



INTELLIGENT
PROPERTY INVESTOR

**Investment Bankers , US Bubble Hype,
CEO's Are Optimistic, Commodities & Property**

I LOVE
REAL ESTATE

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Welcome To The Intelligent Property Investor Masterclass

I've been asked a number of times why am I doing these?

Why am I giving out all of this free information on the markets, what it all means, where we're heading and all of those sorts of things.

Well, I'm doing this because I want you to become a more intelligent property investor, because more intelligent property investors make better decisions. They make more intelligent decisions and as a result, get better results.

The timing right now is particularly important because we are now entering a boom cycle.

Now, remember I am an accountant and I am an economist. And this cycle that we're entering right now is going to be very, very crucial for yourself and your financial futures, as well as your family's futures and potentially for generations to come. So that's why this cycle will be very, very important.

The last time that we had massive increases in property prices like we are seeing now, you have to go back to the end of GFC.

It bottomed out in 2010, then really took off from 2012. What did you do then? How many properties did you buy for those next few years? How much did they increase in value?

Because those are the kinds of times that we are entering again.

In fact, I could also take you back to the mid-cycle slow down in the early 2000s. Think about the pricing then (if you're old enough), think about what those prices were.

What did you do then? How many properties did you buy? What happened?

If you are even older, think about back in the early '90s when we had the last proper recession.

So what did you do then? Sydney prices back then were \$194,000. That was the median house price in Sydney and other cities were similar.

How many properties did you buy? What would they be worth today?

The reason I'm being so hard on you right now is because I really want you to understand the importance of this period of time that we're coming into.

I put this information out on my website too, which is iloverealestate.tv so you can get all of the previous Intelligent Property Investor masterclasses that I do on a weekly basis.

You can go back and listen because it tells a story. And the more that you go through and listen to the story, you can see how it's developing.

I also put it out on my [YouTube channel](#) and I also put it out onto [Spotify](#) and onto [iTunes](#), but I really, really encourage you to, to jump onto my website, iloverealestate.tv and get a subscription to these master classes that are all free.

I don't sell properties. This is all about knowledge and making intelligent investment decisions.

So what are we going to cover in this issue?

Well, one of the things we're going to be covering today is **why investment bankers are creaming it out there at the moment**. Absolutely getting amazing, amazing profits.

We're going to be talking about **why the bubble is totally over hyped**, particularly in America.

And **why CEOs are the most optimistic they have been in decades**.

We're going to be talking a little bit about **China and why it's trying to crash the commodity markets**. Well, they caused it in the first place, but anyway, we'll get to that.

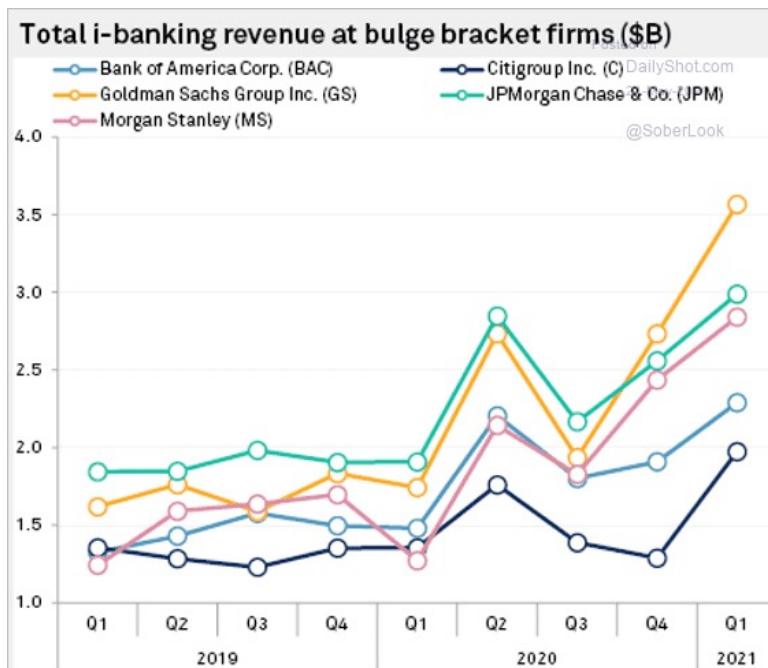
And **why 2022 will be a big year for property**, even bigger than what we're seeing in 2021.

So let's get into this masterclass.



Global Wrap

First of all let's have a look at the global view, what's happening internationally. I particularly want to talk about the investment bankers.



Just get a load of this chart. These are some of the big investment bankers around the world and you can see here how their revenue has gone skyrocketing up.

The reason for that is because banking's becoming freer right around the world.

There's a splash of cash out there with all of the governments, or the western governments, doing stimulus packages for their people. There's a lot of money around and a lot of that is going into buying hard assets, particularly property.

Real estate prices are skyrocketing in rich countries

House prices across the 37 countries that belong to the Organization for Economic Cooperation and Development rose by 6.7% between Q4 2019 and Q4 2020 - the fastest year-on-year growth in the past 20 years.

Real quarterly house price index, OECD average. 2015=100

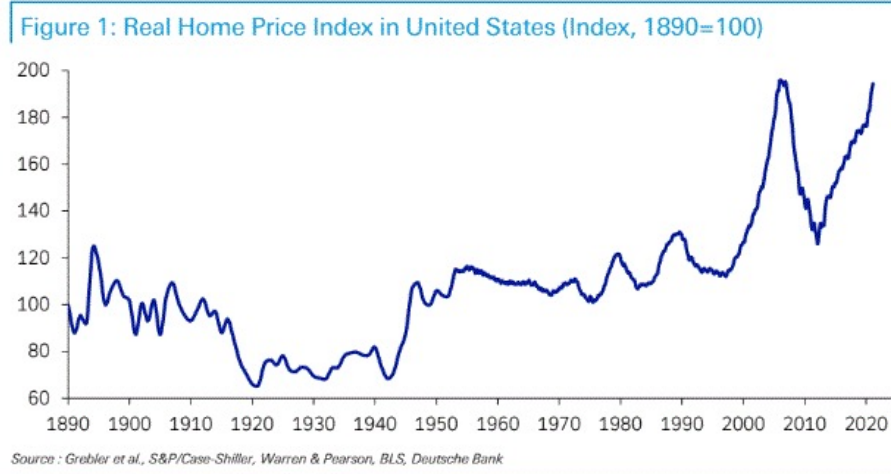


Note: OECD chose 2015 as the reference year to facilitate comparisons across countries. Data is not seasonally-adjusted but does take inflation into account.

It's little wonder then that house prices are booming right across the globe. You can see here how there's been this massive rise in these OECD countries.

Just in the last little bit here, 2019-2020, it's 6.7% up. That's on a global basis remember, so for a lot of countries, that's a huge jump.

For us, it's probably not as much as we've seen in other times, but for a lot of countries it's huge.



This is Home Price Index in the United States.

Some economists in the US are talking about how the US economy is in a property bubble and it's going to crash.

Look, I don't profess to know everything about the US economy, but when I look at all the fundamentals I think they're actually missing the point.

The reason they are saying it is going to crash is because of what happened with the Global Financial Crisis (GFC).

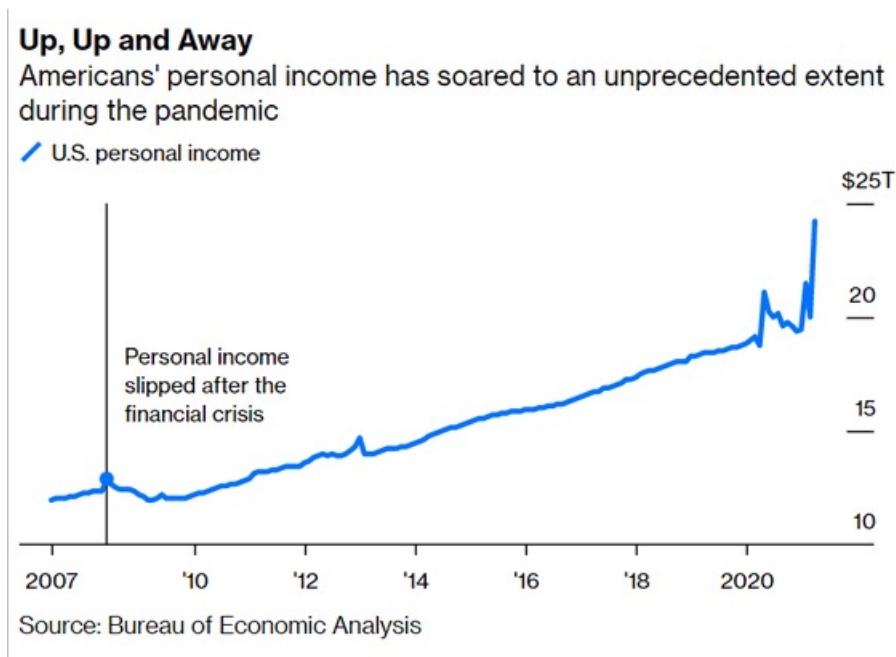
Obviously with GFC, they had the big crash. Why is it different this time?

