

MEDIA RELEASE **PSA calls for tangible decrease in interest rates to assist struggling working class**

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The Public Servants Association (PSA) along with South Africans are keenly awaiting the sixth and final meeting for 2024 of the South African Reserve Bank's Monetary Policy Committee (MPC) on 21 November 2024.

The meeting comes at the time public servants and employees of various other state-owned entities are logged in challenging salary negotiations. The PSA is aware of the implications that monetary policy decisions can have on the Union's members and the broader economy. It is hoped that the MPC will usher in the festive season for South Africans who are facing tough economic conditions and struggling to cope with the high cost of living. The MPC's recent minimal interest rate decrease created some relief. The MPC is therefore urged to decrease the interest rate by at least 50 basis points to offer stronger relief. Such a decrease will provide much-needed relief for borrowers and stimulate economic growth, benefiting all South Africans.

The South African Reserve Bank's mandate includes promoting economic growth alongside price stability. The PSA expects the MPC to weigh the potential for stimulating growth against the need to keep inflation in check, particularly considering ongoing global economic uncertainties. Lower interest rates could foster job creation, which is crucial for a country facing triple challenges of inequality, poverty, and unemployment. Easing financial burdens will further enhance purchasing power.

Current trends indicate a significant decline in consumer inflation, which has dropped to 3.8% in September 2024. This reduction is largely attributed to lower fuel prices and stable food costs, providing welcome relief for consumers and workers. However, whilst lower inflation is positive, it remains crucial to consider how the South African Reserve Bank will respond to these developments. The PSA remains vigilant in advocating for policies that prioritise the welfare of workers in all monetary decisions and calls for a tangible decrease in interest rates.

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