

Online Social Networking Value or Hype?



If you haven't already joined a web site like MySpace or Facebook, chances are you will in the near future.

For some of us, it's curiosity that draws us in, for others the chance to connect. For whatever reason you take the plunge into the world of online social networking, you will be pleasantly surprised at the benefits it brings.

Sites like MySpace, Facebook and Bebo offer the opportunity to keep in touch with family, friends, work colleagues and business associates. It doesn't replace a good chat on the phone, but it does allow you to be in contact with people on a weekly, daily or even hourly basis. Sitting down for a few minutes to post a blog or message to everyone on your 'friends' list is a conveniently tempting way to communicate in our highly mobile and time-poor world.

Microblogging takes social networking one step further by allowing you to send short, frequent updates to your friends as you go about your daily routine. One of the most popular new

tools for microblogging is Twitter, a web site and messaging service that allows its users to broadcast to their friends updates as brief as mobile phone text messages.

A major drawback for social networking is the new contacts you can make online. You might want to find someone you've lost touch with or join an interest group of people who share your hobbies. You'll find instant and easy access to people from all walks of life, enabling you to develop friendships across the continent or join online discussions about topics close to home.

Of course, the friends you make are just one of the benefits. Social networking sites offer a great way to share photos and videos, seek advice and pursue new interests. With its exploding popularity among millions of users around the world, small business is also beginning to use this medium to engage their customers.

Why not take a peek right now or ask your friends and family which social network they prefer? Join the online revolution!

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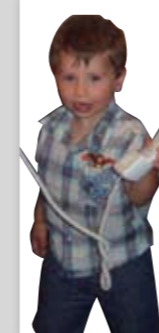
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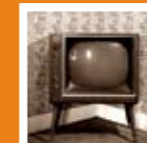
History is in the making as home loan rates are cut to record lows. It's an exciting time to be involved in home ownership, as we see the benefits it brings to buyers, investors and home owners alike.

We start the newsletter by looking at how low interest rates are expected to go, followed by an article on why refinancing your mortgage can save you thousands.

Our page three article reviews property market trends and what this means for your prospects to buy or sell.

Lastly we look at the latest craze of online social networking: is it value or hype?

Enjoy this newsletter and feel free to pass it on to family and friends.



RATES: HOW LOW CAN THEY GO?



REFINANCE: YOU COULD SAVE THOUSANDS



PRICE TAGS COUNT, POSTCODES DON'T



ONLINE SOCIAL NETWORKING - VALUE OR HYPE?

▶ Rates: How low can they go?

The last time mortgage rates were this low we were buying bread for 14 cents a loaf, listening to Elvis Presley on record-players and watching black and white TV.

Official interest rates have dropped to an incredible 50-year low, bringing about massive reductions in fixed and variable home loan rates. For the homeowner with a mortgage of \$300,000 on a 30 year loan, a one percentage point cut in interest rates equates to savings of \$197 per month.

The closely watched 90-day bank bill swap rates (see article 2) are the lowest on offer since their inception in the late 1960s, spelling further reductions in fixed lending rates. Craig James, chief economist with CommSec, is quoted as saying that the new level provides Australians with the "best borrowing conditions they have ever seen".

The question now is; how much lower can rates go? Where and when will they bottom out and will continued cuts help insulate our economy against worsening economic conditions?

It's a question that the Reserve Bank Board has rarely had to consider. They now must find a way to walk the tightrope between generating enough monetary stimulus to deal with the fallout from the financial crisis, while at the same time avoiding the inherent dangers to the economy of rates that are too low.

With the whisper among economists that official rates might drop to 2 percent, there's no better time to give us a call and make sure your mortgage is keeping up with market changes.



Quote for the month...

"The difference between the impossible and the possible, lies in a person's determination."

Tommy Lasorda



Refinance: You Could Save Thousands



This time last year we published an article on whether to refinance in the wake of rising interest rates. Today we re-visit this topic from the opposite side of the coin – whether to refinance in the wake of interest rates that are going down, rather than up!

It's a reversal of fortune that has put the smile back on the face of home owners across Australia. For those on variable home loan rates or fixed interest rates due to expire, the smiles are even wider as they are looking at savings over the long term that could run into the many thousands.

