

# Commercial Update.



## Interest Rates

For information on our current interest rates, [see our Introducer website](#).

## Federal Budget Overview

The Treasurer announced the [2018/19 Budget](#) on 8 May. The underlying Budget deficit for 2018/19 is put at \$14.5 billion (0.8% of GDP), and a Budget surplus is forecast for 2019/20.

The Treasurer introduced tax cuts for workers earning less than \$90,000 per year, infrastructure investments on a number of key rail and road projects, measures designed to improve the quality of life for the aging, as well as extending company tax cuts for small businesses. On the whole, the budget will be a welcome relief to a large proportion of the economy, particularly wage earners in low to middle income households who have seen real wages stagnant for some time in the context of historically high debt levels.

The Budget also includes a range of key economic forecasts, largely in line with current market and RBA forecasts. GDP growth rate in 2018 is expected to be 2.75% and 3.00% in 2019; the unemployment rate at 5.5% in 2018 and 5.25% in 2019; CPI is expected to be around the 2.00-2.25% range over this period.

## Impact on the Commercial Property Sector

While there were no specific initiatives directed towards the commercial property sector, the overall budget appears likely to be positive for the economy to achieve growth of around 3.00% over the next few years. This improvement in growth, together with a neutral interest rate environment will underpin the commercial property sector.

Consistent with recent years both Federal and State governments have invested in infrastructure. This trend has continued in this year's budget, with Road and Rail projects being the main sectors to benefit.



## Want to find out more or talk about a commercial loan?

Get in touch with your ING representative, they can help you with your submissions, workshopping deals or scenarios.

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