

## Do you need finance?

Hi Ross,

The GLOBAL VIEW we sent you on the 13th of February was titled "The Times they have Changed".

Our commentary covered interest rates, why it's good to be in New Zealand, and how the world has changed in the last six months. To read this – it's been our most read newsletter - [click here](#).

In addition to our monthly GLOBAL VIEW newsletter, we from time to time issue a GLOBAL UPDATE newsletter which discusses topical developments since then, their impact in the current market environment and how we at Global might be able to assist with your finance requirements.

The first surprising news was the Reserve Bank of Australia's decision to hold its cash rate at 3.25%. This is the first time there has been no rate cut since August last year. Their decision included the statement *"In Australia, demand has not weakened as much as in other countries and, on the basis of currently available information, the Australian economy has not experienced the sort of large contraction seen elsewhere. The Australian financial system remains strong and the monetary policy transmission process is working to deliver large reductions in interest rates to end borrowers. Nonetheless, economic conditions are clearly weak, and given the speed and scale of the global economic deterioration and its effect on confidence, weak conditions are likely to continue in the near term. Inflation is likely to decline over time."*

This is an optimistic view at a time all the news we are getting from offshore seems bad. The New Zealand Herald's article yesterday sums it up quite well. To read it [click here](#).

So what will our Reserve Bank do when it's due to announce the Official Cash Rate on 11th March? Right now we're 3.5% and whilst we do not think the RBNZ will follow the RBA's decision to leave the OCR as it is, a far smaller reduction than most commentators have predicted looks more likely, with the possibility now emerging that it could well be the last in the current reduction cycle for the time being.

If we have reached the bottom of this interest rates cycle, is now the time to fix?

Some other optimistic news about the financial system concerns the rating of the banks domiciled or represented in Australasia. A press release naming the World's 50 Safest Banks 2009, issued by Global Finance out of New York, places all of the offshore banks represented here on their list. To see this [click here](#).

Following on from the above article is the news today that Fonterra's latest auction price for whole milk powder jumped 16.6 per cent last month having previously fallen by 58 per cent since July, offering considerable encouragement to the industry and the country on the whole with the dairy industry accounting for 27 per cent of national exports in the year to May 2008, with Fonterra making up 25 per cent. To read the article [click here](#).

Having also experienced numerous finance company failures over the last eighteen months, the most recent being the Government guaranteed Mascot Finance, the Retail Deposit Guarantee scheme having safe guarded investors deposits, it is encouraging today to read that a new finance company Viaduct Capital has entered the market also backed by the Governments deposit guarantee scheme.

With the property sector having a desperate demand for money and with traditional bank lending currently extremely hard to get this can only be a positive for the finance sector.

Having finally come to the punch line – we at Global, would like to remind you that despite the current market difficulties, particularly with bank funding, there is still very competitive finance available through

Government guaranteed finance companies, trustee companies and solicitor nominee companies, just to name a few, even second mortgages, if the gearing is right and/or we can show serviceability.

To obtain such money it's back to basics. Knowing where to go, the criteria they're looking for, and a proper presentation being the key essentials to success.

In today's market if we at Global cannot source funding for a particular deal, whatever the risk profile, then nobody can.

Consequently, should you or any of your clients or colleagues require finance of any kind, please call me anytime on 021333011, contact me via email, or visit our [website](#), to see examples of the finance we have arranged.

Cheers



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