



## IS IT A GOOD TIME TO LOCK IN INTEREST RATES?

FOLLOWING LAST WEEK'S BLOG ON LENDING RATES FOR RESIDENTIAL INVESTMENT, I STATED THAT WHILST MOST OF THE MAJOR BANKS PASSED ON THE FULL 0.25% ON MOST PRODUCTS, THEY DID NOT DO SO FOR SITUATIONS WHERE PEOPLE WANTED TO LOCK IN AN INTEREST RATE FOR SEVERAL YEARS.

A reader of my blog has asked if this is a good time to lock in rates for say 5 years? I will state that there is no blanket solution as clients have different circumstances, but many people want the comfort of locking in all or part of their loan knowing they can afford it and not be concerned about a possible future rise in interest rates. It is not likely that there will be an increase in rates any time soon. You can lock in my

prediction of the Reserve Bank dropping rates again this calendar year. Yes, I am predicting that the Reserve Bank Australia might drop the cash rate to 1.5% before Christmas this year and it could possibly drop further than that.

That's lower than it has ever been in my lifetime. Why would they do that? Most people are not aware that the world has been involved in currency wars for several years. The degree of manipulation is now so great, that basic economics is having less and less influence on the value of currencies. Currency wars are one of the most destructive and feared outcomes in international economics. They offer the sorry spectacle of countries stealing growth from their trading partners.

So if you are getting my drift, I am predicting that the Reserve Bank Australia will lower the cash rate even further, which in turn will lessen the attraction of the Aussie Dollar, which in turn will lessen its value and therefore improve our ability to export. A lower Australian Dollar is now necessary if the Australian economy is to grow at about 3% by the end of 2017.

How is this going to affect my clients? It is all positive. I have an advertising banner that says you can buy a half million home on no deposit and pay it off for less than the cost of your weekly groceries. I now have to change the wording to say less than half the cost of your weekly groceries. Interest rates are the lowest they have ever been and in Brisbane's northern corridor the rent returns have never been better. A few years ago my clients were spending \$300 per week to pay off a \$500,000 home and now it is only costing them about \$150 per week. If you have any questions about the current interest rates or negative gearing and are interested in enquiring about buying property to start your Residential Property Portfolio, please contact our office to schedule a free, no-obligation consultation.

- STEVE TAYLOR

**DISCLAIMER:**  
Steve Taylor & Partners Editorial is opinion and not advice.  
Readers should seek their own professional advice on the subject being discussed.

Enjoy **REAL** superannuation with **Solid Bricks & Mortar. Prosper, Sleep Well and Laugh Easily.**

# LOOKING AT AN INVESTMENT PROPERTY IN BRISBANE?

"My Dad was a client of Steve's for over 20 years and recently retired owning six houses and debt free. I am now also a very happy client of Steve's and wish I had listened to Dad 10 years ago when he suggested I talk to Steve."

**Mark (Fitter)**

