



Reid Wealth Management - Christmas Newsletter 2023

We wish you a Merry Christmas and a happy New Year. Our office will close from Thursday 21st December 2023 (12pm) and will re-open on Monday 8th January 2024. As always if you need us urgently please call our mobiles. Lara & Darron

Plan Ahead This Christmas



We don't want to alarm you but... Christmas is next month! If the decorations popping up in stores left right and centre are filling you with anticipatory dread, it might be a good time to start planning for the silly season before the chaos ensues in December.

Budget

We're all feeling the pinch of the high costs of living, so try and plan out a realistic budget to follow throughout the holiday season and stick to it the best you can. It might be beneficial to do your grocery shopping at markets or smaller grocers to save some money, buy in bulk where possible and keep an eye out for any bargains.

Postage Take a look at the estimated delivery times for postage for any mail you're sending to loved ones to make sure they arrive in time for Christmas day, particularly if they're living overseas. The cut off dates for international postage to arrive in time are typically in mid-November, so be sure to organise it ASAP.

Secret Santa

Secret Santa is a great option to take the pressure off buying gifts for ALL your loved ones (especially those in big families). There are a number of free Secret Santa generator websites ([draw names](#), [Elfster](#)) that organise it for you by randomising your list and sending all participants their gift buddy via email.

Start early

If you're hosting friends and family at your house this year, get in extra early and start stocking up the cupboard with non-perishable items like canned goods, food containers, and any festive decorations. This means you're more likely to avoid the crowds, have extra time to shop the specials and can ease your way into the planning process.

Menu planning

How many people need to be fed? Are there any dietary requirements? If you're going to someone else's house, what do you need to bring them? Planning out your menu will show you exactly what items you'll need, help keep your budget on track and reduce unnecessary food waste.

Travel arrangements

Travelling can be stressful, so if you're planning to head away over the holidays, figuring out all the logistics in advance will save you a lot of time and energy. This could include any flights, transfers, accommodation or scheduling activities with others you're travelling with.

So, as the holiday season approaches, it's time to get an early jump on preparations and help ensure a stress-free time with your loved ones.

Defend your digital life - simple ways to protect your online data



It seems like every other week there's another cyber-attack, data breach or hacking incident in Australia, releasing our highly sensitive financial, medical and other personal information onto the dark web. It's a scary thought!

Although we have limited control on how third parties handle our personal details, there are some simple things we can all put in place to best protect our data online.

Multi Factor Authentication (MFA)

MFA is a security measure that requires two or more proofs of identity to grant access to an account. For example, when logging into a PayPal or Facebook account, you'll receive a notification via your selected choice of SMS, email, pin number etc. to confirm that it was you who was accessing it. This means that if someone does gain access to your pin or password, they'll still need other forms of identity to login. If it's an online account, we recommend having this enabled.

Passwords

As tempting as it is to use the same password across all of your accounts, or the classic variations of the word 'Password', it makes us more vulnerable to cyber-attacks if they're cracked. Best practice is to create complex passwords that are different for each platform which you can keep track of by using a trustworthy application such as 1Password or Bitwarden.

Emails

Don't recognise the sender? Approach with caution. Phishing and spam emails can often look like they're from a legitimate source, even pretending to be from your friends and family! They can include links that when clicked, can have you reveal passwords and personal information. If there's a link in an email that you're not sure about, it's best not to click.

Updates

Regularly updating your devices and software means they will have the most recent security upgrades to protect you. Hackers look for weaknesses in systems, so setting up auto updates is an easy way to make sure you're less susceptible to attacks.

Anti-virus software

Protect your computer from malicious software, viruses and malware with an effective anti-virus solution. This software will run regular scans on your device, preventing and removing any viruses that try to infect your computer. There are plenty of options to choose from, so research what's available or consult an IT professional for their recommendations.

Stay up to date Keeping in the loop with the latest news about your subscriptions, providers and other services means that if a security breach happens, you can minimise any potential problems by immediately updating your passwords.

If you do find yourself victim of a cyber-attack, or would like know more about how to protect your devices and accounts, visit the [Australian Cyber Security Centre](#).

If you have any questions please don't hesitate to contact the office.



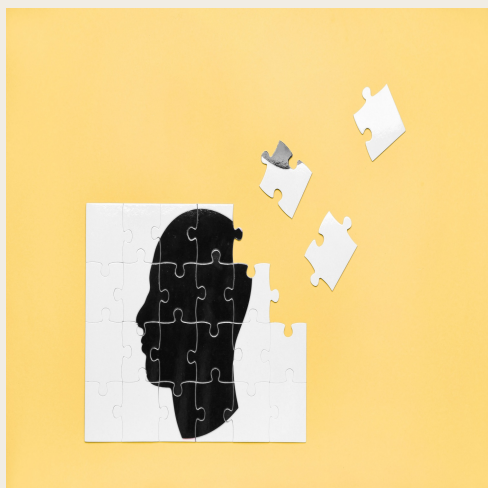
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The Psychology of Money



Money is often one of the most stressful factors in our lives, and is deeply influenced by our emotions. Whether it's the thrill of a successful investment, or the anxiety of a mounting credit card bill... the way we feel plays a significant role in the financial decisions we make. Understanding this psychology can help us to make more rational financial choices, so here are some of the key aspects to look out for.

