Autumn Newsletter 2025

Here is the latest newsletter from Infocus. Please do not hesitate to contact us if you have any questions in relation to these articles, or if we can help you with anything else.

Economic Update April 2025

In this month's update, we provide a snapshot of economic occurrences both nationally and from around the globe.

Key points:
- Trump policy changes continue to drive instability and uncertainty
- Trump's global tariff policy has the potential to bring on economy sapping trade wars
- The US Federal Reserve keeps interest rates on hold as it awaits the outcome of tariffs on the economy
- Markets reflecting concerns that US tariffs could result in slower growth and consumption

We hope you find this month's Economic Update as informative as always. If you have any feedback or would like to discuss any aspect of this report, please contact your Financial Adviser.

The Big Picture

It is nigh impossible to keep up with Trump's claims and executive orders. Even if we compiled a detailed list, Trump changes his direction – sometimes within 24 hours – and judges have thrown out many of his attempts to change policy. Trump has already signed more than double the number of executive orders he did in his first term as president (Trump 1.0) during the first 100 days!

Trump's strong supporter, and unelected official leading the Department of Government Efficiency (DOGE), Elon Musk, seems to be accountable only to Trump. He appears to try and close departments without reasoning, and he too gets some of his policies overturned by judges when his actions are challenged through the courts.

There has been a very strong pushback against Musk both within and outside the US. The share price of his flagship company, Tesla, has fallen from over $400 to nearly $250 since Trumps inauguration on 20 January. Sales of Tesla cars have fallen by 30% to 40% in a number of countries, including the US, and by a reported 70% in Germany. To make matters worse Tesla was forced to recall nearly every cyber truck to fix a defect. And there are reports of the vandalising of Tesla vehicles in the street and in car dealerships as a protest. With the apparent chaotic approach of this Trump administration there are very few parallels with that of the former Biden presidency.

Here in Australia, we have had a Federal Budget and Prime Minister Albanese called an election for May 3rd. The importance of this has been overwhelmed by events in the US this week.

We are uniquely in the position of being able to count on Dr Janet Yellen's expertise. We recently heard her speak on this topic to a closed room. She spent a five-year term as Governor of the US Federal Reserve – the equivalent of the Governor of the Reserve Bank of Australia (RBA) – and a four-year term as Secretary to the US Treasury. She held several other public offices, including leading the White House Council of Economic Advisers – and she has been a long-serving Professor of Economics at the prestigious University of California – Berkeley (since 1980).

There is no one more qualified to speak on these issues from both an academic and a public office perspective.

One of Trump's main stated reasons for introducing tariffs is to redress the US trade deficit. Yellen says they won't; exchange rates adjust to accommodate the tariffs. Historical evidence supports this view.

Trump seems to talk in terms of import tariffs being paid by the exporting country. Yellen says the US consumer will bear the brunt and consume less as a result. We agree. Even Trump urged current Fed Chair, Powell, to cut rates now to ease the burden on the consumer.

Yellen thinks tariffs might only cause a blip in inflation unless they seep into the formation of inflation expectations. The latest University of Michigan estimate of long-term inflation expectations is 4.1% which is the highest since 1993!

Some countries have already responded with new retaliatory tariffs for US exports. This tariff war could end badly. But Trump has often said – and we have written in past Updates – that Trump wants to use tariffs as a bargaining chip to get his way on other things – such as concessions on the location of industry, curbing drug importation and immigration. He said at the end of March – just before his April 2nd reciprocal tariffs are due to kick in – 'there's some flexibility on reciprocal tariffs'.

Federal Budget Summary 2025

In this special report, we look at the key takeouts from the 2025 Federal Budget and what it means for tax, superannuation and social security that may impact wealth creation and retirement funding strategies for advisers and clients.

Overview

There is very little change in this year's budget that has any significant impact on clients from a financial planning perspective.

From a superannuation perspective, the budget did confirm the Government's intention to proceed with the tax on superannuation balances exceeding $3million, which could impact a number of clients. There are also no plans to change the approach of effectively taxing unrealised capital gains, and still no indexation of the $3million threshold, which means more and more people will be impacted by this proposed tax.

