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Bollard: more than talk?

In July Reserve Bank Governor Dr. Alan Bollard said he would reassess policy settings in September if financial conditions remained tight. Conditions have worsened since then, so Bollard must follow through on his promise say the New Zealand Manufacturers and Exporters Association (NZMEA).

NZMEA Chief Executive John Walley says, "Financial conditions have become tighter since that statement. The dollar now approaches 70US cents and interest rates have continued to rise."

"There is no reason why our Official Cash Rate (OCR) should be over twice that of the United States, the United Kingdom and Europe. Our central bank seems to compare rates with Australia, but Australia has not even gone into a recession."

"Surveys continue to show the export sector struggling. Our own survey released on Friday showed a 48 percent drop in export sales year on year. We are long past the point of action; talk is ignored unless it is backed up. To demonstrate serious intent the OCR should have been cut a couple of times over the last few months, a cut of 50 points is needed now, but any cut would at least substitute ongoing talk with some action."