



THE ADVISORY – FINANCE & MONEY MATTERS

September 2010

Cash Rate on Hold

Commentary & Opinion of Ben Kingsley

The cash rate remains on hold for another month as the RBA sits on its hands awaiting the latest inflation data for the September quarter due out 27th October.

There are growing concerns that the global recovery is stalling and we are heading for a 'W' shaped recovery rather than the 'V' shaped one the global economic stimulus tried to achieve. Further slowdown in economic growth across the world could have an impact on commodity prices as demand for China's exports slow. It's clear that the mining sector has played a very big part in helping us through our domestic issues during the GFC. A slowdown in this sector, coupled with an overall slowdown, could in fact see interest rates on hold for some time to come. Any further deterioration of the economy might possibly see interest rates falling, but let's not count our chickens just yet.

Employment is still strong and there are signs of increased business investment which is a positive for the economy, as the government stimulus starts to taper out of the growth numbers. This is a positive for our GDP, as we saw with our latest June quarter figures of 3.3% growth. If the RBA continue to manage inflationary pressures via their cash rate lever, once again, prolonged flat interest movements may be around for a few months to come and maybe into 2011. If we as an economy really hit our straps and employment, wage pressures and consumer spending align then inflation might drive us into higher interest rates. But not too much higher, as too many households debt levels will ensure discretionary spending will slow and therefore employment and overall GDP will be impacted, so I can't see the cash rate much higher than 6 to 6.5% in the foreseeable future, which means interest rates we pay possibly peaking around 8 – 8.5% in this cycle.

In my view we are sitting well balanced at the moment, so further evidence for either case will sway this view as the data and evidence comes to hand about whether we will be impacted by global events and by how much? (Remember, this is a personal view from an interested onlooker perspective, not a 'qualified economist' view. However, I do study and spend many hours reading and researching a lot in this space, as property investing is linked into our overall economy).

Therefore managing cash flows remains critical and wise use of equity extremely important during these times. Those with surplus cash can take the option of building themselves a buffer for possible higher interest rates or potentially investing it to work harder in building your wealth, such as an investment property. Remembering opportunities are always available in any market conditions, but managing your money remains the foundation of any attempt of capitalising on future opportunities and in uncertain times lower volatility investments should rule your strategy.

Private Circle Wealth Forum – Thursday 28th October

Success Story:

Special Guest Speaker - Chris Gray – Sky Business News, Your Money Your Call Host.

Learn how he built a property portfolio of \$10 million and the investment philosophies and strategy he uses to build his portfolio.

Property Depreciation: Guest Speaker – BMT Quantity Surveyors.

Learn how depreciation works with Residential Property Investments and how it helps with tax deductions and ultimately cash flows in helping you pay for holding this investment.

MONEY – MINDSET – VALUES: Ben Kingsley & Empower Wealth Staff

An insight into what's important about why we create personal wealth and how we might go about it, and in the process overcoming fear, motivating ourselves and ensure we minimise risk where possible.

Venue: Telstra Corporate Centre Exhibition Street Melbourne

Time: 6.30 til 8.30pm

To book visit www.empowerwealth.com.au/privatecircle

Footy Tipping

Unfortunately none of the Empower Wealth registered tippers took out any of the top three prizes in the Love My Footy - footy tipping competition this year.

Of our registered tippers these are the top 10 that can hold their heads high as being the best of our bunch.

Ranking	Name	Total Score	Total Margin Difference
1st	Andrew James	120	660
2nd	Graeme Norris	120	667
3rd	Paul Currie	119	656
4th	Brad Geddes	118	707
5th	Mark Davidson	116	563
6th	adam walsh	114	586
7th	Simon Graf	114	597
8th	Rick Webb	114	623
9th	Seane Cumming	114	648
10th	ABRAHAM HATAKORTZIAN	114	740

The winner of Empower Wealth tippers – Mr Andrew James will be receiving a very nice bottle of red in recognition of his efforts this season.

Not one of the major prizes but still a job well done.

Thank you to everyone who participated in this year's tipping comp.

Professional Mortgage Strategists – Your 'Superior' Private Bankers

This message goes out as a reminder to all of our existing customers and to those thinking about using our Mortgage Broking Professional Advisory Service.

