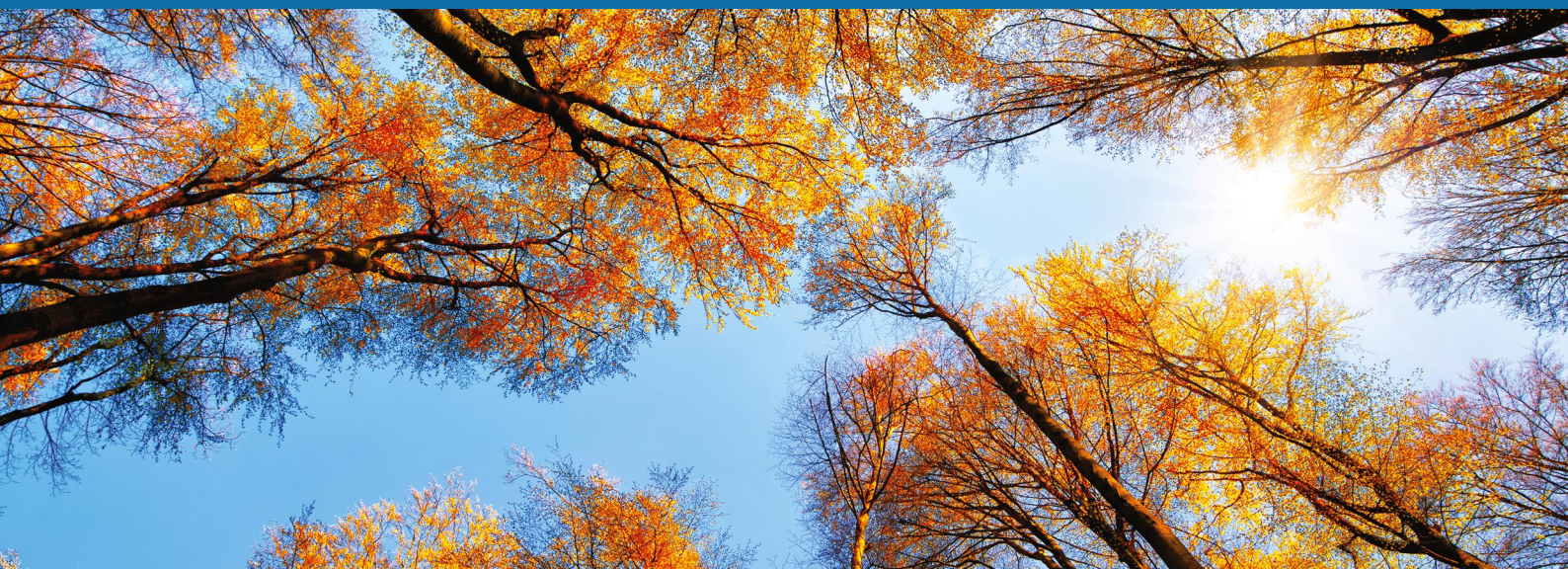


Our latest update



May 2023

As the days get shorter and temperatures begin to fall, Federal Treasurer Jim Chalmers is working to complete his second Budget, due to be delivered on Tuesday 9 May.

All eyes were on the Reserve Bank board this week as it met prior to the Federal Budget to decide whether or not to increase the cash rate. The board decided last month to pause its relentless increase of rates designed to reduce inflation to 2-3%. The cash rate was increased by 0.25%.

The good news is that there are signs inflation is slowing. The latest figures show the annual rate at 7%. The March quarter saw prices rise just 1.4%, the lowest increase in two years, although consumers are still feeling the pressure of rising prices in a number of areas. The most significant contributors to inflation remain fuel and utility prices, medical and hospital expenses, tertiary education and domestic travel costs.

The welcome inflation easing and a rally on Wall Street buoyed local markets a little with the ASX200 ending the month slightly higher.

The unemployment rate remains at a near 50-year low of 3.5%. With consecutive months of strong growth in female employment (up 81,000 over the past two months), the female participation rate increased to a record high of 62.5%.

The Australian dollar held on at just over US66 cents against the US dollar.

Meanwhile iron ore prices have been tumbling as China's property market falters and there are fears the falls could continue.

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Why an emergency fund delivers *peace of mind*

When life tosses up an unexpected event – such as retrenchment, a medical emergency or even just a big bill to fix the car – it can be nerve-wracking worrying about how to deal with the crisis. And, if funds are short, that just adds to the stress.

But imagine that you have a secret cash stash – an emergency fund – that will cover the costs, giving you the mental space to deal with the problem.

In fact, an emergency fund is the basis for a strong financial strategy and provides a crucial safety net. It makes sense regardless of your age or income because the unexpected can happen to anyone.

Without a cash reserve, you may have to rely on credit cards or loans, which can put a further strain on your financial situation and your mental health.

An emergency fund gives you the peace of mind to be able to weather the storms that come your way without racking up unwanted debt and interest payments.

How much is enough?

