Switzer Super Report

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Bank bashing is boring

SMSF trustees certainly love the banks and today I explain why I don't think this is necessarily such a bad thing. Nobody is threatening a stop on dividend payments for a start.

And if you want more proof of bank strength, look no further than their balance sheets. Today James Dunn walks us through what's in store for the three – ANZ, NAB and Westpac – due to report in November.

Also in the *Switzer Super Report* today, *Shortlisted* takes a look at Navitas and GBST Holdings – two companies with an eye on international markets, and in *Buy, Sell, Hold – what the brokers say,* Charter Hall and Mirvac get upgrades.

Sincerely,

Peter Switzer

Inside this Issue

The report card – ANZ, NAB and Westpac
by James Dunn
04

02 **The bank yield plays will keep yielding**
by Peter Switzer
Dividends will be paid

04 **The report card – ANZ, NAB and Westpac**
by James Dunn
Final year results

06 **Hold on for income**
by Barrie Dunstan
A level of caution

08 **Buy, Sell, Hold – what the brokers say**
by Rudi Filapek-Vandyck
Charter Hall and Mirvac upgraded

10 **Shortlisted – Southern Cross, Navitas and GBST**
by Penny Pryor
Changing media landscape

11 **Auction prices still high in Sydney and Melbourne**
by Staff Reporter
Luxury property

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The bank yield plays will keep yielding

by Peter Switzer

There's a whole lot of bank bashing around at the moment but it does depend on who you are. If you're a wealth accumulator, you might be a bank seller but you'll have to work out your profit versus your capital gains tax implication.

However, if you're a bank buyer for the dividends primarily and have been happy to collect the capital gain, then you might just as well cop the dive in share prices and buy again when they get even lower (read James Dunn's article today for an analysis of the financials of the big four).

The future for banks

I say this because I reckon bank share prices will recover but they might not go as high as you would hope.

The very smart Charlie Aitken in this *Report* put together a very thoughtful case of why he went to "neutral or hold" on banks in April and now has gone underweight.

In a nutshell, the US interest rates are set to rise and the Fed will be halting money supply increases with the end of QE3, which will push up the greenback and lower the Australian dollar.

It's why our stock market has been falling with the dollar and it's because foreigners, who chased yield stocks, are now selling out. Taking their money home if you like and they might buy US bonds instead.

They are also fearful of holding Aussie shares, which will be less valuable when they sell out of them and convert the dough into US dollars. The longer they wait, the greater the amounts they could lose.

Charlie says foreigners don't get franking credit benefits and so they are less addicted to our yield stocks. But he did accept that they might return one day when they think the dollar has hit rock bottom.

Why would they return to our banks? Because they are damn good investments backed by a government guarantee that some nutcases want to take away! I really hope David Murray, who is a mate, doesn't buy this bull dust.

We survived the GFC without a recession and 10% unemployment because the ratings agencies saw our banks as some of the safest in the world. It kept our borrowing costs down, and it still does, and in part explains why we have an economy that has avoided a recession for 23 years.

Canada is toying with changing its government backing of its banks and the debt rating agencies are thinking about downgrading them.

In a recent *SMH* article, the Macquarie analyst Mike Wiblin said "a credit rating downgrade would push up the cost of Australian banks' borrowing overseas, inflicting a hit to earnings of between 3% and 5%."

This is why I hope David ignores the 'experts', who don't like the banks being backed by the government. My argument is that the government support means lower interest rates, more growth, more jobs, more confidence and if it ain't broke, why fix it?

And given the benefits, it's one of the reasons why I think our big banks remain a good investment, especially at lower prices.

The advantages

I think our economy is getting better. Eventually, interest rates will rise and that does not hurt bank profits. They are such monoliths in our economy, I

just can't see them screwing up their advantages.

Only 11 months ago, Morningstar said this of our banks: "Australia's largest four banks dominate an oligopoly that gives them a durable structural competitive advantage, ensuring they'll earn excess returns over the very long term. This enables the banks to prosper compared with major banks elsewhere in the world and gives Morningstar's analysts confidence that the banks will have global sector-leading returns on equity for the foreseeable future."

Morningstar said the banks have an "economic moat", which is a "sustainable competitive advantage that allows a firm to generate positive economic profits for the benefit of its owners for an extended period of time."

What advantages? Try scale advantages, cost advantages, efficiency advantages, investment advantages, capital advantages, funding advantages and competitive advantages. Oh yes, government support advantages.