We all know most banks/lenders offer branches, and therefore branch or bank managers, and some also go as far as offering some high net worth clients the opportunity to work with so called 'Private Bankers' to manage your banking affairs. That's all well and good and it's good to see these institutions giving something back from the record profits they appear to be making, but as with each bank/lender, they are limited in what they can offer. They are limited in terms of only being able to offer products from their respective employers.

Compare this to our offerings. Our Professional Mortgage Strategists are agents of over 30 lenders with hundreds of lending options and access to banking services with a myriad of products. So rather than just working with one provider, we can tailor our lending solutions around our clients' needs and not be limited by the offerings of just one institution with a few products to offer.

Furthermore, once the tailored lending solution is arranged, our role doesn't finish there. To our clients we are their holistic Private Bankers, offering guidance and advice around how they best use the services on offer of their lending institution, for all their banking needs and if that institution doesn't offer them a compelling reason to do other banking with that lender, then we are here to advise them on alternative options.

So when our clients want advice on releasing equity, their offset account, redraw, day to day banking set ups for money management etc, they seek out our advice first and then when their circumstances change and they need to make a decision around their money moving forward, we are their first contact point. The advantage to our clients is they have one contact point offering a myriad of holistic advisory solutions, as we work for our clients, not the institutions. Ours is an ongoing relationship with our clients, not a product or transaction sell by a lender.

Success Stories – High Achievers.....

In our ongoing series on Clients Creating Wealth

We started working with Layton & Mary (names have been changed to protect their privacy) back in 2006. At the time they had a PPR property in Southbank and 1 investment property in Thornbury. They had strong cash flows from their professional jobs and they wanted to ensure this money was best utilised to enhance their wealth positions.

They had done some very good initial research and got professional advice on asset protection and structuring the purchases of future investment assets. Furthermore, Mary's strong ability to manage cash flow's was a critical element in their strategy as they embarked on a reasonably aggressive wealth acceleration program via the purchase of multiple residential properties.

Their strategy was to use a mix of purchasing properties within a Discretionary Trust with a Corporate Trustee and also in Mary's name, as they assessed she was unlikely to encounter any threat of legal risk against her assets in her line of work.

For illustration purposes we have grouped their portfolio of properties to show an overview of their achievements to date. The table below showcases the extent of their portfolio which they have been able to build in a relatively short period of time.

Location	Type of Property	Date of Purchase	Purchase Price	Current Value	Current Rent
Inner City Melbourne	Apartment	28/6/2002	\$395,000	\$650,000	\$700p/w
Inner City Melbourne	Double Fronted Timber Victorian	2003	\$500,000	\$700,000	\$420p/w
North Rockhampton	Traditional Queenslander	Jan06	\$175,000	\$300,000	\$285 p/w
North Rockhampton	Block of 4 Units	April 06	\$470,000	\$720,000	\$870 p/w
Gladstone -QLD	Brick House	May 06	\$258,000	\$320,000	\$340 p/w
Frankston – VIC	Brick House	Sept 06	\$233,000	\$320,000	\$230 p/w
Rockhampton Qld	Land	Oct 06	\$138,000	\$180,000	Nil
Sydney NSW	Freestanding House	17/12/07	\$880,000	\$1,500,000	\$650 p/w
Inner city Sydney NSW	Unit	4/6/08	\$270,000	\$330,000	\$220 p/w
Lower Shore NSW	Unit/Flat	6/6/08	\$455,000	\$550,000	\$380 p/w
Inner Brisbane - QLD	Unit	10/5/10	\$380,000	\$400,000	\$350p/w
		Total	\$4,154,000	\$5,970,000	

Since starting on their journey their portfolio has grown in value by just under \$1.8 million. Even more impressive, if the asset base continues to grow at a compounding rate of 7% p.a, then the portfolio's asset value will be worth over \$11.74 million in 10 years from now.

Observations:

Layton and Mary have been able to amass an impressive portfolio of diversified residential investments given they have very strong incomes and cash flows. They have made a conscious decision to use their surplus cash towards building greater wealth for tomorrow, rather than splashing the cash today on high end discretionary items that lose value.

