

Five tips for looking after your household's finances

Take the pain out of managing your family's finances with some simple tips every family can use.

Taking care of household finances can be time consuming and boring – and often people don't know where to start. Your local library may have some good resources if you want to do your own research, but these simple tips are ones every family can use. If you want to get more serious about your household budget, financial goals and planning your family's financial future, a qualified Financial Adviser can work with you on something much more detailed, tailored and appropriate.

1 | Look at your current income and expenditure

Sitting down as a family and figuring out how much money is coming in and going out may help you gauge the state of your family's finances. A clear picture of your household income and expenses could set you up to manage your cashflow better going forward.

You can make this fun by setting up a spreadsheet or large piece of paper with income and expenses categories you will use to track all expenses and income. You can even highlight different categories in different colours to make it easier to read.

2 | Consider any unnecessary expenses

Keeping expenses under control can be tough, especially if you are not used to sticking to a budget. But if you're spending is as much, or more, than you're earning, you might want to consider limiting your family's discretionary costs by buying only what you can afford. If you are tracking expenses on a spreadsheet, it is much easier to see where you may have any unnecessary expenses and cut them out.

3 | Set financial goals as a family

Setting financial goals as a family may help you work towards shared aspirations instead of simply meeting current expenses. Whether it's buying a bigger house, upgrading your car or going on a dream holiday, having a financial goal may help your family set priorities and stay on track financially.

4 | Look at what's important to your family

There are things that will be important to your family, that you should definitely factor into your budget. But there will be other things you can do without. Protecting your family for the long term, through health and illness, is important, so talk to a professional financial adviser about factoring in personal insurance cover that will keep the family protected from unexpected accidents or illness.

5 | Build up emergency and retirement funds

Unplanned expenses such as unforeseen medical bills can put a dent in family finances. By growing your emergency fund to cover three to six months' worth of expenses, you may be better positioned to handle unexpected events.

While it's easy to neglect your own financial future when providing for your family, saving for retirement should not take second place. Keep in mind that the earlier you start saving, the better chance you have to grow a sufficient nest egg.

Working with a financial adviser

Managing finances need not be a painful exercise. By working alongside a financial adviser and setting financial goals as a family, handling household finances is a task you can achieve. If you are ready to take your budget to the next level with some professional help, we would love to hear from you.

(Source: RI Article Hub)

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Jeff's Jottings

As the end of another busy year approaches, it is with great anticipation that we wait to see what will occur after the QLD border reopens. Whilst we do not know how this will impact us, we will certainly keep you posted the moment we know of any changes.

By the end of November 2021 the Australian dollar (AUD) rose 3.8% against major currencies, with a key boost coming from the reopening after lockdowns. The year has seen interest rates remain low, however speculation is gaining momentum by Economists who are predicting that the Reserve Bank of Australia (RBA) will have little choice but to declare an end to its record low cash rate earlier than expected, giving mounting evidence the economy is recovering quickly from the lengthy Covid-triggered lockdowns. Interestingly it is now 11 years since the last rate rise.

The weather has yet again been unpredictable of late and we wish all those who are travelling to see family and friends this holiday season, a safe and incident free trip

Finally, I'd like to take this opportunity to thank all of you, our wonderful clients, for another great year and may you all have a happy and safe Christmas.



Jeff English

CEO and Senior Financial Adviser



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Market Update

Over the September quarter, many developed economies with high vaccination rates chose to "live with the virus" as they proceeded with re-opening their economies. Economic data was somewhat soft over the quarter, particularly in China where China Evergrande – a highly indebted property developer – began its descent into bankruptcy. Several central banks in the developed world began reducing their asset purchase programs as their economies continued their recoveries. And towards the end of September, bond yields rose while share markets were volatile – with large falls in Chinese stocks. By quarter's end, the ASX 300 was up 1.8% while the Australian Dollar (AUD) traded at 72.2 US cents.

KEY ECONOMIC DEVELOPMENTS

Over the quarter, Asian countries which had previously been successful in controlling the first wave of coronavirus have since lagged the rest of the world with vaccinations and experienced sharp rises in new cases. Australia fell into this camp. Major developed economies, which began the quarter with high vaccination rates, chose to persist with re-opening their economies – relying on mask mandates, less intrusive and limited social-distancing measures, and vaccination programs to manage their outbreaks. The threshold for large-scale lockdowns in these economies is very high given the exorbitant economic and social costs of the lockdown in 2020. Consequently, the economic and financial market impacts of this wave of the pandemic will be more limited.