In only February, the *SMH* reported that: "Australia's banking sector has been rated one of the five safest in the world as profits soar and bad debts decline."

But there was more.

"We believe that Australia is currently one of the five least-risky banking systems of the 86 for which Standard & Poor's has published banking industry country risk assessments," S&P credit analyst Gavin Gunning said.

"Our most likely scenario for 2014 is that it will be a year of continuing investment-grade ratings resilience."

The other safe places to bank were Switzerland, Canada, Germany and Hong Kong.

All this tells me that, provided the world economy does OK (the G20 finance ministers last weekend said they're trying to push up global growth by 2% over five years) and our economy grows stronger (which I expect), I think banks remain an OK investment.

What I'm doing

When it comes to my own investments, I play a more steady accumulation game based on yield. I don't care if my capital fluctuates because it eventually comes back. If I really can see a crash coming, I'd cash out. Of course, that's not always easy to spot, though I'm permanently on crash alert. That's my gig at the *Switzer Super Report.*

The other part of my gig is to spot value for yield players. Banks at lower share prices, which will eventually go higher when foreign investors return, look like an OK play and I'll be playing it!

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The report card – ANZ, NAB and Westpac

by James Dunn

For many self managed super fund (SMSF) investors, the full-year reporting season does not finish at the end of August – they have to wait for Westpac, ANZ and NAB to report.

This trio is off-kilter with Commonwealth Bank, which has a June 30 balance date: their financial years end on 30 September, and they report in November.

Leading into the final days of the financial year 2013-14, the September trio will be under pressure to match the effort of CBA, which delivered a record cash profit of $8.68 billion, up 12%, but in-line with analysts' consensus expectations. The bank lifted its full-year dividend by 10%. CBA's result was boosted by a strong performance from the retail bank, and further reductions in bad debts.

The half way mark

At the March 2014 half-year, the tale of the tape for the September trio looked like this:

Westpac lifted interim revenue by 6.8% to $9.79 billion and boosted cash profit by 8% to $3.77 billion, ahead of consensus expectation, at $3.64 billion (banking analysts prefer to focus on the cash profit measure, because it strips out one-off items.) The interim dividend was lifted by 4 cents, or 5%, to 90 cents a share. Net profit was up 10.2% at $3.62 billion.

NAB's cash profit rose 8.5% to $3.2 billion, and net profit was up 15.8% to $2.9 billion over the six months to the end of March. However, the bank only lifted cash revenue by 2.6%, to $9.49 billion: this number would actually have decreased by 1.2% if foreign exchanges were excluded. The interim dividend was lifted by 6 cents, or 6.5%, to 99 cents: this was not only a record high interim dividend but an all-time high for a six-month period.

ANZ posted an 11% increase in cash earnings, to a record $3.5 billion, ahead of the consensus forecast, with the statutory net profit up 15% to $3.4 billion. Revenue rose by 7% to $9.52 billion, and provisions for bad and doubtful debts were down 12%, to $528 million. The interim dividend jumped 10 cents, or 14%, to 83 cents a share. Profits from the Asian business rose by 43%.

Cause for caution?

Underneath the headline rises in profit and dividends, there were some issues that may limit capital growth.

NAB's main source of profit, the net interest margin (the gap between the rates at which it borrows and the rates at which it lends) was down 9 basis points (0.09%) year on year, to 1.94%. That meant that profit growth was driven by a 52% fall in the provision for bad and doubtful debts, compared to the same period last year.

While ANZ made great play of the improvement in the Asian business – its key differentiating asset – the bank's net interest margin fell to just 2.15%, and the amount of tier one capital also fell. Moreover, the Australian business saw a 5% fall in cash earnings, to $2.02 billion.

Westpac, too, saw the net interest margin decline, by 8 basis points to 2.11%. Bad debt charges fell by $97 million, boosting profit.

So, leading in to the end of the trio's financial years, we know that competition in the mortgage space remains strong, which is showing up in net interest margins, which fell by an average of six basis points, to 2.08%, during the half year. Credit growth remains tepid, and the banks can only look back at pre-GFC annual loan growth rates of 12%-plus wistfully, not necessarily a bad thing for consumers.

From January 2016, under the Basel III regulations, the big four banks will be required to lift their Common Equity Tier 1 (CET1) capital held from 7% to 8%, because they are deemed “systematically important” to the Australian banking system. (A higher proportion of CET1 capital means a lower risk of default: an example of CET1 capital is ordinary shareholder equity.)