They still achieved this outcome purchasing one property at a time, factoring in their incomes and cash flow needs. This can still be the case for those who have less surplus income but still the resolve to make a better life for themselves. So it's still very possible for us all yet!

They will need to continue to manage cash flows carefully, which Mary does very well, given they have higher than average debt levels, but with a large

diverse portfolio of properties, they have the option to sell one or more assets if the need arises. Furthermore they have been wise in reducing their risk by insuring themselves with all the appropriate personal risk insurances available. Smart! – as they realise their most important assets are not their property just yet, it's them personally.

They are going to enjoy a very comfortable retirement given the wealth they have and will continue to build which will give them the luxury of also being in a position to retire earlier from their current jobs yet still have the income to live the lifestyle they have been used to when working for this income.

Bottom line – It's been a pleasure working with them to see them achieve so much success with potentially more to come!

Directors Comment – You have to Spend Money to Make Money

Let start with a simple question – Can you give me an example of how you have made money without spending any of your own money?

Let's get the obvious answers out of the way first:

- Inheritance. Good luck to those waiting around lazily to collect someone else's initial spend to originally make it, not to mention the risk they took.
- Stealing it – Illegal

The simple fact of life is no one ever makes money or creates wealth without firstly spending money to make it happen. You have to spend money to make money.....but there is a little bit more to it than that which I will come back to later.

My wife and I are about to start with some renovations on our home. Our plans are for significant renovations over 3 stages. Over this journey plenty of people have offered us ideas and advice about what we should do, plus we had built up our own ideas of what was possible after living in the property for just over 12 months now. The property is located in a blue chip area where houses are worth up to \$4 million. Our property is around the \$1.3 million mark – un-renovated.

Now I've been investing in property and studying value both personally and professionally for over 16 years, and as a professionally qualified property investment advisor, a lot of people have commented on the fact that I should know how to add value to a property like this. Well, the short answer to their question is YES – I do know how to add value, but there is a professional person more qualified than I am to add even greater value than I can – an Architect.

So with my initial ideas and drawings I went in search of an Architect to leverage from their professional education, skill and experience (KNOWLEDGE).

We found an architect - \$20,000.00 they are charging us. Now most reading this will think that's a lot of money for some drawings, ideas and concepts. Those thinking that are usually people who see money as a cost, not money as a commodity which can be used to make more of it. Estimated building cost for the 3 stages of work is around the \$500,000 to \$600,000 mark. Kick in my research on estimated value of completed project \$2,500,000 to 2,700,000.

You see **Value = Benefit less Costs**. So a future benefit of adding around \$600,000 to \$800,000 in value for their professional services – it's a no brainer! Sure I would argue with my own skill base and that of some experienced builders and designer friends, we could have maybe added half of that ourselves, yet the professionals with his specialised KNOWLEDGE have made a far greater impact on the result through his design skills and experience, which Jane and I simply could not have dreamed up or envisaged without considerably improving our KNOWLEDGE base, and that would take years!

The same applies to residential property. It amazes me that some people, especially when it comes to buying and investing in properties, think that reading a couple of books and jumping onto a few chat rooms or talking to mates, where they are told its easy and they can do it themselves is enough to convince them to take the leap themselves without any professional support. Like Jane and I, if we had done it ourselves, we would have got a fair to good outcome, given we have many years of experience, but through working with a professional who added VALUE and leveraging from their KNOWLEDGE we are going to get a superior outcome and add many more hundreds of thousands of dollars to our wealth base through working with specialists within their field of expertise.

Remember only 10% of us are going to retire wealthy in Australia and only 5% really wealthy. It's those of us with a mindset that realises that we don't have the time to build up years of knowledge required to get the results others achieve, so we leverage from their KNOWLEDGE – education/skill/experience and see incredible value in what they offer. We don't focus on cost like the other 90% of the population do.

The choice is yours - spending years developing the knowledge yourself whilst make costly mistakes on the journey or leverage from others for superior outcomes, so long as the advice and service they provide has your best interest's front and centre.

Remember, knowledge is empowering....

Ben Kingsley

PS – Early this month my wife and I celebrated the arrival of our first little boy – Jack. To those of you who have sent well wishes thank you very much. We are so thrilled to be first time parents.