Global economic data was mildly disappointing. The Citi Economic Surprise Index, which measures economic data versus market expectations, turned negative in both the US and China. While this weakness is driven partly by markets' highly optimistic expectations, it is also consistent with purchasing manager indices (PMI) which are historically good readings of economic activity. In particular, China's services PMI has fallen below 50 (a level which indicates activity in the sector is contracting) and has also deteriorated in the US, while China's manufacturing PMI was last teetering at around 50, which confirmed other data which suggested some softening in the level of activity.

CHINA

A significant development over the September quarter was the sharp deterioration in China's economic

conditions and outlook. A key driver is the aggressive re-assertion of the Chinese Communist Party's (CCP) role in both economic and social spheres. After a concerted media campaign against Chinese internet giants, a number of strict regulatory measures against their business practises were announced. Those were followed by "voluntary donations" of massive amounts of money to various charitable causes by Chinese tech tycoons, and ominous signs that heavy-handed regulation or re-structuring will be imposed on a number of other sectors.

A second key development is the almost inevitable bankruptcy of China Evergrande, a large and highly leveraged property developer with up to USD \$350 billion in liabilities. The Chinese government has been concerned about high property prices and speculation in the property sector, and has aggressively tightened regulations since mid-2020. The developer poses a risk to some Chinese financial institutions and its demise will likely further weaken building activities, a key contributor to growth, and consumer confidence in China. Chinese economic data reflected this weakening economic environment: fixed asset investment, industrial production and retail spending all fell over the quarter. In particular, the large decline in retail sales from 8.5% year-on-year (yoy) in July to 2.5% in August has caused some alarm.

Finally, an energy shortage engulfed many Chinese provinces, including several coastal provinces which are significant manufacturing hubs, in the last two weeks of September. While periodic electricity outage is not uncommon in China, the scale and duration of the current shortage is unusually large. This energy crunch is likely to have a strong negative impact on short term Chinese economic growth.

UNITED STATES

US economic data indicated a deceleration in economic growth, from a brisk to a slower but still respectable pace. After experiencing strong growth from May to July, non-farm employment growth unexpectedly slowed to 235,000 roles in August. However, the number of job openings in the US continued to grow, with a record of 10.9 million job openings in August. Other labour market indicators such as wage growth and a survey of employers' intentions to hire also point to continuing strength in the demand for labour. Taken together, the slowdown in employment growth most

Frozen Mocha Cheesecake



Are you looking for something a little different than the traditional Australian Christmas dessert? If your answer is yes, then look no further than this Frozen Mocha Cheesecake. A great option on a hot Christmas day.

Ingredients

- Melted butter, to grease
- 1 tbsp. instant coffee granules
- 1 tbsp. hot water
- 200g Arnott's choc ripple biscuits
- 125g butter, melted
- 200g milk chocolate, coarsely chopped
- 2 x 250g pkts cream cheese, at room temperature
- 1 x 395g can sweetened condensed milk
- 250ml (1 cup) thickened cream
- 1 x 600ml ctn thickened cream, extra
- Shaved dark chocolate, to serve

Method

1. Release the base from a 22cm (base measurement) springform pan and invert. Brush the pan with melted butter to grease. Line the base with non-stick baking paper, allowing the edges to overhang. Secure the base back into the pan.
2. Combine the coffee and water in a heatproof bowl. Set aside to cool slightly.
3. Place the biscuits in the bowl of a food processor and process until finely crushed. Add the butter and process until well combined. Transfer to the prepared pan. Use the back of a spoon to spread and press firmly over the base. Cover with plastic wrap and place in the fridge for 30 minutes to chill.
4. Place the chocolate in a heatproof bowl over a saucepan of simmering water (make sure the bowl doesn't touch the water). Stir with a metal spoon until the chocolate melts and is smooth. Set aside for 5 minutes to cool.
5. Meanwhile, place the cream cheese, condensed milk and cream in the bowl of a food processor and process until the mixture is smooth.
6. Add the chocolate and coffee mixture to the cream cheese mixture and process until well combined. Pour the mixture into the prepared pan and use the back of a spoon to smooth the surface. Place in the freezer for 8 hours or until firm.
7. Remove the cheesecake from the freezer and set aside for 20 minutes to stand (see tip). Use an electric beater to beat the extra cream in a bowl until soft peaks form. Spread the cream over the cheesecake and top with shaved chocolate to serve. (Source: taste.com.au)

likely reflects a combination of the delta variant affecting the pace of hiring in face-to-face service sectors and supply side constraints in the US economy.

