

November Interest Rate Rise

RBA Lifts Cash Rate by .25%

The Reserve Bank of Australia (RBA) lifted the official cash rate from 4.5% to 4.75% on Melbourne Cup Day. This was somewhat of a surprise given core inflation is still comfortably within their target range of 2-3%. The RBA has increased interest rates to ensure that inflation remains within their target range, as strong economic growth is forecast particularly off the back of Australia's mining sector.

As well documented in the media, CBA lifted their home loan interest rate by not only the increase of .25%, but added another .2% to the home loan rates of their customers. At the time of writing this article the other major Australian banks are yet to announce any increase to their variable home loan rates. While we suspect that the other major banks will also lift rates above the .25% announced by the RBA, it is clear that they are allowing CBA to take the brunt of media criticism in the short term.

With negative consumer sentiment towards banks, there are strong indications that either the banks will reduce or abolish "Deferred Establishment Fees" applicable to home loans, which are applied typically when a customer repays or refinances a mortgage within a 3 year period from the establishment of the loan. If the banks do not agree to removing these charges it is evident that significant political pressure will be applied or legislated to achieve this outcome with the aim of creating greater competition within the banking industry.

The decision to switch your home loan provider needs to be carefully considered. In the event you switch from one provider to another you need to consider a number of factors that will impact the financial benefit of moving. While CBA is now one of the most expensive home loan providers, we have seen the other banks step out of the RBA cycle in a similar fashion - such as Westpac last financial year.

At McLean Delmo we specialise in achieving superior outcomes for our clients when they are applying for home loans or commercial debt. Our significant lending volumes allow us to negotiate interest rates that are more favourable than if our clients went directly to a bank. We are accredited with over 30 financial institutions which ensure we have a solution for nearly every situation.

We are also pleased to confirm that McLean Delmo incorporating Hawthorn Finance Pty Ltd is one of the first in the industry to be granted an Australian Credit Licence by ASIC. This new licence confirms that we comply with the *National Consumer Protection Act 2009*. It is the highest level of industry accreditation which has been put in place to ensure accredited advisers are totally independent when selecting the most appropriate products and solutions for their clients.

As a valued client or associate of McLean Delmo we would be delighted to review your current home loan or commercial facilities on an obligation free basis.

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