

# ING Investor Dashboard

Q4 2009 Regional Findings

Presented by ING

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[WWW.ING.ASIA](http://WWW.ING.ASIA)

**BANKING - INVESTMENTS - LIFE INSURANCE - RETIREMENT SERVICES**



# Q4 09 Key Findings

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- ING Investor Dashboard pan-Asia (ex-Japan) Sentiment Index for Asia doubles from Q4 08 lows; jumps 101% in 2009
  - 147 for Q4 09 from the financial crisis low of 73 for Q4 08
  - Modest increase of 3.5% quarter-on-quarter from 142 for Q3 09 following the spike in sentiment in Q2 and Q3
  - Highest investor sentiment score since Index was introduced in Q3 07
  - Overall confidence level in 2009 back at levels before the crisis
- Strong optimism about Q1 10 despite tepid confidence in the U.S. economy
  - 63% of Asian investors (ex-Japan) say the local economies improved versus 62% in Q3 09
  - 70% believe the local economies will improve in Q1 10
  - 53% believe the U.S. economy will recover fully within a year compared to 61% in Q3 09

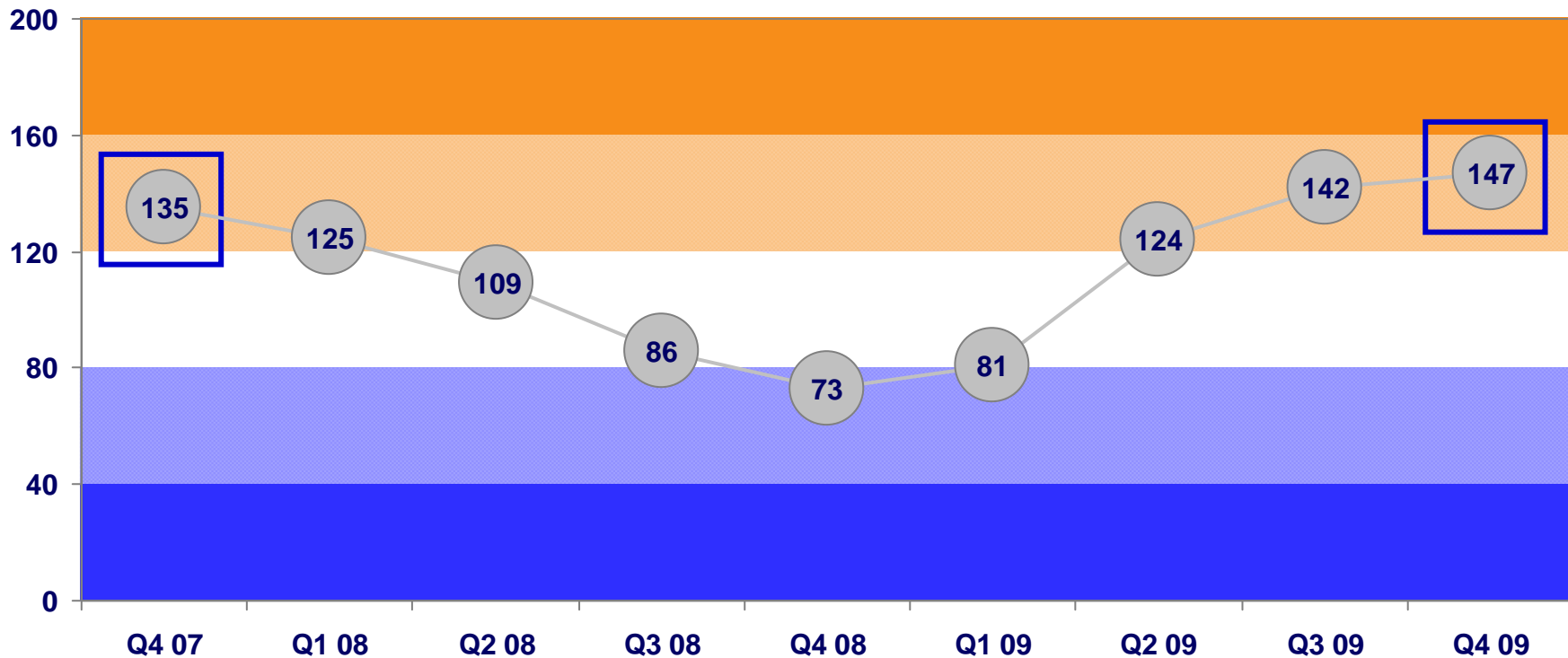
# Q4 09 Key Findings

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- Markets with strong domestic growth and export-driven markets lead sentiment
  - 53% and 122% year-on-year increase in China and India, respectively
  - Indexes for Hong Kong, Singapore and Taiwan jump more than 100% year-on-year
- Asian investors remain bullish on stocks and property
  - 50% are invested in local stocks
  - 83% believe the stock markets will remain at current levels or rise
  - 86% believe the property markets will remain at current levels or rise
- Rising inflation a risk for 2010; interest rate hikes anticipated
  - 77% anticipate inflation will rise in 2010
  - 58% expect domestic interest rates will rise in 2010

# Pan-Asia ING Investor Dashboard Sentiment Index

The ING Investor Dashboard pan-Asia (ex-Japan) sentiment index moves further into “optimistic” territory. The Index jumps 101% to 147 for Q4 09 from the financial crisis low of 73 for Q4 08; increases 3.5% quarter-on-quarter from 142 for Q3 09. The Q4 09 score is the highest since the launch of the Index in Q3 07.



The ING Investor Dashboard pan-Asia sentiment index is derived from the median of 10 markets – China (CN), Hong Kong (HK), India (IN), Indonesia (ID), Korea (KR), Malaysia (MY), the Philippines (PH), Singapore (SG), Taiwan (TW) and Thailand (TH)

