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### **No news is good news on the inflation rate front**

As has been widely speculated, The Reserve Bank of Australia isn't showing any sign of raising interest rates at this time, with the cash rate remaining at 4.75%.

According to an estimate in Bloomberg Business week, Australia's economy is likely to have accelerated by 0.6% in the last quarter - a figure supported by a survey conducted by 15 economists and released by The Australian Bureau of Statistics.

The main contributors to this growth are expected to come from increased engineering construction and investment, ahead of a renewed mining boom. "With the mining investment story, it's really the forward pipeline of work again. It's just massive, it's going to be a feature for some time yet." says Westpac senior economist, Mathew Hassan.

A strong economic outlook is no doubt the reason the RBA is showing restraint, despite Australia's recent floods and cyclones. This is in contrast to what's happening elsewhere in the world, where central bankers are trying to control inflation with higher interest rates, or by tightening monetary policies.

Naturally, this is encouraging news for Australian home buyers - Harvey Dale, chief economist of the Housing Industry Association, has stated that economists expect the RBA to keep interest rates on hold until May. "If you have at least a reasonable period of time when rates are on hold, and you have greater competition, then that could provide a boost in confidence and activity for new home building."

Certainly, the auction market is showing signs of growing in strength this year, although it's



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perhaps too early to draw any firm conclusions just yet.

Meanwhile, the major banks appear to be entering a massive marketing war in a bid to attract new customers. Very competitive strategies from some of the major lenders are likely to provoke a similar response from other banks and other mortgage providers.

So, there's sure to be some good options available for home buyers in 2011. In fact, it's never been more important to really do your homework before you make any decisions - you might be pleasantly surprised by what finance alternatives you can choose from.

Naturally, if you have any questions about which kind of package most suits your needs, don't hesitate to call.

Until next month,

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