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ING Research Study Reveals Robust Investor Sentiment in Asia-Pacific, but New Zealanders Relatively Conservative

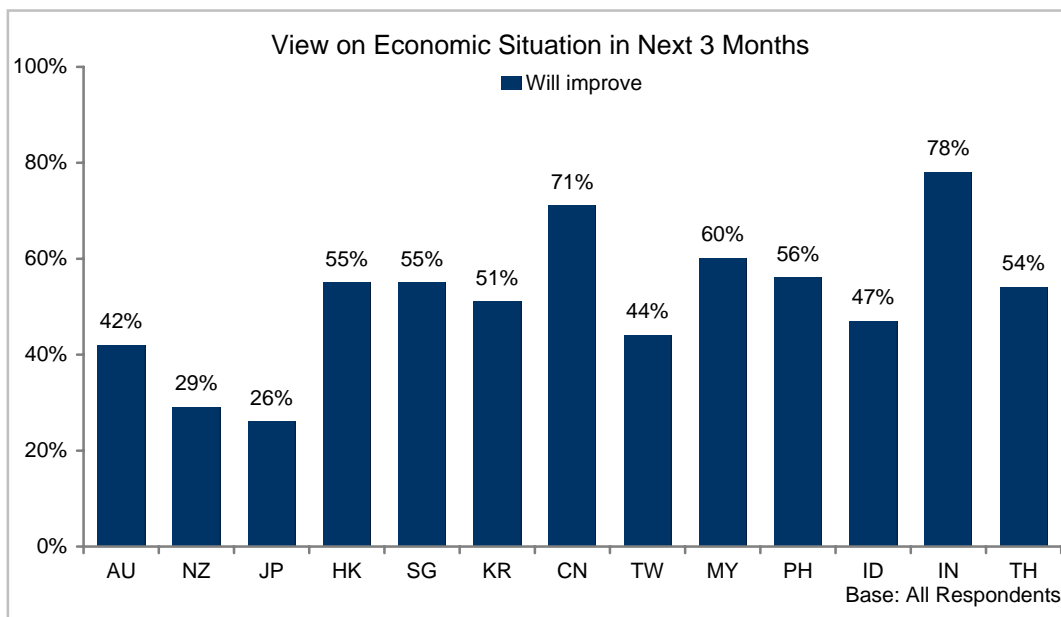
New Zealand investors are less optimistic than most of their peers in the Asia-Pacific region, according to the ING Investor Sentiment Tracking Study launched today.

Investor sentiment remains robust in most of the 13 Asia-Pacific countries surveyed, despite fears in the US that the subprime crisis will spread to the wider global economy.

But the study found investors in New Zealand and Australia are more conservative than in the rest of Asia Pacific, with the exception of those in Japan. However, New Zealand investors in general remained positive about the investment environment in the near future. In the current climate, New Zealand investors tend to favour low-risk investments, such as fixed interest products, and are shying away from the high-risk sector, such as equities.

In terms of the short-term economic outlook, New Zealanders bucked the regional trend, with only 29% believing the economic situation here will improve in the next three months, while 42% feel it will deteriorate. This was lower than the 56% who felt the economy deteriorated in the past three months. Australians are more optimistic, with 42% believing the economic situation in their country will improve, and 27% believing it will worsen.

Among the 13 surveyed markets, investors in the two “hottest” Asia-Pacific economies, India and China, are the most bullish. More than 70% of the respondents in both markets believe that the economic situation in their home country will improve in the next three months. They are followed by Malaysia (60%) and the Philippines (56%).



Japanese respondents are the least optimistic, with only 26% believing their economy will improve, possibly a reflection of the country's political changes.

This is the first of a quarterly survey by ING Asia Pacific to track and anticipate changes in market sentiment and investment attitude across 13 Asia-Pacific markets. Research firm TNS conducted the study during July and August 2007 through online and face-to-face interviews with 1308 affluent investors in Australia, New Zealand, Japan, Hong Kong, Singapore, Korea, China, Taiwan, Malaysia, Philippines, India, Indonesia and Thailand.

“The survey findings suggest a possible correlation between investors’ level of sophistication and their confidence in the market. Investors in more mature economies such as New Zealand and Australia are seen to be more conservative in their outlooks, while those in India and China, on the contrary, are extremely optimistic possibly due to their short investing history,” said Marc Lieberman, CEO for ING New Zealand.

Love Affair with Property Continues

While local stocks emerged as the most popular choice of investors in more than half of the surveyed countries, New Zealanders cited property as their most preferred investment tool (29%), followed by cash deposits (24%). The next most preferred tools, but to a much lesser degree, are superannuation (8%), local stocks (7%), and managed funds (7%).

