PRESS RELEASE

Auckland, 15 July 2009

New Zealand investor outlook improves to neutral, but still lowest in pan-Asia region – says ING Investor Dashboard Survey

Key highlights of the second quarter 2009 ING Investor Dashboard Survey

- New Zealand high net worth investors have improved their outlook from “pessimistic” last quarter to “neutral” in Q2 2009, signalling a slow return in investor confidence
- Despite a 25% improvement in sentiment since Q1 2009, New Zealand has fallen to the bottom of the index with a score of 84
- Overall the Pan-Asian Index* has jumped by 55% into the “optimistic” range at 132 points, with seven out of 13 markets now feeling “optimistic” or “very optimistic”

Investor sentiment among New Zealand private, high net worth investors is improving with the index score moving up 25% from “pessimistic” into the “neutral” range for the first time since Q3 2008. This is according to data released today from ING, the global financial services group, as part of its quarterly ING Investor Dashboard Survey.

In comparison, Australia has seen a more significant leap in confidence with an 87% increase from a score of 62 to 116.

Across Asia, the quarterly ING Investor Dashboard Survey showed a significant 81% upswing in investor sentiment in Asia (ex-Japan) for the first half of 2009 and moves the index from the “neutral” into the “optimistic” category. Overall the index has seen a 55% increase for Q2 2009 from Q1 2009, the largest quarter-on-quarter increase in investor sentiment since the survey was introduced in Q3 2007, indicating a substantial improvement in investor confidence as financial markets recover from the worst slump since the Great Depression.

Factors attributing to the rising optimism felt by many investors across Asia point largely towards the recent performance of the financial markets and the confidence that economic growth in the region will perform better than more developed economies in the western world.

Commenting on these results, Stuart Millar, Investment Strategist, ING New Zealand said: “In Q1 investors were becoming more resilient to negative data and the worst case scenarios that many investors were expecting in Q2 did not eventuate. Markets have been quick to price in the end of the global recession and the risk is that Asian investors become too optimistic too early.

“While Asian economies have benefited from continued growth in China and India, it will be difficult for global equity markets to advance strongly while economic growth in the developed world is continuing to contract.

“Last quarter New Zealand investors had a more optimistic outlook than Australia, but in Q2 Australian investors revised their bleak expectations and their index score is now bordering on optimistic. This optimism could partly be attributed to the contribution the resource and financial sectors make to the Australian equity market. Both of these sectors have rallied sharply as financial stability improved and signs emerged that the pace of economic contraction will slow.

"Closer to home, the New Zealand stock market tends to be more defensive than most equity markets, with higher dividend yields and less exposure to the financial and resources sectors that have suffered the most over the past year."

Outlook brighter as investors forecast market improvements

A quarter of New Zealand investors (25%) think that the local economic situation improved during Q2, with another quarter (26%) feeling that it stayed the same. This quarter, New Zealand had the greatest proportion of investors that considered the economic situation had deteriorated (50%).

However, when asked to forecast what the outlook would be during the next quarter, New Zealand investors were more positive with 43% predicting that the economic situation will continue to improve during Q3 and a further 24% thinking that it will stay the same.

Slightly fewer New Zealand households feel that their financial situation has improved since the question was asked last quarter (14% in Q1 compared to 13% in Q2), but on the other hand, less than half (43%) feel that their household financial situation has deteriorated this quarter compared to 63% in Q1. The outlook for Q3 is more positive with 30% of New Zealand investors predicting an improvement in their household financial situation.

At the same time fewer New Zealanders feel that their personal financial situation has improved in Q2 (18%) compared to last quarter (20%), although fewer also felt that it had deteriorated (48% in Q2, 65% in Q1). A third (35%) feel that their personal financial situation has stayed the same since last quarter.

Job security also continues to be a key concern for many New Zealand investors with 40% of investors now believing that the economic slowdown has had a negative impact on their personal job security, up from 31% in Q1. However more than half (56%) of respondents think that the economic slowdown has had no impact on their job security.

New Zealand investors still the most conservative in the region

New Zealanders are also maintaining the most conservative stance when it comes to investment with 55% of investors taking a long term investment view with the aim being to preserve their capital, compared to 42% during the same period last year. 73% of New Zealanders view the high risk/high return investment sector as unfavourable.

New Zealand investors claim to have the lowest rate of return on investment, with only 11% of investors saying that their return on investment had shown improvement in Q2, up 3% from the previous quarter, and 58% saying that their investment return had deteriorated. Over the next quarter, investors expect things to improve, with 23% thinking they will see an increase in their returns, 50% anticipating the same returns and 28% foreseeing a drop in ROI.