For starters, there's cheap money. That wasn't the case back in GFC times. There is massive printing of money, which is creating a lot more fuel for people to be able to go out there and buy properties.

There's also a massive under-supply of housing. Whereas, back in the GFC times, there was a massive oversupply, so totally different circumstances.

And right now in the US, they've also got a government which is out there splashing the cash again with stimulus cheques. So, a very different story there.

These are the things that they're missing when they start talking about a bubble in the US.



Another thing is, American's personal income is massively higher than the trend as to where they were going. Look at the spike.

So a lot of people have a lot more money. Where is that money going?

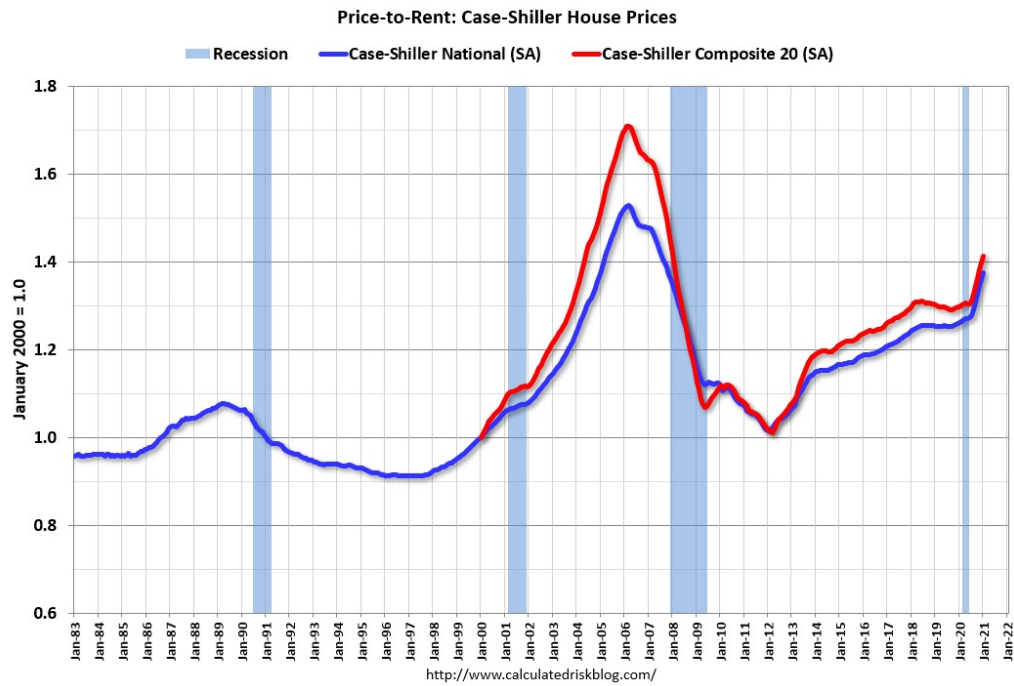
A lot of it is going into the property market.

The stimulus cheap money has combined with lower spending through COVID, meaning more money.

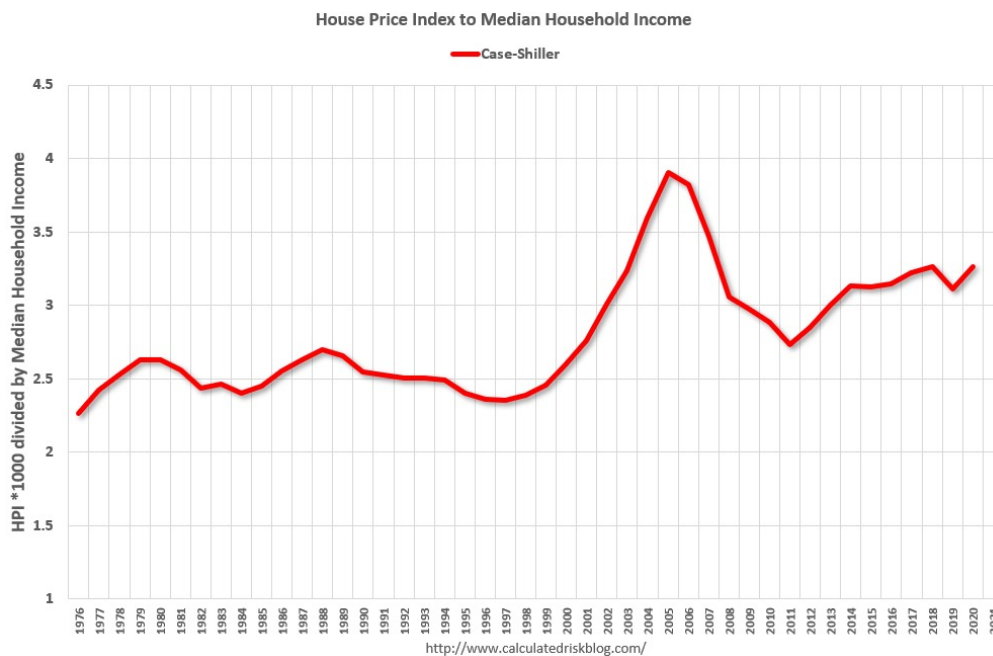
Through COVID, a lot of people didn't go out to restaurants, they didn't travel, they didn't take holidays, all those sorts of things.

So all of that money that would have been spent on those things has gone into savings and to paying down debt.

A lot of people are a lot wealthier. The majority of people are wealthier as a result of COVID, believe it or not.

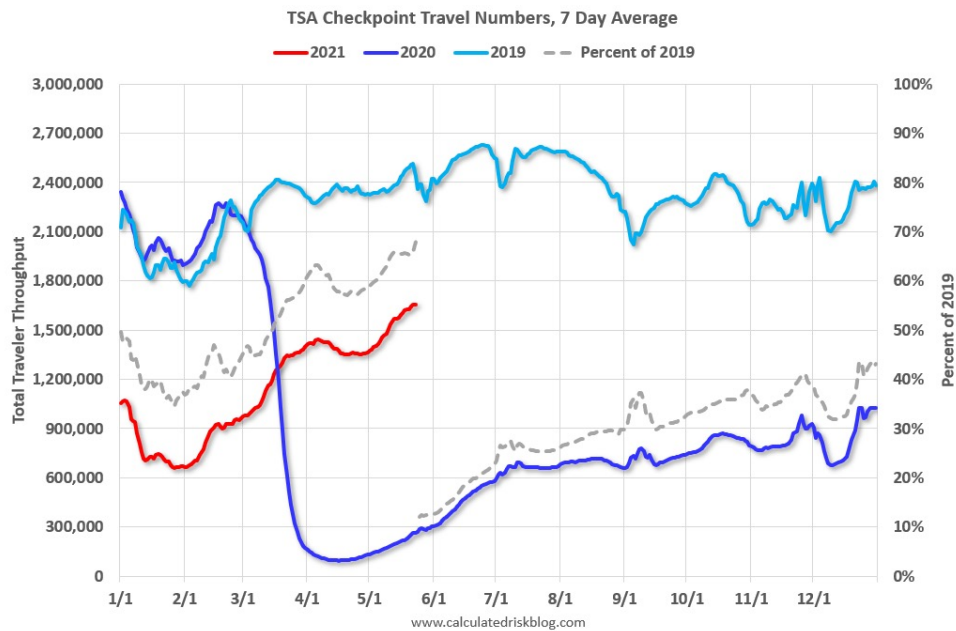


The other thing is that house prices compared to rent are nowhere where they were for GFC. We are very much in line here in Australia too and are very much lower than where they were for the GFC.

