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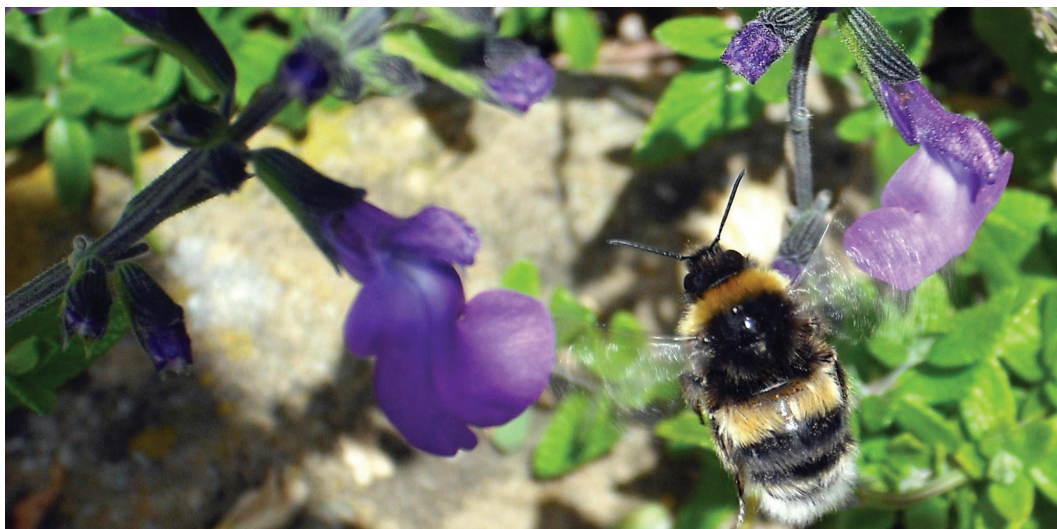
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As always, I would point out that it is just my opinion, it may well be different to yours and would likely not be the opinion of all GDA partners and staff.

My opinion is that Australia is changing and not necessarily for the better. I find that Australia seems to copy the worst trends and policies that you see in action overseas. Politically, the United States is currently in a poor state. You have constant conflict between the Democrats and the Republicans, the judiciary is frequently partisan, the number of Woke policies, including being soft on crime, is increasing and legalising drugs is having a detrimental effect on a number of cities.

You are seeing that in Australia. There are any number of examples. The recent Covid inquiry announced by the Albanese government, where the three member panel has no powers, no legal expertise and may not conduct hearings has, under its terms of reference, been excluded from scrutinising unilateral decisions made by the states, such as lock downs, vaccine mandates and school closures. It will have a look at what actions the Morrison government undertook.

In Canberra the Australian Border Force (ABF) has cautioned the ACT government against going it alone as it prepares to decriminalize possession of small quantities of ice, heroin, cocaine, and other drugs from next month. A softening of the Territories drug laws to take effect 28th October will make Canberra the first city in the country to decriminalise illicit substances, again it is a fair bet that Canberra could become a hard drug centre. The ABF comments follow massive drug seizures at Australia's borders over the past 12 months, including more than 300Kg of heroin detected in Queensland in April and 250Kg of cocaine found stashed in the hull of a yacht in July that resulted in the arrests of two men in Canberra.

The soft on crime approach I find particularly offensive, it effectively says I don't care about the last victim and I certainly don't care about the next one. All states have issues but once again Victoria seems to lead the way. Consider the four boys aged 13–16 who have stolen 90 cars, mostly taken during their combined 170 home burglaries, they have been arrested 109 times but continue to walk free. Imagine how a 77 year lady felt when these young thugs broke into her home in the early hours of the morning in July, stealing her car keys, making off with her vehicle, purse, iPad and computer.

Or consider the parents of Declan Cutler, who when he left a birthday party was attacked and killed by eight boys, he was stabbed more than 100 times. One of the boys who is now 14 but was 13 at the time has just been acquitted and walked free. In September in the Victorian Supreme Court Justice Rita Incerti found there was a "reasonable possibility" the boy did not know his conduct was "seriously wrong in a moral sense" when he committed the offending. I knew right from wrong at 13 and most people do. It fits hand in hand with policies that they want to introduce in Victoria where, if you are under 14 anything short of act of terrorism or murder and you will not be charged.

