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MONEY BOX LIVE

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DUGGLEBY: Good afternoon. In half an hour, the Chancellor Alistair Darling will set out the government's plans for the economy in the pre-Budget Report - widely expected to include measures to boost spending, as well as updating us on government borrowing, inflation and growth, or rather the lack of it. How many times will the dreaded word "'recession" escape his lips? I think he'll prefer "setback" or "downturn". What you won't be hearing is anything to encourage savings. In the last few years, the so-called savings ratio dropped to an all-time low. Need some money? Well just put it on your credit card or remortgage the house. Well that attitude's certainly changed. And you may find it strange that to get out of recession the government is desperate for people to keep on spending; and, if not, they'll do it for you. So we're going to spend the next half hour talking about personal savings and investment, albeit against a very bleak outlook. Last week, the UK stock market again fell below 4,000, the same level as it was five years ago, and I see it touched that as far back as 1996. On Wall Street, the Dow Jones is at a 10 year low. If you have a share ISA, you could easily have seen it fall 40% in the last year alone. Bank shares leading the riot down 75% with joke yields of 25% or more. Forget it! Many big company dividends are set for the chop, which will affect pension funds. Interest rates are likely to fall further - some say to as little as 1%. If you're locked into a fixed rate for a year or two, well done. Otherwise income from savings in banks and building societies is going to be sharply reduced and you certainly won't be joining any spending spree, even if hopefully the bills for heating are reduced in the new year. The difficulty is pinning down core needs and minimising risk in a market that's being driven by fear and uncertainty. We have been here before - notably in 1973/74 when shares fell by 70% - but the main difference then was that interest rates and inflation were in double figures. A sobering thought for my guests: Amanda Davidson, director of independent advisers Baigrie Davies; Mark Dampier, head of research at Hargreaves Lansdown; and Brian Tora from the stockbrokers JM Finn. 03700 100 444. First up, David in Bath.

DAVID: Hi. My question is about company debt tokens. We've lost quite a bit of money or seen our portfolio value fall quite a lot since the heady days of 6,300 FTSE values and we were wondering about company debt tokens. It has been suggested …

DUGGLEBY: You probably mean corporate bonds, don't you, rather than …?

DAVID: Well, I'm not quite sure. I mean we've heard them referred to as both things and basically we're buying company debt and the values or rather the interest rates seem rather high provided the FTSE climbs back up.

DUGGLEBY: And also providing they pay the interest.

DAVID: Well that's what I want to know. I mean what are these all about and are they a good bet at this time?

DUGGLEBY: Alright, well let's start with Mark.

DAMPIER: Well I have to say they've had a terrible run over the last three or four months. Some corporate bond funds have fallen 25%, so let's be a little bit careful about you know not jumping out of the sort of fire into… you know frying pan into the fire here. But I do think right now they've fallen back to such a point that yields are looking very enticing. Now it is company debt, so it all depends on the company staying solvent as well. But most company debt has first call, so it's above the equity, so if the company does go bust you're more likely to get your money back as well. But yields are in excess of 7%, possibly into double figures, and under an ISA - or a

SIPP for that matter, a pension - that would be tax free. So I think that's actually quite enticing right now because I think in terms of the moves, corporate bonds are more likely to move first because really to get a sustained equity rally, we need to see credit markets actually free up and that would help corporate bonds. So the first signal, I would say, would be corporate bond values going up.

DUGGLEBY: Brian, one has to distinguish between debt and debt. I mean the professionals use triple A, double A, all this sort of stuff, and you end up finally down the bottom of the list with junk bonds which nobody expects to pay or nobody expects to pay the interest - not in full anyway. So it's a matter of looking at any underlying investments that are held by these funds, isn't it?

