

Market update from the CEO

As you're aware, over the past few weeks we've been experiencing significant market volatility.

Global financial markets have been through one of the most turbulent periods since the lows of the GFC in 2008. This has meant significant declines in global equity markets (through July into early August) on the back of a stalling global economy; the US government failing to reach a timely solution to its debt level (resulting in S&P downgrading US debt to AA+ from AAA); and ongoing concerns about the European debt situation.

While the Australian economy remains fairly well-positioned for growth over the medium-term, it's not surprising that the global picture is causing some short-term instability here.

No one likes volatility but it may seem a lot less significant when you remember your investments are long term. Uncertainty is something we expect and factor in when we help you plan your super strategies. These strategies need to pass the 'sleep at night' test as well as keep pace with inflation over time.

Even if you're approaching retirement, you may still need to take a longer term view – your savings have to work for you for life, not just until you retire.

So, if you keep your focus on the big picture, you'll see that the current market movements are a glitch in the larger scheme of things. History shows us that there is always a market bounce back; and the long-term direction of the share market has always been up. It is a question of time in the market – not trying to time the market.

It's easy to get caught up in the drama of the recent market turmoil but if you overreact and make snap decisions in a volatile market, you could make mistakes. A knee-jerk reaction right now could cost you dearly over time.

In an unpredictable market, it's almost always best to stick with the decisions and plans you made when your head was cool and the market was calm.

If you have any questions or concerns – or if you feel strongly about changing your investment options – we recommend you talk to a financial planner about your individual needs and circumstances before you take action. Whatever your situation, we have the resources to help you navigate through this uncertain time.

More information

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