



Deposit yields over the top

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The big four banks have laid the public relations ground work for expanding margins on standard variable mortgages by launching historically high, and probably unsustainable, market leading rates on at-call and term deposits.

In the wholesale market, investors are said to be getting up to 140 to 150 points above the bank bill swap rate as the big banks match each other's offers. CBA is even said to have cannibalised a good deal of Bankwest business in October this way.

Andrew Murray, director of Curve Securities, said he learned of an NAB branch manager in Victoria who bid and won a multi-million dollar three-year deposit with an offer of 7.26 per cent.

"That is right out there and a lot higher than NAB treasury itself would quote, so I think NAB branches are being given a lot more leeway to buy business with good offers."

Yesterday Westpac made a grab for one-year cash by raising its one-year term deposit rate by 2.3 per cent from 4.5 per cent to 6.8 per cent.

The cash-strapped second tier dominated the one-year yield market until yesterday, with the best rate in the retail market, 6.25 per cent, belonging to Rural Bank. AMP offered 6.06 per cent, with Suncorp and Citi making up the top five 12-month term rates with a retail offering of 6.0 per cent, according to Mozo.

Commonwealth saturated the weekend press with an offer of 7 per cent for three-year terms. In the at-call online saver market as listed by Infochoice, NAB continues to lead with UBank USaver's 5.56 per cent yesterday.

Infochoice yesterday said the four most popular product searches at Infochoice at present all related to online savings accounts.

The four top searches were, in order, UBank Usaver (from National Australia Bank), ANZ Online Saver, NAB iSaver and the RaboPlus Premium Saver.

For big depositors such as local councils, clubs, and organisations that need to invest cash securely, the best rates have been even higher.

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