

## PRESS RELEASE

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# Investor Sentiment in Asia Holds Steady in Q1 2010 Following Strong Post-Financial Crisis Run-Up in 2009

*ING Investor Dashboard Sentiment Index for Asia remains in the optimistic territory as investors confirm their belief in a sustained global recovery*

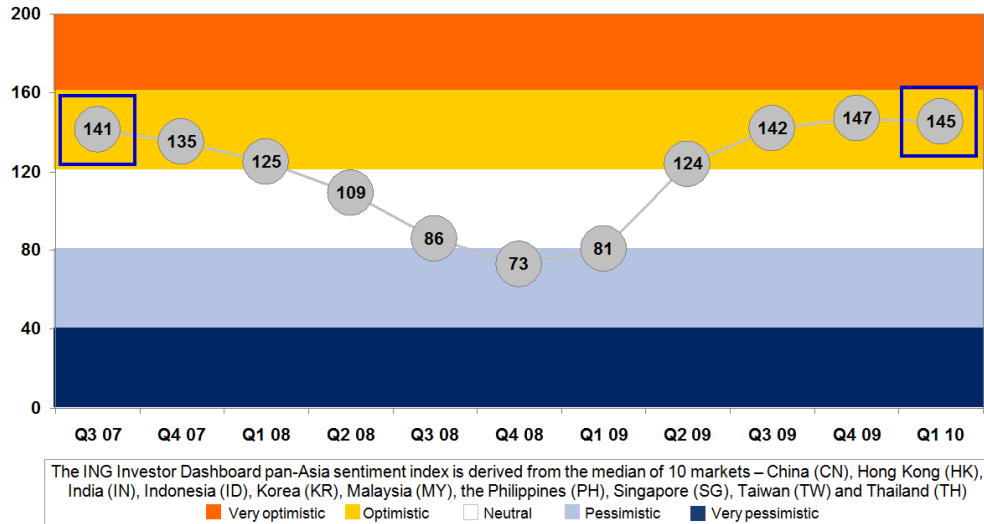
### Key Highlights of the Quarterly ING Investor Dashboard Survey

- Pan-Asia Index remains at the same level (145 for Q1 2010 versus 147 for Q4 2009) as investors continue to be optimistic about the future post the financial crisis
- Investor confidence still double that of the crisis low of 73 for Q4 2008, but risk appetite remains low to moderate
- The sentiment gap between the high-growth, high-optimism economies of India and China widens as China investors hint at concerns over domestic credit tightening
- “Growth optimism” drives sentiment in developed and export-driven economies of Hong Kong and Singapore; show highest expectations that local residential real estate prices will rise in Q2 2010
- Sentiment in the emerging Southeast Asia markets is mixed; investors optimistic in Malaysia and the Philippines while investors in Indonesia and Thailand are impacted by political concerns
- Investors cautious of economic developments in the U.S. and China – the top drivers of the global economy; awaiting signs that the U.S. recovery is flowing through to the job market before increasing their investment activity
- Inflation and potential interest rate hikes remain high on Asia investors’ watch list; 73% expect inflation to increase and 61% expect domestic interest rate hikes in 2010
- Investors with debt or mortgage obligations are more averse to rising interest rates
- Investors continue to sit on the fence with “safe” investment choices of cash deposits, equities and gold in anticipation of interest rate changes

ING, the global financial services group, today released data from its quarterly ING Investor Dashboard Survey that shows investor sentiment in Asia remains strong as investors confirm their belief in a sustained global recovery. Investors, however, continue to be risk averse following the strong post-financial crisis run-up in 2009.

The overall pan-Asia (ex-Japan) ING Investor Dashboard Sentiment Index remains level at 145 for Q1 2010 from 147 for Q4 2009. Investor confidence continues to be high at double the low of 73 for Q4 2008 during the crisis – and remains in the optimistic territory for the fourth consecutive quarter.

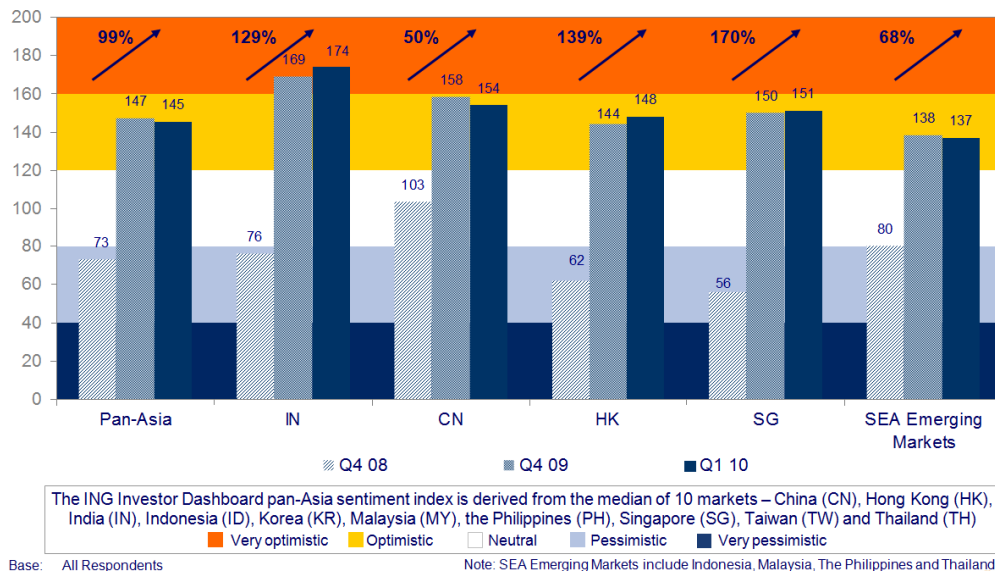
Pan-Asia Index (Fig. 1)



