

For immediate release

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finder.com.au RBA Survey: Balancing act tipped to continue, while opportunity knocks for first home buyers

- ➔ 96% of experts (27 of 28) in finder.com.au RBA Survey forecast cash rate to hold at 2% on 3 May
- ➔ The May board meeting marks 12 months since the last change – a 0.25% cut – to the cash rate
- ➔ 82% of experts tip unit prices to drop in capital cities, following reported oversupply
- ➔ Lending cuts to foreign buyers could lead to more first home buyers entering property market

29 April, 2016, Sydney, Australia – The cash rate will complete 12 months without movement, with 96% of leading economists and experts widely tipping it will stay on hold at 2.00% at the Reserve Bank board meeting this Tuesday 3 May 2016, according to one of Australia's biggest comparison websites, finder.com.au¹.

The last movement was in May 2015, when the Reserve Bank cut the cash rate by 0.25%.

Twenty-seven of 28 experts surveyed in the [finder.com.au Reserve Bank Survey](#), believe the pause will continue, citing a robust labour market, recovering Australian dollar and imminent Federal Budget among the reasons why the cash rate is expected to stay put.

Only one economist, Savanth Sebastian of CommSec, predicts a cut, saying, “the low inflation result opens the door for the Reserve Bank to cut rates if they deem it is necessary.”

As for prospects of a rate movement beyond May, 55% of the 22 experts who opted in to this question predict a fall is on the cards in 2016, with the most popular months indicated for a cut being August (four predictions) and November (3).

Conversely, three experts – Steven Pambris from Bank of Sydney, Mark Crosby from Melbourne Business School and Stephen Koukoulas from Market Economics – predict a

¹ Experian Hitwise since 2013

rate rise, or multiple rises, this year.

Ten experts (45%) predict no movement until 2017. All of this group agreed that a rate rise was the next likely move.

Half of the 24 experts surveyed on the rate cycle thought that the cash rate has already hit rock bottom, and would not drop below 2.00% in this period. Nine experts (38%) predict a drop to 1.75% before a rise, while only three experts (13%) predict a drop to 1.5%

Twenty-two experts weighed into whether recently reported oversupply of units in capital cities would have an effect on property prices. Eighty-two percent predict this would lead to a drop in unit prices in capital cities, with 36% (8) forecasting growth will slow across the whole capital city property market. Only four economists (18%) predict no effect on property prices.

Bessie Hassan, Money Expert at finder.com.au, says these findings, coupled with recent news that three of the big four banks – Westpac, ANZ and Commonwealth Bank – have [ceased lending to foreign investors](#), could pave the way for first home buyers to enter the property market.

“Foreign investors account for nearly nine percent of housing sales², so this crackdown could take the heat out of the property market. If you’re a first home buyer and have a deposit saved up, now may be the best time to nab a bargain, especially if you’re eyeing an apartment.

“First home buyers have had an even tougher time of late, so this will be welcome news. Figures from the Australian Bureau of Statistics show that the number of first home buyers has been dropping consistency since September 2012, when it peaked at 19%. The latest figures³ show first home buyers now account for just 13.4% of all home loans financed.

“However, with the cash rate looking likely to remain stable for the foreseeable future, signs are pointing to a long-awaited first home buyer ‘comeback’.

“Interestingly, should the cash rate hold on Tuesday as widely expected, RBA figures show this would be only the third time in a decade that the official cash rate has held at the same level for 12 months or more.

“That said, the average standard variable home loan rate – currently 5.21% – is not expected to hold for much longer with the big four banks having not moved their variable

² According to NAB

³ February 2016

rates in five months.

“This reiterates that shopping around for the best home loan deal has never been more important. Do your homework, compare lenders, read the fine print and always factor in a buffer of 2-3% in case of future rate rises so you’re not left with a nasty shock soon after becoming a homeowner.”

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