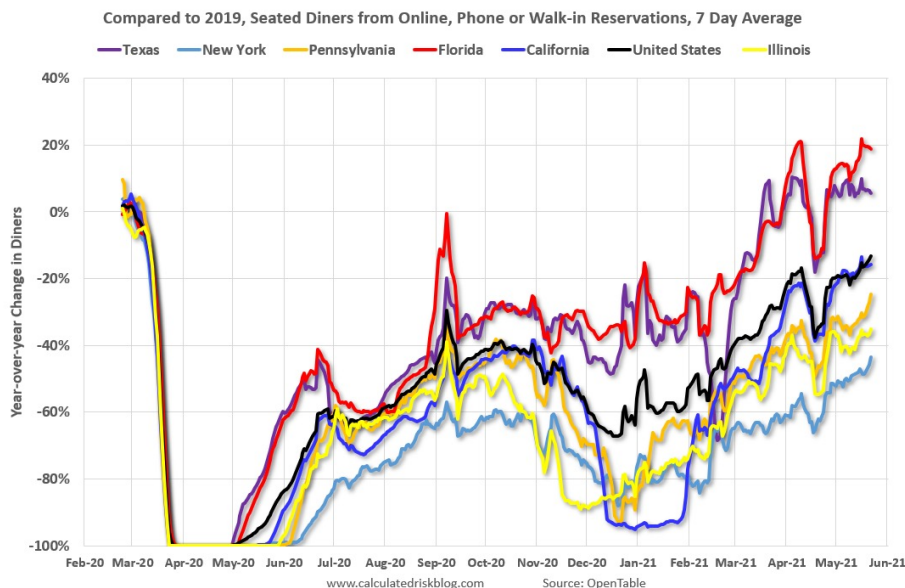


This chart shows House Prices To Household Income. Again, you can see here how they were getting out of control at the time of the GFC. That's not the case this time.

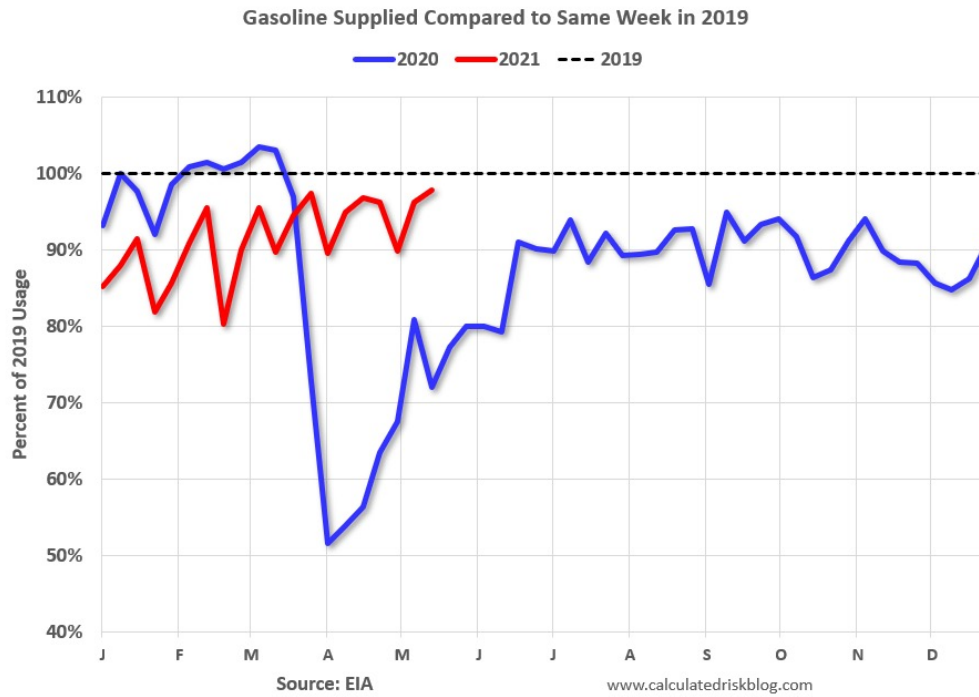
I don't think it is overheated in the US given the conditions, and the talk of a bubble is over-hyped. I just want you to understand that because you might be hearing rumors around a crash looming in America.



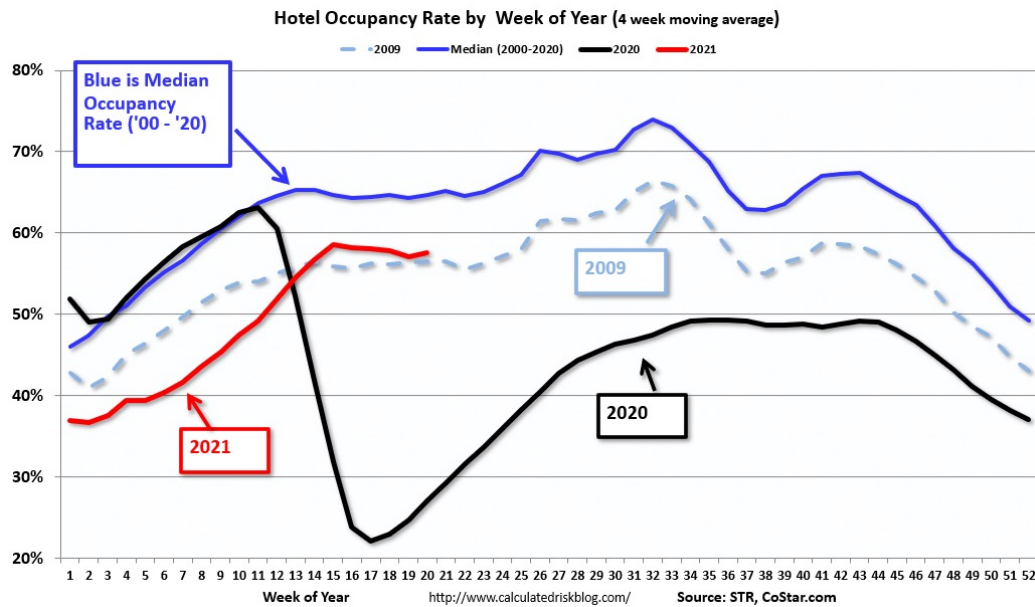
And there's reasons for that, for example we're starting to see the rebound in travel. It's coming back on track.



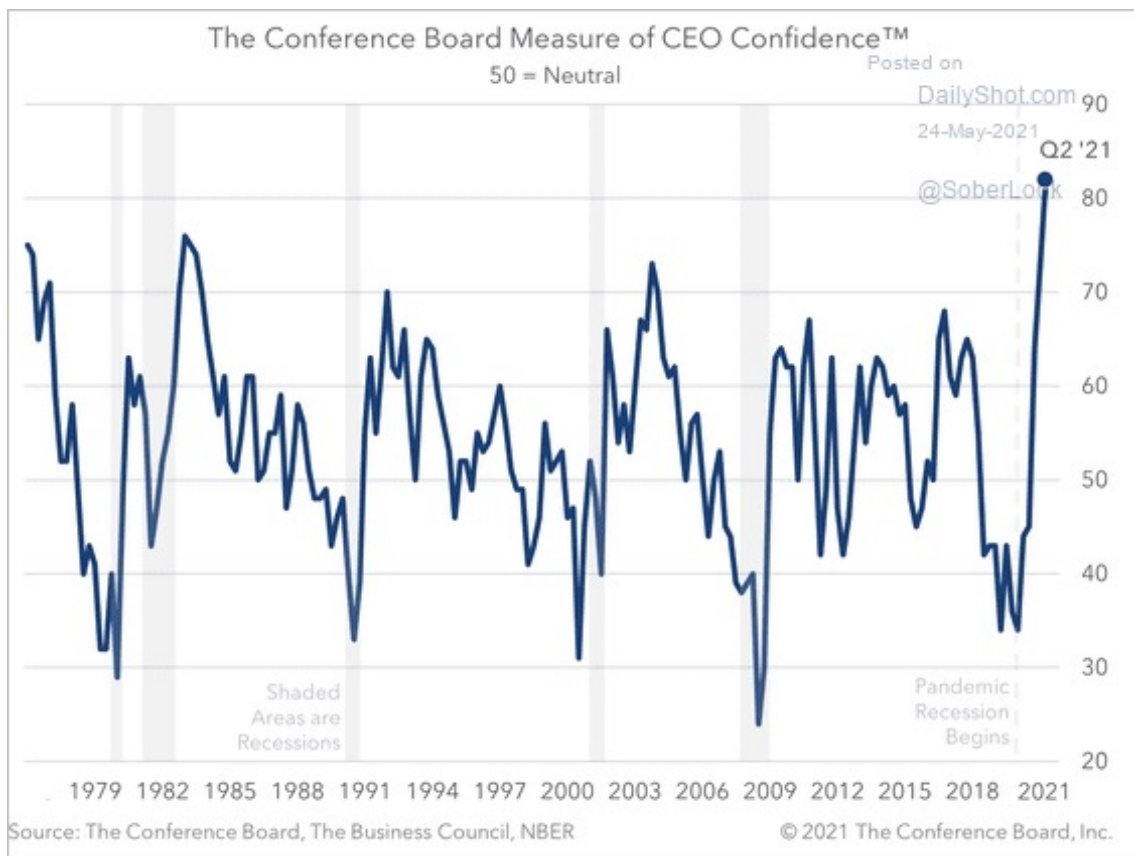
People are also going out for dinner again. You can see where they stopped eating out because of COVID, they're all getting back on track.