The big four banks will certainly be able to meet this capital requirement – if they do not already – but it may impact their payout ratios going forward.

The FY14 results will likely be strong, judging from Commonwealth Bank’s earlier effort. But it’s the future that investors need to keep an eye on.

The outlook

Here is what the market (analysts’ consensus forecasts) expect for FY14 for the September 30 trio:

ANZ

FY14 Earnings per share 254.4 cents, up 10%
FY14 Dividend per share 176.4 cents, up 7.5%
FY14 forecast yield: 5.5%

FY15 Earnings per share 266.3 cents, up 4.7%
FY15 Dividend per share 184.5 cents, up 4.6%
FY15 forecast yield: 5.8%

NAB

FY14 Earnings per share 258.3 cents, up 12.5%
FY14 Dividend per share 199.6 cents, up 5.1%
FY14 forecast yield: 5.9%

FY15 Earnings per share 279.3 cents, up 8.1%
FY15 Dividend per share 209.1 cents, up 4.8%
FY15 forecast yield: 6.2%

Westpac

FY14 Earnings per share 240.2 cents, up 9%
FY14 Dividend per share 183.3 cents, up 5.3%
FY14 forecast yield: 5.5%

FY15 Earnings per share 247.8 cents, up 3.2%
FY15 Dividend per share 192.9 cents, up 5.3%
FY15 forecast yield: 5.8%

And here are the expectations for **Commonwealth Bank:**

FY15 Earnings per share 547.5 cents, up 2.6%
FY15 Dividend per share 422.9 cents, up 5.5%
FY15 forecast yield: 5.4%

FY16 Earnings per share 566.7 cents, up 3.5%
FY16 Dividend per share 439 cents, up 3.8%
FY16 forecast yield: 5.6%

It is clear from those numbers that growth expectations are tailing off. At present, the banks are fully priced as a sector, and are being supported by their dividend yields, and, in particular, the appetite for income from SMSFs. They’re not going to stop paying dividends anytime soon, so it’s no time to sell, and there maybe opportunities to buy if the market dips lower.

The big four remain a strongly profitable oligopoly and sound income source, even if they don’t appear to be screaming buys on a capital-growth basis at this point. And when the Australian dollar starts to fall, as the greenback rises, don’t be surprised to see foreign investors piling back in (see Peter’s article for why foreign investors will return).

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Hold on for income

by Barrie Dunstan

There are interesting times ahead for the local markets, with some seeing flashing amber warning lights from changes in US interest rates and the US dollar. Could “interesting” turn into “dangerous” times? Has our stock market become detached from the US market and entered a different phase?

Watch the signs

How cautious investors react to the signs will depend on their road speed: are they still accelerating in a growth phase (where temporary speed bumps can be handled) or have they entered the income phase (where their main concern is not to lose their investment capital)?

The current caution among investors was clearly evident in a recent Westpac-Melbourne Institute index of consumer sentiment survey, which showed that 60% of investors preferred to have their money invested in bank deposits (34.3%) or real estate (25.7%). Only 12.5% preferred shares or superannuation. These are fairly extreme choices – particularly when US indices are at record levels. Hopefully most SMSF trustees have been taking a more balanced approach to their portfolios.

The survey tells us that people see better capital growth in property than in shares. More sceptical, income-minded investors might doubt this, when yields from leading shares (after franking) provide income at least double the most optimistic, after-tax yield from residential property or bank term deposits.

Despite this, speculative interest in residential property continues to the point that there are growing indications the government is looking to new measures – short of lifting interest rates.

Investors unsettled by the market mood need to decide whether they believe in tactical asset allocation – that is, shifting weightings in various asset classes in line with expected returns – and, then, whether they feel confident enough to make changes. In the old days, of course, this was called market timing and there have been plenty of studies, which suggest that gains from market timing are illusory or over-blown, especially for amateurs.

Dividend decisions

Still, there are signs income stocks have come off the boil. However, investors mainly seeking income may not want to switch out of bank shares and other yield stocks simply to pick what might be the temporary top of a market. No one is suggesting the banks or Telstra are likely to cut their payouts. Hold on for yield, is often the medium-term decision.

Especially now in the midst of dividend payments, which will, over the next few weeks, see Australia’s major listed companies paying out a bonanza in dividends, as final dividends for 2013-14 hit investors’ bank accounts. CommSec recently totted up the good news – more than three-quarters of reporting companies maintained or increased their dividends and, over the next two months, more than $20 billion will be injected into the economy – and SMSFs’ coffers.