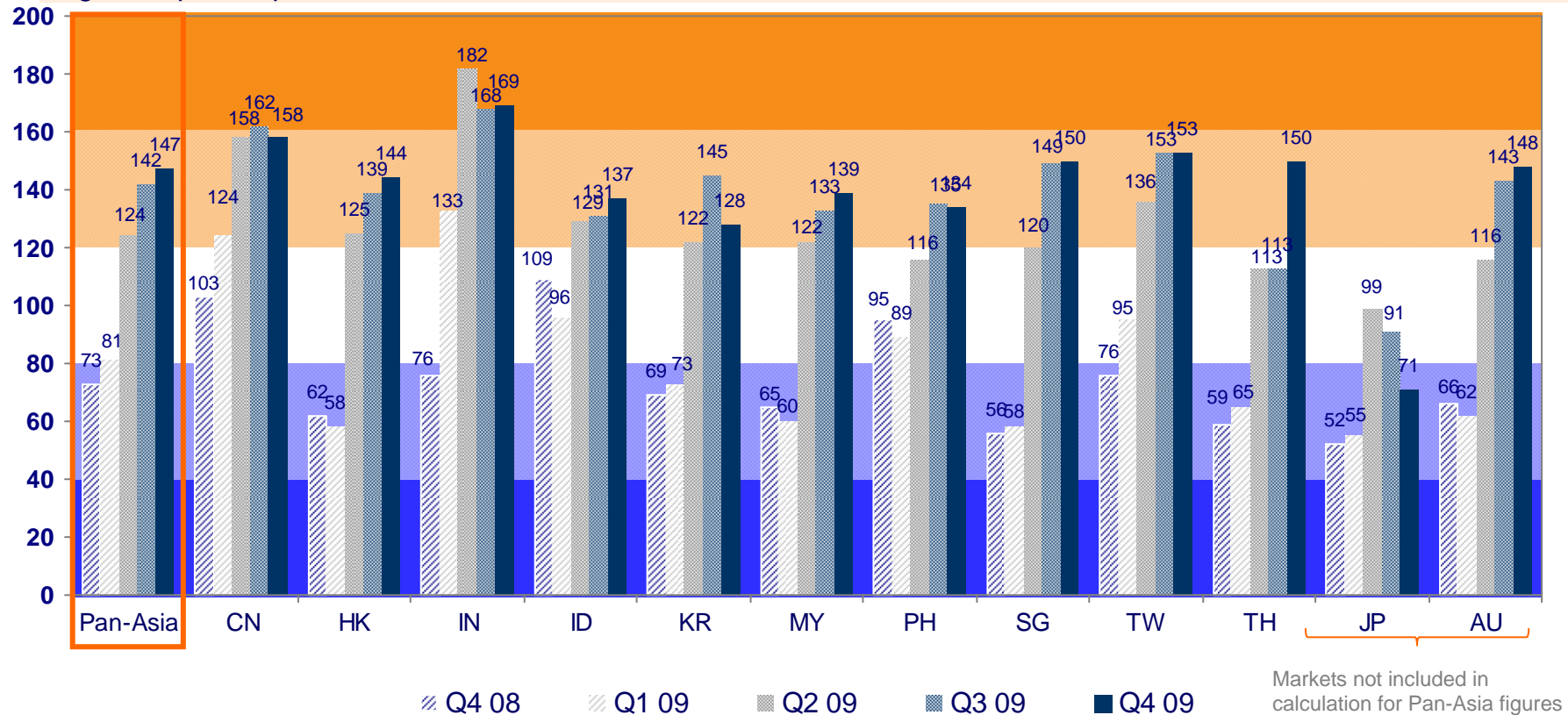
■ Very optimistic   
 ■ Optimistic   
 ■ Neutral   
 ■ Pessimistic   
 ■ Very pessimistic

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



# ING Investor Dashboard Sentiment Index – 12 Markets

With strong domestic growth, China and India continue to lead investor sentiment, while export-oriented markets including Hong Kong, Singapore and Taiwan follow closely as regional economies recover and export growth picks up.



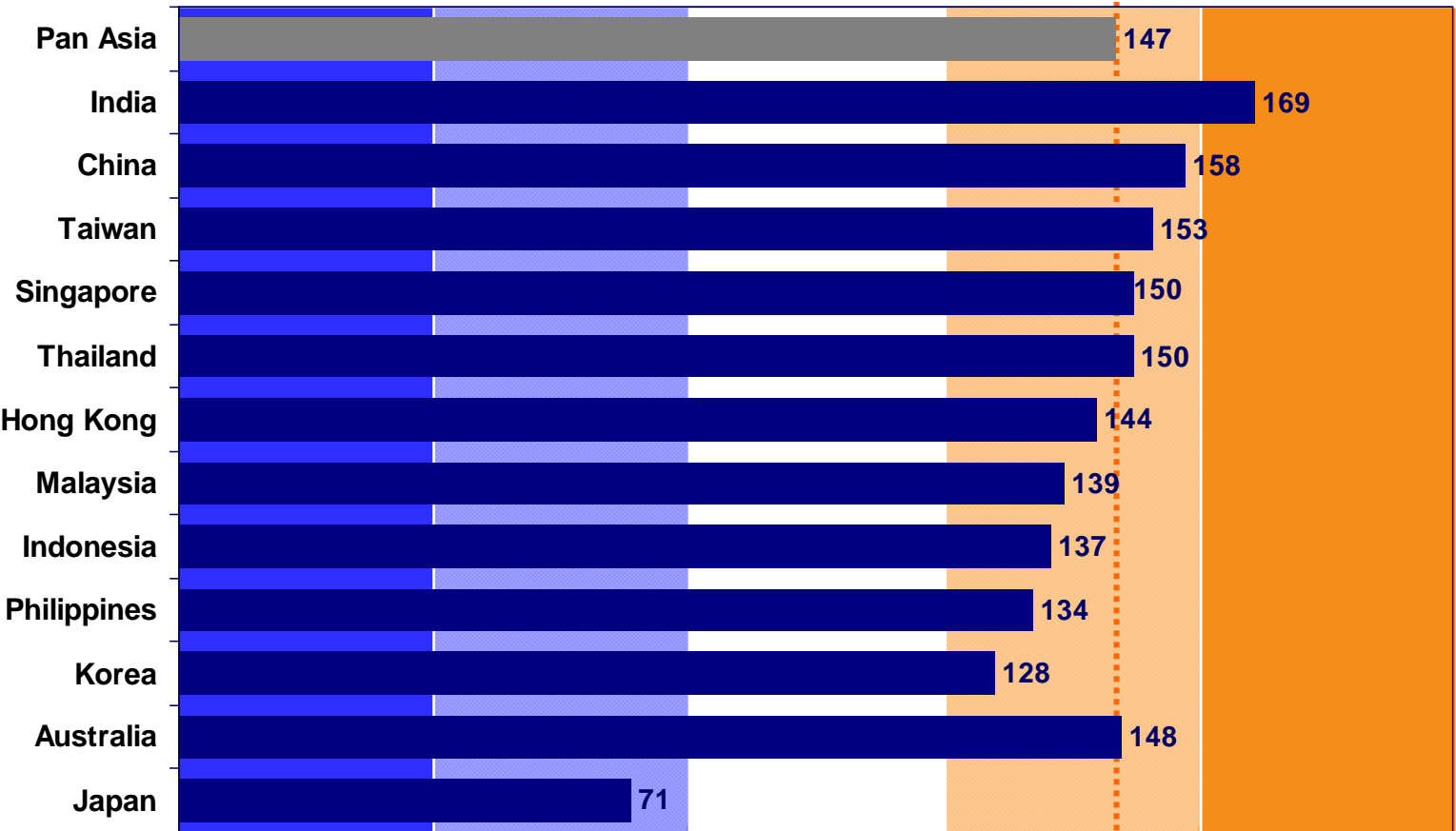
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■ Very optimistic  
 ■ Optimistic  
 ■ Neutral  
 ■ Pessimistic  
 ■ Very pessimistic