Interest Rate Forecasts

Westpac Forecast – Week 22 January 2010

Interest rate forecasts	Latest (Jan 22)	Mar 10	Jun 10	Sep 10	Dec 10	Mar 11
Cash	3.75	4.00	4.50	4.50	4.50	4.75
90 Day Bill	4.25	4.30	4.70	4.60	4.75	5.00
3 Year Swap	5.34	6.40	6.50	6.25	6.50	6.75
10 Year Bond	5.43	5.70	6.20	6.50	6.50	6.50
10 Year Spread to US (bps)	184	250	245	225	200	150
International						
Fed Funds	0.125	0.125	0.125	0.125	0.125	0.125
US 10 Year Bond	3.58	3.20	3.75	4.25	4.50	5.00
ECB Repo Rate	1.00	1.00	1.00	1.00	1.25	2.00

Westpac Forecast – Week 26 February

	Latest (Feb 26)	Mar 10	Jun 10	Sep 10	Dec 10	Mar 11
Cash	3.75	4.00	4.25	4.50	4.50	4.50
90 Day Bill	4.14	4.20	4.50	4.60	4.75	4.75
3 Year Swap	5.20	5.25	5.50	5.60	5.70	5.80
10 Year Bond	5.43	5.60	5.90	6.00	6.00	6.10
10 Year Spread to US (bps)	179	200	250	225	200	160

International

Fed Funds	0.125	0.125	0.125	0.125	0.125	0.125
US 10 Year Bond	3.64	3.60	3.40	3.75	4.00	4.50
ECB Repo Rate	1.00	1.00	1.00	1.00	1.25	2.00

Westpac Forecast – Week 29 March 10

Interest rate forecasts

	Latest (Apr 1)	Jun 10	Sep 10	Dec 10	Mar 11	Jun 11
Cash	4.00	4.25	4.50	4.50	4.50	5.00
90 Day Bill	4.44	4.50	4.60	4.75	4.75	5.25
3 Year Swap	5.54	5.50	5.60	5.70	5.80	5.95
10 Year Bond	5.78	5.90	6.00	6.00	6.10	6.75
10 Year Spread to US (bps)	194	250	225	200	160	150

International

Fed Funds	0.125	0.125	0.125	0.125	0.125	0.50
US 10 Year Bond	3.83	3.40	3.75	4.00	4.50	5.25
ECB Repo Rate	1.00	1.00	1.00	1.00	1.25	1.50

Westpac Forecast – Week 28 June 10

Interest rate forecasts

	Latest (June 25)	Sep 10	Dec 10	Mar 11	Jun 11	Sep 11
Cash	4.50	4.75	5.00	5.00	5.25	5.50
90 Day Bill	4.95	5.00	5.20	5.20	5.50	5.75
3 Year Swap	5.19	5.50	5.90	5.90	6.10	6.25
10 Year Bond	5.28	5.60	5.90	5.90	6.00	6.00
10 Year Spread to US (bps)	215	220	240	190	180	150

Westpac Forecast – Week 27 Aug 10

Interest rate forecasts

	Latest (Aug 27)	Sep 10	Dec 10	Mar 11	Jun 11	Sep 11
Cash	4.50	4.50	4.50	4.75	5.00	5.00
90 Day Bill	4.75	4.75	4.75	5.00	5.25	5.50
3 Year Swap	4.76	5.10	5.20	5.40	5.50	6.00
10 Year Bond	4.78	5.20	5.30	5.30	5.30	5.50
10 Year Spread to US (bps)	230	250	230	200	170	170

ANZ Forecast – 17th December 09

Australian interest rates	Current	Mar 10f	Jun 10f	Sep 10f	Dec 10f	Mar 11ff
RBA cash rate	3.75	4.00	4.25	4.50	4.75	4.75
90 day bill	4.08	4.35	4.75	4.85	5.00	5.00
3 year bond	4.53	4.90	5.10	5.15	5.30	5.55
10 year bond	5.47	5.40	5.50	5.45	5.60	5.75
3s10s yield curve	0.94	0.50	0.40	0.30	0.30	0.20
3 year swap	5.26	5.35	5.55	5.60	5.75	6.00
10 year swap	6.14	6.00	6.05	6.00	6.15	6.30
International interest rates						
RBNZ cash rate	2.50	2.50	3.00	3.75	4.25	4.75
NZ 90 day bill	2.78	2.80	3.63	4.22	4.72	5.22
US Fed funds note	0.25	0.25	0.25	0.25	1.25	2.00
US 2 year note	0.80	1.20	1.50	1.75	2.20	2.65
US 10 year note	3.57	4.10	4.30	4.25	4.40	4.45
Japan call rate	0.10	0.10	0.10	0.25	0.25	0.50
ECB refinance rate	1.00	1.00	1.00	1.00	1.25	1.75
UK repo rate	0.50	0.50	0.50	0.50	1.00	1.25