As well, there have been special dividends or capital returns from Wesfarmers and Suncorp Metway, record dividends from CBA and a higher payout and share buyback from Telstra. The four largest current dividend payers (CBA, BHP, Telstra and Wesfarmers) are paying almost $8.9 billion in coming weeks.

It might also be worth paying some heed to the muted mumblings about the future of dividend imputation. While eliminating imputation would enable the government to claw back a lot of tax revenue, it would be a deeply unpopular and inequitable change. Still,

company boards need to be aware of this when framing their dividend policies – especially if they have large reserves of undistributed imputation credits.

In all this, investors should keep their focus on income; as long as the supply of credit continues, some investors will behave like speculators, chasing stocks like the recently listed Alibaba to dizzy limits. As in the run-up to the GFC, when most players wanted to keep dancing as long as the music was playing, investors will have to keep a close watch on the orchestra.

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Buy, Sell, Hold – what the brokers say

by Rudi Filapek-Vandyck

The underlying picture for the Australian share market, as seen through the prism of stockbroker ratings and projections, continues to show ongoing improvement. The negative side of the ledger continues to be dominated by companies that release disappointing market updates.

In the good books

Charter Hall (CHC) was upgraded to Buy from Neutral by Citi. Citi remains keen on property fund managers and, after residential developers, believes they offer the greatest potential for earnings upside. The pull back in Charter Hall's share price is an opportunity to buy the stock. FY15 is expected to be another strong year and the company is well positioned to take advantage of the strong appetite for Australian real estate.

Upgrades				
Order	Company	Old Rating	New Rating	Broker
1	AGL Energy	Sell	Neutral	Macquarie
2	Alumina	Neutral	Buy	Deutsche Bank
3	AWE	Neutral	Buy	UBS
4	Charter Hall Group	Neutral	Buy	Citi
5	CSR	Neutral	Buy	Macquarie
6	Mirvac Group	Neutral	Buy	Citi
7	OceanaGold Corporation	Sell	Neutral	Citi
8	OceanaGold Corporation	Neutral	Buy	JP Morgan
9	OceanaGold Corporation	Neutral	Buy	Deutsche Bank
10	Sirius Resources NL	Neutral	Buy	Deutsche Bank
11	Spark Infrastructure Group	Neutral	Buy	JP Morgan

Mirvac (MGR) was upgraded to Buy from Neutral by Citi. Citi views the current pull back in the stock as an opportunity to buy. The company has been improving the quality of its commercial portfolio, which should, over the longer term, provide more robust earnings. Mirvac has made significant progress in clearing impaired inventory.

OceanaGold (OGC) was upgraded to Overweight from Neutral by JP Morgan, to Neutral from Sell by Citi and to Buy from Hold by Deutsche Bank. Preliminary results from the Didipio underground optimisation study are positive and JP Morgan has slightly lifted valuation. Full year guidance was maintained. Production is expected to improve this quarter and the stock is now trading well below the broker's target. Citi downgraded OceanaGold to Sell at the beginning of August but is now upgrading in the wake of Didipio optimisation study. Deutsche Bank notes the underground operation will start one year earlier than originally planned and first ore will be two years earlier.

Spark Infrastructure (SKI) was upgraded to Overweight from Neutral by JP Morgan, following a period of relative underperformance. Falls followed expectations that distribution revenue will be higher this year because of cooler weather in South Australia and Victoria.

In the not-so-good books

Arrium (ARI) was downgraded to Reduce from Hold by CIMB Securities and to Sell from Neutral by Citi. Arrium's $754 million capital raising has reduced concerns regarding the debt burden in the near term – as long as the iron ore price does not deteriorate further. CIMB has adopted changes to iron ore forecasts and updated earnings to reflect the higher number of shares on issue. At last month's result, Arrium suggested cost cuts and working capital management would overcome gearing issues, and the balance sheet was well within debt covenants, Citi notes. But suddenly, ARI has revised its FY15 guidance to below FY14 and announced a surprise capital raising. It's not just about iron ore, as the steel division has seen a surprise downgrade.