TORA: It is, though that can be quite difficult information to gather. It happened, I was talking to a corporate bond fund manager this morning and he reckons, as Mark was saying, there's a lot of value in corporate bonds at present and he'd been committing money into the market. Also, interestingly, they're getting a lot of flow of cash coming into their fund from investors. But corporate bonds aren't equities. You're never going to make the same sort of recovery out of corporate bonds that you might do if you stick it out in the equity market. So if the question is do we dump equities and go into corporate bonds, I'm not sure that I would. If the question is should I include corporate bonds as part of a diversified portfolio, yes that makes a lot of sense.

DUGGLEBY: That's a very good cue into an e-mail we've had from Francis in Harwich, which maybe you'd like to answer, Amanda, to start with. He says, "At a time of an economic crisis, such as we face at the moment, how would you balance a sensible portfolio in terms of equities, bonds, commodities, property and cash?", which actually covers probably the range that most people would think as being a well balanced portfolio.

DAVIDSON: Yes, it does indeed. I think it depends on your risk profile, but if you're a medium risk investor - in other words someone who doesn't want to take too much risk but also doesn't want to be too cautious in their approach - then we would say that you need to have 50% more risky, which would include the equities and the commodities that he mentions, and 50% in the defensive, which would include cash and corporate bonds. So any balanced portfolio, as Brian has said, needs to have an element of corporate bonds in it as well. But if you've got a totally equity portfolio, I again would not be switching out of that into corporate bonds at this particular juncture, but I would look to *move* towards that as the markets stabilise in the future.

DUGGLEBY: What about that balance then for you, Brian? Would you go in all those categories or would you steer clear of some of them or would you weight more heavily than Amanda?

TORA: The one I'm more cautious of is commodities because commodities, there have been an awful lot of products launched that directly link into commodities and they've really done a lot of the investors no good at all recently. You can invest in commodities through some companies - mining companies and oil companies, in particular.

DUGGLEBY: They've taken a pounding recently.

TORA: And they've taken a pounding. But I think I'd be more inclined to include commodities within a broader equity portfolio rather than perhaps going into some of the more esoteric products.

DUGGLEBY: Would you still favour the safety through cash and bonds say of 50% or 60% at the moment?

TORA: It's partly to do with your risk profile. It's also to do with the amount of time you're likely to have that money tied up. The shorter the period, the more I'd want in cash and bonds. But if you think that money is going to lie there for you know 15, 20, 25 years, I'd probably have rather more in equities and less in cash and bonds.

DUGGLEBY: Okay, Mark, then your spread on these investments?

DAMPIER: Well I broadly agree. There's one thing I probably would argue with Brian on and that's on corporate bonds, on upside, because I actually think they've got equity upside at the moment. Most bonds are actually on levels not seen for well probably 60 years, so actually for the first time they've got the upside of actually an equity investment over the next couple of years; and in the meantime, you know while you wait, you're being paid a lot of yield as well.

DUGGLEBY: Yuh. Now, as we know, there are a lot of bond funds out there and there are bond managers and bond managers.

DAMPIER: Indeed.

DUGGLEBY: Can we have a few names of ones that have at least been successful in the past because we can't predict the future?

DAMPIER: Well you can't predict … Well I'd look at Invesco Perpetual's Corporate Bond Fund, Artemis Strategic, and probably M&G Optimal as three funds which have got very well recognised fund managers.

DUGGLEBY: And not too much exposure to junk bonds?

DAMPIER: No, they're virtually all investment grade. There are some high yield on the Artemis Strategic, but that's where all the opportunities are being found at the moment.

DUGGLEBY: Amanda?

DAVIDSON: I don't disagree with those fund choices. We particularly like the Invesco Perpetual. Although I think in terms of the upside for equities and bonds, don't forget you were saying earlier that equities have dropped 40%, bonds 20 to 25%. Even if they just recover to their previous levels, we're going to see an upside in equities that's going to be greater than bonds.

DUGGLEBY: Okay, let's bring in Anthony now. Your call, Anthony, from Glamorgan.