Base: All Respondents



# ING Investor Dashboard Sentiment Q4 09 Index – Ranking



The ING Investor Dashboard pan-Asia sentiment index is derived from the median of 10 markets – China (CN), Hong Kong (HK), India (IN), Indonesia (ID), Korea (KR), Malaysia (MY), the Philippines (PH), Singapore (SG), Taiwan (TW) and Thailand (TH)

■ Very optimistic  
 ■ Optimistic  
 ■ Neutral  
 ■ Pessimistic  
 ■ Very pessimistic

Base: All Respondents

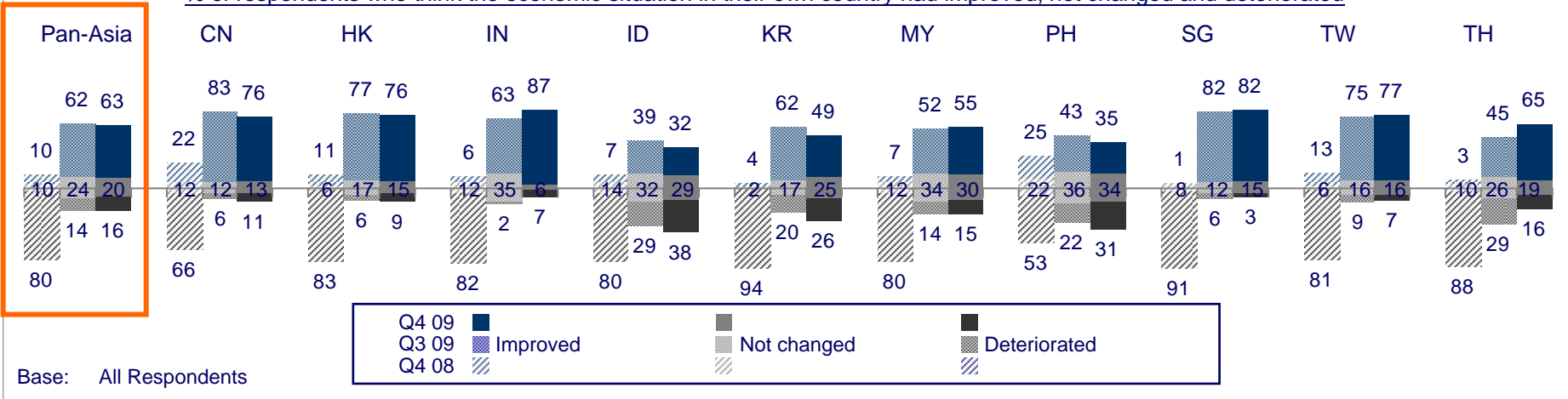


# View on Economic Situation

Most Asian markets continue to be optimistic about the local economy. 63% of Asian investors (ex-Japan) say the economic situation improved in Q4 09 compared to 62% in Q3 09; 70% believe the economy will improve in Q1 10.

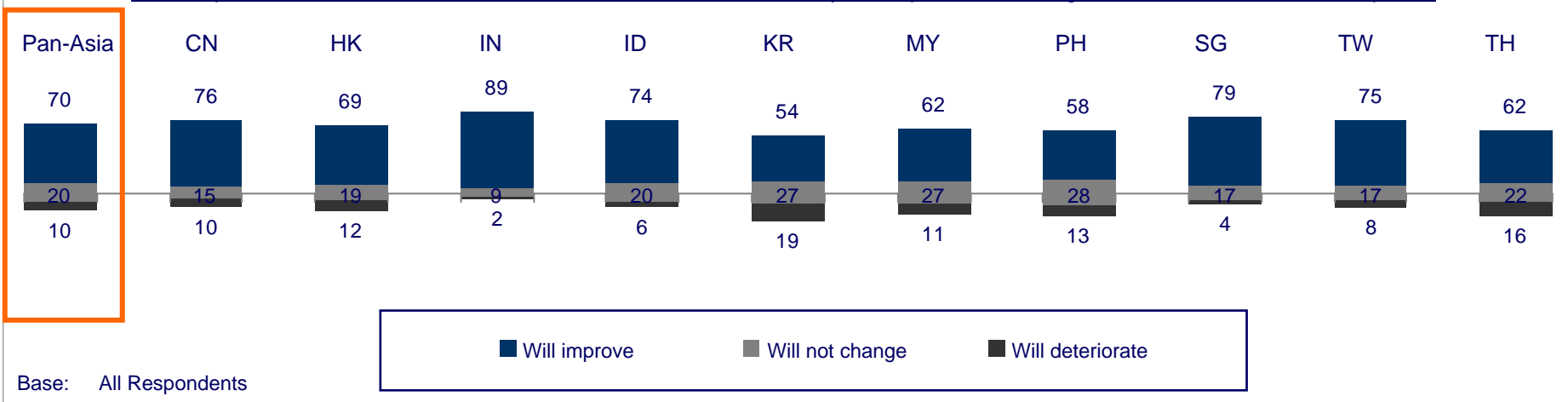
## View on Economic Situation – Q4 09

% of respondents who think the economic situation in their own country had improved, not changed and deteriorated



## View on Economic Situation – Q1 10

% of respondents who think the economic situation in their own country will improve, not change and deteriorate in the next quarter

