



Planners tip more pain as rates rise

by Simon Gladman

FINANCIAL planners are warning Gold Coasters to prepare themselves for more interest rate hikes and mortgage pain.

The grim forecast came after annual inflation levels hit a 16-year high of more than 4 per cent in figures released this week.

Andrew McLauchlan, business manager at financial planning firm McLauchlan and Partners, yesterday said the increased threat of another rate rise was bad news for thousands on the Gold Coast.

"There has been talk of rate reductions towards the end of this calendar year, however it now looks like it may be well into 2009 before we see a loosening of monetary policy and a reduction in rates," he said.

"I don't think we've felt the impact of the two most recent rises. The talk of mortgage stress at the moment will get a lot worse before it gets better."

Darren Withers, financial adviser at Wilson HTM Investment Group, believes the Reserve Bank of Australia will act cautiously and hold off from swift rate hikes to wait for the impact of its most recent rises.

He said continuing high inflation would hurt Gold Coast investors and developers alike.

Independent property valuer Iain Herriot, of Herriots Valuers, yesterday tipped another quarter-point interest rate jump within the next three months as the RBA tried to slow the economy.

This move would lift bank rates to more than 9.5 per cent.