

CASH RATE: What's the impact of a cut to the cash rate?



There is much speculation that the cash rate may fall in the coming months.

After more than 2 1/2 years of a flat rate, what impact could a rate cut have on you?



103 months

Length of current cycle of flat or declining rates



45 falls

Number of rate falls since 1990

1

Borrowers may see rate decreases on mortgages, credit cards, car loans etc.



2

Interest earned on savings accounts or Term Deposits could decrease



3

Investors with fixed-rate bonds, mutual funds or ETFs may experience gains.

Prices rise



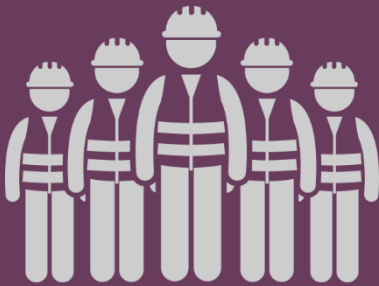
Yields fall



This is particularly important for perpetual funds and ETFs where investors can not hold to maturity.



4



Falling rates can see a slight uptick in the job market

5

Markets may see an increase in volatility



3 Aug 2016

Last time RBA dropped rates was Aug 2016



78%

Of RBA meetings result in rates unchanged