

# News and Views Podcast Show

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## Presented by:

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Specialising in Financial Planning and Accounting

## Episode 106 – Interest rate decreases

In our latest episode we discuss interest rate decreases.

### Key Dates:

- Sept BAS – 25<sup>th</sup> Now

### Interest rate decreases

- October decrease 0.25% by reserve bank down to 0.75%
  - Support employment and income growth, increase inflation to medium term target
  - Trying to encourage spending by households to increase inflation and businesses to spend and hire
  - Also trying to increase house prices by driving up demand
  - Current employment showing signs of weakness.
  - Big banks not passing on full rate cut
  - But have more confidence to lend due to reduced rates
  - Standard variable loans should start with a 3
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- Great time to review your loan and re-finance for a better deal
  - Look at product you are in not just rate
  - Key is trying to reduce number of years to repay
  - Products such as offset, line of credit can be useful to pay off quicker
  - Debt consolidation may also be a good strategy
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- Investing on the other hand taken a hit if investing in fixed interest
  - Effective rate considering inflation is negative returns.
  - If relying on certain returns to fund expenses may need to look for alternative investments
  - May need to take a little more risk to get the returns you need
  - Especially if in pension phase and need money to live on
  - Or lock in money for a longer term to get better rates

Now is a great time to review your home loan and see if there is a better product to help you meet your goals. It may also be a good time to look at your investment portfolio and find alternative investments to term deposits or fixed interest products. We can help you find the right products and re-finance your home loan. Contact us via our website at [www.buscgroup.com.au](http://www.buscgroup.com.au) if you would like to take that next step.