US consumer price index (CPI) remained at a stubborn level consistently higher than the US Federal Reserve's (the Fed) target of between 2–3%. Headline CPI inflation reached a peak of 5.32% yoy in June before easing to 5.2% in August. Similarly, core CPI inflation – which excludes volatile items such as food and energy – peaked at 4.45% yoy in June and eased to 3.98% in August. While markets were encouraged by the fall in annual inflation, there is much uncertainty surrounding the extent and persistence of the fall given that the drivers of the rise and fall in US CPI involve volatile items whose prices have been distorted by the pandemic. For example, used car prices rose sharply in June and July and then fell by a 1.5% in August, while air ticket prices fell by 9.1% month-on-month.

AUSTRALIA

Australian economic data released over the September quarter largely reflected the negative impacts of the lockdowns. Retail trade fell for three consecutive months as consumer confidence declined. Unsurprisingly, the fall was worst in NSW and Victoria, and sales from face-to-face interactive industries fell the most. The decline in consumer confidence was matched by a deterioration in business confidence which fell into negative territory in July. Conversely, the unemployment rate has behaved surprisingly well to date, falling to 4.52% in August compared to 5.06% in May – the last month before lockdowns impacted the domestic economy.

The key driver of a lower unemployment rate was a fall in the participation rate from 66.2% in May to 65.2% in August as discouraged workers left the labour force. The level of employment fell by around 110,000 from May to August, with the fall concentrated in August when employment declined by more than 146,000 roles. The employment figure is likely supported by various governments' job assistance programs and likely understates the deterioration in the labour market due to the number of underemployed persons. Other leading indicators, such as the number of job advertisements, point to further deterioration in the job market.

Economists have steadily downgraded Gross Domestic Product (GDP) estimates for the quarter as the lockdowns were extended. Currently, the median expectation is a 3.4% fall in quarter-on-quarter GDP growth for the September quarter, followed by a 2.1% recovery in the December quarter.

CENTRAL BANKS STARTED TO TAPER

Several central banks, including the Reserve Bank of Australia (RBA), implemented or announced a "tapering" of their asset purchase programs, which were initiated in early 2020 in response to the pandemic. The RBA decided to proceed with tapering

its bond purchases (from AUD\$5 billion per week to AUD\$4 billion per week) in September, while leaving the target cash rate unchanged at 0.10%. The central bank reiterated its intention to "not increase the cash rate until actual inflation is sustainably within the 2–3% target range" and noted that "the central scenario for the economy is that this condition will not be met before 2024".

The European Central Bank (ECB) also announced a "moderately lower" pace of bond purchase in its Pan European Pandemic Relief Program (PEPP). Although there was no formal announcement on the magnitude of the reduction, press reports suggested the pace of bond purchase would fall to €60-70 billion per month compared to the current average of €79 billion per month.

While the Fed did not announce a tapering at its September meeting, it strongly hinted a formal announcement would be made in November. The meeting statement said that "if progress continues broadly as expected, the Committee judges that a moderation in the pace of asset purchases may soon be warranted". Chairman Powell further commented that tapering could be announced "as soon as" the next meeting and hinted that the asset purchase program would likely end at around nine months after the start of tapering. The Fed also signalled that it was increasingly confident of the strength of the US economy and as a result, the forecasts on policy rates moved higher.

