Planning a Holiday?

With the Easter holidays just around the corner, it's not too late to do your financial planning for the holidays – or start planning for 2019. Here's how to minimise your financial stress for a well-deserved break.

Plan ahead
The earlier you start planning, the more money you can save. And when it comes to peak travelling times such as long weekends, typically the earlier you book your flights and accommodation the better your account balance will be.

Create a budget
Whether you choose Bali or the bush, create a budget. Account for expenses such as flights, petrol, food and activities, such as visiting museums or a spa. Research activities at your destination and see if you can book early – or if there's some great free ones. The more you can book and pay for beforehand, the less you'll need to worry about overspending.

Start saving
When you've worked out how much you will need, start saving. Even putting a small amount aside each week can add up, so you could enjoy some amazing experiences you may not have thought you could afford. A good tip is to open a high-interest savings account and set up an automatic transfer on your payday.

Hunt for bargains
There are lots of useful websites that compare deals on everything from flights to tours. Just make sure you turn on private browsing when researching online. Some travel sites track users and raise prices on the things you are researching if you return repeatedly. And don't worry if you have left things to the last minute – there's a website for that too: lastminute.com.au.

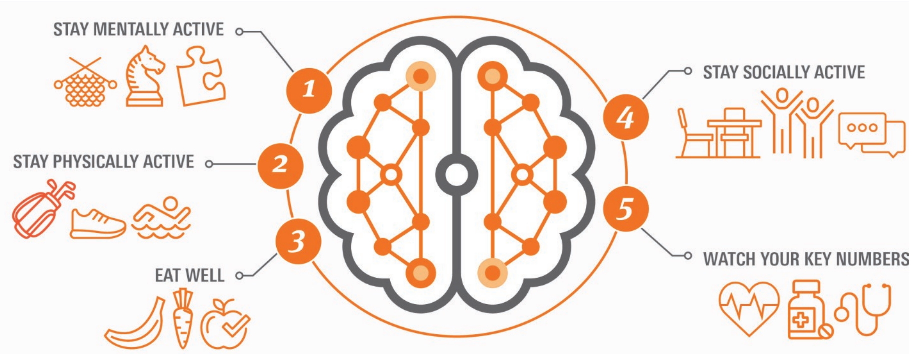
While you're on holiday…
It can be easy to splurge – you're on holidays after all. But to avoid spending the new year paying it off, keep track of your finances while you're away.

Set yourself a daily spending limit – or use a travel app to help you stay on track. But if that's too much of a buzz kill, you can transfer the exact amount you'll need into a bank account just for your holiday. This may help you stay out of your other accounts unless it's absolutely necessary.

Talk to your adviser
Your adviser may help you create a financial plan tailored to help you achieve the holiday you want.
Source: RI Advice Article Hub

How You Could Keep Dementia at Bay

Dementia is a devastating illness that affects one in 10 people over 65 but recent research suggests there are things you can do to reduce the risk of it happening to you. One in four people over the age of 85 will have dementia and by the age of 95, it's one in two. Dementia is not one disease but a range of conditions that cause a loss of mental functioning as we age. While age is the biggest risk factor, dementia is not inevitable.



1. Stay mentally active
People who have mentally stimulating jobs or hobbies have a lower chance of developing dementia as they age. "It's learning something new or different that's important," Dr Farrow says.

2. Stay physically active
Physical activity helps grow new brain cells and new connections between brain cells. It also boosts the levels of the chemicals that help keep brain cells healthy.

3. Eat well
The most positive results on diet point to fruit and vegetables, which are rich in antioxidants.

4. Stay socially active
A large network of friends helps your brain. "You have to understand facial expressions and body language, " Dr Farrow says. "Lots of different parts of your brain are working."

5. Watch your key numbers
Keep your blood pressure, cholesterol and blood sugar levels in the healthy range. If the blood vessels in your brain are unhealthy, they will damage your brain cells. *Source: RI Advice Article Hub*

647 Ruthven Street, TOOWOOMBA QLD 4350 | PO Box 1615, TOOWOOMBA QLD 4350 | 07 4639 3733 | enquiries@ritoowoomba.com.au
Visit us on the web: www.ritoowoomba.com.au | Find us on Facebook: RI Toowoomba and Ipswich

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In this Issue

Jeff's Jottings

After weeks of hot weather, it was a shock Friday 2 February to feel a temperature of 15.4c (the coldest since 1931 according to the BOM), then to have this followed up by a stretch of incredibly hot days. Hopefully Autumn will provide some stable weather conditions. I will be heading to Canberra with some of our team for our Annual RI conference and am looking forward to the cooler conditions that we can expect in our national Capital.

After a long period of 'calm' in the markets, this all came to an end in February, with markets in the US, Australia and around the world fluctuating dramatically. At the lowest point the US Dow Jones index was down 1597 points, a 6.4% fall. This can be troubling for some of our clients. In this edition we have an article on How to Deal with Market Volatility, something I am sure many of you will find interesting.

However, as always, when the market becomes volatile we encourage our clients to maintain their financial goals and if concerned, please give our office a call to discuss any issues with your Adviser.

