

FROM DEREK'S DESK

November 2011

Welcome to the latest thoughts from Kapiti Lights. It's been a funny old month since the last edition - RWC out of the way, election looming large but to many people a "forgone" conclusion, turmoil and carnage in Europe on the financial markets, the weather being very changeable (bit like the UK really!).

Is Europe important to us? Good question! Just when you thought Greece was all sorted, the Italians nearly roll over and become a basket case, thankfully the Prime Minister stood down and a technocrat is now in charge as PM and also Finance Minister. However, they are not out of the woods yet, their Bond issues have got more expensive again and as France hold more Italian Bonds than most other countries, if Italy can't deliver and it's haircuts all-round again, France could well be next in the firing line, coupled with their already potential downgrading, it could well be bad news for all.

Especially, as we (NZ) are a small player in the "big pond" and have to "buy" in our funds, mainly from the northern hemisphere, the costs of borrowing could rise steeply, even though the Reserve Bank is predicted to keep the OCR at 2.50% until the middle of next year. It all makes for fantastic reading, better than any thriller, if you like that sort of thing!

I don't think that there's any need to panic and switch to fixed rates at the moment, even though the Banks are having a "battle royal" with the interest rate offerings. There are some very enticing rates out there at present and you need to be watching for any signs of upward movement and get ready to fix, before it's too late - why not contact me and go on our "rate watch"? - there's no charge!

The Spring housing push seems to have stalled and fizzled out, odd pockets of houses selling here and there, but feedback from Real Estate agents, is that there's still a massive shortage of listings. Shame that, as the Banks are looking to throw money at good applicants, give away up to \$1k towards legal fees/builders reports and heavily discount interest rates. In a few weeks, the market will "close" for Christmas and we'll be looking towards the end of January for any signs of life in the market again - it was a very short season!

If you don't want to move, why not look at a "consolidation exercise" and place all those short term debts, that you never seem to be able to clear, onto a short term mortgage against the house equity - the interest rate could be heaps cheaper and it would help your personal cash flow, just in time for Christmas. As I keep saying, some excellent interest rates available - please give me a ring to discuss your options, I could save you \$\$\$\$\$\$

Locally, the election is hotting up, with candidates meeting the public, handshakes all-round etc. The water meters are still very topical, as is the roading issue. I'm pleased to hear positive feedback from friends/clients who have travelled from the airport, had no adverse comments, which is great. Can't wait until they put Christchurch on the roster, it'll be great to "nip down" for the weekend to see my daughter and grandchild.

Please remember, if you have a financial problem, give me a ring to discuss, a problem shared is a problem halved.

Regards,

Derek

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