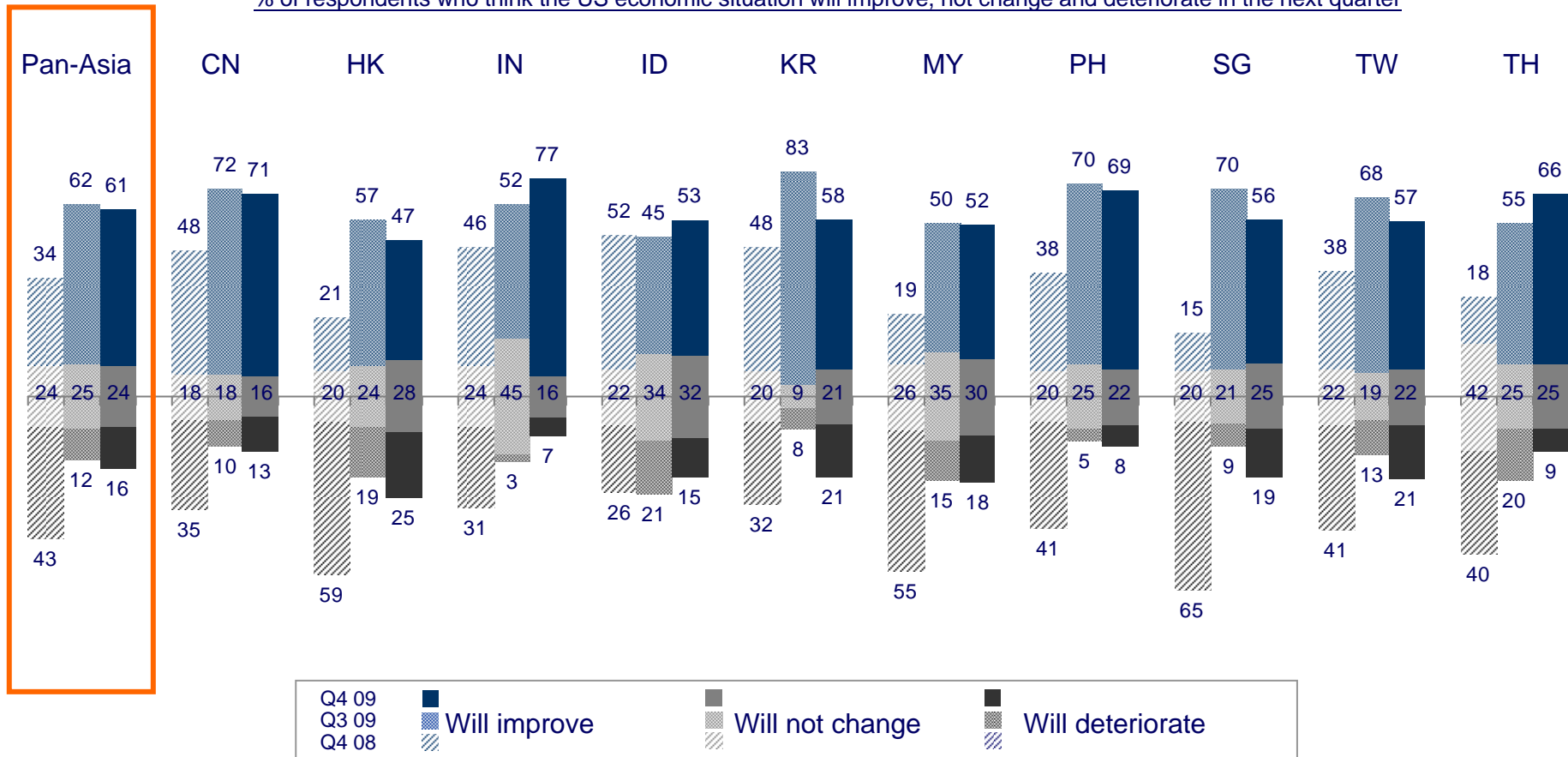


# View on the U.S. Economic Situation

Expectations about the improvement of the U.S. economy diminished slightly in Q1 10. 61% of Asian investors (ex-Japan) in Q4 09 say they believe the U.S. economy will improve the next quarter, compared to 62% in Q3 09.

## View on US Economic Situation – Q1 10

% of respondents who think the US economic situation will improve, not change and deteriorate in the next quarter



