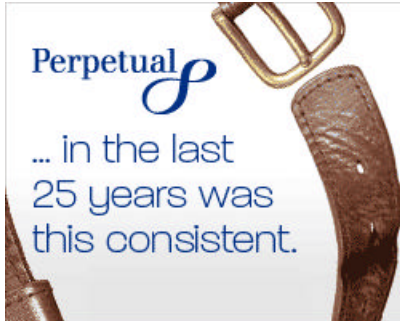


News

Planners pull back from margin loans

By Mike Taylor

Financial planners adopted a somewhat cautious approach towards margin lending towards the end of last year, according to the latest data released by research house Investment Trends.



The 2007 Colonial Geared Investments/Investment Trends Margin Lending Planner Report released today revealed that while margin lending remained the mainstay, it had fallen as a proportion of total gearing used by planners for clients due to the rapid growth of protected lending, geared funds and structured products.

It said this meant that after a strong rise in the use of margin lending over 2006 from 7 per cent of planners surveyed to 12 per cent in 2006, the proportion of planner clients with a margin loan was steady in 2007.

What is more, the research suggested that the lukewarm view of Australian equities had caused planners to become more cautious at the end of last year, with only 30 per cent of those surveyed in November saying they expected steady or strong growth in Australian equities over the coming year, down from 35 per cent in 2006 and 45 per cent in 2005.

The research suggested that planners were more positive about Asia and emerging markets, with 63 per cent predicting steady or strong growth over 2008.

The research said that concerns about market conditions had emerged as a barrier to further margin lending usage as 2007 drew to a close, with one in five planners citing concerns about the state of

equity markets.

It said that rising interest rates had also curtailed growth with almost all planners expecting interest rates to be higher in 12 months time.

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