Of course, it can be tough to save when inflation is eating away at your income. Rising interest rates, rents and the cost of groceries is putting a big strain on households.

The Australian Bureau of Statistics reports that household savings have been declining for more than a year as people contend with increased mortgage payments among the other rising costs.ⁱ

Nonetheless, by putting aside even a small but regular payment into a separate fund you will slowly accumulate enough to cover emergencies.

The size of your emergency fund depends on your own circumstances but an often quoted target is enough to cover between three and six months of living expenses.

It may differ if say, you are planning on starting a family and need funds in reserve to cover the difference between parental leave payments and a salary; you have children in school and want to be able to cover school fees for a year or more, no matter what happens; you need to take time off work to care for a family member; or you need to make an unplanned trip.

On the other hand, if you have retired, it can be helpful to have a buffer against market volatility. If there is a downturn in the markets and your superannuation is not providing your desired level of income, a year's worth of living expenses in an emergency fund can make all the difference to your lifestyle.

The main thing to remember is that if you need to raid your emergency fund, start work on rebuilding it as quickly as possible.

Building your fund

Putting together a budget can help you to analyse how much you can afford to put away every week, fortnight or month. Then, consistently saving until you reach your goal is the key, no matter how small the amount.

It is best to keep your emergency fund separate from your everyday transaction account to reduce the chance of you using your saved funds for regular expenses. One option is to pay yourself first by setting up a direct debit, so your emergency fund grows automatically with no extra action needed from you, and to avoid the temptation to withdraw your savings.

The type of account you choose for your emergency fund is important. It should be readily available so, while shares and term deposits may offer higher returns, they are not quickly accessible when required. Shop around for a bank account that offers the highest interest to get the most out of your hard-earned income.

Building an emergency fund is an essential component of a strong financial plan, providing a safety net should something unexpected arise. If you are unsure of the best way to set up an emergency fund, we encourage you to reach out to us. We can provide guidance on the best options for your unique financial situation and help you take steps towards building a strong financial foundation.

ⁱ <https://www.abs.gov.au/media-centre/media-releases/economic-activity-increased-05-cent-december-quarter>

Getting your

BOUNCE BACK



Life is pretty frantic, and it is common to feel like it's a struggle to keep up the pace. In fact, feeling exhausted is so common that it has its own acronym, TATT, which stands for "tired all the time".

While it's somewhat comforting to know you're not alone, it's certainly not a nice feeling, so let's look at some of the best ways to get some bounce back into your step.

Watch what you take on

One of the first and most obvious things is to look at your busy lifestyle and see if something has to give.

Don't be afraid to decline invitations if you are feeling overcommitted, in particular say no to the things that are a drain on you physically or emotionally. No one can be busy 100% of the time and it's important to ensure you have a little downtime to just do sweet nothing - even if you need to schedule it into your calendar!

As you manage your time think about what is most important to you and prioritise things that make you happy and give you energy.

Catching some zzzz's

Of course, the most powerful downtime, is getting a good night's sleep. If you are not a great sleeper making some small tweaks to your evening routine can help. Anything you can do to wind down, be it having a hot bath or reading a book, is great for getting in the right zone for a restful night's sleep.

Avoiding screen time for an hour or two before bed is beneficial as the blue light from laptops and phones is known to trick your brain into thinking it's still daytime. This reduces hormones like melatonin, which help you relax and get deep sleep.

And while caffeine may be your friend if you are feeling a little lacklustre, it's not ideal to have caffeine after 3-4pm if you want to have a good night's sleep.

Stress less to recharge your batteries

Winding down can be easier said than done, however – often we don't even realise how stressed we are until it gets to a point where it creates a problem for us.

Being in a constantly anxious state is draining. Our body is sending messages to put us on high alert – the fight or flight response – which is fine for short periods of time, but when it's constant our batteries get drained pretty quickly.

Simple practices like deep breathing and progressive muscle relaxation can be very effective in reducing stress and improving energy and don't have to take a lot of time or effort.

The right fuel for sustained energy

No amount of relaxation or rest is going to help, if we are not giving our

bodies the best fuel for energy. We can't expect to perform at our peak if we are running on fumes, which is where a balanced diet and hydration are key. Sugar in particular, is a culprit in giving you a burst of energy and then a crash, so instead of reaching for that chocolate bar mid-afternoon, try a handful of nuts or a banana for an energy boost.

Another easy tweak is to make sure you are drinking enough water. Just putting a jug in easy reach on your desk can be enough to have you humming along through the day.

Get your body moving for an energy boost

The last thing you probably feel like doing if you feel exhausted is to pop on your running shoes or go out for a brisk walk, but getting your blood pumping and your heart beating fast is a great way to shake off the cobwebs and boost your energy. It's important to listen to your body and pace yourself but expanding energy is a great way to create more energy!

Life is to be lived and making some tweaks to your lifestyle and routine might just help you get that boost you need to enjoy life to the fullest.

Note: It's important to also consider that chronic tiredness can have a medical cause, so be sure and see your doctor if you have any concerns about your overall health.