Base: All Respondents

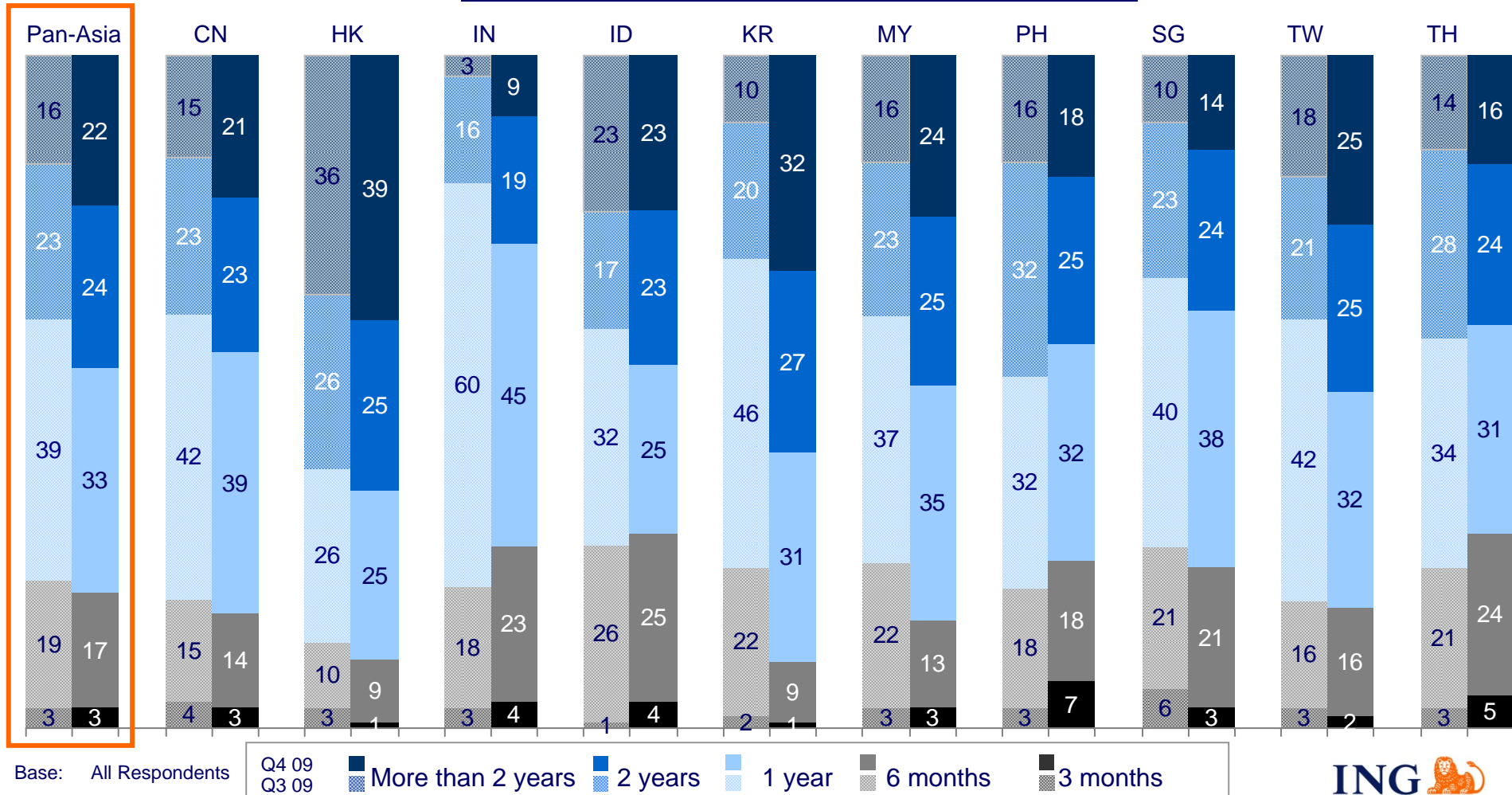


# View on Timing for Full U.S. Recovery

Asian investors' confidence in a speedy U.S. economic recovery appears to be waning. 53% of Asian investors (ex-Japan) expect the U.S. economy to recover fully within a year from now, compared to 61% in Q3 09.

## View on Timing for Full U.S. Recovery

% of respondents who think the US economic situation will recovery fully

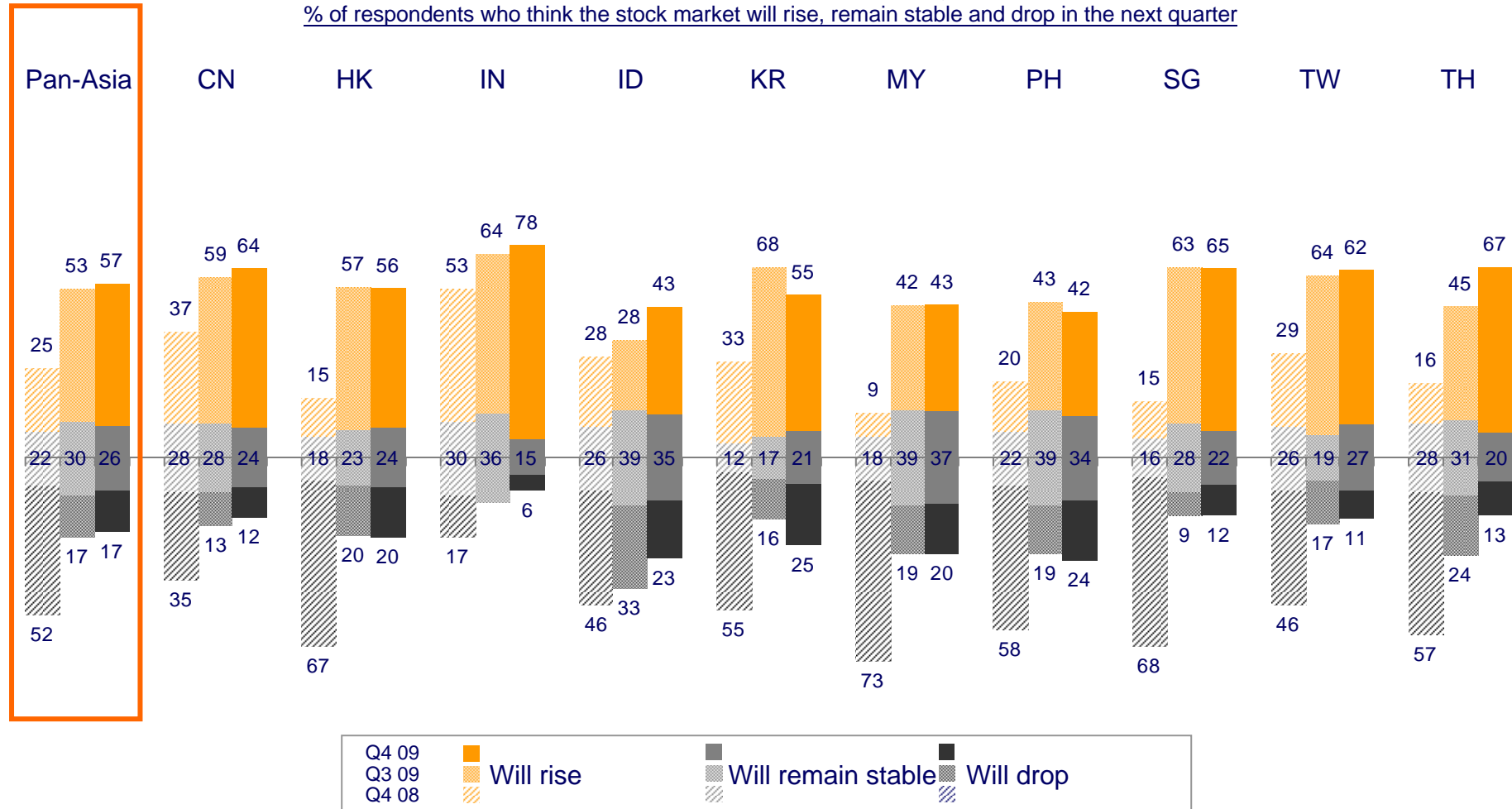


# View on Stock Market

Asian investors continue to be very bullish on the stock markets. 83% of Asian investors (ex-Japan) believe the stock market will remain at the current level or rise (by an average of 8.7%) in Q1 10.

## View on Stock Market – Q1 10

% of respondents who think the stock market will rise, remain stable and drop in the next quarter



