



PRESS RELEASE

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New Zealand investor confidence rallies, despite further market deterioration forecast for Q3

As speculation increases that New Zealand is moving into to a period of stagflation, 71% of New Zealand investors are forecasting that inflation will continue to worsen over the next three months.

This is according to the latest ING Investor Dashboard Survey release today, which highlighted that although investor confidence has rallied over the previous quarter by 9%, to 98 points out of 200, more than half of those investors surveyed (53%) remain concerned that New Zealand's economy will continue to deteriorate during the next quarter.

Across the Asia Pacific region the survey, which tracks investor sentiment against a range of investment behaviours across 13 Asian markets*, revealed that investor confidence had slumped by 13% to an overall average of 109 in Q2 2008. The research also showed a strong decline in investor sentiment in many countries, with China and the South East Asian markets showing considerable falls.

Commenting on the survey, ING New Zealand Investor Services Manager, Steven Giannoulis said, "Regionally, the global economic slowdown, rising commodity prices and internal political developments appear to be weighing down heavily on investors in Q2 2008. In New Zealand, although confidence has rallied somewhat, investors are still concerned about the impact the global credit crunch, rising inflation and volatile markets are having on the economy and their personal investment portfolios.

* The survey was conducted across 13 markets in Asia Pacific including Hong Kong, China, India, Indonesia, Korea, Malaysia, the Philippines, Singapore, Taiwan, Thailand, Japan, Australia and New Zealand. The pan-Asia investor sentiment index includes all Asia markets and excludes Japan, Australia and New Zealand

”Rising inflation generally does not help the equities market and together with the credit crisis worsening and US equity markets falling, it is likely that investor sentiment will continue to be affected in both New Zealand and the Asia Pacific region. Coupled with higher interest rates in many markets in Asia Pacific, including New Zealand, we believe investors will potentially take a wait and see approach to investments and just sit on the sidelines with their money.”

New Zealand investors take conservative and pessimistic views of the market

Even though New Zealand’s score recovered by 9%, to 98 out of 200, this remains in the neutral range of the sentiment index.

Steven Giannoulis added “The New Zealand investors we surveyed have continued to adopt the most conservative approach to investment of all the regions within the Asia Pacific region, with 42% taking a low risk, long-term capital preservation view and 48% taking a balanced strategy approach.”

Within the survey, key findings include:

- 68% of New Zealand investors felt that the economic situation in New Zealand has deteriorated over the last quarter, with only 23% thinking that it has improved
 - Looking ahead, more than half (53%) forecast that New Zealand’s economic situation will deteriorate over the next quarter, compared to only 28% expecting to see an improvement
- 52% of investors surveyed said that the NZX will continue to decline over the next three months, with only 19% forecasting an improvement over the same period
- 37% of investors said that their return on investment (ROI) has improved in Q2 2008
 - Looking ahead, more than a third (37%) of investors remain positive forecasting that their ROI will continue to improve over the next quarter with only 19% forecasting that they will see a decrease in their ROI
- 36% of investors felt that their personal financial situation has deteriorated over the past quarter, while 38% thought it has improved
 - Looking ahead, almost a quarter (24%) of investors are expecting their personal financial situation to deteriorate over the next quarter, although 44% are expecting that they will see some improvement to their personal situation.

Mr Giannoulis, from ING New Zealand, added “The unique perception of New Zealand investors is demonstrated in their expectations for the future in terms of returns on investment and improvements to their personal financial situation, which appear more positive than their overall feelings about the economy.”

“We have seen New Zealand investors being weighed down recently on several fronts including falling house prices, high interest rates, rising inflation and oil prices. On the other hand the improving

investor confidence overall can be seen by the jump in those who see the economic situation improving, which forms only 28% of the total, but still scores 13% higher than last quarter, suggesting the perceived effects of the credit crunch and global uncertainty may be lessening here.”

Overall index drops into ‘neutral’ for the first time

China leads the drop in investor confidence with a significant 14% fall and for the first time since the survey began in September 2007, moving to neutral from optimistic sentiment.

According to the survey, the current rankings are as follows:

Ranking *	Markets	Score out of 200 **	% change since Q1 2008
1 (1)	India	163 (168)	-3%
2 (7)	Hong Kong	123 (107)	+15%
3 (2)	China	117 (136)	-14%
4 (6)	Philippines	110 (121)	-9.1%
5 (8)	Taiwan	109 (105)	+3.8%
6 (3)	Indonesia	108 (131)	-17.6%
7 (11)	Australia	105 (89)	+18%
8 (10)	New Zealand	98 (90)	+8.9%
9 (12)	Singapore	90 (88)	+2.3%
10 (9)	Korea	87 (96)	-9.4%
11 (5)	Malaysia	82 (128)	-35.9%
12 (3)	Thailand	81 (131)	-38.2%
13 (13)	Japan	73 (60)	+21.7%

* (Q1 rank in brackets)

** (Q1 score in brackets)

Overall this quarter’s pan-Asian index highlights that investor confidence has declined for the third consecutive quarter to 109 for Q2 2008 from 125 for Q1 2008. The pan-Asia sentiment index previously registered 135 for Q4 2007 and 141 for Q3 2007.