Coles will introduce body cameras to combat abuse and physical incidents against their staff. People should not be under threat when they go to work.

Recently, I had occasion to call into Office Works, Bourke Street Melbourne. While I was there I heard a number of staff call out "stop". I then noticed a man ignore them and walk out of the store. I asked them what it was about, they told me he had brought wire cutters with him, cut the security chain and walked out with an expensive laptop computer. I asked them if this happens often, the answer- sometimes several times a day.

Make no mistake we all pay for this in higher margins. Again, it is a fair bet that unless people are held accountable for their actions society will become inherently more dangerous.

I am of the view that things can and must change, but it is going to require some very strong leadership, something that appears thin on the ground at the moment.

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MONEY MATTERS

ONLINE SCAMS

What is a Remote Access Scam?

A Remote Access Scam is when someone contacts you, often claiming to be from a well-known company, and asks you to download software to your device to help 'fix a problem'.

This software then gives the cyber criminal access to your device.

Once cyber criminals have access to your device, they can use it to steal your personal data, access files and banking details.

Cyber crime is crippling Australians and their business daily.

What is Malicious Software?

A common type of cybercrime that people may come across is Malicious Software – better known as Malware.

Malware once installed on your device, may allow cyber criminals to access your files or watch what you're doing.

Cyber criminals trick people into downloading malware by disguising it in links in emails, through pop-ups offering free music, game or video downloads, through pirated software, or even requesting you download software, such as 'codes' to access videos embedded on websites.

What are Botnets?

Botnets are networks of devices infected by viruses that are remotely controlled by cyber criminals.

These networks are used by cyber criminals to commit large scale attacks, including data theft, distributed denial of service attacks, email spam, phishing and distributing malicious software.

Cyber criminals using a single device are limited to the number of actions they can complete, however creating a network of infected devices enables them to carry out larger scale attacks with increasing speed.

Devices can become infected through opening links or attachments in suspicious emails, or downloading malicious files that are disguised as free games, music or videos.

What is Business Email Compromise (BEC)?

Business email compromise is where cyber criminals either use a fake email account that looks or sounds similar to a business's real email address or they gain access and compromise a legitimate email account. They then use these accounts to try and defraud people and businesses out of money or goods.

What are Keyloggers?

Keyloggers are a type of spyware that can be installed on devices to keep a record of what you type on your keyboard.

They can also be used to access your device's camera, listen via your microphone or capture and send screenshots of your activities.

While Keyloggers installed on a computer by the device owner are perfectly legal, the threat is when keyloggers are used for criminal purposes such as identity theft, stalking and fraud.

Keyloggers can be covertly installed on your device through malicious links and attachments in emails, software downloads and some even just from visiting a malicious website.

What are Viruses and Worms?

Viruses are a type of malware, or malicious software, that can spread from one device to another inside files. They rely on people opening a file and sending it on to others to spread.

You may have also heard of computer worms, while these are similar to a virus, once a device is infected, worms can spread from one computer to another without relying on people to spread it.

Your device can be infected by a virus or worm from an email attachment or malicious link, from downloading files, or even through shared USBs.

Once your device is infected, worms and viruses can steal your data, download spyware or ransomware to your device and delete your files.

Some signs that you may have a virus or worm are applications behaving suspiciously or your device running slowly or overheating.

What is Phishing?

Phishing is an attempt by cyber criminals to trick victims into giving them personal information or downloading malware.

To do this they often send messages pretending to be from companies you know and trust and direct you to click links or reply with sensitive information.

These messages can come via text message, phone, social media or email.

The danger with phishing is that once cyber criminals have access to your information, they can use it to gain access to your device, steal your identity and steal your money.

What is an Online Shopping Scam?

An online shopping scam involves cyber criminals creating realistic but fake online stores selling items at heavily reduced prices or fake ads on legitimate classified websites.

Once a buyer places an order, items are either not delivered or fake products are received in their place.