Base: All Respondents

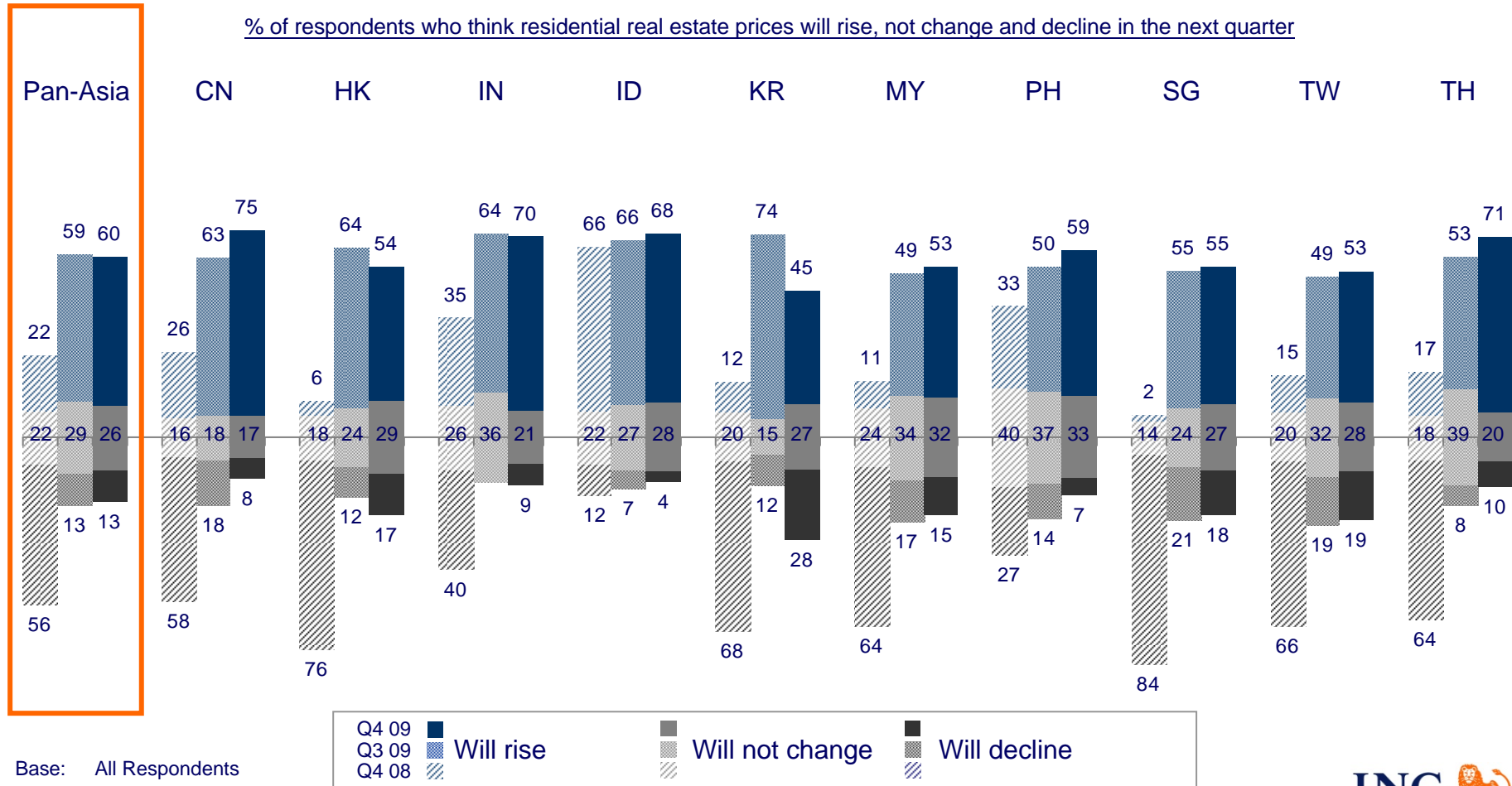


# View on Residential Real Estate Prices

Asian investors are bullish about the property market. 86% expect residential real estate prices to remain at the current level or rise (by an average of 3.5%) in Q1 10.

## View on Residential Real Estate Prices – Q1 10

% of respondents who think residential real estate prices will rise, not change and decline in the next quarter

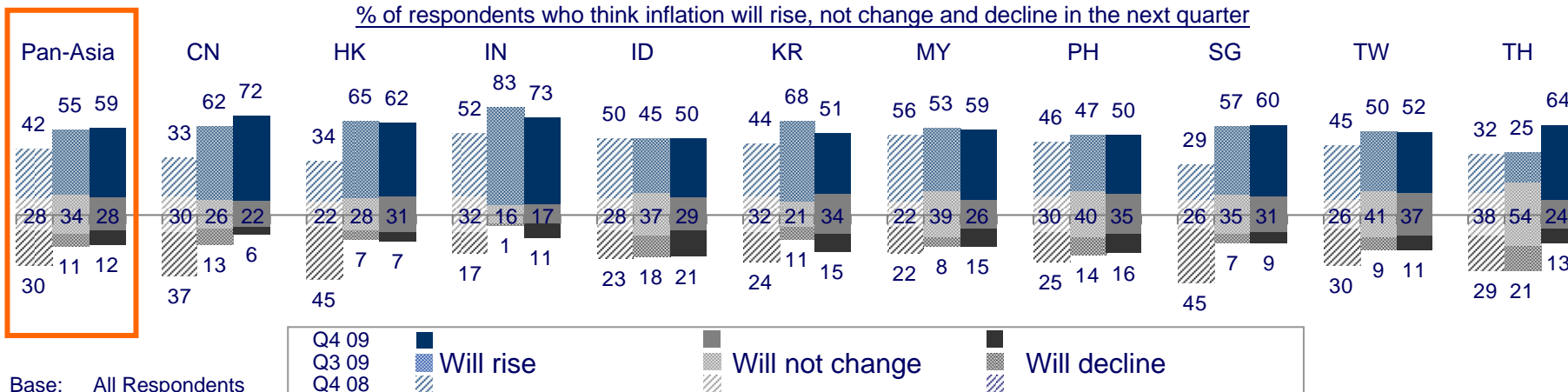


# View on Inflation

Inflation is seen as a risk in 2010. 59% of Asian investors (ex-Japan) expect inflation to rise in Q1 10 while 77% expect inflation to rise within the year.