The use of gasoline, or petrol, is all getting back to normal. Not quite where it was before, but certainly getting back to normal.



Here we've got Hotel Occupancy Rates. So again, getting back to normal in 2021. Way better than where it was in 2020, which was much, much lower than it has ever been before.



Another thing is business confidence is well and truly back. Business confidence is the highest it's been in 40 years!

Look at this chart.

That's what's going to carry the economy.

That's what's creating more jobs.

That's what's creating more investments.

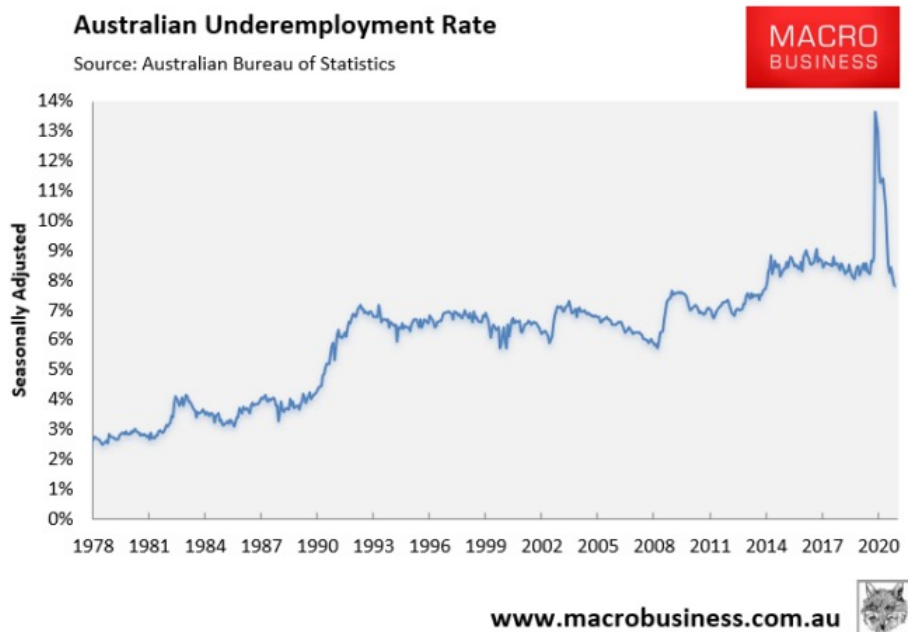
It's also what's creating a little bit of inflation at the moment. But it's short term inflation because there's people rushing out to buy cars and trucks and going on holidays and all of those other things.

So there's just a bump, not a bubble, with inflation, but I think that'll settle down as the economy starts to roll out.

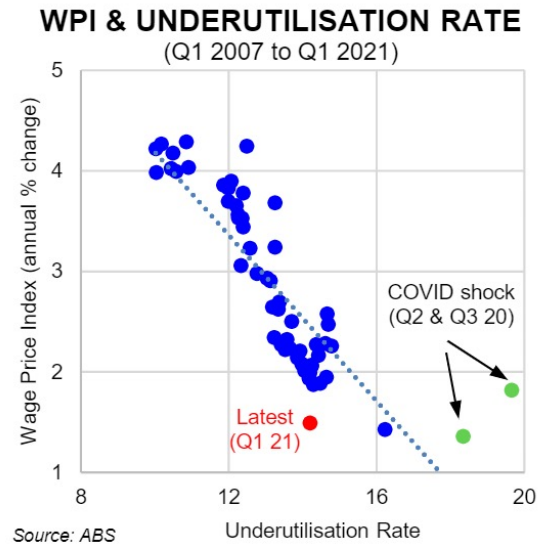
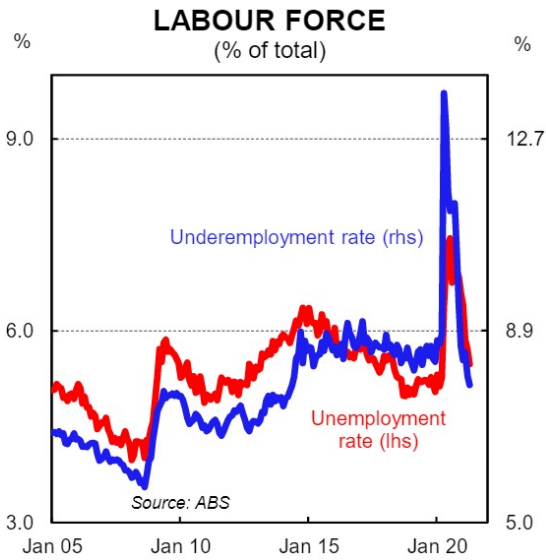


The Australian Economy

Ok, let's turn our attention now to the Australian economy. What are we seeing here?



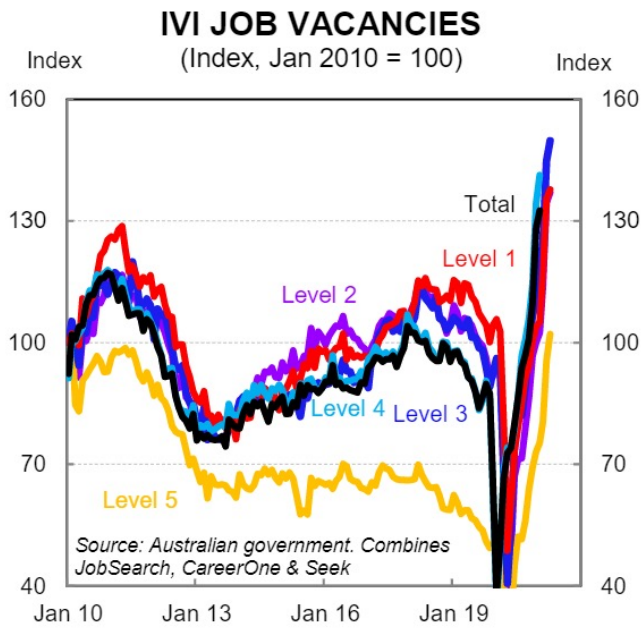
Well, the first thing is our unemployment rate is going down, down, down. In fact, we're down to 5.5% now. Isn't that great? And the objective is to get us below 5%. So it's heading in the right direction, which is great for our economy.



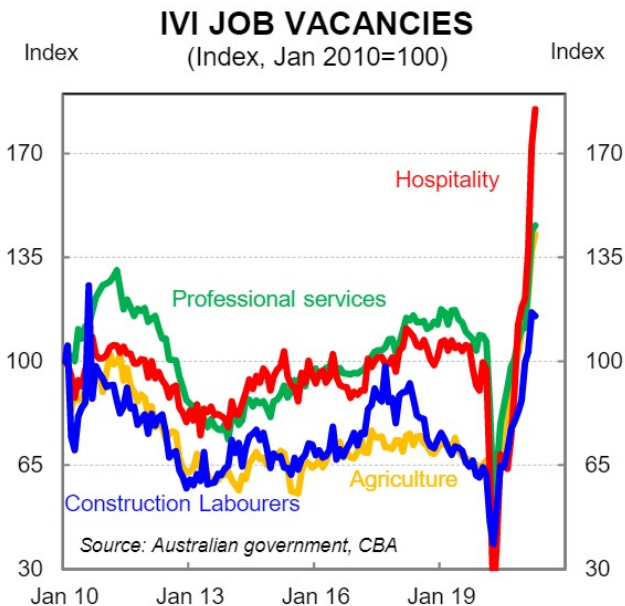
From a labor force perspective, you can see here, this takes into account under employment and unemployment, and both are heading very much in the right direction.