Source: westpac.com.au

ANZ Forecast – 11th February

AUSTRALIAN INTEREST RATES	CURRENT	MAR 10 F	JUN 10 F	SEP 10 F	DEC 10 F	MAR 11 F
RBA cash rate	3.75	4.00	4.25	4.50	4.75	4.75
90 day bill	4.19	4.35	4.75	4.85	5.00	5.00
3 year bond	4.62	4.70	5.00	5.05	5.30	5.55
10 year bond	5.51	5.30	5.50	5.45	5.60	5.75
3s10s yield curve	0.90	0.60	0.50	0.40	0.30	0.20
3 year swap	5.24	5.15	5.45	5.50	5.75	6.00
10 year swap	6.08	5.90	6.05	6.00	6.15	6.30
INTERNATIONAL INTEREST RATES	CURRENT	MAR 10 F	JUN 10 F	SEP 10 F	DEC 10 F	MAR 11 F
RBNZ cash rate	2.50	2.50	3.00	3.75	4.00	4.00
NZ 90 day bill	2.77	2.80	3.63	4.22	4.30	4.30
US Fed funds note	0.25	0.25	0.25	0.25	0.75	1.25
US 2 year note	0.88	1.20	1.50	1.75	2.20	2.65
US 10 year note	3.70	4.10	4.30	4.25	4.40	4.45
Japan call rate	0.10	0.10	0.10	0.10	0.10	0.10
ECB refinance rate	1.00	1.00	1.00	1.00	1.50	1.75
UK repo rate	0.50	0.50	0.50	0.50	1.00	1.25

For additional information on interest rates please refer to ANZ's *Interest Rate Strategy Weekly*.



ANZ Forecast – 5th March

AUSTRALIAN INTEREST RATES	CURRENT	MAR 10 F	JUN 10 F	SEP 10 F	DEC 10 F	MAR 11 F
RBA cash rate	4.00	4.00	4.25	4.50	4.75	4.75
90 day bill	4.20	4.17	4.75	4.85	5.00	5.00
3 year bond	4.84	4.85	5.00	5.05	5.30	5.55
10 year bond	5.46	5.44	5.50	5.45	5.60	5.75
3s10s yield curve	0.62	0.59	0.50	0.40	0.30	0.20
3 year swap	5.20	5.22	5.45	5.50	5.75	6.00
10 year swap	5.96	6.03	6.05	6.00	6.15	6.30
INTERNATIONAL INTEREST RATES	CURRENT	MAR 10 F	JUN 10 F	SEP 10 F	DEC 10 F	MAR 11 F
RBNZ cash rate	2.50	2.50	2.75	3.25	3.75	3.75
NZ 90 day bill	2.69	2.85	3.22	3.72	4.05	4.05
US Fed funds note	0.25	0.25	0.25	0.25	0.75	1.25
US 2 year note	0.80	0.82	1.50	1.75	2.20	2.65
US 10 year note	3.60	4.56	4.30	4.25	4.40	4.45
Japan call rate	0.10	0.10	0.10	0.10	0.10	0.10
ECB refinance rate	1.00	1.00	1.00	1.00	1.50	1.75
UK repo rate	0.50	0.50	0.50	0.50	1.00	1.25

For additional information on interest rates please refer to ANZ's *Interest Rate Strategy Weekly*.

