

RBA Raises Cash Rate: What Last Week's Decision Means for Borrowers - Natloans

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RBA Raises Cash Rate: What Last Week's Decision Means for Borrowers

By Mary Nebotakis, Managing Director, Natloans, B. Eco, Dip. Financial Services

Last week, the Reserve Bank of Australia (RBA) announced an increase to the Official Cash Rate, marking the first rate rise in more than two years.

What changed?

New cash rate: 3.85%

Increase: 0.25 percentage points

The decision reflects the RBA's continued focus on bringing inflation back under control, following a period where price pressures have remained higher than expected. While earlier forecasts had pointed toward possible rate cuts later this year, recent economic data shifted expectations.

Many major economists and financial institutions had already been forecasting a hike, citing persistent inflation and stronger-than-anticipated economic momentum.

Why the RBA Lifted Rates

The RBA's decision last week was widely anticipated. Inflation readings have continued to sit above the central bank's target range, particularly across core measures that policymakers monitor most closely.

Key factors behind the move included:

Inflation remaining above target , with underlying price pressures proving more stubborn than hoped

A resilient labour market and steady consumer spending , indicating ongoing demand in the economy
Financial markets repricing expectations , after months of uncertainty around the timing of any rate changes

RBA Governor Michele Bullock noted that the increase was aimed at keeping inflation expectations anchored, while the Bank continues to closely assess broader economic conditions.

What This Rate Environment Means for You

While a 0.25% increase may appear modest, changes like this can still have a noticeable impact on household and business finances over time. Here are a few considerations depending on your situation.

Homeowners and Property Buyers

Reviewing your current loan may help ensure your rate remains competitive

A split-loan structure can offer a balance between fixed and variable repayments

Buyers may wish to consider securing pre-approval to better understand their borrowing position

Fixing a portion of your loan can also provide some protection if rates rise further.

Personal and Car Loans

Even small rate increases can add up across personal lending

Existing loans may be worth reviewing for potential savings

Some lenders offer promotional rates that can help offset higher borrowing costs

Business Owners

Higher interest rates can place pressure on cash flow

Reviewing finance structures may uncover opportunities to improve flexibility

Consolidation or alternative lending solutions can sometimes help smooth repayments

Next Steps

Rate changes can feel complex, but small adjustments made early can have a meaningful impact over time. Understanding how last week's decision affects your specific circumstances is key to staying financially comfortable through 2026 and beyond.

If you'd like to talk through your options or review your current lending, the Natloans team is available to help.

Call: 1300 955 791 Or: Get in touch via our website to discuss your loan options

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