

Australasian Property Watch

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News Flash

‘Australia best placed to see out global slump’

Australia is most likely to avoid an economic slowdown, even if global forces work the other way, the Reserve Bank governor Glenn Stevens said today.

While efforts by governments and policy makers around the world to support financial markets have lowered the chances of global ruin, Australia is in the best position, according to Mr Stevens.

He said measures taken by national governments to guarantee bank deposits have revived confidence, as central banks addressed capital and liquidity issues markets.

Mr Stevens said the RBA had supported the steps taken by the Federal Government announcing a general guarantee of deposits held in financial institutions, to allay any public anxiety about the security of savings.

"Steps in these directions, in the context of what other countries were doing, were sensible and the RBA supported them," he said.

"As is also the case in other countries, the design features of the various guarantees will be important."

Mr Stevens the central bank was working with Treasury on the details of the Australian arrangements.

"The RBA is working with our colleagues in the Treasury on the details of the Australian arrangements, including on how to maintain continued healthy functioning of Australia's short-term money markets," he said.

"The plans are not precisely uniform across countries - that is never achievable anyway - but we can, I think, see the shape of a broad common outline.

"There is much more work to be done on the yet on the design details, and one area in which further international co-operation would be helpful is in the area of making these various guarantee arrangements broadly consistent.

"But the world, it seems to me, getting on to a better path."

"As a result, the likelihood of a global catastrophe has in fact declined over the past couple of weeks." #

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