FCA OUTLOOK

April 2011

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Latest Interest Rates

New Trucks, Trailers, Earth Moving & Agriculture	New Plant and Equipment
From 8.6%	From 8.5%

Commercial Property & Business Finance	Homeloans & Investment Properties
From 7.95%	From 6.87%

Motor Vehicles & Light Commercials
From 8.3%

Commentary

Lending Market

The finance market is easing this year as the competitive forces come in to play. To maintain their shareholders' returns the Lenders are required to continue to grow their lending activities; only so much can be done in the high margin, low risk Consumer Finance market before they return to business lending. Also we know of several moves in the second and third tier Lender markets which will result in some of the market share being taken from the "big 4". All of this is good for us in the SME and Professional lending market. We are already seeing early signs that the Credit Teams are becoming more accommodating purely to get some volume through if not only to help boost the otherwise flagging bonus packages the Bank Execs have seen over the last 12 months. Colour me cynical if you must! Margins in the Professional market are beginning to come back but this could change in an instant depending on the currency trader's view of the Global Market.

From The Reserve Bank of Australia

- The Queensland floods impact, in economic terms will be concentrated in weaker coal exports in QI. RBA sees recovery from June quarter onwards as rebuilding builds up ahead of steam, and coal exports bounce back.
- · Domestic sectors mixed. Retail spending still tepid. Business investment strong. Housing market steady. Jobs market remains robust with unemployment at 5% and at the top end of the employment zone.
- · CBA expects another RBA cash rate rise to 5.0% in May, with cyclical peak of 5.5% by mid 2012.

New Products

- **Commercial Loans** Our SmartSuite Commercial range of products is a simple, streamlined approach to commercial lending. SmartSuite Commercial offers the flexibility of three different income verification methods: Full Doc, Lo Doc and Simple Doc. It is a fully featured commercial term loan, able to be secured by either commercial or residential property. SmartSuite Commercial offers up to an 75% LVR, a maximum loan term of 25 years and interest only period of up to 5 years.

- **New Equipment for Old** - Do you have existing equipment currently under finance? You could be eligible for our “New for Old” equipment replacement plan - no extra paperwork, no financials required

- **Low Cost Superannuation Fund borrowing structures**

- **Wide range of Mortgage products available at just 5% deposit**
- **Mortgage products available from 15% deposit with no Lenders** Mortgage Insurance

Deferred Establishment Fee ban

Government's ban on mortgage exit fees passed into law on 23 March 2011 and will apply to all new home loans from 1 July 2011.

There has been mixed reaction to this reform depending on where you stand. Some say the Banks will simply increase other fees and charges to recover this possible loss of income and that getting out of a loan is not the problem but taking out a new loan that will have increased up-front costs and more stringent approval criteria is the dominant factor.

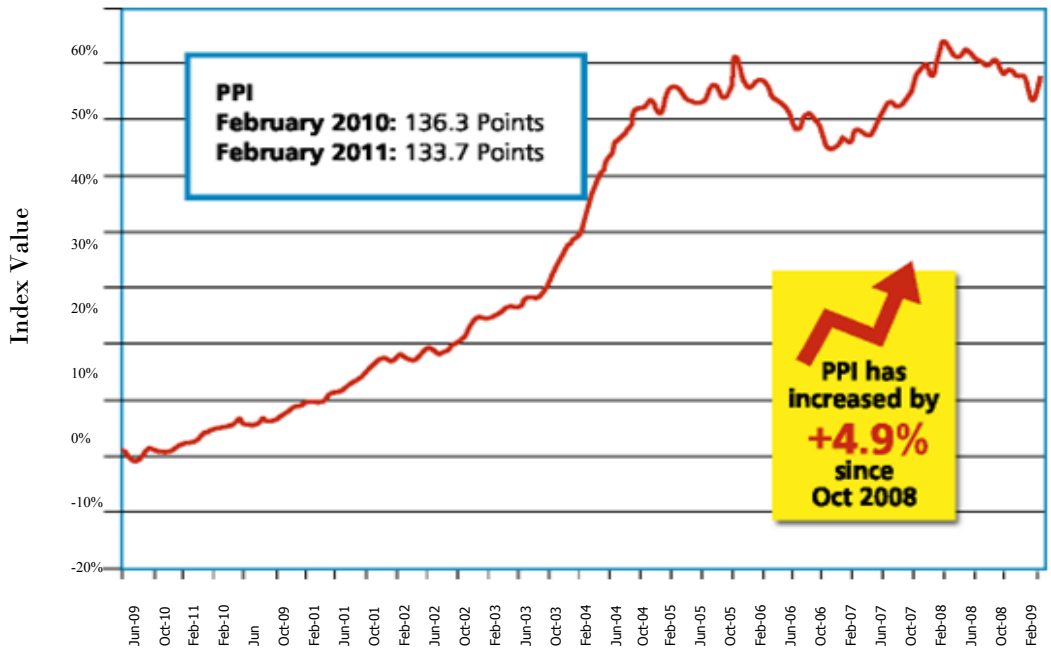
Whatever the case, the main issue is knowing the total cost of a loan and having full details about a proposed loan so that consumers can make informed decisions.

Either way it is now even more important that you work with Finance Company Australia who knows which lenders have the lowest costs, be they up-front or deferred.

Property Values

FCA Property Index reflects the average price of house values across 200 of Perth's suburbs. To more accurately reflect the values for the vast majority of the Perth property market, the suburbs at the extreme ends of the value graph have been removed. Full details as to the methodology used in calculating the FCA property index are available on request. Index results are indicative and will be revised in April 2011.

FCA Property Index



Annual Change In Average Prices

Property Source by RP Data

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ABOUT FCA

Finance Company Australia is one of Australia's prominent finance broking groups. FCA staff are highly experienced finance professionals with expertise in all aspects of commercial, equipment and residential finance.

"Finance Company Australia's focus is on the delivery of outstanding client service, fast and competitive approvals and professional excellence."

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