At a more general level and against the backdrop of a looming federal election and increased global uncertainty contributed to by tariffs from the United States, the 2025–26 Budget confirmed the shift from back-to-back budget surpluses to the first in a series of forecast budget deficits. This year's headline deficit is estimated at $27.6 billion, and $179.5 over four years. When you include 'off budget' spending, such as the investment in the National Broadband Network and Whyalla Steelworks, the deficit is estimated at $65.2 billion and $283.4 billion over four years.

Public opinion polling has consistently demonstrated that cost of living is the most important issue affecting voters as we draw closer to the federal election - something this budget seeks to further address by announcing new personal income tax cuts which will see the first marginal tax rate reduced from 16 to 14 per cent over two years. In addition to this there is an additional $150 energy bill rebate coming into effect from 1 July and a pause on indexation of draught beer excise for a two year period, from August.

The budget also proposes an increase to the income caps and property prices under the Help to Buy Scheme. Although this is good for first home buyers at auctions across Australia, the Budget does little to address supply side issues, with state and territory governments set to share in just $54 million set aside to grow the prefabricated and modular home sector.

One of the key initiatives in the Budget is the $8.5 billion commitment to expand bulk-billing incentives to all Australians. The Budget also includes $785 million to reduce the cost of scripts under the Pharmaceutical Benefits Scheme to $25, which, from 1 May, will also include the contraceptive pill, endometriosis treatments, and cancer-related listings. A further $658 million has been earmarked to open an extra 50 Medicare Urgent Care Clinics.

In response to the imposition of tariffs on Australian steel and aluminium, the Government has unveiled its "new" Buy Australia Plan. The Buy Australia Plan will see $20 million allocated to the Department of Prime Minister and Cabinet which will be used to encourage consumers to buy Australian made products.

The Government will defer the start date of the amendments to the foreign resident capital gains tax regime and confirmed it will ban foreigners from purchasing established dwellings for two years from 1 April.

The following is an overview of the key budget initiatives across the focus areas the government has targeted.

Key Budget initiatives

Helping with the cost-of-living

• Delivering new tax cuts for every Australian taxpayer
• $1.8 billion to extend energy bill relief (to the end of calendar year)
• Banning most non-competes; and $2.6 billion to increase award wages of aged care nurses
• $784.6 million to make PBS scripts cost maximum $25; and $1.8 billion for new and affordable medicines• Cutting student debt by 20 per cent and making the repayment system fairer

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New Year, New Finance Goals

What better way to kick off the year than with setting some new finance goals to get you motivated! It's easy to get swept up in the excitement of making changes, but make sure your goals are achievable and realistic for you. It might be helpful to start with a big goal like buying a house or saving up for a new car, and then from there you can break things down into categories that will help you get there. A key tip for sticking to your goals is to keep track of your progress. That way you can see how far you've come to give you some motivation! Not sure where to start? Try taking these 5 finance goals into the new year.

1. Track your spending

With Apple/Google Pay so readily available at our fingertips, it's easy to lose track of where your money is going. It might sound simple, but the best way to track your spending is to set up a budget. Make your budget clear, by laying out all your expenses and create a set amount for savings and spending so you know exactly where all your money is going.

Doing this will allow you to identify areas where you can potentially reduce spending, but be mindful to keep your budget achievable.

2. Audit of subscriptions

Are you subscribed to every streaming service available but only use Netflix? Start fresh this year by managing all your monthly subscriptions. Streamer services, gyms, whatever it might be, we are all guilty of being subscribed to things we never use. And while it may only be a couple of dollars here and there, it all adds up and those little savings can go a long way.

3. Budget SMART

Budgeting can be a challenge, but if done correctly, this just might be the best way to improve your saving and spending habits. If you're not familiar with SMART budgeting, let us help you. Think Specific, Measurable, Achievable, Relevant and Time-bound. For example, you are wanting to save for a holiday. Instead of just saying "savings for holiday", say "save $5000 for European summer holiday by May 31st'. It's important to stay flexible with your SMART goals as our lives are constantly changing, therefore our finance goals have to change accordingly.

4**. Become debt free**

There is no better feeling than being debt free. Not to mention, this is a vital goal that will allow you to take control of your finances. Keeping this goal at the forefront of your mind and focusing on reducing the amount of debt you owe, will in turn reduce the amount of interest paid. A great way to kickstart this goal is to set up a debt payment plan, and make a commitment to yourself to stick to it.

