



NEGOTIATOR eNEWS

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“It is better to deserve honours and not have them than to have them and not deserve them” – Mark Twain

Welcome to the June issue of Negotiator eNews – the free newsletter with Tips, Strategies, Articles and News related to Wealth Creation.

Interest Rate News

It was another quiet month as the Reserve Bank have left interest rates on hold, although the Commonwealth Bank have gone out on their own and increased the variable rate by 0.1% much to a lot of disapproval. Let's hope other banks don't follow suit.

The government decided not to cut the First Home Buyers Grant off at 1st July 2009 so if you are a First Home buyer, the scheme will continue in its current format until October 1, 2009. This means that those buying existing homes will receive \$14,000 and for those building new homes \$21,000.

Adjustments to the scheme from October 1, 2009 will see the First Home Owners Boost scheme reduced - this means those buying existing homes will receive \$10,500 and for construction of new homes \$14,000.

As of December 1, 2009 the First Home Owners Boost scheme will cease and the existing \$7,000 grant will continue to be available to all first home buyers.

Unfortunately though, first home buyers are starting to taper off due to the reduction by most lenders of their lending loan to value ratio to 90% (meaning a 10% deposit is required).

From economic outlooks, it looks like there will be a flat economy in 2009/2010 but should return to economic growth in the years thereafter with significant growth in 2011-2013. As it is, property values are experiencing a recovery from the modest 3 per cent falls seen in 2008. Over the first three months of 2009, national dwelling values increased by 1.6 per cent with most of the capital gains coming in February.

Variable interest rates are likely to remain low for some period of time and investors will continue to return to the market. However, fixed rates have already started to increase which seems to indicate that rates won't go lower and the next move will probably be upwards.

Unemployment is expected to rise to 8.5% and although this seems high, it also means that 91.5% of people employed will retain their jobs.

Feature Article

5 Reasons Why It Is Still A Good Time To Invest in Australian Property

1. Rental

Average rents across Australia have been increasing significantly over recent years, largely due to the shortage of housing caused by Australia's rapidly growing population.

2. Strong economy

Despite the current global economic climate, the Australian economy is still expected by the International Monetary Fund (IMF) to grow by at least 2.2% per year over the next 2 years - see:

<http://www.canberratimes.com.au/news/local/news/general/australia-to-dodge-recession/1329030.aspx>

3. Capital growth potential

The combination of a strong economy, increasing population and a shortage of housing is without doubt the best recipe for appreciation in real estate values. Australia's immigration rate is steadily growing.

4. Undervalued Australian dollar

If you are an investor living outside of Australia you'll be pleased to know that the Australian dollar is, by general consensus, currently undervalued.

5. Low Interest rates

Australian interest rates have been relatively high by global standards in recent years in an attempt by the Reserve Bank of Australia (RBA) to keep a lid on inflation. However, with the turn for the worst in the global economy, rates have fallen to record lows.

For more than just economic reasons, many believe Australia's long-term future prospects are amongst the best in the world, which is why Australia late last year topped the rankings in a prosperity index of 104 countries, with its quality of life and economic strength pushing it into number one spot - see:

<http://www.news.com.au/business/story/0,27753,24499726-462,00.html>

Ask The Negotiator

Email gregg@negotiator.com.au if you have any topics you would like to see covered in future newsletters.

Helpful Product/Tips

Tips For Managing Your Super

- Make sure you notify all of your super funds when you change address or you could risk losing touch with your funds.

- Try not to have a dozen super funds. They are too hard to manage and may cost you in fees. It's better to consolidate.
- If you start your own self-managed super fund, you should at least have a minimum of \$100,000 before you start otherwise the fees will eat up any benefits of doing it yourself.
- Talk to a superannuation specialist who will be able to help you with structure and any questions you have.
- Allocate time to your superannuation. Take the time to look after one of your biggest assets.
- Check your annual super fund statements for employer contributions, fees and insurance cover and analyse the fund's investment performance overall.

Something that you may find of interest is located on the Australian Taxation Office website called **SuperSeeker**.

SuperSeeker is a tool that will look for your lost super in real time and instantly provide you with possible matches.

It is free to use and is available 24 hours a day, 7 days a week.

<http://www.ato.gov.au/individuals/content.asp?doc=/content/33301.htm&page=2&H2>

Joke Of The Month

A Walking Economy

This guy is walking with his friend, who happens to be a psychologist. He says to this friend, "I'm a walking economy."

The friend asks, "How so?"

"My hair line is in recession, my stomach is a victim of inflation, and both of these together are putting me into a deep depression!"

If you found this newsletter helpful, why not forward this email to a friend or colleague.

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