While New Zealand, Australia, Hong Kong, Singapore and Japan recover on previous falls in confidence, only Hong Kong investors moved into the optimistic range of investor sentiment.

Most notably, China fell considerably to 117 for Q2 2008 from 136 for Q1 2008, despite continued growth in the economy and the upcoming Olympics Games in Beijing. The Index suggests that investors in China are beginning to absorb the effects of the global economic slowdown and market pressures. India also reflected a slight decline to 163 for Q2 2008 from 168 for Q1 2008, but still tracks at least 40 points above any other country in the survey.

Commenting on the results, Mr. Giannoulis said: “The reality is that China, and the region as a whole, have not decoupled from the US or global markets. China has clearly been impacted by the knock-on effects of the US economy, rising oil prices, falls in its domestic equity markets and rising inflation. Looking at these results, it seems that investor sentiment in the high growth markets of China and India lag behind that of the developed markets in terms of investor reaction towards the global economic slowdown. In New Zealand and Australia it seems that the overall improvement in investor confidence suggests that investors are now pausing to see how the global economy performs while local markets adjust.”

Australia remains more popular investment market

	Current markets invested in by NZ investors who have overseas investments *		Markets being considered to invest in over the next 3 months by NZ investors	
	Q1 2008 results*	Q2 2008 results**	Q1 2008 results*	Q2 2008 results**
Australia	60%	65%	53%	59%
USA	49%	38%	28%	27%
United Kingdom	26%	35%	25%	25%
Japan	20%	14%	8%	14%
China	17%	11%	25%	21%
Canada	9%	16%	15%	20%
Singapore	11%	8%	5%	16%
Korea	NA	NA	NA	9%
Philippines	11%	3%	5%	2%
Indonesia	11%	3%	3%	4%
Germany	9%	NA	13%	7%
India	3%	5%	13%	11%

*sample size of 37 only – investors who currently have overseas investments

** sample size of 56 only – investors who currently have overseas investments

Table 2 compares how investors forecast the direction of their investments for the next quarter against where they actually placed their investments over the last quarter. Column 3 shows the markets investors said (in Q1) they would consider investing in Q2, and Column 2 shows where they hold their current investments in Q 2.

Following on from the last quarter, the direction of investment by New Zealand investors has continued to grow in China and increasingly India, even if slower than anticipated. This appears to be at the expense of the USA where investment preferences are decreasing for the second straight quarter.

Mr. Giannoulis added, “Interestingly the results display a certain unwillingness amongst New Zealand investors to pursue dividends in the new high growth markets of India and China. The idea of

investing in these emerging markets seems to appeal to investors, as is evidenced by their forecasts for the following quarter, (*shown in columns 3 and 4*) but in reality investors have only dipped their toes in the water and seem to be sticking to investing in tried and true markets such as Australia, the USA and the United Kingdom.”

For detailed data charts on the ING Investor Dashboard Sentiment Index, please download the results presentation from the following website link: http://www.ing.asia/investor_dashboard

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Notes to Editors

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. Each market covered by the survey is assigned an investor sentiment score ranging from 0 (the least optimistic) to 200 (the most optimistic).

It is the first quarterly survey in Asia Pacific which provides a specific industry benchmark for pan-Asia (ex-Japan) investor sentiment. Each quarter, the pan-Asia ING Investor Dashboard sentiment index is also developed as part of the survey. The pan-Asia sentiment index is derived from the median sentiment index scores of 10 of the Asian markets including China, Hong Kong, India, Indonesia, Korea, Malaysia, the Philippines, Singapore, Taiwan, and Thailand (excludes Japan, Australia and New Zealand).

The ING Investor Dashboard was launched in Asia Pacific following the success of ING's Investor Barometer in Europe. The Investor Barometer is published regularly in the Netherlands and Belgium to gauge the confidence of private investors. It is considered an authoritative measure of the sentiment of private investors and is closely followed by key players in the European financial industry.

The Q3 2007, Q4 2007 and Q1 2008 surveys were carried out in August 2007, December 2007, and March 2008 respectively. The Q2 2008 survey was conducted in June 2008 and involved face-to-face or online interviews with a total of 1,313 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 TNS.

Profile of ING

ING is a global financial institution of Dutch origin offering banking, insurance and asset management to over 85 million private, corporate and institutional clients in more than 50 countries. With a diverse workforce of about 130,000 people, ING comprises a broad spectrum of prominent companies that increasingly serve their clients under the ING brand.

Profile of 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 Retails and Shopper Insights, Stakeholder Management, New Product Development and Brand and Communications. It works in partnership with its clients, meeting their needs for high-quality information, analysis and foresight across a network of over 70 countries.