



BANK RUN: Markets fell on financial woes in Cyprus

Learn to filter out the short-term market 'noise'

INVESTING
BY BARRY O'NEILL

One political analyst being interviewed in the wake of Chancellor George Osborne's Budget speech

said: "One thing you can say for sure about forecasts is that they will be wrong." He was referring to the chancellor's admission that the predictions for gross domestic product

growth for 2013, made as recently as last autumn, now looked wildly optimistic and needed to be cut by 50%. Trying to predict the short-term movements of investment markets is equally as difficult.



Barry O'Neill: resist temptation to trade

This, however, doesn't stop economists and investment analysts devoting every waking hour to the cause and sharing their often-plausible sounding

pronouncements of doom or euphoria. If you are a real long-

term investor, rather than a short-term speculator, the movement in markets on any given day should not overly concern you. However, there are so many publications and websites dedicated to investing that such market

movements take on far greater significance than they deserve.

If you want to be a successful investor, you need to learn to shut out this "noise" and not be tempted into taking action every time a market commentator tells you that now is the time to get in to or out of any particular investment market.

Such tactical asset allocation can seem appealing,

"Allocate your capital to the major asset classes strategically"

but it comes with many risks; the main one being that the cost of constantly changing your portfolio to keep up with the changing news is likely to wipe out any potential benefit you could have gained.

The solution is to allocate your capital to the major asset classes strategically and in line with your risk tolerance, reduce costs wherever possible and resist the temptation to trade, other than to rebalance your portfolio regularly to control risk.

Events take place daily, many of which are unlikely to have featured in forecasts made only a matter of months or even weeks earlier. For example, stock markets around the world fell, initially by up to 3%, when news broke about the highly controversial bank deposit tax being proposed in exchange for the Cypriot bailout. I don't remember reading about this in the 2013 predictions made at the end of last year.

In the immortal words of renowned economist J.K. Galbraith: "There are two kinds of forecasters: those who don't know, and those who don't know they don't know."

Barry O'Neill is investment director for Carbon Financial Partners and can be contacted on 01224 619215

TOP FIVE Unsecured personal loans

	FIXED MONTHLY PAYMENT ON £5K FOR 3 YEARS		Term	Redemption Penalty
	APR	No Insurance		
Derbyshire BS	6.4% C	£152.61	1yr to 5yr	Yes
Hatch Personal Finance	6.5% C, D	£152.82	2yr to 5yr	Yes
Sainsbury's Bank	6.9% C, N	£153.68	1yr to 3yr	Yes
M&S Bank	7.1% C, H	£154.10	1yr to 3yr	Yes
Santander	7.1% C	£154.11	1yr to 5yr	Yes

	FIXED MONTHLY PAYMENT ON £10K FOR 5 YEARS		Term	Redemption Penalty
	APR	No Insurance		
Derbyshire BS	5.0% C	£188.20	1yr to 5yr	Yes
Yorkshire Bank	5.1% B, C	£188.86	1yr to 7yr	Yes
Tesco Bank	5.2% C	£189.07	1yr to 5yr	Yes
Sainsbury's Bank	5.2% C, N	£189.08	4yr to 5yr	Yes
M&S Bank	5.4% C, H	£189.95	1yr to 7yr	Yes

C - APR dependent on credit rating. D - Existing customers or those opening a current account. H - Applicants must be aged 30 or over or a home owner. N - Nectarcard holder only.

TOP FIVE Overdrafts

	Account	Authorised		Unauthorised		Int Free O/D Buffer
		EAR	Fee	EAR	Fee	
Citibank	PLUS CURRENT G	16.9%	Nil	29.8%	£25 pm	£500
First direct	1ST ACCOUNT A	15.9%	Arrangement Fee £25 per request	N/A	N/A	£250
Halifax	REWARD CURRENT	N/A	£1 per day E	N/A	£5 per day	Nil
Lloyds TSB	CLASSIC	19.94%	£6 pm	19.94%	£6 pm D	£10
Metro Bank	CURRENT	15.0%	Nil	15.0%	Nil	Nil

A - Funding of £5k per month required. B - Plus £25 daily unplanned borrowing fee. Daily unplanned borrowing fee charged when the amount borrowed at the end of the day exceeds £250. C - Transactional overdrafts charged at max 1% on authorised overdrafts for 3 months. D - Plus £5 daily fee charged for overdrafts of £10.00 to £24.99, £10 for overdrafts of £25 plus, maximum £ daily fees per month. E - Authorised overdraft limit fee. £1 to £5k - £1 per day (£200) + £2 per day. No charge on transaction discounts for 120 days. F - Transactional current account fee for authorised overdrafts for 12 months. Limit £5k. G - Funding of £10k per month required. H - Transactional current account charged at max 1% for authorised overdrafts for 3 months. N - Funding of £50k per month required. P - Funding of £1k per month required. T - Plus £20 additional charge per day if overdraft in excess. U - If funds paid to likely available.