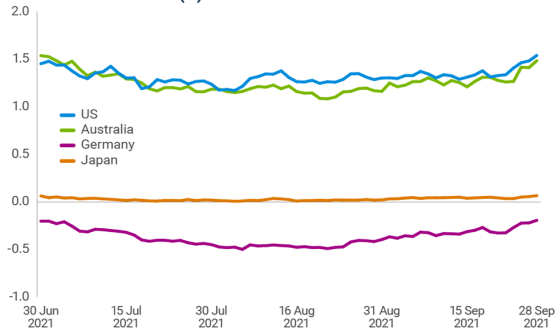
KEY MARKET DEVELOPMENTS

Global bond yields traded range-bounded for most of the quarter as investors focused on the impact of Delta, disappointing US economic data and Chinese economic concerns. US 10-year bond yields reached a low of 1.18% in early August, however, yields started to rise in the last two weeks of September as investors became more convinced that the economic impact of Delta would be limited – shifting their focus towards inflation and the possibility of a tapering by the Fed. US 10-year bond yields finished the quarter at 1.54%, while Australian 10-year bond yields closed at 1.48%. Share markets had a volatile but flat quarter, with most making small positive gains. The S&P 500 rose 0.2%. Euro STOXX rose 0.4% while ASX 300 rose 1.8%. The notable exception was Hong Kong's Hang Seng Index, which fell by close to 14.8% over the quarter – driven by poor Chinese economic data, concerns about China Evergrande and Chinese regulatory risks.

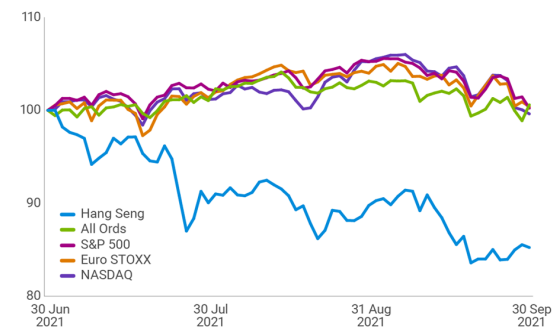
Another casualty of poor Chinese economic data has been the price of iron ore, Australia's most significant export commodity. After reaching a peak of US\$218 per tonne in mid-May, the iron ore price has fallen by around 43% to around US\$120 per tonne by the end of September.

(Source: Colonial First State)

10-YEAR BOND YIELD (%)



MAIN EQUITY INDICES



Financial advice helps you achieve more

Whatever you want to do, you're more likely to do it with the help of some sound financial advice.

have a comfortable life, it's more likely to happen with some financial advice.

We all have something we'd like to be doing more of. It could be spending more time on hobbies, less time at work and more time raising a family, more time travelling the world or reducing working hours as we get closer to retirement. One thing we all want to make sure of is that we have a steady income stream to make the most of what we really want to do – now and in retirement. That's where the power of financial advice has been proven to help those with a goal achieve what they want.

We can provide you with professional advice for your financial planning needs. Please call our office on 07 5533 0000 to arrange an appointment.

Source: *IOOF Survey 2020: The True Value of Advice

Macquarie Letter

Recently you may have received correspondence from Macquarie detailing that your adviser has authority to act on your account. Please be assured, RI T Coastal has "Enquiry Authority" only, which is limited and only allows us to obtain information about your account, not make any withdrawals or payments.

*Of those who set goals with a financial adviser, 86% said financial advice helped them achieve their goals.**

This key insight came to light in a groundbreaking survey of over 12,000 Australians in conjunction with CoreData. It found the benefits of financial advice helped no matter your age, wealth or gender. So, if you want to achieve your very own goal and

Referrer of The Year

We'd like to take this opportunity to sincerely thank our clients for allowing us to do what we do best—provide great financial advice.

If our referrals are anything to go by, it seems our clients agree.

As an appreciation, we like to reward our clients with a \$20 gift card when they refer friends and family to us.

At the end of each year all referrers are placed in to the draw for our 'Referrer of the Year' prize. A big congratulations to our 2021 'Referrer of the Year' recipient winner, Allan Doyle. **Congratulations Allan!**



Tips to Save Money This Festive Season



1. **Budget**—We know we've all been told to have a budget and stick to it—but that's because it works! Sticking to your budget means no overspending, and fewer regrets later.
2. **Shop Early**—Instead of waiting for Christmas sales closer to the big day, look for sales all year long. You'll likely spend less over all *and* stress less—it's a win-win!
3. **Make your own gifts**—We're talking about getting crafty, or getting your bake on. People love Christmas sweet treats, and what better way to gift on a budget than to whip up a batch of rocky road?

Office Closures

Please note our office will be closed over the following dates:



Closed from 24 December 2021, reopening 4 January 2022

Whilst our office will be unattended over the Christmas and New Year period, please feel free to leave us a voice message and we will attend to it on our return to the office on 4 January.

Alternatively, please email any queries to enquiries@ritcoastal.com.au

Wishing all of our wonderful clients a happy and safe Christmas and New Year.

Closed for Australia Day 26 January 2022



- A. What does Santa get when he is stuck in a chimney?
A. Claus-trophobic!

HO HO HO!