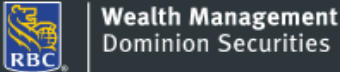


2nd Quarter 2025

Special Note

Gill Wealth Group



July 25, 2025

We will be sending the 2nd quarter newsletter via email in a few days but would like to share the following interesting observation.

The margin debt for buying US stocks **surpassed an all-time high, USD \$ 1 trillion, as of end June 2025** as per recently released FINRA statistics.

FINRA Investor Margin Debt : 1007961 (As of 2025-06-01) NEW



About FINRA (from FINRA website)

FINRA is a private not-for-profit membership organization that is responsible under federal law for supervising our member firms. FINRA's [Board of Governors](#), our governing body, is comprised of industry governors and public governors, and our operations are funded by member fees, not taxpayer dollars. As a self-regulatory organization, or SRO, we are registered with the SEC and perform our work under the supervision of the SEC, but we are not part of the government. As a membership organization, FINRA's work is informed by our member firms, with 13 [advisory committees](#) that provide feedback on rule proposals, regulatory initiatives and industry issues.

FINRA Investor Margin Debt Relative to GDP : 3.36% (As of 2025-06-01) NEW



What is Margin Debt?

Margin debt is the amount of money an investor borrows from their broker via a margin account. Trading with a margin debt can magnify gains because an investor can benefit from the upside of any stock without having to invest 100%, resulting in greater profit. On the flip side, trading with margin debt can also exacerbate losses because if a stock's value were to depreciate, the investor may face a margin call and would need to come up with additional cash to reach the minimum requirement. Margin debt is often seen as a measure of investor sentiment and risk appetite. High levels of margin debt can signal confidence, but extreme spikes may also indicate excessive speculation, increasing the risk of market instability.

FINRA's latest data, through June, reveals the second consecutive monthly increase, with a 9.5% jump from May, the largest monthly increase since November 2020. The debt level, \$ 1 trillion, is up 24.5% compared to one year ago.

When adjusted for inflation, the debt level was up 9.1% month-over-month, **reaching its highest level since December 2021, and is up 21.3% year-over-year.**

Some observations

Starting in 1997, a period well into the long-running bull market that began in 1982 and nearing the tech bubble, we can observe some interesting patterns:

- **Late 1999 - March 2000:** Margin debt experienced a dramatic increase, peaking in March 2000. This coincided with an interim daily high for the S&P 500, although the market's highest monthly close for that year occurred later in August.
- **2006 - July 2007:** Another significant surge in margin debt began in 2006, reaching its peak in July 2007, just three months before the S&P 500 reached its peak.

- **February 2009:** Following the financial crisis, margin debt hit a low point in February 2009, the same month the stock market bottomed out. Subsequently, margin debt began another substantial period of growth.
- **Post-COVID Pandemic (October 2021 - December 2022):** We saw a similar pattern after the initial COVID-19 pandemic. Margin debt soared to an all-time high in October 2021, just two months before the S&P 500 reached its peak in December 2021. The market then bottomed in September 2022, and margin debt followed suit, reaching its most recent low in December 2022.
- **Late 2023 - Early 2025:** The most recent increase in margin debt began in late 2023 and continued into 2025. The S&P 500 reached its inflation-adjusted all-time high in November 2024, while margin debt reached a relative inflation-adjusted peak in January 2025.
- **Now:** Margin debt rose for a second straight month, now sitting at its nominal peak and 7.6% off its real inflation-adjusted peak from October 2021. Meanwhile, the S&P 500 is at its nominal and real peak.

By examining these periods, **we can observe a potential relationship between significant increases in margin debt and subsequent market peaks, as well as a correlation between market bottoms and troughs in margin debt.**

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