Across the pan-Asian region, an increasing number of Asian investors have indicated that their return on investment has increased, following a strong performance in the financial markets in Q2 2009.

Millar added, "New Zealand has been in recession for five quarters now and there have only been a few signs that the pace of economic deterioration is slowing, so it is not surprising that investors remain relatively gloomy about the economic situation. The result is consistent with other consumer and business confidence surveys, which reached some of the lowest levels on record earlier this year.

Investment intentions for third quarter 2009

New Zealanders remain the least affected by the US economy of all the countries surveyed, with 42% saying that their investment decisions had been negatively influenced by the state of the US economy, down from 46% last quarter. Across the pan-Asia region, 56% of investors feel that the US economy has a negative impact on their investment decisions. In New Zealand, this is expected to fall further in Q3 to 30%.

Most (61%) of NZ investors are likely to maintain their current investment portfolio over the next quarter with a further 34% of investors still undecided.

- Cash and deposits are the most popular investment tool used by NZ investors with 70% holding investments in cash/deposits, up from 60% in Q1
- Superannuation remains popular with 43% of investors
- Self-occupied local residential property has increased to 59% from 48% last quarter, while local residential property (apart from self-occupied) has decreased from 63% to 42%
- Investments in the USA and Europe are both growing, with investment in the UK in particular rising from 17% to 39%. 74% of New Zealand investors invest in the Australian market
- New Zealand investments in Asia have declined from 34% to 29% over the last quarter.

Millar concluded: "While there have been some early signs that the pace of economic contraction is slowing, investors will need evidence that this will lead to real economic activity and that the earnings recession is coming to an end before committing themselves more fully to growth assets."

The ING Investor Dashboard is the first quarterly survey in the Asia Pacific region that provides a pan-Asia (ex-Japan) investor sentiment index. The survey is conducted quarterly across 13 markets* in Asia Pacific, and not only provides market insights on investor attitude and outlook but also allows each market to be benchmarked and tracked against the overall investor sentiment across Asia using the pan-Asia index.

For detailed (high-resolution) data charts on the ING Investor Dashboard Sentiment Index, please download the results presentation from: http://www.ing.asia/investor_dashboard

** See Notes to Editors*

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About the ING Investor Dashboard
The ING Investor Dashboard survey measures and tracks investor sentiment and behaviour of mass affluent investors each quarter from 13 Asia Pacific markets (including China, Hong Kong, India, Indonesia, Korea, Malaysia, the Philippines, Singapore, Taiwan, Thailand, Japan, Australia and New Zealand), and is the first quarterly survey in Asia Pacific which provides a specific industry benchmark for pan-Asia (ex-Japan) investor sentiment.

The Q2 2009 survey was conducted in June 2009 and involved online interviews with a total of 1,314 mass affluent investors across the 13 Asia Pacific markets. The respondents are aged 30 years and above, and have disposable assets or investments of US$100,000 and above, with the exception of Indonesia (disposable assets or investments of US$56,000 and above) and the Philippines (disposable assets or investments of US$100,000 or monthly income of Php250,000 and above).

The survey is conducted by international and independent research firm Research International and is tracked extensively by major financial and business media organisations across all 13 markets in Asia.

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Profile of Research International

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ING Investor Dashboard Pan Asian index score tracker

Q1 09 Rank	Country	Q2 09 Index score	Q1 09 Index score	Q4 08 Index Score	Q3 08 Index Score	Q2 08 Index Score	Q1 08 Index Score	Q4 07 Index Score
1	India	**182**	133 (1)	76	156	163	168	**167**
2	China	**158**	124 (2)	103	88	117	136	**132**
3	Taiwan	**136**	95 (4)	76	65	109	105	**83**
4	Indonesia	**129**	96 (3)	109	123	108	131	**136**
5	Hong Kong	**125**	58 (11)	62	79	123	107	**148**
6	Korea	**122**	73 (6)	69	65	87	96	**113**
7	Malaysia	**122**	60 (10)	65	87	82	128	**124**
8	Singapore	**120**	58 (12)	56	71	90	88	**136**
9	Philippines	**116**	89 (5)	95	138	110	121	**153**
10	Australia	**116**	62 (9)	66	95	105	89	**131**
11	Thailand	**113**	65 (8)	59	84	81	131	**134**
11	Japan	**99**	55 (13)	52	53	73	60	**71**
13	**New Zealand**	**84**	**67 (7)**	**62**	**96**	**98**	**90**	**118**

ING Investor Dashboard – New Zealand