



Money Matters - September 2018

With the help of this newsletter we hope to keep you updated on what is happening in the financial world today. Welcome to our News Bulletin.

Economic Update September 2018



Within this month's update, we share with you a snapshot of economic occurrences both nationally and from around the globe.

US trade deals

- US strikes a deal with Mexico over trade
- Global growth under control
- Australia gets yet another PM!

We hope you find this month's Economic Update as informative as always. If you have any feedback or would like to discuss any aspect of this report, please contact us.

The Big Picture

The US reported progress on trade talks with the EU. Then the US struck a trade deal near the end of August with Mexico – and markets loved it. But then Trump talked of leaving the World Trade Organization (WTO) and the market pulled back a fraction. Big US tariffs on China imports are due to be imposed by September 6th if a deal isn't struck before.

Such is the Trump style of negotiating – big threats followed by deals. All this trade

talk means short term volatility and long term growth. The US quarter two economic growth statistic was just revised up to 4.2% from 4.1% and recent China trade data were robust to the trade chatter.

The US Fed's preferred measure of inflation just came in at 2% - in the sweet spot. Chairman Jay Powell stated that the US economy is not overheating but the Fed is expected to raise rates a notch in September and possibly once more in December. All this hiking does is to get the rate back to the so-called 'neutral rate'. Monetary tightening only occurs if the rate is pushed up above the neutral level and that's not expected until at least mid 2019.

In spite of the S&P 500 reaching new highs at the end of August we see no reason to start reducing US equity exposure. But, of course, we monitor the situation.

The Bank of England raised its rate for the first time since the GFC. The economy was looking in a bit of trouble until last week when hope of a Brexit deal was heightened by favourable comments from Europe.

On the other hand, the Reserve Bank of New Zealand pushed back its forecast for its next rate hike until quarter three, 2020. We read all of these signals as showing that central banks are reacting in measured steps that can support continued synchronised global growth.

There are some difficulties in emerging markets. The Venezuelan and Turkish economies are still struggling and Argentina just raised its interest rate from 45% to 60%! We do not expect these emerging market issues to impact on global growth. China is ready to act when needed and President Xi was admonished for being too aggressive over US trade talks.

At home our jobs' report was very

solid. The unemployment rate at last fell and full-time employment growth started to improve.

To continue reading please visit <https://www.infocus.com.au/news/economic-update-september-2018/>

The secrets of a successful saver



Everyone saves money differently. Some set aside a percentage of their pay regularly, others use lump sums from bonuses or tax refunds. The secret to reaching your savings goal is to choose the right account, understand how to use it and form a habit of saving regularly. Here are our tips to help you on your way.

HAVE A SAVINGS GOAL AND BUDGET

It's much easier to be a good saver if you have some sort of goal in mind. Whether it's a holiday, a house deposit or just saving for a rainy day, have an amount in mind.

To help you work out what that savings goal amount is, you should be realistic about what you can afford to save each week, fortnight or month. A well-planned budget will get you started on your savings path.

EARN YOUR BONUS INTEREST

Good savings habits can reward you with bonus interest on some accounts. Be disciplined and it will pay off in the long run by helping you save a little faster.

SET UP A REGULAR PAYMENT

Do you get your phone or power bill direct debited from your account? Well you can apply the same concept to your savings account. With a direct debit arrangement, each pay day you can make a regular automatic payment into your savings account.

It's best to make your payment early in the month, because transfers could take a few days to reach your account. You don't want to risk losing any bonus interest.

COMPARE SAVINGS ACCOUNTS

You compare insurance and mobile phone plans for the best deals and options for your needs, the same should be done with your savings accounts.

How do you decide on a savings account? You need to think about your needs and whether you want access to your savings anytime, or if you'd prefer to have a longer-term savings plan.

Think about whether you want an 'at call' account to put your savings into or let it grow for a set term. An 'at call' account means you can access the money anytime without fees or economic cost, but you might lose bonus interest for any withdrawals you make.

A term deposit means you put your money away for a longer term (months or years) and receive a fixed interest rate. The interest rate is usually based on the amount and length of time you put the money away for. This is fine if you don't need access to the money during the fixed term. If you need to withdraw the money before the fixed term is up, you may be charged additional costs.

TRACK YOUR SAVINGS GOAL

The final secret to successful

saving is to keep track of your savings goal. This can help you keep focused by tracking how your savings are growing.

Contact the team for more information.

If you have any questions please don't hesitate to contact the office.



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Tax Refund & Other Windfalls



reducing your mortgage or making a voluntary superannuation contribution. It might help you set up a rainy day fund, and give you the extra peace of mind you've been looking for. Alternatively, you may choose to gift the money to someone close to you, to create a legacy, or make a special charitable contribution.

Windfalls like tax refunds are also a timely occasion to initiate a catch up with us, as your financial adviser. We can revisit your plan and perhaps fast track some of your goals, or even add new ones that might otherwise have seemed out of reach before.

So for those with a tax refund or special windfalls on the way – enjoy – and we hope that you make the most of your money, in whatever way you choose.

Tax season is here again and for some, this will create an unexpected windfall. Along with a tax refund, windfalls can come in the way of a work bonus, an inheritance, a second household income, or even by ridding ourselves of extra possessions via Gumtree!

How we view these windfalls will often determine what we then decide to do with these 'extra' funds. For example, do we see our tax refund and other windfalls as hard earned money that should be directed to a responsible purpose, or is it a lucky break that lets us indulge ourselves? For many of us, the answer probably lies a little in each of these options.

While it is important to treat ourselves every now and again, a windfall can also create an opportunity to help build (or strengthen) our financial foundations to achieve more of our long term goals than might otherwise have been possible.

Your tax refund might give you the option of creating a dream holiday account,

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