The current condition of the low-risk investment sector is generally considered to be more favourable than the medium and high risk sectors. 71% of the surveyed respondents consider the condition of the low risk sector to be favourable, as opposed to 35% for the medium-risk sector and 18% for high-risk investments.

“Certainly the recent spate of finance company failures in New Zealand is prompting investors to be more considered, and possibly more cautious, about any investment decision, irrespective of the perceived level of risk,” Mr Lieberman said.

✓ = Popular tools used ☺ = Most favorite tool	AU	NZ	JP	HK	SG	KR	CN	TW	MY	PH	ID	IN	TH
Cash/deposits	✓	✓	✓	✓	✓	✓	✓	✓	☺	☺	✓	✓	✓
Gold											✓		
Foreign currency			✓	✓						✓			
Shares – local	✓		☺	☺	☺	☺	☺	☺	✓	✓		✓	☺
Shares – overseas		✓											
Managed funds/ unit trusts			✓	✓	✓	✓	✓	✓	✓			✓	✓
Reits or Real estate property fund						✓							
Allocated pension / allocated annuity											✓		
Pension scheme / superannuation	✓	✓											
Bonds or other fixed-interest securities													
Properties	☺	☺			✓		✓	✓	✓	✓	☺	☺	✓

IN = India; ID = Indonesia

Investors, mostly those from countries where share trading is a popular investment tool, believe that the share market will rise in the next three months. 29% of the respondents also claimed that they will invest more in local shares in the next quarter.

Given the bull market in China, it is not surprising that investors there are the most positive. In China, 31% of the respondents believe that the domestic market “will rise considerably” in the next three months. This figure is only 18% in Korea, 16% in Hong Kong, 15% in Singapore and 14% in India. In contrast, 51% of New Zealanders surveyed think the sharemarket will deteriorate, by far the highest of the 13 countries.

Less Return on Investment Expected in the Next Three Months

While most investors in New Zealand felt the overall economic situation hadn't improved, the majority says the return on investments in the past three or six months have increased (53% and 68% respectively). But slightly fewer of them (45%) expect an increase in the next three months. This tends to mirror the views of the more conservative investors in the region. However, investors in China, India and Philippines remain optimistic about the return on their investments in the next three months.

Of the New Zealand investors questioned, only 15% had joined KiwiSaver, although of those who hadn't 31% intended to join.

“The ING Investor Sentiment Study is the first study of its kind: not only does it regularly track investor sentiment in Asia but it is also the most far-reaching one geographically as it surveys 13 markets in Asia, enabling comparison between countries that was previously not possible,” concluded Mr. Lieberman.

To illustrate the ING Investor Sentiment Tracking Survey, ING developed the ‘dashboard’ below to present key findings. Modelled on a car dashboard to underscore the increasing affluence in Asia Pacific, the dashboard presents the economic outlook, the investor index for each country and the % of a portfolio held in equities—a popular investment option for the region.

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About ING Investor Sentiment Tracking Study

ING Investor Sentiment Tracking Study was commissioned by ING Asia/Pacific with the aim to understand and track over a period of time the changes in market sentiments, investment attitudes and behaviours. The research surveyed 13 markets across Asia, including Australia, China, Hong Kong, India, Indonesia, Japan, Korea, Malaysia, New Zealand, Philippines, Singapore, Taiwan and Thailand and conducted online or face-to-face interviews with a total of 1,308 mass affluent respondents across all markets.

In Australia, New Zealand, Japan, Hong Kong, Singapore, Korea, China, Taiwan, Malaysia, India and Thailand (n=1,107); mass affluent is defined as person aged 30 or above and with disposable asset of USD 100,000 or above; in the Philippines (n=100), it is defined as a person aged 30 or above and either with disposable asset of USD 100,000 or above OR monthly personal income of Php. 200,000; and in Indonesia (n=101), a person aged 30 or above with disposable asset of USD 56,000 or above.

About ING

ING is a global financial institution of Dutch origin offering banking, insurance and asset management to over 75 million private, corporate and institutional clients in more than 50 countries. With a diverse workforce of approximately 120,000 people, ING comprises a broad spectrum of prominent companies that increasingly serve their clients under the ING brand.

About TNS

TNS is the world's foremost provider of custom research and analysis, combining in-depth industry sector understanding with world-class expertise in the areas of Retail and Shopper Insights, Stakeholder Management, New Product Development and Brand and Communications. We work in partnership with our clients, meeting their needs for high-quality information, analysis and foresight across our network of over 70 countries.