ANZ Forecast – 9th April

AUSTRALIAN INTEREST RATES	CURRENT	JUN 10 F	SEP 10 F	DEC 10 F	MAR 11 F	JUN 11 F
RBA cash rate	4.25	4.25	4.75	5.00	5.25	5.50
90 day bill	4.54	4.40	4.90	5.20	5.40	5.70
3 year bond	5.30	5.30	5.40	5.50	5.50	5.75
10 year bond	5.82	5.70	5.70	5.70	5.70	5.85
3s10s yield curve	0.53	0.40	0.30	0.20	0.20	0.10
3 year swap	5.55	5.70	5.80	5.90	5.90	6.15
10 year swap	6.24	6.25	6.25	6.25	6.25	6.40
INTERNATIONAL INTEREST RATES	CURRENT	JUN 10 F	SEP 10 F	DEC 10 F	MAR 11 F	JUN 11 F
RBNZ cash rate	2.50	2.50	2.75	3.25	3.50	4.00
NZ 90 day bill	2.68	2.73	3.17	3.67	3.75	4.58
US Fed funds note	0.25	0.25	0.25	0.75	1.25	1.75
US 2 year note	1.07	1.10	1.40	1.80	2.20	2.70
US 10 year note	3.89	4.60	4.70	4.80	4.80	4.80
Japan call rate	0.10	0.10	0.10	0.10	0.10	0.10
ECB refinance rate	1.00	1.00	1.00	1.00	1.50	1.75
UK repo rate	0.50	0.50	0.50	0.50	1.00	1.25

For additional information on interest rates please refer to ANZ's *Interest Rate Strategy Weekly*.

ANZ Forecast – 21st May

AUSTRALIAN INTEREST RATES	CURRENT	JUN 10 F	SEP 10 F	DEC 10 F	MAR 11 F	JUN 11 F
RBA cash rate	4.50	4.50	5.00	5.25	5.50	5.75
90 day bill	4.67	4.80	5.20	5.50	5.80	6.00
3 year bond	4.75	5.40	5.40	5.55	5.55	5.85
10 year bond	5.41	5.70	5.70	5.70	5.70	5.85
3s10s yield curve	0.67	0.30	0.30	0.15	0.15	0.00
3 year swap	5.08	5.80	5.80	5.95	5.95	6.25
10 year swap	5.87	6.20	6.25	6.25	6.25	6.40
INTERNATIONAL INTEREST RATES	CURRENT	JUN 10 F	SEP 10 F	DEC 10 F	MAR 11 F	JUN 11 F
RBNZ cash rate	2.50	2.75	3.25	3.50	3.75	4.25
NZ 90 day bill	2.90	3.07	3.67	3.75	4.17	4.67
US Fed funds note	0.25	0.25	0.25	0.75	1.25	1.75
US 2 year note	0.73	1.10	1.40	1.80	2.20	2.70
US 10 year note	3.25	4.60	4.70	4.80	4.80	4.80
Japan call rate	0.10	0.10	0.10	0.10	0.10	0.10
ECB refinance rate	1.00	1.00	1.00	1.00	1.50	1.75
UK repo rate	0.50	0.50	0.50	0.50	1.00	1.25

For additional information on interest rates please refer to ANZ's *Interest Rate Strategy Weekly*.

ANZ Forecast – 16th July, 10

AUSTRALIAN INTEREST RATES	CURRENT	SEP 10 F	DEC 10 F	MAR 11 F	JUN 11 F	SEP 11 F
RBA cash rate	4.50	4.50	5.00	5.25	5.50	5.75
90 day bill	4.82	4.85	5.30	5.60	6.00	6.0
3 year bond	4.54	4.90	5.10	5.50	5.70	6.00
10 year bond	5.12	5.40	5.50	5.70	5.80	6.00
3s10s yield curve	0.58	0.50	0.40	0.20	0.10	0.00
3 year swap	5.04	5.30	5.50	5.90	6.10	6.40
10 year swap	5.61	5.95	6.05	6.25	6.35	6.55
INTERNATIONAL INTEREST RATES	CURRENT	SEP 10 F	DEC 10 F	MAR 11 F	JUN 11 F	SEP 11 F
RBNZ cash rate	2.75	3.25	3.50	3.75	4.25	4.8
NZ 90 day bill	3.23	3.67	3.75	4.17	4.67	5.17
US Fed funds note	0.25	0.25	0.25	0.25	0.25	0.5
US 2 year note	0.59	0.80	1.00	1.20	1.50	2.00
US 10 year note	2.98	3.20	3.20	3.30	3.30	3.60
Japan call rate	0.10	0.10	0.10	0.10	0.10	0.10
ECB refinance rate	1.00	1.00	1.00	1.00	1.00	1.00
UK repo rate	0.50	0.50	0.50	0.50	0.50	0.75

For additional information on interest rates please refer to ANZ's *Interest Rate Strategy Weekly*.