Downgrades

Order	Company	Old Rating	New Rating	Broker
1	Arrium	Neutral	Sell	CIMB Securities
2	Arrium	Neutral	Sell	Citi
3	Charter Hall Retail REIT	Neutral	Sell	Deutsche Bank
4	Macquarie Atlas Roads Group	Buy	Neutral	Macquarie
5	Myer Holdings	Buy	Neutral	Deutsche Bank
6	Premier Investments	Neutral	Sell	Citi
7	Premier Investments	Buy	Neutral	UBS
8	Shopping Centres Australasia Property Group	Neutral	Sell	Deutsche Bank
9	Westpac Banking Corporation	Buy	Neutral	Macquarie

Charter Hall Retail (CQR) was downgraded to Sell from Hold by Deutsche Bank. Deutsche Bank analysts have come to the view that rising bond yields are going to highlight the rather soft EPS growth profile for retail oriented property trusts and this will erode the perceived safe haven status for such securities.

Macquarie Atlas Roads (MQA) was downgraded to Neutral from Outperform by Macquarie. Macquarie has revised EUR and GBP and CPI forecasts. Macquarie Atlas Roads is unhedged and has all cash flow coming from Europe. Earnings estimates are lowered by 4-9% and dividends by 11-12% over the next three years.

Earnings Forecast

Positive Change Covered by > 2 Brokers

Order	Symbol	Company	Previous EF	New EF	Change	Recs
1	AWC	Alumina	0.16	0.30	84.47%	7
2	OGC	OceanaGold Corporation	21.68	31.50	45.26%	5
3	ORL	Oroton Group	26.87	27.91	3.88%	3
4	AQG	Alacer Gold Corp	22.14	22.53	1.74%	6
5	NEC	Nine Entertainment Co.Holdings	17.58	17.86	1.56%	8
6	PNA	PanAust	11.53	11.68	1.24%	7
7	MQG	Macquarie Group	412.19	417.04	1.18%	7
8	AWE	AWE	8.22	8.23	0.19%	5
9	RIO	Rio Tinto	552.29	553.32	0.19%	8
10	BHP	BHP Billiton	263.90	264.34	0.17%	8

Negative Change Covered by > 2 Brokers

Order	Symbol	Company	Previous EF	New EF	Change	Recs
1	ARI	Arrium	9.64	3.56	-63.11%	7
2	MYR	Myer	16.91	16.04	-5.14%	8
3	PRY	Primary Health Care	33.70	32.42	-3.82%	8
4	NUF	Nufarm	27.99	26.97	-3.66%	8
5	SIP	Sigma Pharmaceuticals	5.00	4.85	-2.92%	7
6	MQA	Macquarie Atlas Roads Group	10.13	9.95	-1.81%	6
7	COH	Cochlear	257.35	252.76	-1.78%	8
8	SAI	SAI Global	26.05	25.68	-1.44%	5
9	TME	Trade Me Group	18.87	18.61	-1.38%	7
10	FLT	Flight Centre	281.39	278.01	-1.20%	7

FNArena tabulates the views of eight major Australian and international stock brokers: BA-Merrill Lynch, CIMB, Citi, Credit Suisse, Deutsche Bank, JP Morgan, Macquarie and UBS.

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Shortlisted – Southern Cross, Navitas and GBST

by Penny Pryor

There is certainly a fair bit of negative news out there, with the mounting concerns about China, a falling iron ore price and the market shedding points. It's no wonder investors might be getting scared.

But here at *SSR* we believe you should put those concerns on hold. A falling Aussie dollar will be good for a host of companies, for a start.

"A lower dollar should help **Navitas (NVT)** as an education supplier, which is now earning more overseas. The lower dollar should also bring more students," Peter explains.

Tom Elliot, over at Beulah Capital, is another analyst, who has similar views to the *Switzer Super Report* house view when it comes to banks and dividends.

"Telstra's yield is still very good, the banks' [yields are] still very good and if you can buy them at cheaper prices that's certainly something we would do," he said on Switzer TV on Sky last week.

He also says it's a good time for acquisitions, with credit still cheap and limited opportunities for companies to expand organically.

A theme he likes is media ownership. He predicts that media ownership laws will be reformed soon, which will remove the limitation on TV stations reaching more than 75% of the Australian market.

"I reckon some of the regional subsidiaries will be taken over and one we like is **Southern Cross (SXL)**," he says.

SSR expert James Dunn says that for investors always on the lookout for an Australian company doing well overseas, financial services software provider **GBST Holdings Limited (GBT)** fits the bill.

GBST's systems and software are used in the international capital markets and the company reported a strong result for FY14, with net profit up 66% to $10 million, on the back of a 19% rise in revenue, to a record $98.5 million.

