MARKET INSIDER

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FINANCE NEWS

The global economy has experienced a severe downturn as countries seek to contain the coronavirus. Many people have lost their jobs and there has been a sharp rise in unemployment. Leading indicators have generally picked up recently, suggesting the worst of the global economic contraction has now passed. Despite this, the outlook remains uncertain and the recovery is expected to be bumpy and will depend upon containment of the coronavirus. Over the past month, infection rates have declined in many countries, but they are still very high and rising in others.

- The RBA Board will not increase the cash rate target until progress is being made towards full employment and it is confident that inflation will be sustainably within the 2–3 per cent target band.
- The weekly ANZ-Roy Morgan consumer confidence rating fell by 0.5 per cent to a 9-week low of 91.6 (longrun average since 1990 is 112.6). Sentiment fell for a third successive week, but is still up by over 40 per cent since hitting record lows of 65.3 on March 29
- The business survey results are encouraging, but as always it's a case of baby steps. Business confidence has returned to pre-COVID levels and business conditions aren't far behind.
- Vacancies in Sydney increased for the fourth consecutive month and now sit at 4.5%, up 0.4% from May and 1.5% since March.
- St. George Bank has rolled out a $1 lenders' mortgage insurance (LMI) for first-home buyers unable to come up with the 20% deposit.

HOW ASSET FINANCE CAN HELP YOUR BUSINESS GROW?

As a business owner, it's likely you have no shortage of competing demands on your capital. In your quest for growth, you might want to hire additional staff, move to bigger premises, increase production capacity, diversify your product range or do more on marketing. Using traditional loans or cash to pay for new equipment and vehicles can put a strain on your cash flow and tie up funds that could be used to help your goal of growing your business.

Asset finance can be a more economical option. It can allow you to obtain the assets you need to expand without incurring the high upfront costs associated with buying vehicles and equipment. Instead of acquiring an asset outright, asset financing allows you to spread the expense into more manageable, monthly payments over an agreed term. There are two main types of asset finance: finance leases, also known as hire purchase agreements and operating leases.

A broker from My Finance Agent can talk you through the range of finance options that may be available to your business. They can help you identify and secure the commercial finance that best meets the needs of your growing enterprise.

ECONOMIC OUTLOOK

- The Aussie economy continues to gradually recover, but the new level 3 restrictions in Melbourne are serving to check momentum across the broader national economy. The new lockdown restrictions in Melbourne, and concerns about hotspots emerging in NSW, weighed on consumer sentiment in the past week. Conditions in other states have stabilised recently and the downturn has been less severe than earlier expected.
- Uncertainty about the health situation and the future strength of the economy is making many households and businesses cautious, and this is affecting consumption and investment plans.

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