

SOME GOOD NEWS WORTH SHARING!

I have recently come across this excellent communication sent from an adviser to his clients. He obtained the content from a few different sources, so prefers to remain anonymous, but is happy for me to share it.

This is a great example of a positive communication that refocuses your clients thoughts away from the propaganda that they are reading in the papers and on the news every night. Feel free to use it as you see fit.

“The relentless flow of bad news from the media is masking what I feel are good times.

I have decided to push back the tide with 10 reasons why Australian's should be confident about our future. Enjoy.

One. This is a big one. Interest rates at around 5% and possibly heading lower. Home loan interest rates were a touch over 9% just eight months ago. This has reduced the weekly interest bill on a \$300,000 loan by around \$235. You could think of this as a \$950 stimulus payment every month.

Two. First home buyers have a myriad of benefits. The first home owners grant scheme is currently dishing out between \$14,000 and \$24,000. In NSW, first home buyers pay no transfer stamp duty for purchases up to \$500,000. That is a potential saving of up to \$17,990. Any wonder Smartline currently has 30% of its loan submissions coming from first home buyers.

Three. 60% of the \$42B government stimulus package is being spent on infrastructure improvements. Apparently our schools will see a lot of this money. This is great news for our future generations and long overdue.

Four. Self employed people may have a window of opportunity where they can purchase certain business assets like motor vehicles and receive an additional tax deduction of up to 30% of the cost. This is known as the 30% investment allowance. A terrific incentive to get business investing. Economics 101 courses will always emphasise that economic growth is heavily dependant on consumer spending and business investment. Spend money to make money. I can send you some more detailed information on this draft legislation if you are interested.

Five. Home owners will be able to insulate their houses and receive a subsidy of up to \$1,600 from the federal government. Please shoot me an email if you would like some more detail on this package.

Six. Even in our recent boom times when we had a big skills shortage, unemployment didn't get much below 4%!!! Now the general media is pounding us with doom and gloom headline predictions of 7%. Whilst it is going to be terrible for the unlucky 3%, Australian unemployment predictions are certainly not anywhere near the great depression levels of 20%, and well behind the double digit forecasts for most of the western world.

Seven. The last recession in the late 80's and early 90's saw us hit 10% unemployment. That recession was far worse than it needed to be because the big four banks were in a terrible state. This recession is very different. All four of our major banks are now ranked in the worlds top 10 for value and stability. I read the other day that America's two biggest banks in 2007 (Bank of America and Citibank) are now worth less than the ANZ Bank (stock market value).

Eight. Property prices are relatively strong. The bottom hasn't fallen out of the market. ANZ recently commented that there is now a shortfall in residential dwellings of around 250,000. This is an unprecedented level of under supply. It is hard to imagine house prices dropping when demand is so far in excess of supply, especially when finance is relatively cheap (\$600 per week for a half a million dollar loan).

Nine. Plenty of people have received one off government handouts that help them either spend, save or reduce debts. There are not too many countries in the world that can afford to gift the majority of their population with handfuls of cash.

Ten. Inflation is dropping. People commonly describe inflation as prices going up. Economists define inflation as a devaluation of our buying power. Either way, high inflation is a bad thing. Low inflation means your buying power is not being eroded as quickly. Low inflation also takes the pressure off interest rate rises and increases the pressure on interest rate reductions.

I just asked half a dozen of my counterparts how much they think the world economic output had contracted over the last 12 months.

I received the following responses; **60%, 37%, 40%, 5%, 20% and 25%** (note: one person wanted me to know their care factor percentage was zero).

The world bank has reported approximately **1-4%**.

The impact that negative media reports have on our confidence cannot be under estimated.

There are lots of good business stories that get no media coverage. Many small business operators are booming. Even when the economy is growing and buoyant there are failures and redundancies they are just not news worthy.

DON'T BELIEVE THE HYPE. “