ANTHONY: Yes, good afternoon. I'm a pensioner and I have some savings in unit and investment trusts - mainly corporate bonds, the UK funds, Europe and Japan. Now I began topping up my savings by drip feeding small amounts on a monthly basis into emerging markets - mainly Brazil, India, Russia, China, etcetera - to spread the risk. I'm happy that emerging markets are a high risk, but firstly do you feel that drip feeding into emerging markets at this time is a sign of good timing because the prices are low, or is it a sign of insanity? *(laughter)* And, secondly, REIT's. I see that some of these REIT's seem ridiculously low priced.

DUGGLEBY: Real Estate Investment Trusts for those who don't know.

ANTHONY: REIT's, Real Estate Investment Trusts. Is that a buying opportunity or is it a sign of head for the door?

DUGGLEBY: Okay, well let's just… You've got about three questions in one there. But, first of all, clearly you've kept faith with your trusts and other funds. You haven't sort of suddenly panicked out of the market?

ANTHONY: No, no, I haven't. I think now is a bad time…

DUGGLEBY: *(over)* No, okay. Right. It's an important point though because we have had questions about you know should I get rid of everything at the moment. Let's see. Amanda, first of all I take it you're in favour of the drip feeding. And any quarrel with the timing?

DAVIDSON: I think it's a very sensible approach. It's very uncertain markets that we're in, and even if you were putting a lump sum in, to phase it over three, four months would be a sensible approach. So buying units when they are at different times of the market and potentially quite low, as they are at the moment, is a very sensible approach.

DUGGLEBY: Okay, Mark. Now this question of BRICs - Brazil, Russia… now they were all flavour of the month. Well they were flavour of the *year*. They were said to be…

DAMPIER: Well, to be fair, they've been moving up for five years. I mean I'm an absolute fan of emerging markets and of BRICs, and as such when my son was born in 1990 I did a savings plan. And I have to say savings plans are a wonderful way of working. We had four very good years - from 1990 to 1994. Then we had the most awful bear market in emerging markets, which meant that he picked up lots of cheap units. Then we had a raging bull market. It's gone back to being bearish at the moment. But I actually think that's… You know the profile you want is actually for the markets to go down to begin with while you're actually putting money in. It's absolutely the ideal profile.

DUGGLEBY: So given the choice that he's made, that Anthony's made of choosing the BRICs, at the moment you wouldn't quarrel with that?

DAMPIER: Absolutely not. No, I think it's absolutely the right thing to do. Providing… The only thing I'd say is on a savings plan, you really have got to look for at least 10 years to get the most out of it and preferably longer, but I think it's precisely the right thing to do.

DUGGLEBY: And, Brian, Anthony's told us he's got investment trusts. Now they've just taken a terrible hammering recently. Why is that?

TORA: Investment trust share price can move against its asset value because it's quoted on the stock market, so it depends upon the weight of buying and the weight of selling. And the Association of Investment Companies, which is the trade body for investment trusts, have put a lot of effort into trying to reduce discounts because usually investment trust share prices are at a discount to the value of the underlying assets. In fact, for some time they've managed to hold, the investment trust movement as a whole, discounts to around about 10, 11%. With the sort of uncertainty we've had this autumn, we are seeing discounts go out to 15, 17, 20%. That could be a buying opportunity. I'm a great fan of investment trusts, but you have to accept that these sort of things can happen, that the discount can widen. And just as a word of caution - in 1974 discounts widened to around 40% on average. Now I'm not saying we're going to go back to those really difficult conditions, but you have no control over the discount and they can widen. What it does mean though is you can buy £100 worth of assets for £80, and in my book that's good value.

DUGGLEBY: So that is contrasted to a unit trust or an OEIC, which would effectively track whatever its underlying asset value was?

DAMPIER: That would reflect an assets value all the time.

DUGGLEBY: So does it make you know the big international investment trusts for example cheap, or does it just say nothing to you?

