenn Stevens offered this robust hint last week after keeping the cash rate on hold at 4.75 per cent for the 11th consecutive month: "An improved inflation outlook would increase the scope for monetary policy to provide some support to demand, should that prove necessary."

Welcome news indeed as we approach Christmas, not just for families but also for retailers who are struggling under sluggish spending from the nation's wary consumers.

Today, the *Sunday Herald Sun* also publishes some alarming data that underlines why a rate cut is so desperately needed.

According to research by property valuation firm Residex, Victorian homeowners lost more than \$290 million selling their properties for less than what they paid for them in the past three years.

The data shows some 5427 vendors lost money on the sale of around 268,000 properties in the three years to July.

The Ground Zero of the losses appears to be in suburbs dominated by apartments such as the CBD, Southbank, St Kilda and Docklands.

But other hot spots included St Kilda, Carlton, Hawthorn and boom suburbs like Point Cook.

Some of these vendors will be investors who have taken a gamble that has not paid off. But many of them will also be families who were not speculators trying to turn a quick dollar, but simply trying to invest in their future.

For their sake, let's hope the RBA comes home a winner on Cup Day.



Glenn Stevens