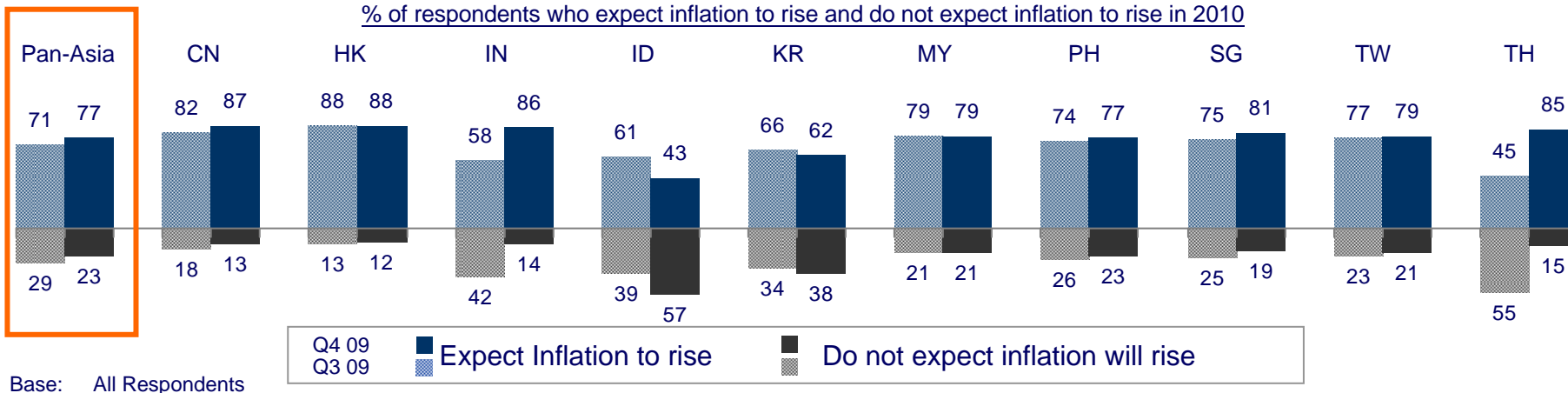
## View on Inflation – Q1 2010

% of respondents who think inflation will rise, not change and decline in the next quarter



## View on Inflation – 2010

% of respondents who expect inflation to rise and do not expect inflation to rise in 2010

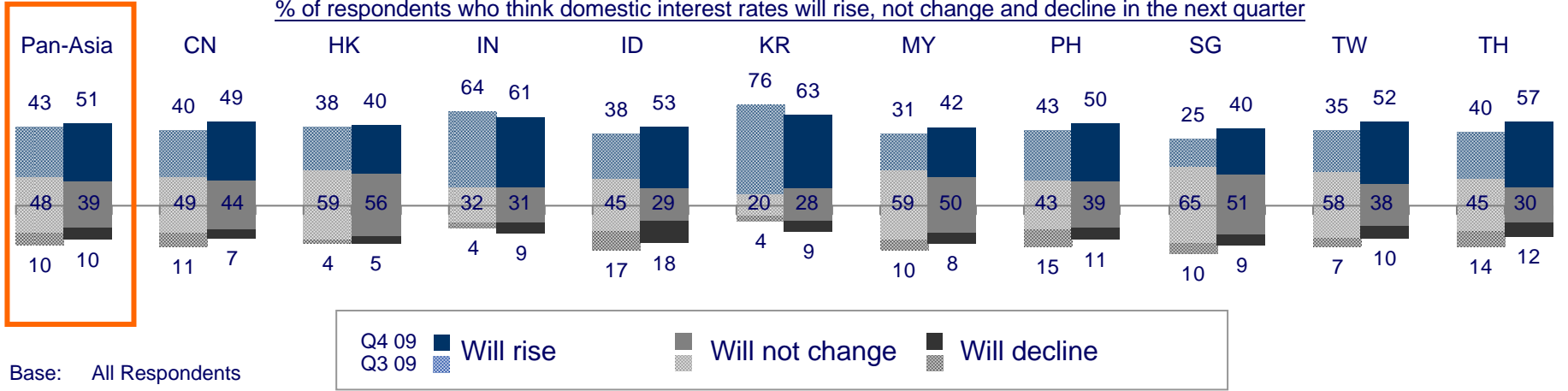


# View on Domestic Interest Rates

Interest rate hikes are anticipated in 2010. 51% of Asian investors also expect domestic interest rates to rise in Q1 10 while 58% expect domestic interest rates to rise in 2010.

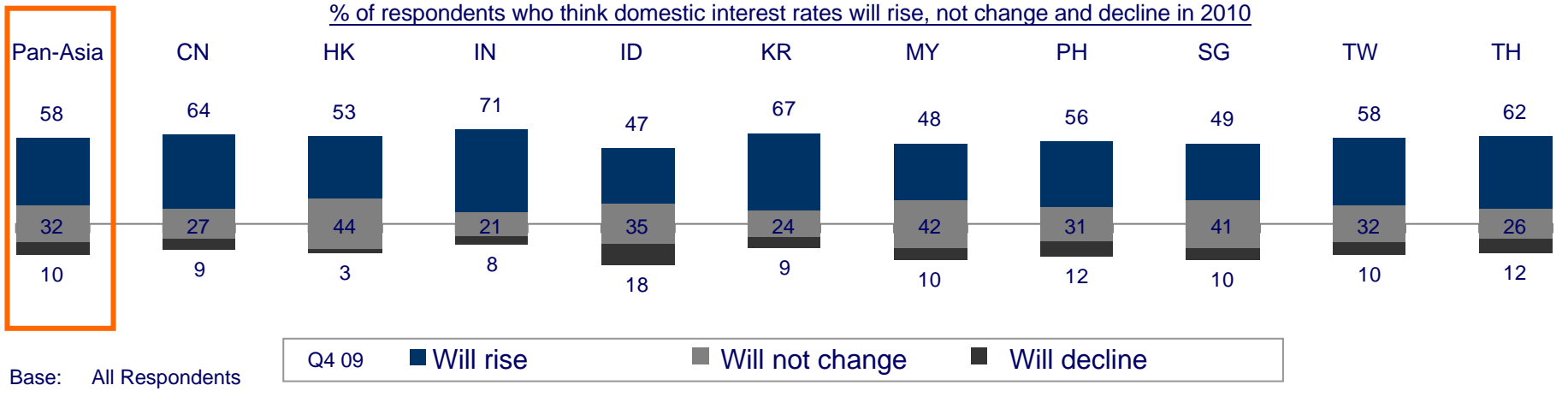
## View on Domestic Interest Rates – Q1 2010

% of respondents who think domestic interest rates will rise, not change and decline in the next quarter



## View on Domestic Interest Rates – 2010

% of respondents who think domestic interest rates will rise, not change and decline in 2010



# Q4 09 Investments

Cash, local stocks, and local residential real estate were preferred investment tools by investors in key Asian markets in Q4 09.

Top Investment Tools in Q4 2009 Summary for Key Asian Markets (% of investors who invested)				
	1st	2nd	3rd	4th
Pan-Asia	Cash/ Deposits (76%)	Local stocks (50%)	Local residential real estate (self-occupied) (46%)	Gold (38%)
CN	Cash/ Deposits (75%)	Local stocks (71%)	Local residential real estate (self-occupied) (62%)	Local residential real estate (for investment) (48%)
IN	Local MF & UT (78%)	Cash/ Deposits (73%)	Gold (70%)	Local stocks (60%)
HK	Local stocks (82%)	Cash/ Deposits (81%)	Foreign currency (58%)	Local residential real estate (self-occupied) (51%)
SG	Cash/ Deposits (80%)	Local stocks (64%)	Local residential real estate (self-occupied) (49%)	Local MF & UT (36%)
TW	Cash/ Deposits (81%)	Local stocks (56%)	Local residential real estate (self-occupied) (54%)	Overseas MF & UT (53%)

Base: All Respondents



# Q3 09 Investments

Cash, local stocks, foreign currency and self-occupied local residential real estate were popular with investors in key Asian markets as investment tools in Q3 09.

