

The Cash Rate rose by 3% per annum in 2022



Graph of the Cash Rate Target



2 out of 3 Low-Fixed Loans taken out in 2021 are set to expire in 2023



Prior to 2020, fixed-rate mortgages made up of around 20% of total mortgages.

Fixed-rate borrowing peaked at 46% in July 2021, due to the cheap interest rates that followed the onset of the Covid-19 pandemic.

That means borrowers are likely to experience a significant increase in their home loan repayments.



Inflation has risen 7.8% for the year

“

A further increase in inflation is expected over the months ahead, with inflation now forecast to peak at around 8% later this year.

Philip Lowe
Governor, Reserve Bank of Australia

”



Household Spending continued to rise

11.4% increase in November 2022 compared to the same time in 2021.

35.8% increase in spending in Transport.

23.8% increase in spending in Hotels, Cafes & Restaurants.

7% fall in spending in Furnishings and Household Equipment.



Sources:

- <https://www.finspo.com.au/learn/interest-rate-tracker/#:~:text=So%20how%20much%20did%20interest,from%20to%20purchase%20your%20property.>
- <https://www.rba.gov.au/statistics/cash-rate/>
- <https://www.aussie.com.au/insights/articles/expiring-fixed-rates-2023/>
- <https://www.forbes.com/advisor/au/personal-finance/why-is-inflation-rate-so-high/#:~:text=When%20will%20inflation%20peak%3F,it%20is%20currently%20at%207.8%25.>
- [https://www.abs.gov.au/media-centre/media-releases/household-spending-114-last-12-months#:~:text=Australian%20Bureau%20of%20Statistics%20\(10,Website%2C%20accessed%204%20February%202023.](https://www.abs.gov.au/media-centre/media-releases/household-spending-114-last-12-months#:~:text=Australian%20Bureau%20of%20Statistics%20(10,Website%2C%20accessed%204%20February%202023.)