That result was driven by international growth and investors need to see this progress continue. Importantly, about two-thirds of all revenue is now annuity-style income, from software licences.

"At $3.86, GBST is trading on 19.7 times forecast FY15 earnings and a lowly expected fully-franked yield of 2.7%, but it certainly looks capable of continuing to improve its margins and continuing its excellent growth track record," James says.

Rudi Filapek-Vandyck mentions **Flight Centre (FLT)** and **Ainsworth Game Technology (AGI)** as companies worth watching.

Ainsworth Gaming has been able to grow revenue, mostly sourced both domestically and internationally from poker machines, for the past five years and Flight Centre also reported a good profit, after buying Topdeck Tours, based in the UK.

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Auction prices still high in Sydney and Melbourne

by Staff Reporter

This week, the auction clearance rate across the combined capital cities was 69.2%, compared to 72.3% last week and 73.1% this time last year.

Weekly clearance rate, combined capital cities

Despite the softer numbers this week, RP Data says the auction market has picked up across the capital cities since winter, with Sydney being the main growth driver.

Sydney's auction clearance rate was 76.9% this week, compared to 78.4% last week.

Melbourne's clearance rate was 69.3% at the weekend, compared to 73.4% last week.

Capital city auction statistics (preliminary)

City	Clearance rate	Total auctions	RP Data auction results	Cleared auctions	Uncleared auctions
Sydney	76.9%	892	610	469	141
Melbourne	69.3%	1,218	1,033	716	317
Brisbane	41.4%	154	99	41	58
Adelaide	69.1%	129	97	67	30
Perth	52.0%	48	25	13	12
Tasmania	11.1%	16	9	1	8
Canberra	57.8%	79	45	26	19
Weighted Average	**69.2%**	**2,536**	**1,918**	**1,333**	**585**

RP Data's Housing Market Specialist, Robert Larocca, says it has been a strong start to spring for Melbourne property but noted that after the 2013 grand final, there were significant rises in stock levels, and the market shifted towards buyers.

Based on RP Data's CoreLogic Daily Home Value Index, the year to date value change across the combined capital cities of Sydney, Melbourne, Brisbane, Adelaide and Perth was 5.4%. The annual home value change was 8.9%.

Capital city home value changes

Capital city	Weekly change	Monthly change	Yr to date change	Annual change
Sydney	-0.2%	0.2%	8.7%	14.1%
Melbourne	-0.1%	-2.4%	5.6%	7.3%
Brisbane	0.5%	-0.2%	2.9%	5.5%
Adelaide	0.3%	1.4%	3.8%	5.1%
Perth	-0.8%	-0.9%	-1.4%	3.1%
Combined 5 capitals	**-0.1%**	**-0.7%**	**5.4%**	**8.9%**

*Brisbane results are for the combined Brisbane and Gold Coast region. The monthly change is the change over the past 28 days.

According to RP Data's private treaty sales, which represent approximately 85% of all dwelling sales across the country, the median price for houses across the combined capitals was $531,695.

Capital city private treaty median prices

	HOUSES		UNITS	
Capital city	Number of Sales	Median price	Number of Sales	Median price
Sydney	2,050	$667,500	1,368	$575,000
Melbourne	1,953	$480,000	808	$427,100
Brisbane	1,164	$448,500	279	$375,500
Adelaide	538	$413,500	100	$318,250
Perth	748	$538,500	175	$455,000
Hobart	122	$353,500	31	$265,000
Darwin	44	$580,000	32	$530,000
Canberra	133	$513,000	53	$380,000
Combined Capitals	**6,752**	**$531,695**	**2,846**	**$489,538**

Values in Sydney and Melbourne are going

gangbusters, compared to the other capitals. In Sydney, a three-bedroom home in Mosman went under the hammer for an impressive $4.94 million. In Melbourne, the most expensive property reported sold at the weekend was a five-bedroom home in Camberwell, which sold for $3.17 million.

On Switzer TV last week, McGrath Estate Agents' chief executive, John McGrath, said he expects growth of around 5% to 10% across the hottest property locations in Sydney.

According to his annual *McGrath Report,* the market is going to continue to drive higher but at a slower rate. The report also predicts that South-East Queensland will be the stellar performer in the next two to three years, Chinese buyer demand in Australia will continue, and investors and first home buyers are back in significant numbers and competing with one another, particularly at the lower end of the market.

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