DAMPIER: No, it makes them cheaper. But the trouble is right now they could get considerably cheaper, which is what Brian I think is actually saying. The fact that it's at a discount of 20% doesn't mean it can stay like that for another two or three years.

DUGGLEBY: Well, Anthony, you're a brave man. I hope that's of some help to you. There's lots and lots of calls, as you'd imagine, on people who want to invest various sums of money over various periods of time. But this one I think is slightly more interesting because, John, you're calling us. You want to invest for a newborn son. Congratulations.

JOHN: Thank you. That's right. Yes, I've got an inheritance of about £3,000 and I'd really like to lock it away till he's about 25 on the grounds I didn't really grow up until I was that age. *(laughs)*

DUGGLEBY: Yeah. Well, of course, you'll probably be aware there's a thing called the Child Trust Fund?

JOHN: Yes, I've got some money in that and you know I'm putting £10 into that on a monthly basis.

DUGGLEBY: But, Amanda, I think with the Child Trust Fund, actually we could absorb that £3,000 quite quickly, couldn't we?

DAVIDSON: You could actually because you can put £1,200 a year into the Child Trust Fund, so over a period of years you could actually bank the £3,000 into if you like lumps of the £1,200. But of course your son would be entitled to the money when he's 18 and not 25. It's much more difficult to tie it up until he's 25 because usually the investments will mature when he's 18.

DUGGLEBY: But what to do with the money? I mean 25 years. You wouldn't want to leave it in the same investment for that period of time, I don't think. But perhaps you would, Brian?

TORA: Well one thing you can buy is - and I'm going back to investment trusts - is what's called an International Generalist Trust where you buy the world in one hit as it were. There's a lot of them around. One of them, for example, had a particularly bad day on Friday, which is Scottish Mortgage Trust, but it's a perfectly respectable trust. The only point I would make about taking this route is you do need to get some good advice on it because a lot of the International Generalist Trusts maybe have aspects to what they are that may not fit with the sort of risks you want to take. Let's take Alliance Trust, for example. Very good trust, very high discount, but they do have a separate business called Alliance Trust Savings, which means that you're not… you're largely just invested in world stock markets but there is this little element at the side, which you may or may not be happy with.

DUGGLEBY: Can you think of a 25 year investment you'd be happy with, Mark?

DAMPIER: I'm sorry, I feel like a broken record, but I'm still stuck with emerging markets after 18 years with my son and I'm not going to give it to him till he's 25 either, so I quite agree with you on that.

DUGGLEBY: The world could look very different. I mean the balance of economic power of course could be shifting…

DAMPIER: Well the economic power is going over to emerging markets, in my view. But on £3,000, the other thing - you might just stop on the equity side for a moment and just say you might want to keep £1,000 back in cash or whatever because over that 25 years you might over a certain… when the child is 10 or 11, you might want to use some of that money for an educational purpose anyway and you certainly don't want to go out of the stock market at a bad time. So you know it's not necessarily a bad idea to put something in cash as well.

DUGGLEBY: Right, an e-mail from Martin in Anick and he says, "During the 1970s, I watched my savings evaporate because of high inflation - slightly bailed out by save as you earn index-linked certificates. Now I guess index linking isn't any use because inflation is supposed to be disappearing. What do you think I should invest my money in now?" Brian? I mean that's going back a bit, but I mean I do remember that that was a big problem of course, trying to even keep pace with inflation. But we're not trying to keep pace with inflation. We're trying to keep capital secure, which is the theme of what everybody's asking us.

TORA: That's right. And I do remember a fund manager saying before the first launch of inflation linked bonds, saying that, "The day that the government launches a bond linked to inflation is the day I know I don't want to buy it." *(laughter)*

DAMPIER: Almost exactly right.

