



MEDIA RELEASE **PSA urges Reserve Bank to reduce interest rates amidst declining inflation to ease household burdens**

DATE 26 August 2024

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The Public Servants Association of South Africa (PSA), representing more than 245 000 public-sector employees, has noted the recent reduction in annual consumer price inflation from 5.1% to 4.6% in July 2024, marking the lowest level since July 2021.

This development offers relief to consumers, as it is expected to lower transport and food costs. Over recent years, high borrowing costs and living expenses have placed considerable strain on households. The PSA notes that food inflation is set to decrease from 9%, which will benefit consumers by reducing prices on essential items.

Despite the positive shift in inflation, the interest rate currently stands at its highest level, with an increase of 365 basis points. In view of this, the PSA urges the Reserve Bank's Monetary Policy Committee to consider reducing the interest rate by at least 25 basis points during its upcoming meeting on 19 September 2024. Such a decision would alleviate financial pressures on households and bolster consumer confidence.

Whilst the Reserve Bank maintains its inflation target at 4.5%, the PSA strongly believes that a reduction in borrowing costs would greatly benefit consumers who are navigating escalating costs of petrol, property rates, water tariffs, electricity prices, and other household necessities, amidst a rising unemployment rate.

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