The wage price index. The red line here is the Reserve Bank of Australia. And the blue line is the Commonwealth Bank. The Commonwealth Bank is expecting wages to go up more than the Reserve Bank of Australia. So they're predicting a little bit more of increasing wages. Mind you, the budget that came out is predicting in real terms. So when you adjust it for inflation, it's still going to be pretty sluggish.



But look at the increase in jobs. These are jobs being advertised now. So, right across the board, we're seeing this massive surge in job ads. And that's a great thing, as that's what keeps the economy going, people having jobs, having money, getting out there, making things work.



The hospitality industry is starting to take a resurgence.

But I am very sorry for Victoria. Last week I did a whole session on Victoria and their stupid land tax and stamp duty rules.

And now their windfall gains tax on re-zoning gains, I believe it's actually going to force a lot of the big developers out of Victoria and into Queensland, and certainly into New South Wales.

And now, poor old Victoria again has been bashed around the ears with another outbreak. So it's back in lockdown again. And I don't think this is going to be a quick fix with the numbers that they're talking about.

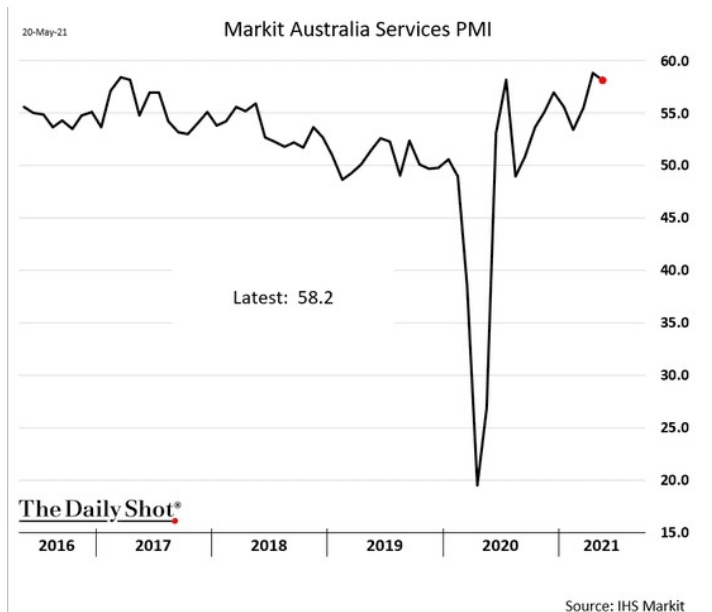
It's going to be a long time before we start to see a turnaround back in Victoria.

So a lot of this hospitality confidence is certainly okay around the rest of Australia, but not for Victoria now. This is bad news for Victoria.

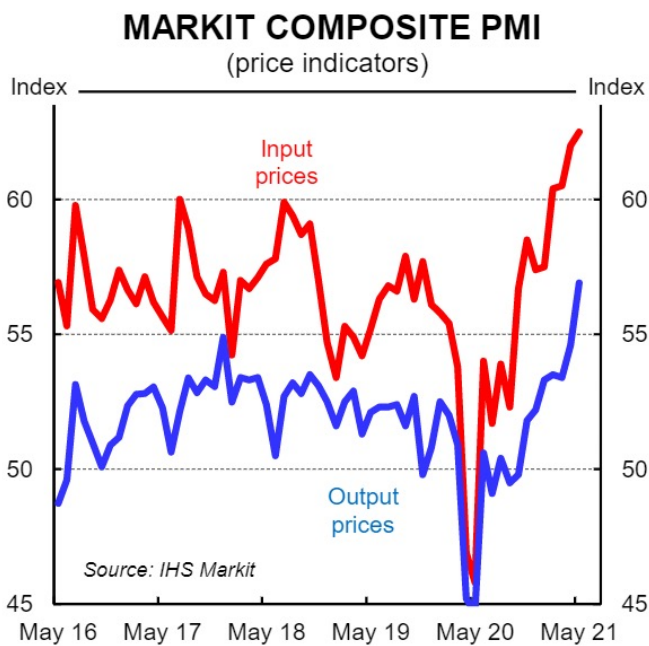


When we talk about manufacturing, this chart that shows you how manufacturing is back up to higher levels now than we even were back in 2016.

So, massive turnaround there.



The services industry obviously got a big whack through COVID, but it rebounded very quickly as well. And now we're back up to where we were in 2017.



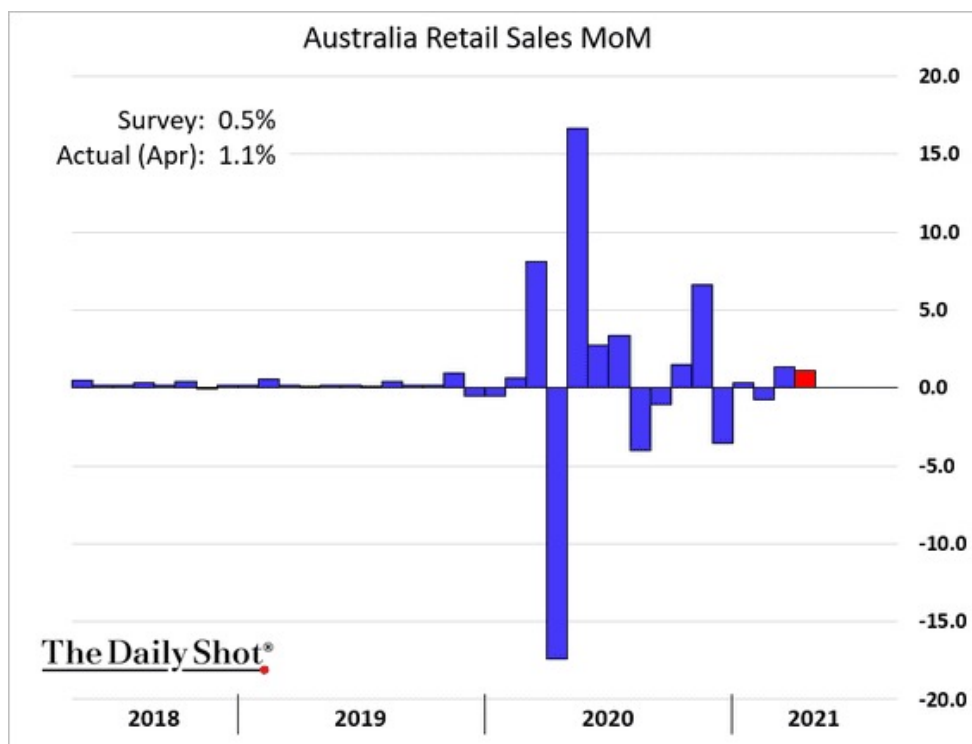
And again, we see that turnaround input pricing of commodities and things like that.

In the building industry right now, prices for raw materials are starting to go up which is forcing price rises in the end product of a house.

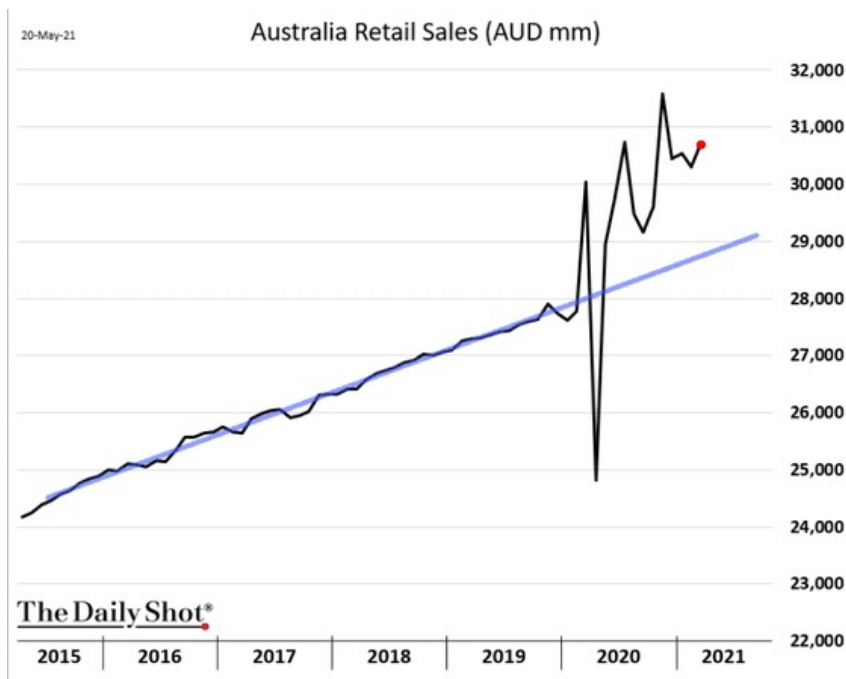
And the reason for that is mainly a timber shortage. It goes right across the board, but timber is a big, big component. The big boys are ordering six months in advance. They are stockpiling three times what they actually believe they're going to need for the just-in-case scenario.

