

Media Release

ASB Investor Confidence Survey Quarter 3 2012

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Investor confidence rebounds to highest level since 2010

- *Confidence returning for Kiwi investors as concerns over Europe abate*
- *Rental property regains top position as most attractive investment class*
- *NZ investors still cool on the stock market*

Investor confidence has climbed to its highest levels since the end of 2010 according to the latest ASB Investor Confidence Survey.

ASB Head of Wealth Advisory Jonathan Beale: “The ASB Investor Confidence Index jumped 5 points to a net 13 points over the three months to the end of September, with investors feeling more confident and less risk adverse against the background of a settling global economy and the on-going Christchurch rebuild.”

“The European Central Bank’s actions and the stable outcome from the second Greek election have reduced the number of bad news stories that were dominating the media earlier in the year and this appears to have improved the attitude and outlook for New Zealand investors,” says Mr Beale. “The return of investor confidence to its highest levels since the end of 2010 indicates that investors are taking a less defensive stance and considering the benefits of higher risk and higher yield investment classes.”

Mr Beale says that the survey indicates that rental property has returned to historically high confidence levels in New Zealand with a 5 percent jump in confidence outside of Auckland being particularly notable. At the same time, the upward trend in the popularity of investment property has continued its upwards trend among Aucklanders with one in four (25 percent) now considering property to offer the best returns over the next 12 months. “Confidence in investment property among Aucklanders is now at levels not seen since 2009,” says Mr Beale. “Auckland investors appear to be particularly optimistic regarding the opportunity for capital gains on property and are adjusting their investment strategies accordingly,” says Mr Beale.

“The continuing strength in investment property and lift in managed investments appears to have come at the expense of less risky investment classes such as terms deposits, both of which recorded small declines in confidence over the quarter,” says Mr Beale. “There are early indications that previously defensive investors are gaining more of a risk appetite and are starting to focus on higher potential yields instead of defaulting to the more secure options for their money.”

However Mr Beale says data from the survey indicating subdued popularity for shares suggests that New Zealand investors remain wary of the sharemarket. The survey reveals that only 7 percent of investors believe that the share market will offer the best returns over the next 12 months.

“New Zealand investors are continuing to look at the share market as a whole as the least attractive investment option which is at odds with the broad public interest shown towards some recent blue-chip investment offerings. Investors’ cautious view of the share market may largely be due to a historical perception of relatively high risk levels. Investors still appear to prefer the security of managed funds over a self-managed share portfolio, even in an environment where risk is becoming more palatable.”

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Notes for editors: The analysis is based on 786 online interviews with adults aged 18 years and older throughout New Zealand.

Chart 1: Net investor confidence (difference between the “better” and “worse” figures)

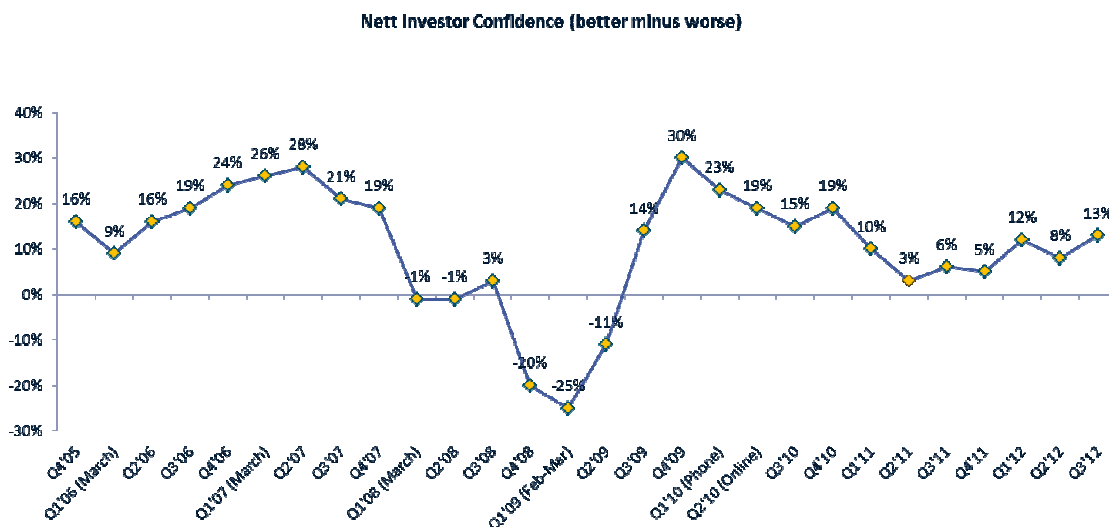


Chart 2: Percentage of total sample who feel this type of investment gives the best return

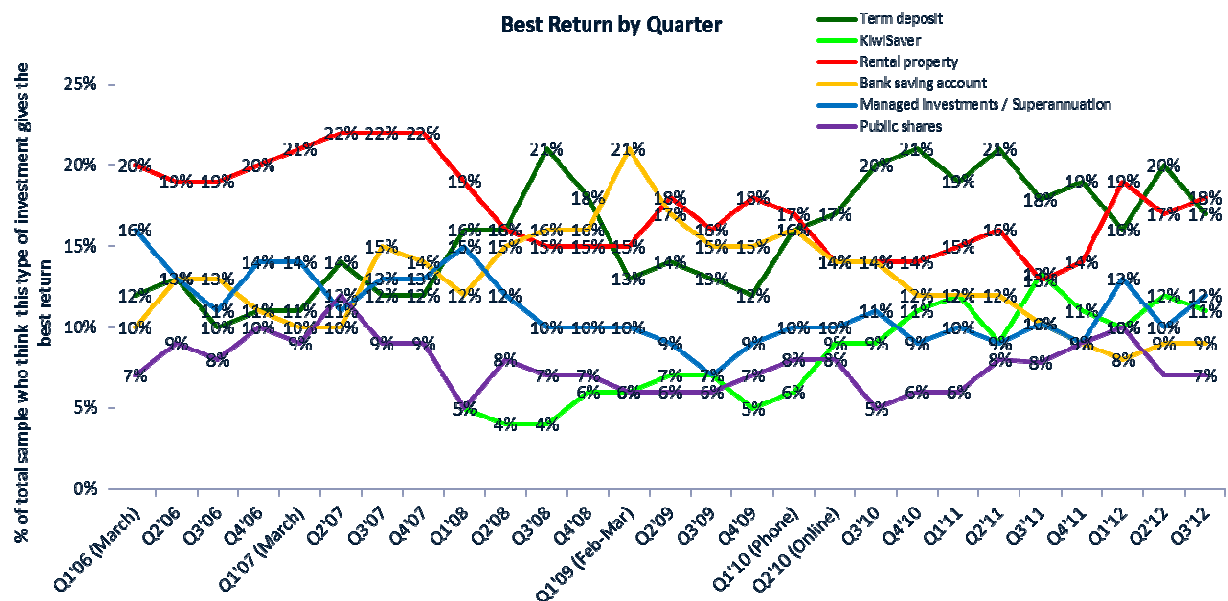


Chart 3: Percentage of total sample who feel this type of investment gives the best return, Auckland and rest of NZ

