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Merry Christmas
and a big, happy
New Year

How to harvest the rewards



I'm often asked about how my macadamia nuts are harvested – here's a pic showing one of the collection "bins". A Harvester, much like a golf ball collecting ride on, runs through the orchard picking up the nuts while automatically separating much of the leaf litter. From the bin, they are sorted, de-husked, and then the shells are removed to produce that creamy nut you see in the shops at over \$30 a kg – I get about \$5 a kg.

Merry Christmas and a big, happy New Year into what we all hope will be a much, much better 2021!

Brett

**Best wishes from myself and all
of the team at Selector Group**



Economic Outlook – Looking Ahead to 2021

How we get past the Coronavirus pandemic will be a defining moment of 2021. The direction of the United States under its new President, Joe Biden*, will also be watched closely around the world.

CORONAVIRUS PANDEMIC AND SOLUTIONS ON OFFER

The Coronavirus pandemic remains a concern as we see new waves emerge, particularly in Europe and the United States. In Australia, thankfully, the case growth is well contained and the emphasis is now on economic recovery.

Without a vaccine we are likely to see new lockdowns and restrictions as a backdrop of 2021. We also expect Governments will moderate how far they go to reduce the economic cost.

On the vaccine front, we could see some good news by the end of 2020 with several large-scale trials expected to be finalised. The belief, based on promising initial results, is that one or more of these options will meet the US Federal Drug Administration (FDA) approval, setting the stage for a broader roll out in 2021.

HOW MIGHT THE WORLD BE SHIFTING POLITICALLY IN 2021?

The victory of Democrat challenger Joe Biden over President Trump in the recent Presidential election is likely to see change going forward. Domestically, it is likely he will push for a more coordinated response against the pandemic. He is also likely to push for additional US Government stimulus. Pres. Biden cannot implement his more radical campaign promises, such as higher corporate taxes, without a Democrat Senate. This may still happen if

the Democrat party wins runoff elections next January. Although we will see vote recounts in some states, given Biden's lead at the time of writing, this is unlikely to change the outcome.

Likewise, we expect legal challenges to ultimately falter given limited legal grounds. Internationally, we believe a Biden Administration will focus on rebuilding relations following years of unilateral action under Trump.

This could see a softer approach on China relations although, given the China concerns within the US, we think a return to a pre-Trump era is unlikely.

Elsewhere, we expect to see more attention pivot towards China as the country celebrates the centenary of the founding of the Communist Party. The country's efforts to climb up the technology value chain will be a source of further tension given the long US dominance. The rise of China has implications for Australia, with diplomatic relations strained following Australian support for an inquiry into the Coronavirus pandemic and inflammatory rhetoric by Coalition MPs.

It is an area that has had investment impacts already with Penfolds producer, Treasury Wine Estates, one of the latest companies targeted. This behaviour by Chinese authorities may continue as they look to prioritise their interests.



GLOBAL ECONOMIC OUTLOOK

March 2020 likely marked the short-term bottom of the market impacts of the recession. It will take economies some time to recover and we expect this to continue into 2021.

Risk looms, including surges of new infections that raise the chance of continued lockdown restrictions. Another is the expiration of temporary mortgage payment deferrals and bankruptcy proceeding suspensions. In 2021 we could see an increase in business closures (and potentially rising job losses) with temporary Government stimulus set to taper off. Importantly, across most major economies the growth momentum is strong with the JP Morgan Global Composite PMI (a good proxy for global economic health) at a 28-month high in October, even with weakness in Europe.

The Chinese economy looks set to continue growing at a solid pace with an emphasis on investment spending benefitting Australian exports - particularly iron ore. In Europe the new wave of the pandemic will take time to overcome and could see negative growth during the December quarter. Unlike the global financial crisis, we believe European authorities have learned from their mistakes and will maintain Government spending, lowering the risk of cutting it off before the economy has sufficiently recovered. The European Recovery Fund (a giant fundraising exercise across the continent) will also support spending next year, offering some cause for eventual optimism.

AUSTRALIAN ECONOMIC OUTLOOK

We will have confirmation that the recession is over with the economy moving back into growth from the September quarter. However, it will not feel like a recovery until all the jobs lost are clawed back.

The Government's 2021 Budget is attempting to promote a "business-led" recovery with investment spending and hiring incentives. However, that must be balanced against its removal of sizeable direct injections into the economy, such as JobKeeper, while limited immigration will be a headwind (fewer customers for businesses and less spending in the economy in general).

The gradual lifting of Victoria's restrictions, and the resumption of trans-Tasman travel with New Zealand, will be notable tailwinds over the next year. We expect further Government support will be forthcoming, if required by another emergency. On balance, 2021 will be a year of improvement and recovery.

*At the time of publishing this article Joe Biden is the President-elect and there are continuing discussions that President Trump may contest the outcome.

Source: IOOF Research



How to seek out positivity and improve your wellbeing

In April 2020, online searches for “good news” spiked to a five year high.¹ People are actively searching to counterbalance all the negative news. It’s normal to feel anxious about what the future might look like, however, if it’s impacting your emotional wellbeing, take active steps to add positivity to your life. This way, you’ll be better able to help those around you.

HOW TO MANAGE WORRY

While it’s important to stay informed, if you’re constantly glued to the news cycle it’s easy to feel overwhelmed. It can be helpful to take breaks from news stories – including social media. Instead, allocate a specific time of the day to keep up with the news, and then switch off for the rest of the day. You could also schedule time to step away from your screen and do something to unwind and de-stress, such as reading, gardening or going for a walk. During times of crisis, we often get bogged down in what’s happening and forget that this period will eventually pass. Try to focus on the future and make plans for six months or a year from now.

ADD POSITIVITY TO YOUR LIFE

There are small steps you can take to improve your wellbeing. Here are some helpful tips to consider:

- Create a daily routine that schedules in time for physical exercise, activities you enjoy and plenty of sleep.

- Set a purpose for each day.
- Write a to-do list and celebrate your accomplishments as you tick things off.
- Do good deeds for others. Or support a charity; donate or volunteer. There are countless social issues and causes vying for our attention. Rather than investing your energy in every issue, decide how you can make a difference in one area and focus your attention there.

THE IMPORTANCE OF CONNECTION

Social distancing and Government lockdowns – while necessary – have increased feelings of loneliness for many people. It’s essential to stay connected with friends, family and your community, so physical isolation doesn’t translate to emotional isolation. Now with restrictions lifting, reconnect with loved ones that you may not have seen for some time. It helps to open up about how you’re feeling.

Discussing your fears with people you trust may help you to work through them, rather than having them play over in your own head. There are a number of organisations that can support you, see the link below for further information.²

Source: Colonial First State

1 Wunderman Thompson Intelligence, The Future 100, May 2020

2 <https://www3.colonialfirststate.com.au/personal/news-and-updates/latest-from-cfs/wellbeing-and-support-in-uncertain-times.html>

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