Metricon, Simonds and the like they're stockpiling and that's making it even worse as well.

Then you've also got a lot of our timber going over to America to fuel the massive surge that's happening in the housing industry over there. So we're going to see a little bit more of that. And again, that's going to create upward pressure on house prices.



The other thing we're seeing here is increases in retail sales. Our retail sales are higher than what we were trending.



The blue line shows the trend, and you can see how we would have just ticked along, ticked along.

We had a big surge, then we had COVID, and now we're back up well, and truly above where we normally would expect to be. I expect that to settle down a little bit. I think you're going to see a little bit more normality come back to things.

The second, or third wave, or whatever you're on now in Victoria, is having an impact. And it's something that we need to keep in mind as we move forward. But by and large, the rest of the country is absolutely booming.

And a lot of that is on the back of the commodities.



Commodities

Australia is very strong in commodities, from mining right down to livestock and everything else.

Navigation bar for Financial Review. Includes a search icon, the logo "FINANCIAL REVIEW PLATINUM 70 YEAR", and a "Newsfeed" link. The main menu includes: Home, Companies, Markets, Street Talk, Politics, Policy, **World**, Property, Technology, Opinion, Wealth, Work & Careers, Life & Luxury. A secondary menu below shows: World, Asia, **Commodities**, and a "Print article" link.

China targets ‘speculators and hoarders’ to stop commodity boom

Annie Lee

May 24, 2021 - 1.50pm

Save Share

Hong Kong | China intensified its weeks-long campaign to [cool a raw-materials boom](#), pledging severe punishment for violations ranging from excessive speculation to spreading fake news.

The government will show “zero tolerance” for monopolies in spot and futures markets, and for speculation and hoarding, the [National Development and Reform Commission](#) said in a statement after leaders of top metals producers were called to a meeting on Sunday.

And this was an article that was in the Financial Review and it said that China is targeting speculators and hoarders to stop commodity price rises. It's taking a zero tolerance for companies hoarding commodities and forcing the price up.

A lot of that I actually blame on China itself, because when they stopped buying from us (and we had locked in contracts and everything else), they had to buy from somebody else.

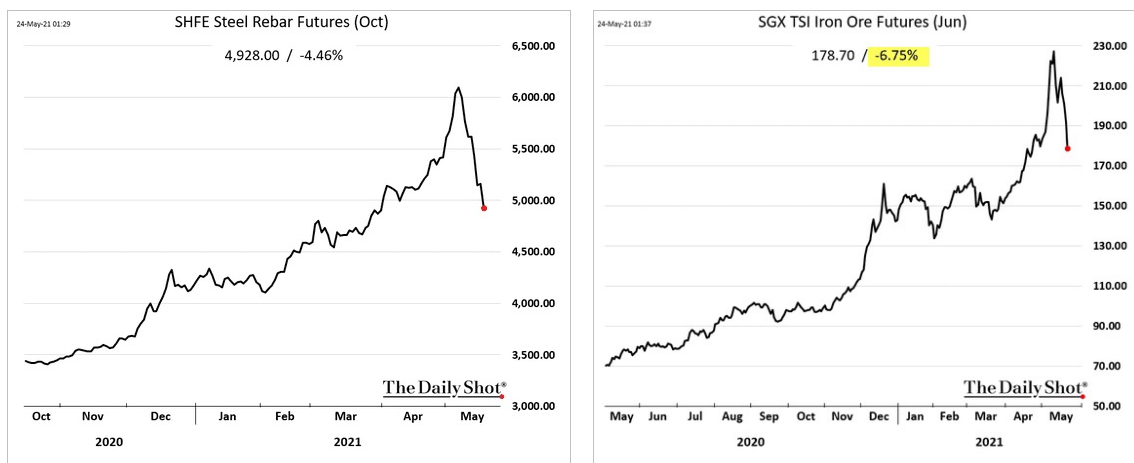
But in order to buy from somebody else, they had to offer a higher price.

So, whoever that country was selling to previously, they then have to counter offer a higher price.

And it's actually created this surge in commodity pricing. That, along with the fact that the whole world is rebuilding.

There's a lot of money going into infrastructure right around the world. Governments are spending money on infrastructure and that requires a lot of raw materials. And we have a lot of those raw materials.

So we're seeing this resurgence in demand, but apparently, according to China, there's a lot of stockpiling that they believe is causing the increase. Well, if they hadn't been so pig-headed in the first place, it wouldn't have happened.



But anyway let's move on. You see in the chart above that steel has had a steady rise, even though it's come down a bit in the last month, but certainly higher than where it has been before.



This chart shows Shanghai Containerized Freight. This is what's causing a lot of the increase as well.

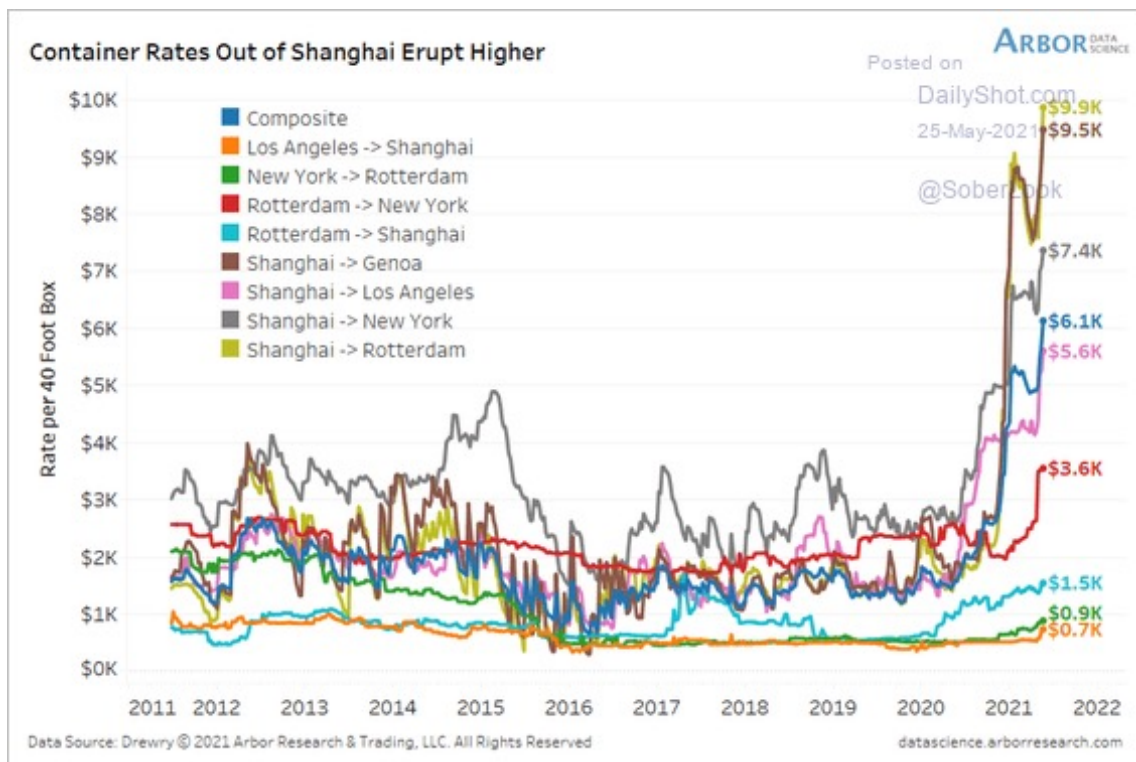
Look how much the cost of freight has gone up as a result of COVID and not having enough ships or containers available.

This freight cost is also hurting China because they export so many products. That's their main game.

And when the freight is so high, it makes manufacturing in countries like Australia or America and the like, more affordable, because by the time you pay for freight and everything else out of China, you might as well have got it in Australia.

You would've got it quicker. You would've got it probably in a more timely fashion and all of those things.

So this is having an impact on China, and they are not liking it, I can tell you.



This is Container Rates Out Of Shanghai. Again, look at the massive surge here.

