



# MARKET INSIDER

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## FINANCE NEWS

Recently, the improvement in the economic outlook globally and in Australia has contributed to a rise in sovereign bond yields to around pre-pandemic levels. Underpinning this, there has been an increase in inflation expectations to be more in line with central banks' targets. At the same time, expectations of shorter-term interest rates over the coming years have increased a bit. Even so, household and business borrowers continue to benefit from record low interest rates on most loans, their balance sheets are in good shape, and the economy is benefiting from supportive fiscal policy.

- The latest APRA quarterly authorised deposit-taking institution (ADI) property exposures data has shown that a rise in owner-occupier loans has driven an increase in residential mortgage lending.
- New residential lending during the March quarter totalled at \$127.2 billion, slipping by 0.8 per cent from the prior quarter, but it had surged by 34.4 per cent from March the year before.
- NSW will need to build one new home for every two that currently exists over the next 40 years, according to the state treasury, with increased supply and an axed stamp duty tipped as the way to tackle housing affordability.
- The Australian Bureau of Statistics' (ABS) lending indicators data for April 2021 has revealed that new loan commitments reached a new record once again, up 3.7 per cent to \$31 billion.
- National residential property listings dropped by 6.3 per cent in May, while asking prices continued to climb.

## ARE YOU FINANCIALLY LITERATE?

No matter your income level, money is still finite, which means you have to choose how and when to use it, and for what. You often have to juggle priorities that sometimes work together, such as saving and/or investing for retirement. But other times goals can seem to conflict – like deciding between paying off debt or saving for an emergency fund.

While you may touch upon the concepts, it's important to understand different aspects, like compound interest. Why? Not only can it help you save even more, but it can make the difference between borrowing a small amount and paying back much more than you need to for years to come. Understanding the ins and outs of interest can impact your finances more than you likely realize, so it's an important concept to gain a better understand of early on in life.

Adopting good financial habits can help build your credit history and increase your credit score. It's can be difficult to get credit on good terms if you haven't had the chance to build up your credit history. Most banks, mortgage lenders and car loan companies will demand that you have a good credit score before they hand over the money – or the keys.

*\*Information within in this publication has been sourced from various publications including APRA, ABS, Corelogic, Real Estate.com.au, CBA, RBA and other reports.*

## ECONOMIC OUTLOOK

Australia is among five nations, Australia, Taiwan, China, Vietnam, New Zealand who enter the back end of 2021 very well-placed. COVID numbers are very low, the vaccine news is excellent, confidence is rebounding, Victoria is catching up to the recovery already underway elsewhere and there are heartening developments in job markets. COVID has crushed interest rates, and even though vaccines mean global recovery looks more assured, elevated unemployment will keep inflation and interest rates on a tight leash, as will central bank caution and the increased power of interest rates in a heavily indebted world. Australia's relative outperformance on COVID and the high flying iron ore price have the \$A celebrating. But both those factors are temporary, and we see US stimulus as more likely to send the US dollar up than it is to boost the Australian dollar.

**DO YOU NEED SUPERFUND LENDING? WE CAN HELP, SPEAK TO US TODAY.**



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