PATTINSON F.S

Your dreams, our passion, the future together.

September 2019 Newsletter

With the help of this newsletter we hope to keep you updated on what is happening in the financial world today. Welcome to our News Bulletin.

The link between financial stress and mental health

If you've ever laid awake at night thinking about your finances you'll know: financial stress can be debilitating. What you may not be aware of is the strong link between financial stress and mental health.
According to the Australian Institute of Health and Welfare, 4.2 million Australians received mental health related prescriptions from their doctors over the 2017-2018 period.
Though governments annually spend over $9 billion on mental health, there's a continuous need for more resources, funding, and understanding around mental health issues.

What is mental health?

The term, mental health, refers to a wide range of health and behavioural issues that vary in severity and duration. Among the most common mental health issues in Australia are depression and anxiety.
While the causes of depression and anxiety are varied, financial stress is a common theme.

What is financial stress?

Financial stress is the all-consuming worry about money. Mortgage stress, in particular, is defined as needing to use more than 30% of the household income to cover mortgage payments.
A report by ratings agency Moody's, stated that the number of Australian mortgages more than 30 days overdue was at its highest level for five years, (1.58%).
According to Relationships Australia, financial pressures are the number one contributor to relationship breakdown.

Signs of financial stress

Recognising financial stress before it gets out of hand is a step towards taking back control of your life. Some signs are:
• arguing with loved ones about money,
• difficulty sleeping,
• feelings of anger, withdrawal or fear,
• mood swings,
• loss of /increased appetite,
• increased use of alcohol or other substances,
• thoughts of self-harm.

Reducing financial stress

Financial problems can happen to anyone. A sudden illness, retrenchment, or an unexpected expense may throw your budget out of kilter. However, there are steps you can take to get your finances back under control.
• Seek independent financial counselling. Check out MoneySmart's website, www.moneysmart.gov.au for help locating a counsellor near you.
• Speak to your lender about restructuring your mortgage or consolidating credit cards, etc.
• Speak to your creditors about setting up a payment plan.
• Work with your financial adviser to develop a realistic budget.
• Contact the National Debt Helpline on 1800 007 007.

How can you manage stress?

Financial House Keeper Chores September

My role as your adviser is simple yet valuable. It's to help you make smart choices about your money, so you can better experience the things in life that are important to you.

In order to give you the greatest chance of success I have created a Financial Housekeeping Monthly Chores Checklist, to ensure:

- Nothing falls through the cracks
- You are in the best position to make more informed and better choices
- Greater confidence and control (AKA less worries)
- Do the things required, giving you the highest chance of success to achieve your financial goals

Each month along with your portfolio report, your Financial Housekeeper Chores are designed to ensure you know what to do next (be it with my assistance or you action yourself). Empowering you to be 100% confident that your Financial House is in order, you are doing the activities required to stay on track and you're in the best position to achieve the things in life and goals that are important to you.

Financial House Keeper Chores - September

Area	To Do Task	Completed Y/N
Savings Goals	Review progress of savings & expenses for last month towards your end of year goal	
Debt Reduction	Allocate additional monies into either reducing debts, upcoming expenses or add to investment savings	
Files (House Keeper)	Update financial House Keeper file with scanned documents	
Operational	Pay out credit card balance in full, check	

Should you have any queries in relation to this newsletter, please feel free to contact our office.

PATTINSON F.S

2 / 11-13 Brookhollow Avenue
Baulkham Hills
NSW 2153
Australia

Phone: 02 8850 6888
Fax: 02 8850 6407
Email: info@pattinsonfs.com.au

Pattinson Financial Services

www.pattinsonfs.com.au

Economic Update - September 2019

Within this month's update, we share with you a snapshot of economic occurrences both nationally and from around the globe. The key summary points are as follows:

- Global share markets retreat from all-time highs
- US consumers still leading the way
- Currencies becoming the focus as trade tensions rise
- The Australian jobs market holding firm

We hope you find this month's Economic Update as informative as always. If you have any feedback or would like to discuss any aspect of this report, please contact your Financial Adviser.

The Big Picture

The ASX 200 and the S&P 500 reached all-time highs in July. Since then most major markets sold off by around 5%. Arguably, the catalyst for the sell-offs was a series of Trump tweets on tariffs and counter threats by China.

The trade war is causing market volatility but without any real progress on Trump's demands. With the US presidential elections a little over a year away, Trump needs to get on top of this skirmish if he doesn't want it to negatively impact his prospects of re-election in 2020.

Few in the Western world would disagree with Trump's claims about China needing to respect intellectual property rights and the like. But Trump seemingly also has another agenda based on the strength of the US dollar. If a country's currency depreciates, its exports get cheaper and imports get more expensive. Such a move typically helps trade balances.

While currency forecasting to any reasonable degree of accuracy is all but impossible, economists largely agree on the fundamental factors that drive currency movements in the longer term.

"Purchasing Power Parity" (PPP) is a theory that postulates that a currency moves to equate prices of goods that are traded between two countries. With inflation hardly a problem anywhere at the moment, PPP is currently not the main game in town.

The other major macro-theory is interest rate parity. If a country cuts its interest rate relative to another, its currency might be expected to depreciate as capital flows between countries. So, if two countries both cut by the same amount, the currency impact is neutralised! Hence the expression, "race to the bottom" as countries engage in 'tit for tat' rate cuts.

Speculation and expectations play such a major part in moving currencies, analysis can very much be clouded – and even thwarted – by other factors in the short and medium terms.

Trump has stated that he wants the US Fed to cut its rate by a full 1% – even though the Fed is meant to be independent from political pressures. The US economy is currently quite strong – particularly in the consumption sector. US inflation is just above target and the unemployment rate is all but at a 50-year low at 3.7%. So, Trump's call for a rate cut has more to do with wanting to weaken the US dollar for trade purposes rather than stimulating business investment at home.

Trump recently called China out as a "currency manipulator". While interest rate policies could be thought of as being part of a manipulation process, economists are usually referring to a country using its foreign reserves to stabilise a currency by buying or selling its currency. This is not unique to China, many countries have done this previously, Australia did it in the late 1980s following then Prime Minster Keating's 'Banana Republic' comment about our economy.

China does set its exchange rate each day; it is not a freely floating currency. But China could not sustain an artificially low currency for an extended period as it would eventually run out of foreign currency reserves. Indeed, many argue that any manipulation China is currently engaged in, is more likely helping to keep the currency stronger rather than weaker!

In the case of Australia's currency, it is usually also thought that commodity prices are a major determinant. With iron ore prices historically high owing to supply problems in South America, there would seem to be more downside than upside risk in iron ore prices and hence our currency. Indeed, this view is supported by iron ore prices having fallen already by around 30% in August.
While trying to trade on predicted

Should you have any queries in relation to this newsletter, please feel free to contact our office.

PATTINSON F.S
Your dreams, our passion, the future together

2 / 11-13 Brookhollow Avenue
Baulkham Hills
NSW 2153
Australia

Phone: 02 8850 6888
Fax: 02 8850 6407
Email: info@pattinsonfs.com.au

Pattinson Financial Services

www.pattinsonfs.com.au