

Financial Standard

www.financialstandard.com.au

Thursday, 08 May 2008

INSTITUTIONAL

Less clients, larger loan sizes

Thursday, 08 May 2008 01:24PM

Margin lending is still the most popular form of gearing used by brokers for their clients and while the numbers are down, loan sizes are up.

The findings came from the latest *Colonial Geared Investments/Investment Trends Margin Lending: Broker Report*, which surveyed more than 360 brokers in December 2007.

The headline number is that a majority 78 per cent chose margin loans as their preferred way to gear clients ahead of instalment warrants (7 per cent), protected portfolio loans (6 per cent), line of credit (4 per cent) and home equity based margin lending products (4 per cent).

But the report found that the pattern of margin lending usage changed last year. "Full service brokers' use of margin lending was more concentrated in 2007, with fewer clients borrowing, but much larger average loan sizes where they did so," said Mark Johnston, Principal of Investment Trends said.

While the brokers surveyed said many clients have been spooked by sharp declines in global markets, they named emerging markets and Australian equities as the top three to invest or gear up in.

"Brokers expected the strongest growth to come from emerging market (61 per cent) and Australian equities (47 per cent). They also expected interest rates to rise over the next 12 months," said Johnston.

Michelle Baltazar

[<Close>](#)