TORA: That's right. But it is quite difficult to know what to do. Where I think that this particular person may be wrong in their assessment is to think that inflation has disappeared altogether. Inflation is coming down, there is no doubt about that, and I think it will come down a long way. It'll almost certainly go below the government's target of 2%, and it may well stay down at that level for a couple of years. But an awful lot of what is happening suggests that inflation will re-emerge at some stage.

DUGGLEBY: Because the government's got to repay its debt?

TORA: Because the government's got to repay its debt. And you've got to also think what is the ultimate inflation hedge? Well it's got to be shares, it's got to be equities, because by and large companies' assets rise with inflation, their dividends should rise with inflation, their profits should rise with inflation. So inflation is not necessarily a bad thing for investors.

DUGGLEBY: Okay. Here's another take on what to do with the money. This is from Satish in Pinner. And he says, "I'm in my late forties and I work as a self-employed IT contractor. I only have a small pension fund. What would the panel's advice be on using the money that I'm prepared to put away for my retirement?" and he suggests he'd like to build a BLT investment. He doesn't mean a BL… a bacon, lettuce … I think he means a BT…

DAVIDSON: Buy-To-Let.

DUGGLEBY:… a buy-to-let investment. *(laughter)* Anyway, so he's really saying pensions versus property, which of course is slightly yesterday's story and a lot of people got their fingers burnt on that, Amanda.

DAVIDSON: Yes they did, invested in properties and found that they were illiquid assets and then problems also with the rental and it was not a happy situation. I think also our listener should consider that within his pension he could invest in property and that might be a more sensible approach, to have an element of property if he really wants to do that, because it's a very tax efficient environment to invest in a pension. But he can also of course have different investments as well and I think diversifying the investments, which we talked about beforehand, holds just as good within your pension as it does outside your pension.

DUGGLEBY: Talking of property in funds, there are terrific discounts on the property funds now, aren't there? REIT's was mentioned also in one of the previous callers.

TORA: Well there are a lot of property investment trusts. And that's one of the best ways of getting into property because you get to buy a spread of property and you're also in a financial asset which is more easily tradable. But - and there's a very big but here - when an asset class goes out of fashion, as property has, then the discount on an investment trust invested in property or indeed a Real Estate Investment Trust can be very high indeed. And it is possible to find discounts of around 50% at the moment, which is a colossal vote of, or lack of confidence in property as an investment.

DUGGLEBY: And the illiquidity means sometimes they can produce reasons why they won't pay you back at all. They just simply say no redemptions for the time being.

TORA: Well that's for an open-ended fund and we have seen some property funds actually close the doors to those who want to redeem. Aviva did quite recently with a fund. With a close-ended funded, with an investment trust, that shouldn't be an issue, but that doesn't mean that you can easily find buyers for the shares you want to sell.

DUGGLEBY: Mark?

DAMPIER: Yeah, I still wouldn't buy anything to do with property at all - residential or commercial - until the credit markets free up. I mean the whole property markets depend on borrowing money and we can't do it. So buy-to-let's completely had it and the bottom of the housing market is probably another 18 months away, so just don't go anywhere near property for the time being.

DUGGLEBY: Okay, Brian in Folkestone. I beg your pardon - no, it's Philip. I'm sorry, Philip in Wisborough, your call?

PHILIP: Well, yes. Some of the earlier conversation has slightly or partially answered my question, but looking at the figures we've got 3% bank rate but now a hundred billion of unfunded borrowing for the next year, along with other large commitments, and a 25% drop in the pound against the dollar in about the last three months. So my basic question was will it cause inflation and basically is the country likely to go bust and, thus, will it be necessary to get out of sterling?

DUGGLEBY: Yeah. Well one thing we didn't specifically mention, and haven't so far, and that's discussed the position of sterling and of course what this does to investments which are not denominated in sterling because they arguably will of course outperform on that score alone, Brian.

