

Monthly Bulletin

Share Market Risks

As we approach mid-year it's worth reviewing the outlook for shares particularly with numerous warnings of corrections and crashes. Our view for this year has been that share market gains would be positive, but more constrained than seen in the last two years.

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The bond rally, secular stagnation & now Iraq

A big surprise this year as been the renewed rally in government bonds – both globally and in Australia. The big question for investors is whether the renewed decline in bond yields is telling is the global economy is in trouble.

[Read article](#)



Happy EOFY 2014!

June 2014 Edition



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Ken's Corner

Welcome to the June 2014 Edition of our Monthly Bulletin. Global markets in the month of June were quite volatile as new tensions in Iraq and Syria overshadowed excellent economic news from the US. International markets generally trended in a positive direction as investors shrugged of the bad news whilst Australian markets didn't fare so well and trended down, primarily due to negative consumer sentiment as a result of the Federal Budget. In the first article, Shane Oliver examines the risk of a correction as US shares are seen as overvalued and there are lingering concerns with Europe and Iraq. In the second article, Shane Oliver examines why bonds have continued to rally and whether this rally is due to concerns about the Global economy and the political unrest in Iraq.

In Focus this month looks at the rising retirement costs surveyed by ASFA for the March 2014 quarter. According to the survey, couples would need a joint Super balance of \$510,000 in today's dollars to have a comfortable retirement.

In Focus

Rising retirement costs: ASFA Retirement Standard March 2014 quarter

According to latest figures contained in the Association of Superannuation Funds of Australia (ASFA) Retirement Standard for the March 2014 quarter, couples would need a joint superannuation balance of \$510,000 to have a comfortable retirement. The figure assumes both members of the couple will not retire before qualifying for the Age Pension.

The cost of comfortable retirement rose by 2.7% over the year to the March quarter. Pharmaceutical services were the biggest contributor, with prices rising by 6.1%, followed by fuel (4.1%), and medical and hospital services (1.9%).

Client considerations

People heading to retirement should likely be looking to save more, as the expenditure required for couples wanting to live a 'comfortable' retirement has now increased to \$57,817 per year. Couples seeking a 'modest' retirement lifestyle will need to spend \$33,509 a year. Singles seeking a 'comfortable' retirement will now need to spend \$42,254 a year and \$23,283 per year for a 'modest' retirement, according to these latest ASFA figures.

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