MONEYFACTS Mortgage and Card Selection

	Rate	Period	Max LTV	Fee	Incentive	Redemption
DISCOUNTED VARIABLE RATES						
HSBC	2.39%	for 2 years	60%	£499	Remortgages free legal fees. No HLC	1st 2 years
Cumberland BS	2.64%	for 3 years	75%	£495	Remortgages free valuation. Remortgages free legal fees. No HLC.	1st 3 years
Furness BS	3.29%	for 3 years	80%	-	Remortgages free valn (max £305). Remortgages £150 rebate. No HLC	1st 2 years
FIRST TIME BUYERS (variable unless shown)						
Yorkshire BS	4.39% F	to 30.6.15	90%	£130	Flexible option. Free valn. £1k rebate. No HLC.	to 30.6.15
Newcastle BS	6.19% F	to 30.6.16	95%	£195	£300 rebate. Free valuation. No HLC.	to 30.6.16
HSBC	4.30%	for term	90%	-	Free valuation. No HLC	None
SHORT-TERM FIXED RATES WITH NO EXTENDED REDEMPTION TIE-IN						
Yorkshire BS	1.89%	to 30.6.15	60%	£975	Flexible option. No HLC	to 30.6.15
The Co-operative Bank	3.59%	to 30.6.15	85%	-	Flexible option. Remtg free valuation Remtg free legal fees. No HLC.	to 30.6.15
Yorkshire BS	2.84%	to 30.6.16	75%	£475	Flexible option. £500 rebate. No HLC. Remtg free valuation and free legal fees.	to 30.6.16
LONGER-TERM FIXED RATES WITH NO EXTENDED REDEMPTION TIE-IN						
Post Office	2.98%	to 31.3.18	75%	£995	No HLC.	to 31.3.18
The Co-operative Bank	3.99%	to 30.6.18	85%	-	Flexible option. Remtg free valuation and free legal fees. No HLC.	to 30.6.18
Leeds BS	4.29%	to 31.5.23	75%	£999	No HLC.	to 31.5.23
VARIABLE RATES						
HSBC	2.38%	for term	60%	£1499	Remtg free legal fees. No HLC	None
Coventry BS	2.89%	for term	75%	£999	Free valn. Remtg free legal fees. No HLC	None
HSBC	4.30%	for term	90%	-	Remtg free legal fees. Free valn. No HLC	None
VARIABLE CURRENT ACCOUNT AND OFFSET MORTGAGES						
First direct	3.19%	for term	65%	£499	Remortgages free legal fees. No HLC	None
The One account	4.00%	for term	75%	-	Flexible option. No HLC	None
RBS	4.00%	for term	80%	£499	Remortgages free valn & remortgages free legal fees. No HLC.	None
REMORTGAGES						
Yorkshire BS	2.64% F	to 30.6.15	75%	£475	Flexible option. Free valn. Free legal fees. No HLC.	to 30.6.15
Furness BS	3.29% D	for 3 years	80%	-	Free valn (max £305). £150 rebate. No HLC. 1st 2 years	None
HSBC	2.99% V	for term	70%	-	Free valn. Free legal fees. No HLC.	None
CREDIT CARDS						
	Card Type	Introductory Monthly PA	Purchase PA	Standard Rate Monthly APR	Interest Free Period	Min fac
Halifax	Halifax/MasterCard	0.00%	0.0%	1st 17 months 1.313%	16.9% £	56 days
Tesco Bank	Clubcard/Purchase MC	0.00%	0.0%	1st 16 months 1.313%	16.9% £	51 days
M&S Bank	MasterCard	0.00%	0.0%	1st 15 months 1.313%	16.9% £	55 days

Lenders' standard redemption conditions may also apply at any time. Incentive of free legal fees may only be available through lender's nominated solicitor. All rates and terms subject to change without notice and should be checked before finalising any agreement. No liability can be accepted for any direct or consequential loss arising from the use of, or reliance upon, this information. Readers who are not financial professionals should seek expert advice. ASU - Accident, sickness and unemployment insurance. B - C - Buy building and contents insurance. F - Fixed rate. D - Discounted rate. N - Nectarcard holder only. P - Plus £100 rebate. R - Remortgage insurance. S - Alternative term or card products may be offered according to credit status. HP - Home purchase. FTB - First time buyer. HLC - Higher Lending Charge.

FIGURES COMPILED ON: March 21 2013
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