Base: All Respondents - excluding Japan (JP) and Australia (AU)

### Strong domestic consumption and “growth optimism” continues to drive investor sentiment in developed and high-growth emerging economies

Pan-Asia, India, China, Hong Kong and Singapore and SEA Emerging Markets Index Scores (Fig. 2)



Investor sentiment in China and India continues to be the highest in the region as strong domestic consumption continues to drive their economies despite China’s tightening credit and monetary policy dampening the sentiment slightly and rising food inflation in India.

Sentiment also remains high for the developed markets of Hong Kong and Singapore, possibly due to expectations and optimism that global recovery will help spur export and economic growth – currently supported by demand from China – in 2010. Currently, 73% of Hong Kong investors and 70% of Singapore investors also expect a rise in local residential real estate prices in Q2 2010, signalling continued confidence in the local economies.

Optimism in emerging Southeast Asia (SEA) economies is mixed, with investors in Malaysia and the Philippines becoming more optimistic; while investors in Indonesia and Thailand are impacted by political instability (please refer to the Appendix for the market index scores).

Commenting on the market Index scores, Mr. Paul Klug, Regional General Manager, ING Investment Management Asia/Pacific said, "Optimism remains high in Asia, particularly as a double-dip economic scenario appears unlikely. Q1 2010 was a consolidation phase, where investors were taking profits and assessing domestic and global developments, including the crisis in Greece. Export growth in the last quarter also fuelled increased optimism in export-oriented economies such as Hong Kong and Singapore, despite the growing recognition that a full recovery in the U.S. is at least a year away."

### **U.S. and China economic developments closely monitored by Asia investors; cautious about U.S. recovery**

The U.S. and China are seen by 76% and 68% of Asia investors (ex-Japan) respectively as the dual-drivers of the global economy. Investors will continue to closely monitor and react to economic developments in the U.S. and China in 2010 as they continue to look for signs that the global economy is on solid footing.

Looking ahead, Asia investors (ex-Japan) appear cautious about a full U.S recovery, with 38% expecting the U.S. economy to recover fully within a year compared to 53% in Q4 2009 and 61% in Q3 2009. In addition, fewer investors expect the U.S. economic situation to improve in the next quarter, with the exception of investors in Hong Kong.

<b>U.S. economy will improve in the next quarter</b>	<b>Q1 10</b>	<b>Q4 09</b>
Asia (ex-Japan)	57%	61%
China	61%	71%
Hong Kong	52%	47%
India	74%	77%
Singapore	54%	56%
Emerging SEA economies	54%	60%
	<i>(% of investors)</i>	

In view of their outlook on the U.S. economy, investors continue to favour a more balanced or conservative investment strategy focused on capital preservation over an aggressive strategy that focuses on capital appreciation.

<b>Investment strategy</b>	<b>Q1 10</b>	<b>Q4 09</b>
Balanced or conservative strategy (focused on medium to longer term capital preservation)	80%	80%
	<i>(% of Asia investors, ex-Japan)</i>	

"Economic recovery in the U.S. is on a stable footing but moving at a slower pace than investors expect. Investors may decide to sit on the sidelines for the short-term and keep to a more risk-averse investment strategy as U.S. unemployment remains elevated – a likely scenario for most of the year – and key risks factors such as U.S. dollar appreciation and possible interest rate hikes in the U.S. come into play. Concerns in China over a possible asset bubble burst, credit tightening and appreciation of the RMB will also add to investor concerns in Q2 2010, although this has been largely factored in the markets. We are confident China will continue to lead the region in economic growth for 2010," commented Mr. Klug.

## **Inflation a continued risk and interest rate hikes expected in 2010**

Surveyed investors anticipate that inflation will rise and interest rates will go up, but more so in the second half of 2010 versus Q2.

Currently, 57% of Asia investors (ex-Japan) expect inflation to rise in Q2 2010 while 73% expect inflation to rise in 2010.

Also, 53% of Asia investors (ex-Japan) expect domestic interest rates to rise in Q2 2010 while 61% expect domestic interest rates to rise in 2010 – an increase from 58% in Q4 2009. 50% of investors also expect U.S. interest rates to rise in 2010.

More investors currently with debt or mortgage obligations also expect that potential rising interest rates in 2010 will have a negative impact on the local economy compared to investors without debt or mortgage obligations.