Top Investment Tools in Q3 2009				
Summary for Key Asian Markets				
(% of investors who invested)				
	1st	2nd	3rd	4th
Pan-Asia	Cash/ Deposits (82%)	Local stocks (51%)	Local residential real estate (self-occupied) (50%)	Gold (40%)
CN	Cash/ Deposits (81%)	Local stocks (73%)	Local residential real estate (self-occupied) (57%)	Foreign currency (50%)
IN	Local residential real estate (for investment) (83%)	Gold (81%)	Local stocks (75%)	Cash/ Deposits (66%)
HK	Cash/ Deposits (80%)	Local stocks (74%)	Foreign currency (65%)	Local residential real estate (self-occupied) (48%)
SG	Cash/ Deposits (83%)	Local stocks (63%)	Local residential real estate (self-occupied) (44%)	Foreign currency (43%)
TW	Cash/ Deposits (75%)	Local stocks (66%)	Overseas MF & UT (62%)	Local MF & UT (50%)

Base: All Respondents



# Q4 09 Investment in Local Stocks

Sectors such as financial services, energy, information and telecommunications, and construction and real estate were popular sectors for local stocks in Q4 09.

Top Sectors for Local Stocks Investment in Q4 2009				
Summary for Key Asian Markets				
(% of investors who invested)				
	1st	2nd	3rd	4th
Pan-Asia	Financial services (52%)	Energy (43%)	Information & Telecommunications (41%)	Construction & Real estate (40%)
CN	Financial services (56%)	Construction & Real estate (44%)	Energy (42%)	Resources (40%)
IN	Information & Telecommunications (70%)	Energy (67%)	Financial services (55%)	Pharmaceuticals & Healthcare (51%)
HK	Financial services (74%)	Energy (49%)	Construction & Real estate (46%)	Resources (44%)
SG	Financial services (58%)	Information & Telecommunications (50%)	Construction & Real estate (46%)	Resources (30%)
TW	Energy (59%)	Information & Telecommunications (51%)	Electrical machinery & precision equipment (48%)	Financial services (44%)

Base: Respondents who have direct investment in local stocks



# Investment Tools to Beat Inflation

Moving forward, gold, stocks, properties, and mutual/managed funds and unit trusts are the top investment tools that Asian investors are considering to beat inflation.

## Top Investment Tools Considered For Beating Inflation

### Summary for Key Asian Markets

(% of investors who will consider investing to beat inflation)

	1st	2nd	3rd	4th
Pan-Asia	Gold (45%)	Stocks (42%)	Cash/ Deposits (37%) Properties (37%)	Mutual/ Managed funds & Unit trust (30%)
CN	Gold (52%)	Stocks (47%) Properties (47%)	Mutual/ Managed funds & Unit trust (34%)	Cash/ Deposits (30%)
IN	Mutual/ Managed funds & Unit trust (61%)	Gold (60%) Stocks (60%)	Cash/ Deposits (38%)	Properties (36%)
HK	Stocks (77%)	Foreign currency (39%)	Properties (33%)	Gold (24%)
SG	Stocks (58%)	Gold (36%)	Properties (35%)	Cash/ Deposits (30%)
TW	Stocks (49%)	Gold (46%)	Mutual/ Managed funds & Unit trust (43%)	Foreign currency (41%)



Base: Respondents who will reallocate current investment portfolio to beat inflation

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# IN SUMMARY

# Conclusion

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- **ING's Viewpoint**

- Asian investors optimistic but revising expectations
  - Optimism buoyant as effective government interventions supported economic growth and financial markets have performed well
  - Revising expectations slightly following the big market gains in Q2 and Q3
  - Adjusting to the reality that full U.S. recovery may not happen as quickly as expected
- Asian markets positioned for further growth as global economies recover
  - China, India and export-driven markets like Hong Kong, Singapore and Taiwan are well-positioned for further growth
  - External demand is expected to pick up towards mid-2010 as the U.S. and the other G-7 economies recover
- Inflation risks and interest rate hikes expected in 2010
  - Rising inflation and interest rate hikes will become an increasing concern as economic growth returns
  - Interest rate hikes across Asia likely in the second half of 2010; markets such as India and China may experience interest rate hikes within the first half of 2010
  - No detrimental effects in the medium- and long-term expected as consumption remains strong, particularly in the high growth markets



# Conclusion

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- **Overall Advice for Investors**

- Stocks and property are good middle- to longer-term investment tools given potential inflation risks
  - Stock and property markets should continue to perform well in 2010, but expect volatility driven by concerns about inflation and interest rate hikes
  - Stay focused on a middle- to longer-term horizon
  - Consider sectors that will benefit from the global economic recovery in 2010
    - e.g. Domestic consumption, commodities and export-related sectors

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# APPENDIX

# Background on the ING Investor Dashboard

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- ING Investor Dashboard measures and tracks investor sentiment and behaviour of mass affluent investors each quarter across 12 Asia Pacific markets
  - Markets surveyed include China, Hong Kong, India, Indonesia, Korea, Malaysia, the Philippines, Singapore, Taiwan, Thailand, Japan and Australia
- Each market covered in the survey is assigned an investor sentiment score ranging from 0 (least optimistic) to 200 (most optimistic)
- First quarterly survey in Asia Pacific that also provides a pan-Asia (ex-Japan) investor sentiment index
  - Pan-Asia investor sentiment index is derived from the median investor sentiment index scores of all 10 Asian markets and excludes Japan and Australia
  - Allows each market in Asia Pacific to be benchmarked and tracked against the pan-Asia index

# Background on the ING Investor Dashboard

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- Launched in Asia Pacific in October 2007 following the success of ING's Investor Barometer in Europe, which measures the sentiment of private investors and is closely tracked by the European financial industry
- Q4 09 survey was conducted in December 09 and involved online surveys
- Respondents are aged 30 years and above, and have disposable assets or investments of US\$100,000\* and above
- Total sample size of 3,730 mass affluent investors
- Survey conducted by an international and independent research firm# and is tracked by major financial and business media organisations across all 12 markets in Asia.

\* *Exception for 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)*

# *Survey in Q4 09 was conducted by The Nielsen Company*

