

[RBA lifts cash rate to 3.25 per cent](#)

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The average home loan borrower faces a \$45 increase on their monthly mortgage repayment after the Reserve Bank of Australia (RBA) raised its cash rate for the first time in 19 months.

The central bank raised the cash rate by 25 basis points to 3.25 per cent following its monthly board meeting on Tuesday.

A majority of economists had expected the RBA to leave the rate at its “emergency” level of 3.0 per cent for at least another month.

The bank cut the rate by 425 basis points between September 2008 and April 2009 in the heat of the global economic downturn.

RBA Governor Glenn Stevens said the basis for cutting the cash rate so quickly had now passed.

“With growth likely to be close to trend over the year ahead, inflation close to target and the risk of serious economic contraction in Australia now having passed, the board’s view is that it is now prudent to begin gradually lessening the stimulus provided by monetary policy,” he said in a statement.

“This will work to increase the sustainability of growth in economic activity and keep inflation consistent with the target over the years ahead.”