Kind regards,

Jeff English

Chief Executive Officer &
Senior Financial Adviser
RI Toowoomba & Ipswich

Market Updates

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

Davos endorses Trump economic tax policy
– World growth forecasts upgraded
– 2017 China growth exceeds forecasts
– Australia continues strong employment growth

The Big Picture
Each year, the powerful and wealthy descend on Davos for the World Economic Forum. Trump attended – against expectations by some – and some key figures backed his new tax policy.

The IMF announced its growth forecasts for 2018 and 2019 had both been upgraded from 3.7% to 3.9% and the IMF Director, Christine Lagarde, attributed this upgrade to Trump's tax reforms.

Jamie Dimon, the influential leader of JP Morgan, stated that 4% growth for 2018 in the United States (US) was quite possible – again based on Trump's tax break. Apple had already announced repatriating $US245 billion in cash that will attract a US tax take of $US38 billion.

Some scoffed at Trump's talk of 4% growth in the US following his election. It seems their mirth was misplaced. Trump is not generally popular but he is effective. And he's just started work on his one and a half trillion dollar infrastructure policy.

The latest economic growth figure for quarter four 2017 just missed expectations at 2.6%, but that quarter finished before the tax cuts were enacted.

On top of tax, North and South Korea are not only marching together but fielding a joint hockey team in the upcoming Winter Olympics. Did Trump do that? It's hard to say but his push for sanctions on North Korea seem to be having some impact – as did his missile barrage on ISIS earlier last year. And the US unemployment rate is at a 17-year low.

The world economies are interlinked. China just posted a growth figure for 2017 ahead of forecasts and even government expectations. As far as investors are concerned, the only take-away is that things are bubbling under quite nicely.

At home, we had yet another strong reading on employment growth but unemployment is still stuck a little on the high side and wages growth just isn't doing any – let alone heavy – lifting.

Against all expectations, our retail sales came in particularly strongly at 1.2% for November which was well up on October's read of 0.5% which itself was above previous outcomes.

The United Kingdom (UK) is working through Brexit issues and President Macron, of France, paid a visit to Britain. He expressed very comforting sentiments. UK quarter four growth exceeded expectations at 0.5%, but 2017 as a whole was the weakest since 2012. UK CPI inflation fell slightly to 3.0% from 3.1%. The unemployment rate is at a 42-year low of 4.3%.

Wall Street started 2018 with a bang hitting new high after new high before a pull-back at the end of the month. We had that market sufficiently overpriced before the pull back to cause concern – but not enough to predict a full correction.

New data flowing from the economy and earnings from company statements do bode well for market expectations to be revised upwards over 2018.The booming world economy has ensured commodity prices have remained firm and, in many cases, they are higher than in the last 6 – 12 months.

Going forward we estimate that gains on the ASX 200 and the S&P 500 for 2018 will likely be more modest than in 2017. Given the rapid start to the year, the S&P 500 might have a small correction if company expectations are not revised upwards as quickly as we expect.

In Australia, the February company reporting season will shed light on the different signals being drawn from employment, growth and consumer confidence. *(Continued on Page 2)*

Congratulations on 10 Years with RI Toowoomba!

21st January marked Celeste Sutton's 10 Year Anniversary with RI Toowoomba and we celebrated in style!

The RI Toowoomba Team

surprised Celeste with a well-deserved lunch at Encores, as well as some beautiful flowers and an engraved vase as a keepsake.

Speaking of flowers…

Did you know sweet peas are best planted between St Patrick's Day (17th March) and Anzac Day (25th April).

Remember that they like a slightly alkaline soil so add some garden lime to the soil before planting.

(Continued from page 1)

It is unlikely that the banks will shine given the Royal Commission hanging over it. But resource companies might look stronger given global growth expectations. Even Bloomberg felt it worth reporting in a headline that, "China sets new records for gobbling up the world's commodities."

Asset Classes

Australian Equities

Our market fell a little in January. Resource stocks showed some strength and a rally on the last day of the month – during the US State of the Nation address – kept the ASX 200 comfortably above 6,000.

Foreign Equities

The S&P 500 index recorded a stellar month in January despite a material sell-off in the last few days.

We had the market over-priced by a sufficient amount at the start of the last week of January to argue that the market could correct – but a prolonged sideways movement was more likely given all of the upward pressures on expectations currently being formed

Bonds and Interest Rates

The RBA does not meet in January. It is unlikely to raise rates before the end of 2018 especially as inflation for the 2017 year was only 1.9%. Indeed, we think another cut is quite possible before the next hike.

The US Fed left rates unchanged at the end of January but the wording in the accompanying statement was slightly stronger about the prospects for hikes in 2018.

The new Fed chairman, Jay Powell, takes the reins on February 1 but most expect little change in the direction of monetary policy. Gradually rising rates over the next couple of years are being factored in. The question is how many.

Other Assets

Oil prices were firmly higher in January. The Australian dollar firmed from $US0.78 to nearly $US0.81 over January.

Regional Analysis

Australia

34,700 new jobs were created in December – the latest published data point – and nearly half of them were full-time positions. However, the unemployment rate rose one notch to 5.5%.