We simply don't have enough containers. And the price has gone crazy. Nine and a half thousand dollars to get a container from Shanghai to Genoa in Italy.

It is nearly \$10,000 to get a container to Rotterdam.

You can see how massive the increases have been on this chart. And that's going to add a lot of cost to imports.

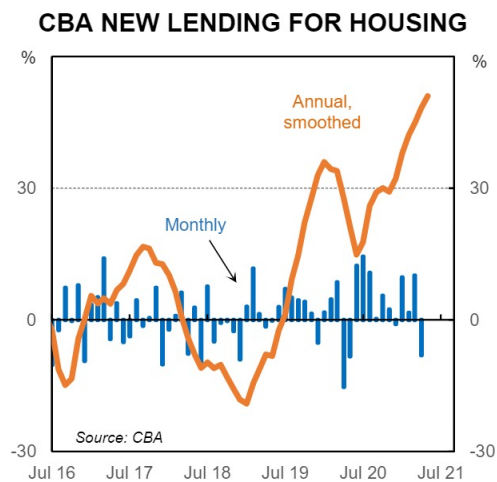
And that's really what America wants.



The Australian Property Market

But let's talk property in Australia. The property market here in Australia, as everybody knows, is booming.

I get a lot of questions sent to me. Will it last? Well, the answer is yes.



Lending is starting to pick up but look where we were. The lack of lending from 2017 onwards was a result of the APRA restrictions. That created massive under supply and pent up demand. We are slowly chewing through that at the moment.

But the thing is, we won't get through that under supply until we get into next year and probably even into the latter part of next year.

When you add that to the likelihood that our borders are going to open next year and we're starting to accept migrants into the country again. And, let's face it, there's going to be a flood.

A lot of them will be coming in well-heeled, bringing a lot of money into Australia, which is a good thing. But what that's going to do to house prices, is it's going to create a second surge.

And that second surge, I think, is going to be even greater than what we're experiencing right now. And I think that'll go through to about the mid 2020s.

We're going to see this upward surge, which is why it's so important for you to get educated and for you to know exactly what to buy and how to maximize your position.

There's a lot of people out there who say, "Oh, I'll just buy some property and I'll be okay." Well, you might be okay. You might be able to get a bit of an increase in your investment, but imagine if you learned a system where you could buy two, three, five, ten, or even twenty properties that are all increasing in value.

Imagine what that would do to your wealth.

And you don't have to even start with a lot. You don't have to start with money. You can do no-money down deals.

You can get out there and make money in the property market even if you can't get financing.

All these things are available and you might sit there and go, "Well, how do you do that? That's not possible." Yes, it is, because I've got students doing it right now, which is why I'm encouraging everybody to see if you can get onto one of my advisors and have a free appointment.

They're my Breakthrough Sessions and they are free.



I Love Real Estate Breakthrough Sessions

They are an hour long. All you've got to do is go to www.iloverealestate.tv/questions.

I've only got a few advisors set aside for these, but if you can get one it'll be well worth your while, because they'll go through and start to help you and guide you as to how we can help you get ahead.

So it's not just about buying one property, but it's two, three, four, six, ten, so that you're really capitalizing on what this market is, but doing it safely.

Now look, we don't sell properties. We're not going to sell you any properties that are \$40-\$80,000 over price like a lot of people do. There's a lot of it being advertised at the moment. And a lot of it is rubbish.

What we will do is teach you how to do all of those things. So that regardless of where you're starting from, you'll be able to capitalize from your position to really set yourself up over the next few years.



There is no reason why you can't be debt-free in five years, own your home, and have a passive income that's replaced whatever you're earning now. No reason at all.

But you've got to start and you really need to start soon because that rise is coming and you can't afford miss it.

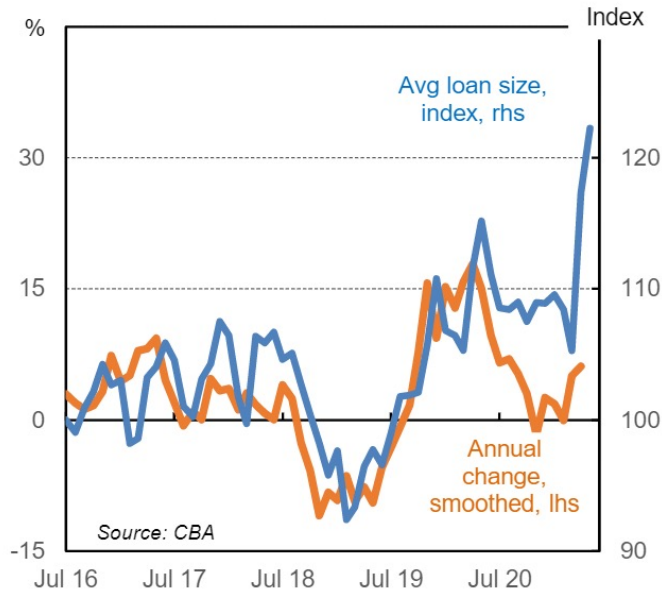
You can't out-save this. You simply can't.

So the website again, to get you your free breakthrough session, is www.iloverealestate.tv/questions, and you can jump on there and get that.

Because me and my team recognise that these next few years are going to be very, very crucial to you, so you really need to be stepping up.

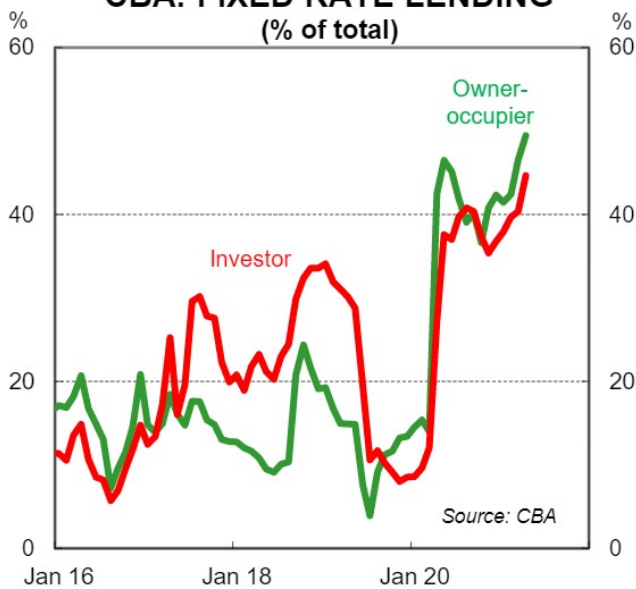
You need to be maximising your circumstances over these next few years, because, think about it, in somewhere around three to five years, you could have your income replaced. You could be debt-free on your mortgage.

CBA: AVG LOAN SIZE

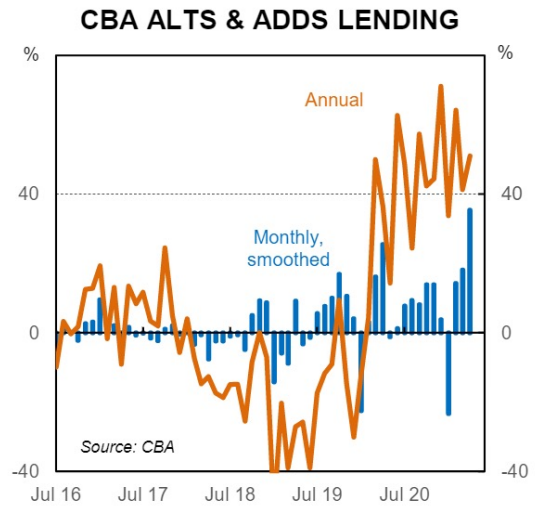
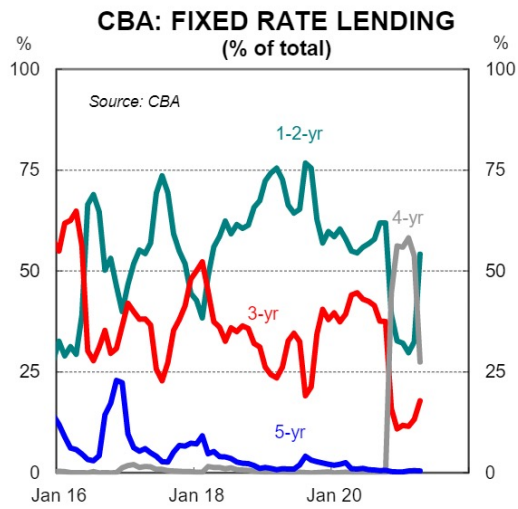


Continuing on with the masterclass, the size of the loans that are going out right now are also a lot bigger. Again, this is a CBA chart and you can see how the size of the loans are much, much bigger.

