



Expect two more interest rates by year's end

THE prospect of a strong domestic economy into the future is bleak and further interest rate rises are on the way according to independent property valuer and real estate consumer advocate Iain Herriot.

Mr Herriot believes there will be two more interest rate rises this year; one in August and the other in time for Christmas.

"I expect today's decision by the Reserve Bank of Australia (RBA) to raise interest rates won't be the last this year," Mr Herriot said last week.

"Unless there is a rapid and marked decrease in inflation, the RBA will increase rates again as it is the only tool they have to control the economy.

"People need to curb their spending habits as thousands of Australians are continuing to live on credit buying goods such as Plasma Screen TVs. Some people are going to have to dramatically adjust

their lifestyles with significantly less money in the budget to handle other cost-of-living pressures or face financial disaster."

Mr Herriot said the RBA will probably wait until August for the next interest rate rise.

"I believe they will wait to see if today's rise has any effect on slowing the economy. The RBA will also want to see end of financial year reports before making a decision."

Mr Herriot said the signs for the Australian property market were not good and it may take two to three years to get out of the slump.

"The share market collapse, the sub-prime crisis and many development sites for sale are all strong indicators of a market about to come off the boil," he said.

"Unfortunately many Australian families are going to be susceptible to deep financial pressure in the coming years."