

FEBRUARY CASH RATE CUT: WHAT IT MEANS FOR YOU

In positive news for many borrowers, the Reserve Bank of Australia (RBA) last month cut the cash rate. The cash rate is now at 4.10%, down from 4.35%, in the first cut since November 2020.

The decision to reduce the cash rate follows data that shows inflation in Australia has cooled to be within the RBA's target range of 2-3% (though underlying inflation remains slightly higher).

It is a reprieve for mortgage borrowers after the central bank hiked rates up on 13 occasions between May 2022 and November 2023, before leaving the cash rate on hold for more than a year.

But how does this impact you?

The cash rate is closely tied to the interest rate lenders charge on their loans, or offer on savings products. If the cash rate is lower, lenders can borrow money for less, which they could pass on in lower interest rates. While they are not necessarily obligated to pass on the full cut to their customers, the big four banks have passed on the full .25% and there will be many eyes watching the other banks to make sure savings are passed on. It will be most noticeable in variable rates, but long-term predicted reductions should also see reduced fixed rates.

After February's much-anticipated interest rate decision, attention now turns to the Reserve Bank of Australia's next monetary policy announcement, on April 1.

As always, the Reserve Bank will be strongly influenced by key economic indicators, including inflation, unemployment, consumer spending and wages growth.

For those who are considering buying, lower interest rates mean lower repayments and increased ability to service the loan. This can mean increased borrowing capacity and can be helpful to get you into a new home. Contact us at Roger Loughnan Real Estate to discuss your buying needs.

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I would like to thank Monica for her professionalism, integrity, exceptional service and her knowledge of the area which is outstanding. Monica extends her approach beyond the call of duty.

I felt immediately at ease when I met Monica and made the decision to list my property with Roger Loughnan Real Estate. Monica together with Lara kept me completely informed throughout the whole process of selling my land. I highly recommend the team of Monica, Roger and Lara. If I could give a higher rating I would.

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Review submitted by K Joyce (Vendor) - Mapleton - 10 Jan 2025



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