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## Dear %%First Name%%

After a slight pause, which saw CBA out there on an island of bad publicity, all 4 majors have finally announced their new standard variable rates.

Unfortunately they all decided to move more than the official 0.25 Reserve Bank cash rate increase. National Australia Bank maintains their price dominance with Westpac, as usual, right at the back of the pack.

I am still waiting to see what ING Direct and St George do.

Recently I wrote to you all suggesting that a fixed rate is worth a look. At that time the fixed rates were still higher than the variables but parity was approaching.

Fixed rates are usually tricky to pin down so I recommend clients pay a substantial fee to lock the rate so it doesn't move in between deciding to fix and settlement day.

As a result of their recent rate increase, ANZ is offering a 3 year fixed for standard home or investment loans of 7.1% with the promise that rate will apply as long as a loan is applied for by December 31st and settled by January 31st 2011. No rate lock fee, the rate is set and guaranteed.

A moment of certainty at last. They are also offering up to \$1000 toward switching costs from other lenders and waiving their \$600 upfront fee and the renegotiation fee for existing clients.

7.1% matches their best variable rate. (In October their 3 year fixed rate was 7.65%).

The conspiracy theorist in me suggests that a bank is rarely benevolent so maybe this rate rise is the last in this cycle. Usually the final rise or drop in a cycle is wrong and there is evidence in support of that. Business and consumer



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confidence down along with retail sales, the dollar is high and housing finance is down 23% on the same time last year so we could be at the top of the rate cycle again but it depends who you listen to.

The mining boom continues to propel Australia which has analysts predicting rates will continue to rise. QBE mortgage insurance recently tipped another mini property boom in 2011 with Sydney faring the best with 20% price growth per year until 2014 while Melbourne will yield 9% per year. If prices keep rising rates probably will too.

Once again, fixing is a decision that depends on individual circumstances and I welcome a call to chat about it.

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