With home loan mortgage rates at their lowest in nearly 50 years, it makes sense to check on the health of your existing loan. Also keep in mind that as the property market continues to show signs of improvement, many

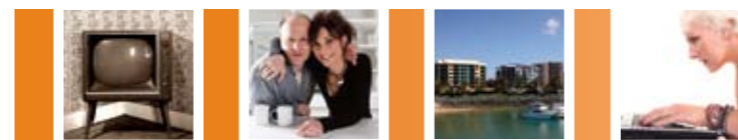
lenders are discounting interest rates and offering more attractive products.

There are many reasons to consider refinancing, such as wanting a better deal, consolidating debt, freeing up equity or renovating your home. The decision to switch between fixed and variable rate home loans is a common reason for refinancing. It is always useful to seek advice in this area from our office. As there are some great deals to be had in the current climate of record low interest rates, we can work with you on finding the right loan options for your situation. With advertised fixed rates in the 5 per cent range there are offers available that we could only have dreamt about a year ago.

If you want a good indicator of what is happening with fixed rates, keep an eye on the movement of

the 90-day bank bill swap rates. Unlike the variable rate, which is influenced predominately by Reserve Bank policy, fixed rates are influenced by speculations of investors in the wholesale money market. Lenders base their decisions on fixed rate pricing on bank bill swap rates, so when they drop, lenders start to follow suit.

As your mortgage broker we are both a reliable and up-to-date source for what is going on in the money markets. Talk to us and we can help you make an informed decision that will bring long term benefits. With the right loan you can make significant savings over the course of your loan. Keep an eye to the future, and what you save now can help with short term cash flow or give you the leverage you need for additional investments.



Did you know?

Australian property values have demonstrated surprising resilience to the global financial crisis—falling by just 2.6 per cent during 2008.

The RP Data-Rismark International National Properties Indices Report for January 2009 showed that including rents, the total returns to residential property were actually positive in 2008. The report states that since house prices have not increased at all in 2008, there has been a huge improvement in buyer affordability.

By comparison, US house prices are down by more than 25 per cent, the benchmark ASX All Ordinaries Index fell by 45 per cent and Australian listed property trusts declined by 55 per cent, with the Australian share market falling by more than 5 per cent in a single day on more than four occasions over the past year.

Price Tags Count, Postcodes Don't



An exclusive postcode is no longer such an asset as property prices continue to drop at the top end of the market.

It is the wealth belt suburbs, where prices have risen strongly for the past four years, which are now the most affected by the economic downturn. Home prices in these suburbs have fallen steeply and experts predict they will continue to fall.

In a turnaround for the property market, it is the homes priced on the lower end of the scale that offer the best value for money and potential for strong capital growth.

RP Data's 2009 Property Pulse Report has highlighted that property hot spots are those with a reasonable

price tag that are well serviced by public transport, arterial roads and amenities such as shopping, school and health care facilities.

With the economy on track for a serious slowdown, those of us who are reluctant to either buy or sell can take heart from the news that property prices and rents are expected to rise by the second half of this year.

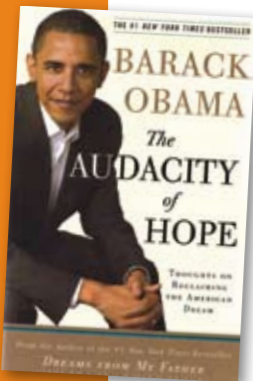
The combination of low interest rates, softer property prices and government incentives are working to drive growth, especially among those buying for the first time. In fact, first home buyers now represent 22% of all residential property transactions, according to the ABS, and this figure is expected to increase as affordability improves.

Investors too are expected to be increasingly drawn into the market as mortgage holders begin to benefit from the lowest variable interest rates ever offered in Australia.

If you are in the market for a bargain, some property experts advise to strike now before property prices start to recover by mid to late 2009. Keep in mind that some areas - such as those close to transport, shops and entertainment - offer better opportunities than others. You want to be in a situation where no matter what, you don't suffer losses, which means you want investments that will provide growth. A bargain in an area that fails to produce any growth and has a low rental yield may be too costly to hold.

Book
Review

Barack Obama: The Audacity of Hope



He seems to be the man of the moment. But what makes him really tick? His latest autobiography, Barack Obama: Audacity of hope is a best seller throughout Australia.

Obama discusses the importance of empathy in politics, his hopes for a different America with different policies, and how the ideals of its democracy can be renewed. This book also examines the growing economic insecurity of American families and the racial and religious tensions within the body politic, and considers the nature of threats from outside America's borders. Written with intimacy and self-deprecating humour, Obama describes his experiences as a politician, about balancing his family life and his public vocation.

You can obtain a copy of Audacity of Hope for \$24.95 from all good book shops.