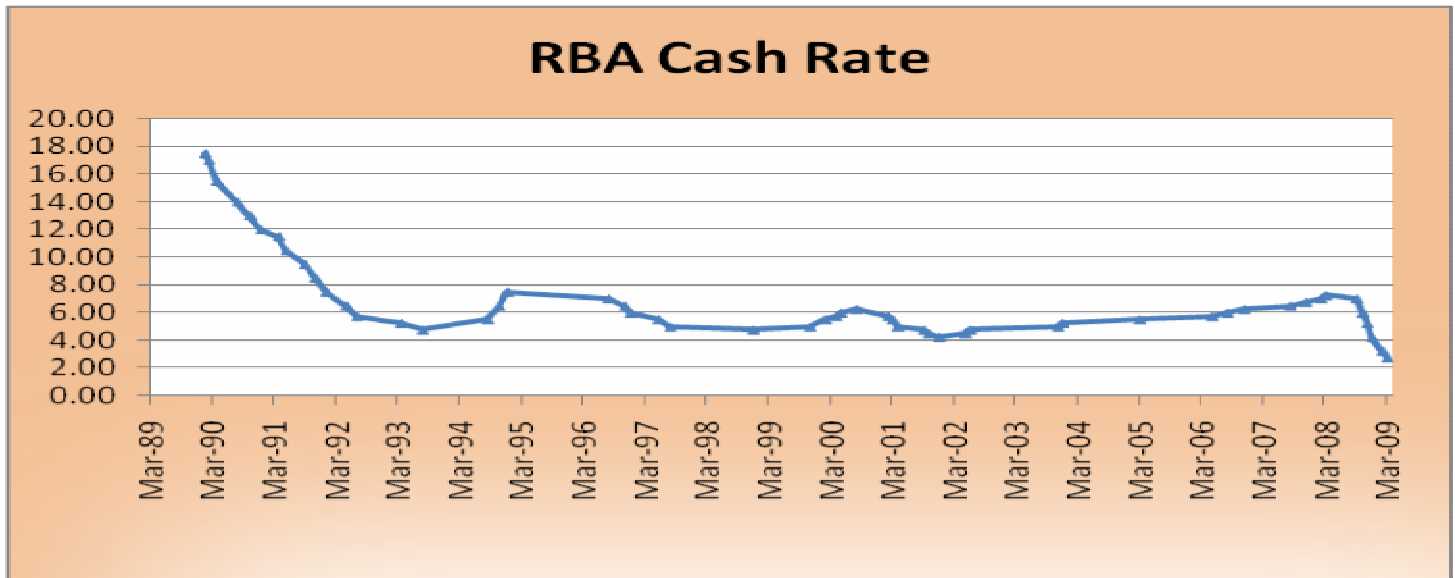


### RBA's Cash Rate Decision

Today the RBA announced it will keep interest rates on hold for the month of march @ 3.25%

In these interesting times it has only taken the RBA since September 2008 to drop the cash rate by 4.5%, when in the last tightening cycle it took them just under 6 years to raise the cash rates 3%, so maybe such a dramatic reduction to date is allowing them a 'wait and see' position.



### Positive Cash Flow Property

Given the well documented shortage of available residential property to house our growing population, rents have been on the increase for some years now. In fact, rents across Australia grew by 9% last year and forecast figures quoted in 2007 were for rents to increase by as much as 50% over the next 5 years, whether that figure actually materialises will depend in two things: 1. Positive immigration/migration to major cities/employment centres continues 2. Availability of rental accommodation remains tight.

The current tight market has lead to rental yields moving past 4% and in some areas rental yields of over 6% are being achieved. Combine this income with historically low loan repayments of 4% -5% and you get a strong argument that residential investment properties could in fact be neutrally or positively geared moving forward, especially when you factor in possible tax advantages associated with investment properties.

This rare alliance of high rents and low interest rates will be sure to generate a lot of press about positive cash flow from property. This may result in many educated investors believing property may now be a lower risk investment, in these uncertain times. Especially given the only variable which differentiates residential property from any other investment – that being 'People need to live somewhere', so this demand principal is holding up well given the overall shortages of housing we are currently seeing.

History tells us, as it did in 1996, that such an event as; high rental demand and low interest rates, will

certainly bring investors back into the market place; given other investments short term outlook appear a little more risky than residential property currently. These windows of opportunity usually don't last very long, as was true when strong price growth occurred in 1997 after pretty much everyone realised residential property was a good investment option.

It's fair to say, we are quite bullish about this new window that is opening for investors however, one key risk, in our opinion, remains:

Asset Selection: We must choose wisely as investing in just 'any' residential property is not a guarantee for investment success

So, you must make the right asset/property selection decision and to do that you need the right knowledge.

We believe two of our 'Outperform' educational workshops will give you a competitive advantage in this process.

- Introduction to Property Investing: (Next Workshop date is Monday 16<sup>th</sup> March – 6pm till 8pm)
- eSearch Superior Property: (Next Workshop date is Tuesday 24<sup>th</sup> March – 6pm till 9pm)

To find out more about these very affordable workshops visit:

<http://www.empowerwealth.com.au/workshops>

### **My Comment:**

#### **Where will the 'Smart Investors Money' go in 2009?**

The Stock Market is shaky with both the ASX and NYSE pushing below 15 and 12 year lows respectively, as I write my comment piece this month. The low cash rate correlates to reduced bank interest returns for money invested in Term Deposits or Savings Accounts. The same goes for Government bonds.

The media continues to talk up the doom & gloom, and every expert has their opinion on what the best course of action is for these uncertain times.

So here's my simplistic take on it:

Job security is the most important challenge for 2009/10, whilst we ride through this global recessionary time. For those who believe their job will be safe, this is an opportune time to take advantage of investment opportunities by making your money work harder for you, whether it be buying shares, or buying your first or next property investment.

History does not allow us to predict exactly what's ahead in regards to global, or local economies, but it's one of the best gauges we have to understand how the 'markets' work, and the past tells us that the future will improve and value will return to the business, assets and overall markets, it's just a matter of when?

So from an overall investment perspective, my best tip for 2009 is make sure your money is working at its most effective over this time, because some investments, whether shares or property, are cheap from an historical standpoint, whilst others are potentially not even going to return you more than inflation is growing, resulting in the devaluation of your money. So 2009 should be about learning more about what it is you plan to invest in, because the best investment you can ever make is investing in your education, so when you do make a move, it's a well calculated one.

For those of you interested in investing in your education and learning more about the relationship between, MONEY, INVESTING & FINANCE, then I strongly encourage you to book into one of our upcoming workshops. This 2 hour presentation is a must to get a better understanding for the fundamentals of the most important commodity in the world, money, and how to make it work and understanding its value.

Clink on the link attached to learn more about this workshop:

<http://www.empowerwealth.com.au/workshops>

A 2 hour commitment of your time could provide you with better knowledge of these principals and a greater appreciation of how your new understanding could improve your financial wellbeing for the future!

Just remember our message: No Hype, No Get Rich Quick Solutions, No so called 'Secrets' to wealth – Just fundamental & affordable education, delivered in small workshop group sessions.

Happy Investing.....

**Ben Kingsley & the Empower Wealth Team**