Source: AFP

Banks will never:

- Contact you to ask for any account or personal details in an unsolicited text or email.
- Call and ask people to transfer funds to another account over the phone.
- Ask for online banking passcodes or passwords over email, text or phone.
- Ask for remote access to your devices.
- Threaten you to take immediate action on an issue.

Banks advise to never:

- Provide banking information, passwords or two-factor identification codes over the phone or via text to anyone even if you know them – contact the bank through official channels only.
- Login to your online banking via links sent through email or text.
- Click on suspicious emails, links or texts.
- Transfer money unless you're certain it's going to the right person.
- Provide personal information to anyone you don't know personally unless you know it's for a legitimate purpose.

Banks advise to always:

- Question the authenticity of a text message, an email, a call or a person who claims to be from a trusted organisation. If in doubt, call back on the publicly listed phone number.
- Check the legitimacy of any invoices or bills
- Immediately report any suspicious activity directly to your bank.

Source: Australian Banking Association

ECONOMIC NEWS

Key Points

- Australia's GDP for 2Q23 was 0.4%, with annual GDP at 2.1%.
- RBA maintained the cash rate at 4.1%, but reiterated that inflation is still too high
- Growth was tepid globally with 2Q23 GDP below (Eurozone) or matching (USA) 1Q23 figures.

Australia

Australian GDP came in slightly above expectations, increasing at an annual rate of +2.1% for the 12 months to June, despite very weak household consumption. GDP growth has slowed from +2.4% to March, consistent with the RBA's forecast for a continued softening of the domestic economy into the end of this calendar year before a gradual recover through 2024 and 2025.

The RBA left the cash rate at 4.1% in its August, reiterating that inflation was still too high and further tightening may be needed to bring inflation back to its target range of 2-3%. Inflation unexpectedly eased down to 4.9% in July, led by falling prices for fresh produce and fuel.

Westpac-Melbourne Institute Index of Consumer Sentiment came in at 81.0 in August, ahead expectations of 80.7 with the RBA's decision to hold rates steady for a second month in a row doing little to quell worries about higher borrowing costs. The unemployment rate rose to 3.7% in July, above the expected 3.6% and underscoring the RBAs prediction that the labour market is near a turning point. Retail sales increased by 0.5% in July, topping market estimates of 0.3%, while annual sales rose 2.1%.

Composite PMI edged down to 48 in August, with services activity falling at a faster pace than manufacturing output. The NAB business confidence index rose to 2 in July with wholesale, construction and recreation & personal services accounting for most of the upswing.

The trade surplus narrowed to \$8.04 billion in July below market forecasts of \$10 billion.

Global equities

Record temperatures in August drove food prices higher with soybeans, olive oil and rice just three of the products affected by shortages and price hikes. While seasonal prices fluctuations are usual, the exceptionally hot and dry summer experienced in the northern hemisphere has caused poor harvests and many crops to fail.

The war in Ukraine also continues to impact the global food supplies as the UN brokered deal for safe passage of Ukrainian grains via the Black Sea collapsed with Russia pulling out of the agreement. While some grain is still being exported via inland rivers, it takes longer and is more expensive than via sea.

US

The US economy grew at an annualized rate of 2.1% in 2Q23, ahead of the first quarter's expansion of 2.0%.

Annual inflation rose to 3.2% in July, just shy of the expected 3.3%.

The US economy added 187,000 jobs in August, more than market expectations of 170,000. This is the third month of sub 200,000 jobs growth and coupled with the increase in unemployment to 3.8%, suggests that the year of successive rate rises by the Fed is working to get inflation under control and avert a recession. Consumers remain tentative about the outlook ahead with the consumer sentiment falling from 71.6 in July to 69.5 in August. Retail sales in July increased 0.7%, beating the 0.4% forecast, with the annual rate increasing 3.2%. The S&P Global Composite PMI fell to 50.4 in August, with services activity weak and the contraction in manufacturing deepening.

The trade deficit widened less than expected to US\$65 billion in July, from a downwardly revised US\$63.7 billion in June, with China accounting for US\$24 billion of this figure.

Euro zone

The Eurozone economy grew by 0.6% in 2Q23, easing from a 1.1% expansion in the previous period. due to the large drop in real incomes and surging interest rates.