### **Investors who expect domestic interest rates to rise in 2010**

	<b>With debt obligations/ mortgages</b>	<b>Without debt obligations/ mortgages</b>
Will have a negative impact on the local economy	31%	22%
	<i>(% of Asia investors, ex-Japan)</i>	

"Inflation and interest rate hikes across Asia and globally will continue to be on the agenda of investors for a while. How most Asian central banks react will largely depend on the U.S. and we do not expect the U.S. government to raise interest rates in the short-term. Whether the U.S. interest rate hikes will occur in 2010 or 2011 depends on the rate at which unemployment progresses, how fast housing stocks and sales recover, and signs of a real economic recovery," added Mr. Klug.

## **Asia investors turn to cash deposits, equities and gold as expectation of interest rate hikes increases**

Asia investors look towards cash deposits, equities and gold as safe havens as expectations of interest rate hikes increase.

### **Top Choice of Investment Tools in Response to Rising Domestic Interest Rates**

	<b>Q1 10</b>	<b>Q4 09</b>
Cash	49%	45%
Gold	39%	42%
Equity/stocks	37%	36%
Property	32%	35%
Mutual/ Managed funds & Unit trust	28%	33%
	<i>(% of Asia investors, ex-Japan)</i>	

Currently, 78% of Asia investors (ex-Japan) are invested in cash deposits, 49% in equity/stocks, and 47% in self-occupied local residential real estate. Of those invested in equities, 53% are invested in the financial services sector, 42% in information & telecommunications, and 42% in energy.

"Cash and gold may traditionally be safe havens for most Asia investors but their yields are not optimal. We have seen strong flows into Asia in 2009, and this year we anticipate that institutional and other sophisticated investors will become more selective, investing in the developed markets in Asia and Japan, which are underweighted," concluded Mr. Klug.

For an introduction of the ING Investor Dashboard Sentiment Index and latest detailed (high-resolution) data charts, please visit [http://www.ing.asia/investor\\_dashboard](http://www.ing.asia/investor_dashboard).

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#### **About the ING Investor Dashboard**

Published for over two years, the ING Investor Dashboard survey measures and tracks investor sentiment and behaviour of mass affluent investors each quarter from 12 Asia Pacific markets (including China, Hong Kong, India, Indonesia, Korea, Malaysia, the Philippines, Singapore, Taiwan, Thailand, Japan and Australia). It is the first quarterly survey in Asia Pacific which provides a pan-Asia (ex-Japan) investor sentiment index and it provides market insights into investor attitude and outlook and allows each market to be specifically benchmarked and tracked against the overall investor sentiment across Asia using the Index.

While the survey was conducted across 12 markets in Asia Pacific, the pan-Asia investor sentiment index excludes Japan and Australia.

The Q1 2010 survey was conducted in March 2010 and involved online interviews with a total of 3,729 mass affluent investors across the 12 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\$60,000 and above) and the Philippines (disposable assets or investments of US\$60,000 or monthly income of Php200, 000 and above).

The survey is conducted by international and independent research firm The Nielsen Company and is tracked extensively by major financial and business media organisations across all 12 markets in Asia.

#### **Profile of ING**

ING is a global financial institution of Dutch origin offering banking, investments, life insurance and retirement services to over 85 million private, corporate and institutional clients in more than 40 countries. With a diverse workforce of about 107,000 people, ING is dedicated to setting the standard in helping our clients manage their financial future.

#### **About The Nielsen Company**

The Nielsen Company is a global information and media company with leading market positions in marketing and consumer information, television and other media measurement, online intelligence, mobile measurement, trade shows and business publications. The privately held company is active in approximately 100 countries, with headquarters in New York, USA. For more information, please visit, [www.nielsen.com](http://www.nielsen.com).

## APPENDIX

	Market	Q1 10 Index Score	Q4 09 Index Score	Q3 09 Index Score	Q2 09 Index Score	Q1 09 Index Score	Q4 08 Index Score	Q3 08 Index Score	Q2 08 Index Score	Q1 08 Index Score
Markets included in the pan-Asia index	India	174	169	168	182	133	76	156	163	168
	China	154	158	162	158	124	103	88	117	136
	Singapore	151	150	149	120	58	56	71	90	88
	Hong Kong	148	144	139	125	58	62	79	123	107
	Malaysia	146	139	133	122	60	65	87	82	128
	Taiwan	144	153	153	136	95	76	65	109	105
	The Philippines	139	134	135	116	89	95	138	110	121
	Thailand	135	150	113	113	65	59	84	81	131
	Indonesia	133	137	131	129	96	109	123	108	131
Korea	129	128	145	122	73	69	65	87	96	
Region-wide		145	147	142	124	81	73	86	109	125
Markets not included in the pan-Asia index	Australia	154	148	143	116	62	66	95	105	89
	Japan	89	71	91	99	55	52	53	73	60

Note: The ING Investor Dashboard Sentiment Score gauges the confidence of private investors in investment across 12 Asia Pacific markets.