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Economist Urges RBA to Speed Up Rate Cuts as Jobless Rate Rises

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Stephen Miller, an investment strategist at Grant Samuel Funds Management (GSFM), has called on the Reserve Bank of Australia (RBA) to accelerate interest rate cuts, warning that a looming decline in public spending could drive up unemployment.

Stephen Miller, a veteran economist and investment strategist at Grant Samuel Funds Management (GSFM), has urged the Reserve Bank of Australia (RBA) to act swiftly by intensifying interest rate cuts to counter an anticipated rise in the unemployment rate. Speaking on Sky News Australia's Business Now program, Miller predicted that a slowdown in public sector spending, combined with existing economic pressures, could weaken the labour market, pushing the unemployment rate from its current 4.3% to 4.5%

by the end of 2025. He argued that the RBA must "press the accelerator" on rate reductions to stimulate economic activity and mitigate job losses.

Miller's warning comes as the RBA has already implemented two 25-basis-point cuts in 2025, bringing the cash rate to 3.85% as of July, according to the Australian Financial Review. However, he cautioned that sluggish productivity growth and a potential economic downturn, exacerbated by global factors such as trade tensions, could necessitate further action. Miller highlighted that inflation, currently at 2.7% as per the RBA's trimmed-mean Consumer Price Index (CPI), remains within the 2-3% target, providing room for monetary easing without risking price stability. He stressed that the RBA's cautious approach, as noted in its July meeting minutes, may not suffice if economic conditions deteriorate further.

The economist pointed to recent Australian Bureau of Statistics (ABS) data showing a rise in the unemployment rate to 4.3% in June 2025, signaling a cooling jobs market. Miller argued that a projected contraction in public spending, particularly in non-market sector employment, could amplify this trend, with the RBA's February 2025 Statement on Monetary Policy forecasting only moderate employment growth. He emphasized that the central bank should act proactively to support businesses and households facing higher borrowing costs.

Miller acknowledged risks, noting that persistent low unemployment and stagnant productivity could delay further cuts. However, he aligned with major banks like ANZ and Commonwealth Bank (CBA), which predict additional 25-basis-point cuts in August and November, potentially lowering the cash rate to 3.35% by year-end. Miller's call for decisive action underscores the need to protect Australia's economic stability amid growing global and domestic challenges.