5. Shop around

Are the neighbours down the street paying far less in electricity than you? Could your phone bill be less per month? Make sure to do your research and ask for quotes to ensure you are getting the best bang for your buck through your providers. Think electricity, gas, water, internet and phone providers. By being able to minimise costs within these big-ticket necessity items, you'll be surprised on how much you'll be saving.

Make this year your (financially) best one yet! Keep yourself accountable and you'll be ticking off those goals in no time.

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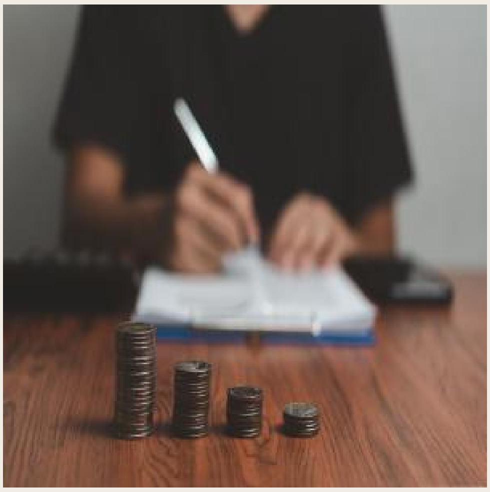
How to Protect Yourself Against Inflation



The cost-of-living pressures are hurting everyday Australians and it doesn't look like it's going to get better anytime soon. From groceries to petrol to bills, everything is going up and we are all chasing our tails trying to keep up. In times like these, safeguarding your wealth is pivotal by adapting some simple financial strategies. Here are a few practical strategies that can be used in protecting you and your family against inflation to strengthen your financial foundation for the future.

1. Know where your money is going (tracking your spending)

When costs are on the rise, every dollar saved counts, and tracking your spending is the best way to know exactly where all your money is going. Are you paying for streaming services that you don't use? Or maybe you are eating out more than cooking at home? Going through your bank and credit card statements is a great way to identify what has been spent, and determine areas that can be cut back. Lowering these discretionary costs won't make a major difference to your lifestyle, but will reduce the financial strain.

2. Invest in Real Assets

One of the best ways in protecting yourself against inflation is to invest in real assets as these are known to appreciate in value over time. Investing into residential, commercial or industrial properties can deliver capital growth, along with ongoing rental income which will provide a dependable hedge. Additionally, commodities such as gold, silver and oil are also known for performing well in inflationary environments, with their prices rising in line with inflation. Investing in the physical commodities, or through commodity-focused ETFs and mining stocks will allow you to gain exposure within this asset class.

3. Diversify your Portfolio

Having diversification across asset classes and geographies can help in mitigating your risk. If one asset was to be impacted, you will still have others that may be performing better. Expanding out of the Australian's market and looking at some global investments in countries with a lower inflation rate can provide a nice balance along with additional growth. Alternative assets such as private equity or infrastructure projects can also offer a shield against your wealth as they are less correlated with traditional stock markets.

4. Consider Inflation - Protected Investments

Specifically designed to help preserve your wealth during times of rising prices, inflation protected investments ensure that your purchasing power isn't affected by adjusting their value in line with inflation. Government bonds such as Treasury Inflation-Protected Securities (TIPS) are designed to keep up pace with inflation so your investment is able to uphold its purchasing power. Additionally, inflation-linked bonds offer returns that regulate in changing economic conditions that further enable you to protect your income from the effects of inflation.

While inflation can erode purchasing power, making it difficult to maintain your lifestyle, these effective solutions can help in protecting your wealth and ensuring you are well prepared for the economic challenges ahead.

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Credit Mistakes to Avoid

Managing your credit responsibility is vital for financial health. Whether you are applying for a credit card, a loan, or a mortgage, it is essential to maintain a good credit history to secure the best terms and interest rates. However, it is easy to fall into common credit traps that stop financial goals being achieved due to a low credit score. Here you can find the top credit mistakes to avoid and how to prevent them.