Emotions and money

Fear, pride, greed, envy... no matter how in control we feel, these complex emotions are often what drive our financial decisions. Fear can make us overly cautious, preventing us from taking calculated risks that may lead to growth, greed may push us into ventures without first undertaking proper research, and envy can result in spending money we can't afford to on material items we don't need. Recognising these emotional triggers when they arise is the first step towards making better decisions.

Impulse Purchases

Sometimes the power of temptation can take over in the form of impulse spending, providing instant gratification or a rush of emotion. Retailers put a lot of work into product placement to encourage this, often through enticing displays, placing products in your direct eye line or through strategic advertising. Try and pause before making a purchase and ask yourself if what you're about to buy is really needed or aligns with your financial goals.

Fear of Missing Out (FOMO)

FOMO can be particularly harmful when it comes to investing. It may prompt you to jump on the bandwagon of the latest investment trends without researching it first, or prompt you to withdraw money from an investment prematurely. To avoid this, take a step back and remember that investing should be a well-thought-out, long-term strategy, rather than a reaction to short-term changes in the market.

Self-Worth

Many people tie their self-worth to their financial status which can lead to overspending in order to try and keep up appearances. It's important to remember that the value of a person is not defined by their financial success.

Education and Planning To help combat emotional spending, improving our financial literacy can help us to better understand the implications of our choices, about different investment options, savings strategies, retirement planning and more. Part of your financial advisers role is to ensure you understand what is involved with your strategy, so if you require further clarification, it's best to get in touch with them. Having a clear understanding can provide you with the confidence to make decisions that will benefit you in the long run.

Emotions and money are intertwined, but with more awareness and recognition of the emotional aspects of your finances, you can navigate your financial journey with confidence and clarity.

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Economic Update - December 2023



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

Key points:

- Australian inflation back in the RBA target range
- The RBA seems to be going it alone for another hike
- US inflation all but back to target
- US jobs data almost signal a recession

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 the team.

The Big Picture Our quarterly inflation read published in late October signalled a slight uptick which we addressed last month in our Economic Update. However, that was enough for the RBA to hike its overnight cash rate on Melbourne Cup Day, even though most of the other major central banks seem to be done. The odds for a hike – as priced by the market – were only 50% prior to the meeting.

Michele Bullock, the new RBA governor, inflamed the situation in a recent speech when she all but said we should hike again. Indeed, she singled out dentists and hairdressers, among a handful of services, as significant causes in the little inflation spike in August and September. That call was in our view unwarranted in that such a relatively tiny amount is spent on those two services.

We singled out the crude oil price spike, which has since faded and the depreciation of our currency as major contributors to the recent increase in inflation. Our dollar was appreciating back up to around 66c from under 63c almost as RBA governor Bullock was speaking.

To make matters worse, Philip Lowe, the outgoing RBA governor, fuelled the need to hike more. So, what happened to the monthly inflation read that came out at the end of November?

We calculate inflation (annualised) on a rolling quarterly basis using the monthly data series. Miraculously, the headline CPI (Consumer Price Index) came in at 3.0%, at the top of the RBA's target range – and not above it. It was also down from the recent peak the month before. The Core variant of inflation that excludes such things as food, fuel and certain vacation spending was higher at 4.4%.

Aussie retail sales in current value terms fell by -0.2% in October so, after, allowing for inflation and population changes, the retail picture is grim. Sales were up +1.2% for the year or about 3.7% in volume terms. Population grew at around 2.6% so that is about a -6.3% decline in volume per capita terms. And the RBA now under Bullock is maintaining a tightening bias which we believe is difficult to support based on our assessment of the available data.

Fortunately, the RBA and governor Bullock appeared to take onboard the view of the market and decided to leave official interest rates on hold at its meeting on December 5th, now all eyes are focused on the RBA's next interest rate policy setting meeting in February 2024.

In the US, the Federal Reserve Board (Fed) is backing away from hiking again and there is speculation that some Fed members are even talking of cuts soon. In support of this view the US CPI inflation came in at 0.0% for the month; the market loved it. Personal Consumption Expenditure (PCE) inflation which is weighted by what is actually being spent was also flat for the month!

In the space of about a month, the US 10-year Government Bond yield popped above 5% only to end November at around 4.3%. In terms of bond yields, that is a big move and it gave US equities a big boost.

The CME FedWatch tool, which uses bond yields/prices to predict future official interest rate movements, looks to be pricing in one or two interest rate cuts for the US by June next year and maybe four or five by the end of 2024. If the US Fed doesn't cut interest rates and inflation continues to fall, the so-called real rate (being the difference between the headline yield and inflation) will be driven higher making monetary policy even more restrictive.

The US unemployment rate, released in early November, rose to 3.9% from a recent low of 3.4%. There is a 'rule' (the so-called SAHM rule after a former Fed staffer) that says if the (average over three months) rate climbs 0.5% or more above the recent low, that is a strong signal for a recession. The unemployment rate is a small move away triggering that rule.

Other aspects of the US labour

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