TORA: Well the good news is that an awful lot of the UK stock market earns its profits from abroad. Something like 55%, I think it is, of FTSE 100 company profits actually arise from outside the UK, so weak sterling is quite good for corporate profitability in this country. It also means that if you're investing in, for example, unit trusts in the Far East or America, or indeed continental Europe, then you're getting a currency uplift which you wouldn't otherwise have had. Will it produce more inflation? Yes, it could do. Should it mean you need to be more careful about investing in the UK? Well only in the sense that pure domestic assets may not do as well as those that have exposure to foreign markets.

DUGGLEBY: Amanda?

DAVIDSON: I think you should be investing in a broad spread portfolio. And, as Brian has just said, if you have got investments in for instance European and American funds, then you have got exposure to the various currencies which can be positive and give a positive effect on your portfolio.

DUGGLEBY: Mark?

DAMPIER: I mean you don't actually have to be in equities. You can be in global bond funds with a currency overlay. Templeton actually have that, so they manage the currency and the bonds, and that's actually done very well over the time. I mean I think sterling will be weak, but I have to say that actually there's no reason why the dollar should be particularly strong. And when I look across to our continental neighbours, they look in as big a mess, if not bigger than us, so I'd be very suspicious about having too much money in the EEC countries as well.

DUGGLEBY: Has gold has its day for the time being, do you think?

DAMPIER: Well it depends what you mean. Physical gold has actually held up very well. Gold mining shares, on the other hand, have absolutely been well mullered would be the technical term I would use. They're completely out of kilter with the gold price, so I actually think they look incredibly cheap, but you know we are talking about a very high risk area now.

DUGGLEBY: Indeed. Brian, any view about gold?

TORA: Well gold is the investment of fear. I remember in 1974 Jim Slater saying that the ideal investment portfolio was "gold, tins of baked bins and shotgun cartridges", so that really…

DAMPIER: Well maybe we're not far away from that now.

DUGGLEBY: Not in that order. *(laughter)* Alright, Brian, you've got the next call from Folkestone.

BRIAN: Yes, hello Vincent. Well talking of inflation, which you have been, in January of last year I invested in index linked National Savings certificates - one for three years and one for five years - and of course they've done quite well with the RPI booming away. But now it's slumping. Should I sell? NSI have already assured me that if inflation goes negative, then I won't owe *them* money, but nevertheless I'm considering selling my three year certificate and keeping the five year because who knows what's ahead in three years time.

DUGGLEBY: Indeed. You have to remember - and for those people who aren't familiar with the way these certificates work - they're looking backwards, they're not anticipating, so there's still a fair amount of inflation in the pipeline.

DAMPIER: There's still a fair amount to go yet. We're still over 4.5%.

DUGGLEBY: I believe in fact it's likely to go up in January simply because of a quirk of the way the index was calculated a year ago, so you've just got to get your timing right on this. It doesn't mean to say because inflation reaches a particular point that it's going to reflect in your returns.

DAMPIER: No.

DUGGLEBY: You can't assume anything. But I mean, in principle, I suppose inflation linked certificates would not be a buy when inflation drops down to 1% or 2%, but it depends what else you can get.

DAMPIER: Well at the moment remember that on an ordinary National Savings certificate, they're only offering 2.95 anyway, so you'd have to make that switch quite soon because I suspect they'll put a new issue at a lower rate than that in the next couple of months.

DUGGLEBY: And in five years? Well who knows what's going to happen in five years, Brian.

TORA: Well who knows? But I feel that if you make a decision like this, almost certainly the best thing to do is to stick with it. What I wouldn't do is put more money in at the moment.

DUGGLEBY: We've got an e-mail from Neil in Bristol and he says he's got a considerable amount of money set aside and he was thinking of paying off his mortgage, which he can do obviously. But then he's sort of had a look and thought well is that a sensible idea because there are some quite good returns and if mortgage rates are falling, which they certainly are or are likely to - it depends what sort of mortgage you've got - maybe our conventional wisdom, which is pay off your mortgage, needs to be looked at again, Mark?

