

INTEREST RATES SERIES PART 1:

# WHEN ARE THEY REAL AND WHEN ARE THEY NOT?

There's a lot of recent media attention on interest rates, some saying that they will stay low and others that rates are going to go lower.

The Reserve Bank Governor this week that they might even say interest rates go down by another half a per cent – to be at 0.50%.

The problem now that we are seeing for clients is that the banks aren't lending money. This is totally against the way that the government is trying to get more lending, and so more people are spending and increasing economic and business activity. It also doesn't make sense, as the Reserve Bank doesn't want consumers to lend more money – but want businesses to do so. If consumers can borrow to buy a house, or complete a renovation, or able to purchase new goods, then it assists other businesses. Also, banks don't want to lend to property developers and builders, which are generally the mainstay of the economy.

For home loan clients, all of the talk at the moment, in the media and the government is that everyone should check interest rates. You should have an interest rate that's got a three at the front of it, and so on, is excellent.

But all of the criteria in the credit departments from the banks is a different story. It's challenging to get the credit process, and then who knows what you're going to get approved for in terms of a loan amount or an interest rate.

In our view, it's a bit like being given a golden ticket to a ball, but you don't have money to afford the dress or the suit to go to the ball. Or for those clients that would remember the ads in the 80s – it is a Clayton's Interest Rate – the interest rate you get when you can't get the interest rate!!! (If you want to take a trip down memory lane, or for those that want to know more about old Australian culture, check this link.

**If you have any questions or concerns regarding this matter, please call the Client Services team on (08) 9227 6300 or email [clientservices@austasiagroup.com](mailto:clientservices@austasiagroup.com).**

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# How can we help you?



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