
Australia to benefit from Asian demand for iron ore and coal - Mr Lowe

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Bloomberg reported that Australia's economy is likely to benefit from rising Asian demand for raw materials including iron ore and coal, surging business investment in new mines and a rising population.

Mr Philip Lowe assistant governor of Reserve Bank of Australia said that "There are reasonable grounds for optimism about the prospects for the Australian economy over the decade ahead. While there is still much uncertainty about the global economy, Australia finds itself in a better position than most of the other advanced economies."

He added that Australian iron ore exports have climbed by around a third over the past two years and ventures including Chevron Corp.'s liquefied natural gas project in Western Australia will ensure high levels of investment in resources for some years yet. Signs that the nation's economy is rebounding are prompting Reserve Bank policy makers to raise borrowing costs. Mr Lowe said that "It is entirely appropriate we go back to a more normal setting in monetary policy. And that's the process under way now."

Mr Glenn Stevens governor of central bank became the first Group of 20 policy maker since the height of the financial crisis to increase interest rates this month when he raised the overnight cash rate target from a half century low by a quarter percentage point to 3.25%.

Mr Stevens said last week that policy makers can't be too timid in raising borrowing costs now that the threat of an economic crisis in the nation has passed. He added that "The setting of interest rates that we had was put in place at a time when very serious people were arguing the world economy could be going back to a situation in the early 1930s. That's not the world we're in now."

(Sourced from www.bloomberg.net)

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