

## BUSINESS DAILY SPECIAL REPORT CUT TO THE CHASE

# Rate cut 'is not enough'

### THE ECONOMY

Jeff Whalley

CORPORATE Australia says record low interest rates may not be enough to fire up the nation's struggling economy.

The nation's peak business lobby groups have seized on the cut as further evidence of Australia's economic difficulties.

They are reiterating their calls for workplace and taxation reform to help the RBA in its push to support the economy.

Business leaders welcomed the Reserve Bank's move to cut the cash rate to a historic low of 2.5 per cent yesterday, saying it would help stressed sectors including retail, manufacturing and housing.

But they warned the cut, which had been needed "for some time", might not be enough.

Australian Chamber of Commerce and Industry chief economist Greg Evans said economic growth was "now entrenched below the trend level". With a "worsening labour market, this adjustment may not be the last as we deal with a deteriorating economy", Mr Evans said.

He said the Reserve Bank had taken "the responsible course".

Mr Stevens' announcement pointed to below average economic growth and weak commodity prices.

The non-mining parts of the economy are under increasing pressure to pick up slack as resources boom fades.

Treasurer Chris Bowen last week revealed the Federal Government had written down its forecasts for tax receipts by \$33.3 billion as demand for commodities dwindled.

Retailers, under pressure from cheap online sales and frugal Australian consumers, yesterday labelled the RBA move as a bid to "save the furniture" in the face of a lack of economic leadership.

Australian Retail Association executive director Russell Zimmerman said the RBA had "provided some relief to Australian retailers".

But it was "concerning that this cut has come on the back of flat retail sales, predictions of rising unemployment and falling consumer and business confidence", Mr Zimmerman said.

He said the cut was no "silver bullet" and both major political parties needed to commit to "genuine" tax and workplace reform.

Manufacturers greeted the cut as a "welcome signal to the market".

"Like the Reserve Bank, businesses, particularly in trade exposed sectors such as manufacturing, will now be looking for further falls in exchange rates to help lift competitiveness," Australian Industry Group chief Innes Willox said.

# FINANCIAL SNAPSHOT

## KEY INDICES

Index	Close	Change
All Ordinaries	5088	5.80 ▼
S&P/ASX 200	5105.6	5.70 ▼
Industrials 200	3720.4	8.80 ▲
Energy 200	13,414	123.40 ▼

Index	Last	Change
Dow Jones	15,612.13	46.23 ▼
Nasdaq	3692.95	3.36 ▲
NZSX50	4575.5	13.99 ▼
Nikkei	14,401.06	143.02 ▲

## KEY RATES

	Last	Change
90-day bills	2.60	0.03 ▼
180-day bills	2.57	0.073 ▼
3-yr bonds	2.67	0.05 ▼
10-yr bonds	3.72	0.07 ▼

## KEY RESOURCES

\$US	Last	Change
Gold	1302.6	8 ▼
Silver	19.76	0.30 ▲
Nickel	13,825	74 ▲
Aluminium	1754	26 ▼
Copper	6975	30 ▼
Oil	106.58	0.33 ▼

## PEOPLE'S CHOICE

AMP	0.02	4.57
BHP Billiton	0.13	35.62
CBA	0.23	73.53
News Corp	0.46	17.97
Qantas	0.005	1.24
Rio Tinto	0.24	59.86
Telstra	0.02	5.07
Wesfarmers	0.06	41.00
Woolworths	0.27	33.11

## BEST PERFORMERS

Atlas Iron Ltd	5.35%
GPT Group	4.51%
IndependenceGp	4.34%
Billabong	3.48%
Alacer Gold	3.44%

## BIGGEST LOSERS

10.75%	Resolute
5.71%	Flight Centre
5.40%	Silver Lake
5.29%	EvolutionMin
4.59%	Virgin Aus

## SECTOR PERFORMANCE

Gold	3.46%
IT	0.10%
Materials	0.22%
C'sumer Dis	0.65%
Financials	0.05%
Health	0.57%
C'sumer Stap	0.32%
Resources	0.31%
Telcos	0.43%
Utilities	0.24%

## KEY CURRENCIES

<b>\$US</b> \$AU	<b>EUK</b> \$AU	<b>EURO</b> \$AU
0.898 0.007 ▲	0.585 0.004 ▼	0.677 0.003 ▲
<b>¥EN</b> \$AU	<b>\$HK</b> \$AU	<b>\$NZ</b> \$AU
88.36 0.40 ▼	6.966 0.056 ▲	1.144 0.015 ▲