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Reserve Bank Interest Rate Announcement July 2014

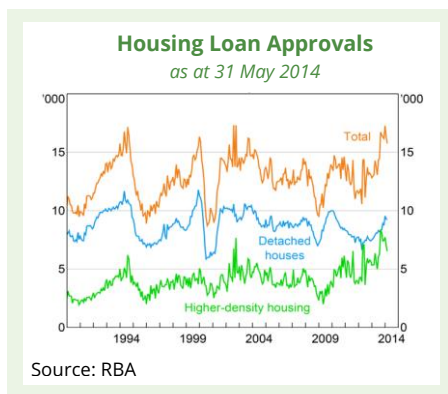
Today, the Reserve Bank of Australia met to review the official cash rate. They have decided to leave this rate steady at 2.50% pa. The official rate has remained unchanged for 10 months now. We expect that most lenders will leave their rates unchanged, in line with the Reserve Bank's decision.

Outlook for Australian property prices & interest rates

One important factor influencing the outlook for property prices is the Reserve Bank of Australia's official cash rate. This rate has been steady at an historically low rate of 2.5% for 10 months. This historically low rate has been one of the key factors driving a strong lift in property prices in Australia (especially Melbourne and Sydney) over the last 12 months.

Low interest rates enable people to borrow a higher amount which enables new purchasers to bid up property prices to higher levels. The graph below shows a sharp lift in housing loan approvals over the last 2 years. This lift has provided strong support to a lift in housing prices.

The outlook for the official cash rate is a key part of determining the bank home loan rates, which in turn is a key determinant of the outlook for property prices. Based on current







market information, we expect that the official cash rate will remain unchanged at 2.5% for the remainder of 2014. We expect that in 2015 the official cash rate may increase by up to 0.5% over the calendar year. This is quite a modest expected increase over the next 18 months, and is due to the Australian economy currently maintaining a moderate growth rate in the range 2-2.5% pa. The key drivers of growth have been the property and banking sectors which are now performing quite strongly. The key restraints to growth have been a slowdown in the mining sector, a persistently high Australian dollar and relatively low consumer and business confidence levels.

Harvest Property Loans Interest Rates

At Harvest, we have our own credit licence which means we are able to assist clients with home and investment loans. We have access to a panel of 30 different lenders which enables us to find the loan that best suits your needs. We can also assist you to structure your loan to best meet your needs and to refinance an existing home or investment loan if it is above current market rates.

Our Current Best Interest Rates

The best home loan rates we currently have available:

-  Variable rate of **4.73%** pa
-  1 year fixed rate of **4.34%** pa
-  2 year fixed rate of **4.59%** pa
-  3 year fixed rate of **4.84%** pa



Contact Harvest for more info

If you would like any more information about the topics covered in this newsletter or to enquire further about Harvest's mortgage broking services, please contact us:

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