Retail sales stormed home at 1.2% for the month of November after 0.5% for the previous month.

CPI inflation missed expectations at +0.6% for the fourth quarter and 1.9% for the year. The RBA target range for inflation is 2% – 3%.

China

China had a spurt in trade volumes – notably in commodities. China imports were up 18%.

But the outstanding result was China's fourth quarter GDP growth outcome of 6.9%. This reading not only exceeded market forecasts but also the government's own prediction.

The PMI manufacturing number was a slight miss at 51.3 but well above the 50 that marks the difference between an accelerating economy and one that isn't.

US

The US started January with a 'miss' on jobs growth. 148,000 jobs were created when 190,000 were expected. But the unemployment rate held at the lowest level in 17 years, and the average wage growth was 2.5%.

US inflation was 1.8% which is just below the 2% target level. The latest GDP growth rate was 2.6%. President Trump gave a rousing State of the Nation Address to Congress where he highlighted the economic successes and other achievements during 2017. The Democrats didn't seem to be enjoying the lengthy 80 minute speech but it was fine television.

Europe

CNBC called 2017 the best year for the EU economy in the last decade. The UK's unemployment rate is stuck at 4.3%, but that is a 42-year low!

A lot depends upon how Brexit is negotiated, it is a long and complex process. As with the Scottish referendum on staying in the UK, and the last US presidential election, the losers in the elections are "sore losers" so much so that the negative side of the debate is perhaps getting too much exposure.

Source: Infocus, 2nd February 2018

New $50 Note Announcement

The Reserve Bank has announced the newly designed $50 note, that follows the updated $5 and $10 notes, will be in circulation from October this year.

The new-look $50 note features a portrait of David Unaipon, an inventor and Australia's first published Aboriginal author and Edith Cowan, the first female member of an Australian Parliament. The note has new security features and four bumps on each edge for the vision impaired.

Stay tuned for more announcements later in the year about the newly designed $20 and $100 notes. *Source: Reserve Bank of Australia*

How To Deal With Market Volatility

Market volatility can be a curse or a blessing… It all depends on how ready you are to deal with it

Financial markets by their nature are volatile. However, the more worrying time for investors is during periods of high volatility when prices move rapidly and unpredictably.

While this can be concerning, a sudden drop in the market can have dramatically different implications for someone nearing retirement compared with a person just starting their career. This is why it's important to have a financial plan.

Consult an expert

Professional plans are created in partnership with a financial adviser, who is trained to help you determine your investment goals, time frames, capacity and tolerance for risk, and appropriate types of investments. In large part, dealing with volatility depends on how you view risk. Quite simply, risk relates to the variability of your investment returns in relation to your goals and time frame.

In other words, will you fret over a decline in value and sell your holdings to prevent further falls? Or will you remain unfazed and stick with your financial plan?

Threats can come from several areas:

Operational risk – the way a fund is run
Exposure risk – the perils of investing in a specific sector, industry or country
Market risk – the extent to which prices move across the whole market
Currency risk – the way in which exchange rates affect investments
Inflation risk – how increasing prices will impact your returns.

Capacity for risk

For individual investors, though, there is a bigger consideration – your own capacity for risk. This covers not only how risk tolerant you are but also your stage of life.

Together with your financial adviser, considering where you are in your life journey is critical in determining your plans and goals. Risk capacity changes when you get married, change jobs, have children, buy a house, plan to retire or enter aged care.

Although market volatility is out of your hands, it may affect your personal financial situation. Determining how to use it to your advantage is the key, but without advice, you may not even realise that changes or opportunities exist.

Talk to your adviser

An appropriate amount of risk in your investments may give you the confidence to stick with your financial plan even when the market takes an unexpected dip. But a knee-jerk reaction may cause you to sell when prices are low, rather than hold onto an investment that may rebound and recover. Sticking to this plan through any volatility can result in far better returns than jumping in an out of the market.

Regularly checking in with your adviser may help you keep your financial plan in sync with all the changes in your life.

Source: RI Advice Group

Referral Rewards Program

Referrals from our clients are the number one source of new business at RI Toowoomba and Ipswich and that confirms to us that we are providing a service that is appreciated. What we appreciate is your referrals and we would like to express our thanks to you for introducing us to the special people in your life.

- Talk about RI to your family, friends and colleagues. Share our contact details, website address or Facebook page.
- Ask the person you refer to let us know that you referred them when they book an appointment with us.
- As a thanks when they attend their appointment by sending you a $20 Coles Myer gift card.

If the person you refer to us goes ahead with the Financial Advice we provide, then you will receive an entry into the draw to win our Referrer of the Year prize at our annual KYIT event.

Office Closures

Please note the following office closures:

Easter

We will be closed Friday 30th March, reopening Tuesday 3rd April

Toowoomba Show Holiday

We will be closed Thursday 12th April, reopening Friday 13th April

Anzac Day

We will be closed Wednesday 25th April, reo-pening Thursday 26th April

Labour Day

We will be closed Monday 7th May, reopening Tues-day 8th May