Source: anz.com.au

St George Forecast as at 18th Feb '10

End Period:	2009				2010			
	Q1	Q2	Q3	Q4	Q1 (f)	Q2 (f)	Q3 (f)	Q4 (f)
RBA Cash Rate, %	3.25	3.00	3.00	3.75	3.75	4.00	4.25	4.50
90 Day BBSW, %	4.14	4.15	4.35	4.55	4.75	4.14	4.15	4.35
3 Year Bond, %	4.65	4.75	5.00	5.50	5.75	4.65	4.75	5.00
3 Year BBSW, %	5.42	5.45	5.70	6.20	6.45	5.42	5.45	5.70
10 Year Bond, %	5.56	5.70	6.00	6.10	6.20	5.56	5.70	6.00

St George Forecast as at 30th March '10

End Period:	2010							2011
	Q2	Q3	Q4	Q1	Q2 (f)	Q3 (f)	Q4 (f)	Q1 (f)
RBA Cash Rate, %	3.00	3.00	3.75	4.00	4.50	4.75	4.75	4.75
90 Day BBSW, %	4.15	4.35	4.14	4.32	4.80	5.00	4.95	4.95
3 Year Bond, %	4.75	5.00	4.65	5.08	5.25	5.50	5.75	6.00
3 Year BBSW, %	5.45	5.70	5.42	5.44	5.60	5.82	6.05	6.30
10 Year Bond, %	5.70	6.00	5.56	5.64	5.90	6.10	6.20	6.30

St George Forecast as at 27th May '10

End Period:	2010							2011
	Q2	Q3	Q4	Q1	Q2 (f)	Q3 (f)	Q4 (f)	Q1 (f)
RBA Cash Rate, %	3.00	3.00	3.75	4.00	4.50	4.50	4.75	5.00
90 Day BBSW, %	4.15	4.35	4.14	4.32	4.80	4.80	5.00	5.20
3 Year Bond, %	4.75	5.00	4.65	5.08	4.80	5.25	5.50	5.75
3 Year BBSW, %	5.45	5.70	5.42	5.45	5.20	5.60	5.80	6.05
10 Year Bond, %	5.70	6.00	5.56	5.64	5.55	5.80	5.90	6.10

St George Forecast as at 9th June '10

ST GEORGE BANK INTEREST RATE FORECASTS

	Forecasts for the End of Each Quarter					
	Mar-10 <i>(actual)</i>	Jun-10	Sep-10	Dec-10	Mar-11	Jun-11
RBA Cash Rate, %	4.00	4.50	4.50	4.75	5.00	5.25
90 Day BBSW, %	4.32	4.80	4.80	5.00	5.20	5.45
3 Year Bond, %	5.08	4.80	5.25	5.50	5.75	6.00
3 Year BBSW, %	5.45	5.20	5.60	5.80	6.05	6.30
10 Year Bond, %	5.64	5.55	5.80	5.90	6.10	6.30

* note, we expect the RBA to raise rates in 25bp steps.

St George Forecast as at 30 July '10

End Period:	2010						2011	
	Q3	Q4	Q1	Q2	Q3 (f)	Q4 (f)	Q1 (f)	Q2 (f)
RBA Cash Rate, %	3.00	3.00	3.75	4.50	4.50	4.75	5.00	5.25
90 Day BBSW, %	4.15	4.35	4.14	4.87	4.90	5.10	5.20	5.45
3 Year Bond, %	4.75	5.00	4.65	4.99	4.60	5.25	5.75	6.00
3 Year BBSW, %	5.45	5.70	5.42	4.97	5.05	5.70	6.15	6.35
10 Year Bond, %	5.70	6.00	5.56	5.09	5.20	5.75	6.00	6.25

Source: stgeorge.com.au

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