DAMPIER: Well if you can fix the rate… If you can put your savings into some kind of fixed rate above what your mortgage is, that makes a degree of sense. Although I do like a bird in the hand. I quite like paying off the mortgage. Having done it last year, it's a nice, warm feeling not to have it, come what may.

DUGGLEBY: If you've got a mortgage though that is linked to base rate and you haven't got a collar on it, which prevents it going down…

DAMPIER: Yeah, but it doesn't tempt me to spend it. I'm just being a bit…

DUGGLEBY: No, okay. Well what you think, Amanda?

DAVIDSON: I think it depends on what you're trying to aim to do. I think it's very important to have investments that are outside the mortgage and not just to pay off the mortgage, so you need to take a good, hard look at what are you actually trying to achieve. And if you're trying to look at perhaps retirement planning or education for your children or something like that, then now might well be a good idea to put some of that money aside towards those aims whilst also managing your mortgage.

DUGGLEBY: Okay - Peter in East Grinstead, you've got the call now.

PETER: Good afternoon. Listening to the programme, I've changed my question slightly at the beginning just to introduce the fact that my wife and I have now retired and we have received obviously monies from the Pension Fund and also from redundancy. But my question, to start off with, was in view of your earlier request for calls, Vincent, you mentioned…

DUGGLEBY: We're running out of time. Can you put the question?

PETER: Okay, well yeah. My question then surely is surely for no other reason than national interest, should we not start considering investing in gilts?

DUGGLEBY: Okay, well I'm going to stop you there. Gilts, a good or a bad thing? Now gilt yields have fallen very, very sharply, but I happen to know, because Mark told me before the programme started, that actually the great Mark Dampier has invested in gilts.

DAMPIER: Yes, I did put some money in some gilts. And you can still on 10 year gilts get round about 4.5%. And that doesn't sound exciting, but if base rates go to 1% and the instant access building society gives you two, suddenly 4.5 looks damn good.

DUGGLEBY: Your call now, Brian. Gilts?

TORA: I can't get too excited about gilts, but I do love the thought that there should be some sort of moral obligation to buy them simply to help the government out with its borrowing.

DAMPIER: Look after yourself first.

TORA: The government never looks after you.

DUGGLEBY: But don't expect to get a very high yield because I mean some of the shorter dated ones were down to yields below 2%.

DAMPIER: Yeah, I don't think that's where you go. You have to go further out.

DUGGLEBY: And as a general principle, Amanda, you know where do you think interest rates are going and what should people expect from their savings if they've got money coming in in the next few months - 3% maybe? Is that all they're going to get?

DAVIDSON: It may well be. We have to be realistic. We're in very different times now.

DUGGLEBY: Indeed.

DAMPIER: It's going to be a real shock because in the best buy tables they're still saying 6% and it's just not going to be available after Christmas.

DUGGLEBY: But I mean none of these things, half of them aren't available anyway. Some of the newspaper adverts are misleading because they've all been withdrawn. Brian, your prediction for interest rates?

TORA: I think interest rates will go on coming down. Then sometime, maybe at the end of next year, they'll start rising again.

DUGGLEBY: Okay, well there we are. We've run out of time for your calls on Money Box Live, but my thanks to Amanda Davidson from Baigrie Davies, Mark Dampier from Hargreaves Lansdown and Brian Tora from the stockbrokers JM Finn. You can get more information on the points we've raised during the programme by ringing 0800 044 044, or logging onto the website, bbc.co.uk/moneybox, where you can have your say, listen again, and sign up for a podcast. Now right now if you want to hear the pre-Budget Report, which is about to start, you can hear it on Five Live, you can tune into BBC2 or to the BBC News Channel, and there'll be a full analysis of the measures on Radio 4 in PM at five o'clock as well as on the BBC website. Paul Lewis will be here with the next edition of Money Box on Saturday, and for the next few weeks he'll also be here to take your calls on Money Box Live. I'll be back in the new year.