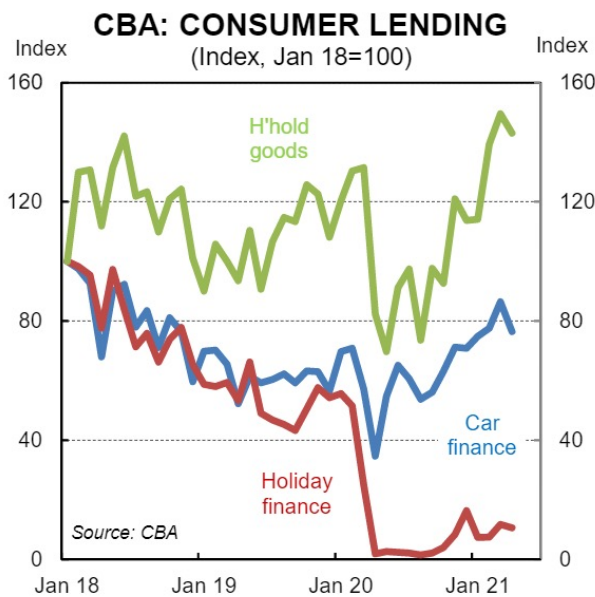
CBA: FIXED RATE LENDING (% of total)



There's a lot of refinancing going on, but there's also a lot of new purchasing out there and it's not just the investors. It's owner-occupiers and investors. You can see here, they're pretty much tracking along the same line.



In fact, the owner-occupiers are a little bit higher even. Consumer lending is up and not only in houses.



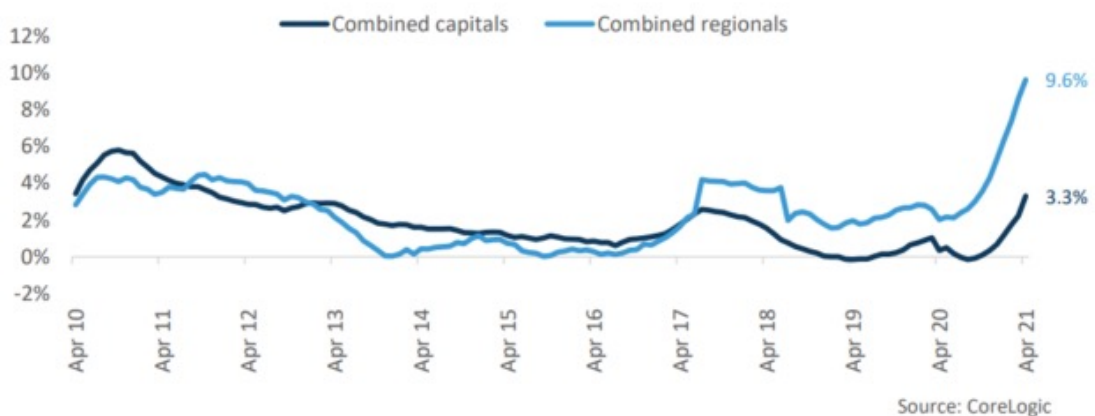
And this is interesting to look at. The red line here is loans for holidays. Well, that's gone down the tube. Not many people are needing to get a loan for a holiday.

We've got car finance. That's been picking up. You can see, we're back up to where we were in about 2018 with car financing. And then you've got household goods, which I don't agree with lending for household goods.

I think if you can't afford a big screen TV, don't have one. If you can't afford the new washing machine, don't have one. Use the laundromat and save the money and actually get in there and buy a laundromat. So the lending in household goods is enormous and the interest rates are too. 24%, 25%, 30% even 40% in some cases.

I don't agree with this lending, but it does show that people are even back doing what they do.

Rolling annual growth in hedonic rental index



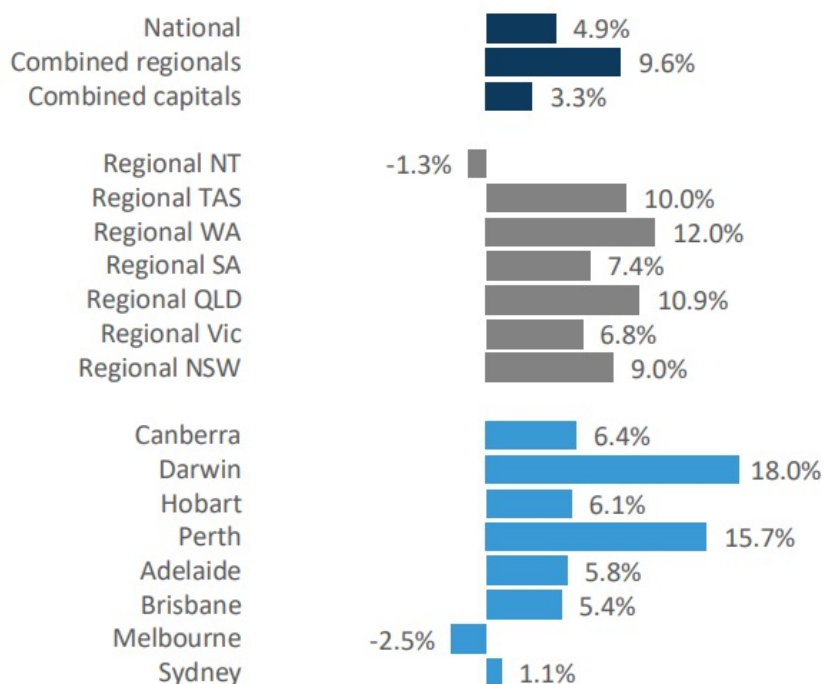
This is just a rolling average index of rents.

Now, this is the other thing, because there's such a shortage in supply in houses.

Not only is that driving up house prices to buy, but also house prices to rent.

And this is what you can see here. So the light blue line shows a 9.6% increase in regionals and the dark blue a 3.3% in the capital cities.

Annual change in rental rates to April 21



So it's actually the regionals that are really starting to take off. And these figures above really show that in more detail.

You can see here, the regionals are up, with the exception of the Northern Territory.

10% increase for the amount you've got to pay in rent in Tasmania.

Western Australia, 12%. A lot of that's due to mining. South Australia is 7.4 %.

Queensland is up 10.9 %. Now that isn't because of mining. A lot of that is in and around Gold Coast, Sunshine Coast, places like that. Also Harvey Bay, Bundaberg and Bargara, where people want to go and live now.

And they're moving up from the southern states too. And they're pushing up the prices.

Regional Victoria is 6.8% up and Regional New South Wales is 9%.

When you look across the cities from a clearance rate there's a lot being sold and you're starting to see that play out in this chart.



Most of the clearance for this particular week, ending 16th May. The clearance rates are up around the high 70s to 80%.

And that just shows the interest that we've got in the housing industry.



Truth Bomb: Self-Love vs Ego-Love

So just to finish up this masterclass, I want to talk a little bit about my truth bomb of the week, which is about the difference between self love and ego love.

A lot of people will do things because they think it's the right thing to do. But if you don't feel it, if it's not who you really are, you won't do it.

So I really want you to connect in this week. Think about what you really want to achieve, who you really are, what kind of life you really want to be living in five years time. Not from an ego perspective, but the kind of life you want to live knowing that that's what you're going to achieve.

And then think about the things that you need to do to take you in that direction.

And if it requires money, I can tell you now, the best place to be is with I Love Real Estate and being able to create significant wealth through smart investing, intelligent investing, in real estate.

That's why I'm encouraging you to get on one of those free breakthrough sessions. They're 60 minutes long. They're all free.

All you've got to do is go to iloverealestate.tv/questions, and you can take advantage of our very generous 60 minute breakthrough session.

We'll talk about your goals. We'll talk about what you want to achieve and then how we can help you do that.

So that's it for me this Intelligent Property Investor masterclass.

Get a free 60 minute advisory [Breakthrough Session](#) and let's break through and start to get some serious traction in the market that we are in right now.

I also encourage you to go across to my website www.iloverealestate.tv and subscribe to my weekly updates. That way you're going to get these coming to you every single week and you'll always be on top of the latest information.

Jump on board. Be part of the Intelligent Property Investor Masterclass Series. Better information gives you better decisions, which gives you better results.

Yours in success,

Dymphna.



Dymphna Boholt

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