Annual inflation remained steady at 5.3% in August, above the expectations of 5.1%. Unemployment stayed at the record low of 6.4% for July, matching the market forecast.

Consumer confidence dropped to -16 in August, as households were more pessimistic about both their own and the wider economic outlook.

Retail sales dropped 0.2% in July, below market expectations of -0.1%, with the annual rate down 1.0%, ahead of the anticipated -1.2%.

The Composite PMI dropped to 46.7 in August, with the biggest contraction in services activity since November 2020. PPI dropped 0.5% in July, broadly in line with expectations, with the annual rate falling 7.6%. This can be attributed to the decrease in energy prices.

UK

The Bank of England increased the cash rate by 25bps to 5.25% in August, the 14th consecutive rise. The Bank came under renewed pressure to raise interest rates again in September after wages jumped more than expected in June, boosted by a one-off payment to NHS workers.

Annual inflation slowed to 6.8% in July, matching market expectations, mainly due to a sharp fall in fuel prices. This was mirrored in annual PPI which fell by 0.8% in July, below the market expectations.

The unemployment rate increased to 4.2% in June and above market expectations of 4.0%.

Consumer confidence rose to -25 in July as easing inflation reduced pressure on household spending sentiment. Retail sales fell 1.2% in July 2023, worse than market forecasts of a 0.5% fall, as sales declined for both food and non-food, reflecting the impact of wet weather and cost pressures. Annual sales fell 3.2%, compared the expected -2.1%.

The composite PMI index fell to 48.6 in August with both services and manufacturing activity declining.

China

The unemployment rate rose to 5.3% in July, up from June's 16 month low of 5.2%.

Annual Retail sales grew 2.5% in July, down from 3.1% in June and falling short of expectations. Both consumer and business confidence are flagging as the post pandemic recovery has stalled and many believe that policymakers have fewer good options to fight the downturn than in the past.

The Caixin/S&P Global Services PMI fell from 54.1 in July to 51.8 for August, the lowest reading since the pandemic lockdowns in late 2022. The Composite PMI declined to 51.7, adding to the recent series of negative signals for the country's future demand for Australian mining commodities.

China lifted anti-dumping tariffs on Australian barley in a move that points to improving bilateral relations and would alleviate supply concerns after Russia suspended a humanitarian corridor used to deliver key Ukrainian grains to global markets.

Japan

Japan's 2Q23 GDP was slightly below expectations, coming in at 1.3% for the quarter, which may give further justification for the BOJ to relax its monetary stimulus.

The annual inflation rate was unchanged at 3.3% in July, notably higher than the market forecasts of 2.5%.

The unemployment rate rose unexpectedly to 2.7% in July, defying market forecasts of no change from the 2.5% in June.

The consumer confidence index in dropped to 36.2 in August, below forecasts of 37.5. Retail sales rose 2.1% in July, with the annual rate rising 6.8% which exceeded forecasts.

The composite PMI came in at 52.6 in August with the fastest rise of services activity in three months offset by weakness in manufacturing production.

Currencies

The Australian dollar (AUD) continued to descend over the month of August, closing -1.1% lower in trade weighted terms to 60.6, depreciating against all four referenced currencies in this update.

Volatility over the course of the month continued to be primarily influenced by weaker economic indicators from China, further eroding investor conviction in China's growth trajectory. In addition, relative US dollar strength predominantly stemming from the appreciation of the USD/CNY mid-month added additional drag to the AUD.

Relative to the AUD, the US dollar (USD) led the pack in August, appreciating by 3.8%. Conversely, the Japanese Yen (JPY) was the laggard of the month, albeit appreciating in relative terms by 1.5% against the AUD. Year-on-year, the AUD remains behind the Pound Sterling (GBP), Euro (EUR) and USD by -13.4%, -12.5% and -5.6% respectively, and has now fallen behind the JPY by -1.0%.

SOURCE: LONSEC INVESTMENT

General Advice Warning: This advice may not be suitable for you because it contains general advice that has not been tailored to your personal circumstances.

Please seek personal financial advice prior to acting on this information. Investment Performance: Past performance is not a reliable guide to future returns as future returns may differ from and be more or less volatile than past returns.

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