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Stability in online trader numbers

Level steady despite poor sentiment

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The number of individuals who actively trade shares online remained at consistent levels in the six months to May 2011, the latest industry research has found.

The Investment Trends First Half 2011 Online Broking Report revealed the peak number of people who traded equities online reached a peak of 650,000 in May 2010, while in the past 12 months 610,000 individuals used an online facility to trade shares at least once.

These numbers remained consistent despite contrasting consumer sentiment over the same period of time.

"Deterioration in market sentiment was already evident by May this year," Investment Trends senior analyst Pawel Rokicki said.

"While almost two-thirds still saw Australia as a healthy economy, the majority worried that the debt crisis in the European periphery might spell a second wave of the global financial crisis.

"Against this backdrop, the underlying number of traders held up well. Although until the recent extreme volatility trading volumes have been weak, we are likely to see a strong rebound when the markets pick up again."

The report not only showed the amount of online traders remained constant, but also loyalty was a strong trait among this group, with less than 5 per cent of respondents saying they had stopped trading with one broker to begin trading through another.

This development saw the largest web-based brokers enjoy greater success in attracting first-time traders as well.

CommSec continues to be the most popular broker, servicing 50 per cent of the market, with Etrade the next best, servicing 18 per cent of the online trading group.

Cost seems to be an important factor among online traders, with brokers who dropped their fees having some success in attracting the more frequent traders in the group.

The report was compiled using the responses of 9007 individuals received in May.

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