

RBA pause appropriate, says Firstfolio

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March 4, 2009

Mortgage provider and broker Firstfolio Ltd says its business activity surged after the interest rate cuts and the central bank's decision to wait and see how things are going was appropriate.

Firstfolio chief executive Mark Forsyth said on Tuesday that the company's mortgage broking business, eChoice, had seen hits on its website surge to 15,000 a day from 6,000, after the Reserve Bank of Australia's (RBA) one percentage point rate cut in February.

The RBA kept the overnight cash rate unchanged at a 45-year low 3.25 per cent, after five rate cuts totalling four percentage points since September.

"After the five rate cuts, and the theory that it takes three or four months for the effect to flow through, the RBA quite rightly said 'things aren't looking that bad, we'll give it another month,'" Mr Forsyth said.

"The activity driver has really come from the last two decreases."

Firstfolio reported a first-half net profit of \$475,000 from a \$744,000 loss the previous year, having increased its loan book to \$12 billion.

Mr Forsyth said activity had picked up in the housing market, particularly in the \$300,000 to \$1 million price range.

"The general feedback is that everybody is a lot busier," he said.

But he warned there was a looming shortage of properties.

"There hasn't been a lot of property development," Mr Forsyth said.

The RBA was also likely to follow up with more rate cuts in the coming months, Mr Forsyth said.

"I think they will go again."

Shares in Firstfolio were untraded on Wednesday at 3.6 cents.

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