PATTINSON F.S

Your dreams, our passion, the future together.

January 2019 Newsletter PDF

Welcome to the latest edition of our newsletter. We hope that you find the following articles to be informative - as we aim to help you make better financial decisions.

7 tips to restart your resolutions

As we enter into a new financial year we ask, have I done what I said I would? The looming statistic that states 69% of us set New Year's resolutions and yet only 8% achieve them is not surprising. However, it is never too late to finish what we started, whether it is to look after ourselves better, take more photographs or spend more time with our friends and loved ones.

How can you be in that 8%? Written Goals.

To some they seem trivial however at the beginning of a new year, people have a 'new leaf' mindset and are motivated to start ticking tasks off their list.

Harvard Business School drills the importance of written and planned goals, as we aim to work SMARTer, not harder. MLC naturally conquers with this method of maintaining your 'new leaf' mindset and have proposed 7 key steps to further the completion of your goals.

→ Why set goals?

Goals act as a GPS for every choice we make, creating a clear roadmap that helps steer our priorities, decisions and behaviours. Without goals, we can veer off track and lose control hence, setting goals gives us purpose and direction, as well as great satisfaction and happiness when we reach them.

Ask yourself, "Will this choice help me achieve my goal?"

→ Review the year gone by

We are always learning and trialling new experiences, whether it is a new fitness regime, recipe or coffee shop. It is important to ask yourself, "Last year, what worked? What didn't? What did I accomplish? How can I do better?"

Once we assess where we stand, we are able to cultivate a greater awareness and future direction with purpose.

→ Consider the lessons learnt

For each lesson learnt, writing down answers to the following questions, cements in our minds how we can improve:

- What could I do differently?
- What did I accomplish?
- Did I miss out on any goals?
- How did I keep up?

→ Examine how your mindset affects achieving goals

There are two major mindsets that include, 'Growth' and 'Fixed' mindset.

'Fixed' sees people believing in their basic qualities such as intelligence or talent and may find themselves saying "If I'm no good at it, I can quit" or "I focus on what I know and stick to just that". Whereas someone in the 'Growth' mindset believes that their basic abilities can be developed through dedication and hard work, are comfortable with a challenge and see failure as an opportunity to grow.

You can guess which mindset is best for achieving goals. To be the best we can be and attain our goals, we must embrace a 'Growth' mindset.

→ Set your top goals

- Firstly consider what your personal values and passions are, this will make identifying goals easier
- Ask yourself, "What roles do I play in my life?" This could be a father, partner, son, sister or friend for example. Then decide which role will be the focus for this goal
- Consider all the planning we have done, such as last years' experiences, your roles and values. Your goals will work better not through random success but through a process
- Now list your top 10 goals, they could be about family, career, financial, personal development or lifestyle.

→ Commit to taking action

This is where SMART (Specific, Measureable, Achievable, Relevance, Time bound) goals enter.

- **Specific** goals consider the 5 W's (Who, What, When, Where and Why), use direct and active words and list every step.
- **Measurable** goals put success in numbers whether that is a date to achieve it by or negotiating a salary increase by 5%. You are responsible for regularly checking their progress
- **Achievable** goals must also be realistic. Identify your constraints, capacity and ability to actually do it.

Do you know your money personality?

A recent study conducted by the Leeds University Union has identified that there are four key personality types that people can be classed into in regards to how they manage their money. Take a moment to read through the four descriptions below and map out which personality you fit best into. Each personality described has key attributes and flaws, lets learn to understand ourselves so that we can better understand our money!

Mr Habitual

You stick to strict budgeting and you'd rather keep safe the money you have than risk losing some money to earn more in the long run. Your key attributes include…

- you avoid high risk investments;
- you never impulse buy and keep to a tight budget; and
- if you have a financial issue, you'll seek professional support.
Mr Habitual could improve his relationship with money by focusing on the positive financial outcomes more so than the negatives and being more open to new strategies.

Miss Perfection

You're proud of your flawless financial record and you've planned out every aspect of your financial future, but even when you're not in trouble money can cause you to feel stressed. Your key attributes include…

- you probably know your credit score;
- you never pay your bills late; and
- you shop around for the best rates and deals.

Miss Perfect could stress less, look at her finances from the bigger picture and shouldn't be afraid to try new thing.

Ms Adventurous

You track you income, pay your bills and have a loose budget schedule in mind, but you're not too interested in financial planning. Your key attributes include…

- you make risky choices in your career and finances moves;
- you can get carried away by new experiences and easily overspend; and
- you remain calm when working through a financial issue.

Ms Adventurous is creative and should use these traits to build stable financial future plans. Create an emergency fund and try not to be so spontaneous when you spend.

Mr Hedonist

You have money to spend and you're enthusiastic about doing so. You're impulsive and trust others to manage your budget, you also sometimes over pay for things. Your key attributes are;

- you allow your emotions to control your spending and sometimes binge shop;
- you don't focus on the long term effects of your spending habits; and
- you're not afraid of taking big risks with money as you focus on the potential rewards.

Mr Hedonist should start a savings habit for some financial security, shop around in an attempt to save money and try to build long term goals.

So how do you fit? Maybe you see yourself as one of these personalities, or perhaps you're a mixture of a few or all of them. No matter which attributes you share, financial planning plays a vital role in each personality type.

Do you know a friend or a family member Getting Married? Starting a family? Or starting to plan for retirement? Tell them to drop by for a cup of coffee and a chat!

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Economic Update January 2019

Within this month's update, we share with you a snapshot of economic occurrences both nationally and from around the globe.

- Federal Reserve disrupts markets
- Recession fears overblown
- Australian data mixed

The Big Picture

If they'd blown the final whistle at three-quarter time for 2018, we would have been looking back on an impressive year for both domestic and foreign equities. Instead we have to work out what really happened in this last quarter.

The consensus opinion, with which concur, is that the Chairman of the US Federal Reserve (the "Fed"), Jay Powell, started the sell-off with his comments that rate hikes had a long way to go. This was out of line with market expectations.
Trump and Powell have been jousting and we are the ones that got the raw deal. Economic fundamentals have hardly changed. While most agree what started the October rout, there are two camps of opinion concerning the future. One group is fearful that the Fed will push up interest rates too far and cause a recession in the US with consequences for the world.

We are in the other group. We believe that there will be at most one hike in 2019 (and not the two they flagged) and the Fed might even start to ease towards the end of 2019. They are charged with maintaining a stable economy and the wolves will be at their door if they fail.

Towards the end of 2018, there were a few stellar days up on Wall Street and quite a few down. Fund managers and others tend to 'square' their books at the end of the year – also managing capital gains and losses for tax planning. Until we are a few weeks into January, and reporting season in the US has started, we will not have a clear picture of what might follow.

We strongly believe – like many others – that both the ASX 200 and the S&P 500 are undervalued – by as much as 5% - 15%. With consensus brokers still predicting above average earnings growth, 2019 should look good.

It would be imprudent not to add a caveat. If companies reporting in the US materially downgrade their expectations in January, then we must follow suit. But, whichever way these predictions point, we do not see a recession in the US in 2019 at least. The bull run is far from finished. As they used to say in the old Western movies, "it's only a flesh wound" best describes quarter 4 ("Q4") of 2018.
There have been many other complex forces affecting short-term movements in markets. Oil prices took a battering in December – about 10% down (or 40% on the year) as OPEC and others tried to negotiate price stability. Iron ore prices were flat on the year but up 10% in December.

To continue reading please visit www.infocus.com.au/news/economic-update-january-2019.

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