1. Neglecting to Check your Credit Report

Staying on top and monitoring your credit is the best way to not only track your progress, but to ensure no errors or fraudulent activity. By neglecting your credit report, you risk impacting your ability to secure credit because of issues left unnoticed. Fortunately, many major credit bureaus offer free credit reports annually, making it easy to stay informed. Regularly reviewing your credit report is crucial to spot potential problems and addressing them before your credit score and financial goals are negatively impacted.

2. Missing Payments

The most influential factor of your credit score is your payment history, and a single late payment can stay on your credit report for seven years.Ensuring you pay bills on time not only boosts your credit score but also helps you in avoiding penalties. The best way in avoiding missed payments is to request payment reminders from your lenders, or better yet, setting up automatic bank transfers. This will ensure you never miss a bill, and your credit growth will stay on track.

3. Only Making Minimum Payments

Although it might seem like your debt is more affordable when only paying minimum payments on your credit card, this can cause long-term financial problems for your future. While it does mean your account is kept from falling into arrears, paying only the minimum means you are not making much progress on reducing your balance. In turn, this can result in high-interest charges and a prolonged debt, damaging your credit score. To avoid this, strive to pay more than minimum where possible in an aid to reduce your debt efficiently and keep a healthy credit score.

4. Applying for Too Much Credit

Having multiple credit applications in a short period can damage your credit score as too many inquiries in a short time frame can signal to lenders that you are taking on more debt than you can handle. This will lower your credit score and reduce your chances of getting approved for credit and loans such a mortgage in the future as you appear financially risky to lenders. If having multiple credits is something you seem necessary, it is important to space out these applications at least 6 months apart to protect your credit score.

By avoiding mistakes such as neglecting your credit report, missing payments, making only minimum payments and applying for too much credit, you'll be in a better position to maintain a health credit score. Staying discipline is key to achieving a strong credit rating and set yourself up for long-term financial success.

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Are You Getting Enough Sleep?

In todays fast-paced world, it's easy to sacrifice sleep in the name of productivity. Something as crucial as breathing, and as vital as eating, somehow seems to get overlooked and its importance slowly slips away from us. Sleep isn't just about resting, its about our bodies and minds recharging so that we can be the healthiest versions of ourselves. Not to mention, sleep plays a crucial role in keeping us sharp, focused and productive at work and in our day to day lives. According to Professor Siobhan Banks, we are seeing a significant number of our population getting less than six hours a sleep a night, and this is leading to all sorts of issues with productivity at work, sleepiness leading to accidents on the road, and of course major health issues. So, if you are not getting enough sleep, here are some simple yet effective tips to help you rest easy and wake up feeling refreshed.

1. Consistent Sleep Schedule
Setting yourself a consistent time to fall asleep and wake up each morning, even on the weekends, is key. This allows your body to regulate your internal clock which in turns makes it easier to fall asleep at night, and aids in waking up naturally each morning.

2. Create a Sleep Friendly Environment
If you want a good night's sleep, it is important to set yourself up in the right environment. Ensuring your bedroom is dark, quiet and cool will help your body relax and drift off to sleep. White noise can also be helpful in distracting the mind to switch off, and if possible, limit the amount of electronics in the room to mitigate any distractions.

3. Turn off Screens Before Sleeping
Whilst we live in a world full of screens, the blue light from our TVs, computers and phones are causing harm to our sleep. Try turning off all screens at least one hour before bed, and try calming activities like reading, which signal to the body its time to wind down.

4. Monitor Your Food and Caffeine Intake
What you eat and drink leading up to bed time can have a significant impact on the quality of your sleep. Try not eating large meals before bed, and limit your intake of caffeine and alcohol as these substances can stay in your system for numerous hours leading to disrupted sleeping.

5. Exercise Regularly
Maintaining a regular exercise regime can significantly improve your sleep as physical activity helps to regulate the body's sleep-wake cycle. However, it is important not to undergo vigorous exercise right before bed as this can have the opposite effect, making sleep difficult. Try and aim for a morning walk, or an afternoon workout.

Getting enough sleep is essential in maintaining both your physical and mental health. By following these few tips and tricks to prioritise your sleep, you will soon enough see the improvements in your sleep quality, feel more rested in the mornings, and be more productive during your day.

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