

INVESTING INSIGHTS

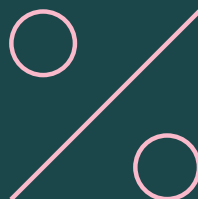
ISSN 2815-8105

WITH TONY ALEXANDER Independent
Economist



JULY

2022



Caution up slightly

Thursday 28 July 2022

Each month I invite more than 28,000 people to give their thoughts on managing their personal wealth. The primary aim is to track changes in asset preference over time. But we can also gain interesting insights into the way people plan to purchase shares, the types of shares sought, use of an advisor compared with using an app, active versus passive funds management and a preference for which countries to invest in.

The key results from the July survey yielding 1,158 responses include:

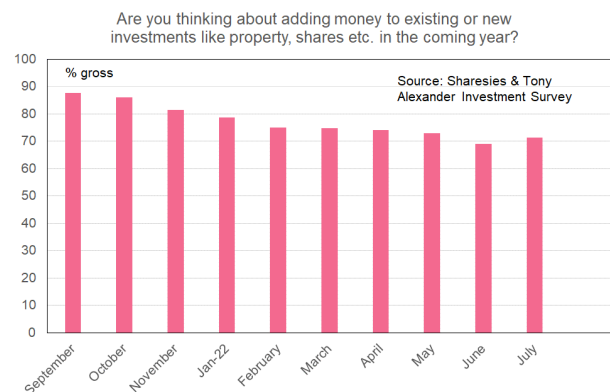
- A growing interest in purchasing New Zealand-listed shares, while interest in Australian-listed shares has declined – possibly because of falling resource prices.
- Rising interest in growth and aggressive managed funds, despite the deteriorating global outlook.
- More plans to purchase residential investment property, but demand for shares in businesses exposed to housing has eased.
- Plans to repay debt are easing, despite rising interest rates
- Less demand for crypto assets and precious metals.

I am not a financial advisor, and nothing written here is intended as advice for any individual or group.

Are you thinking about adding money to existing or new investments like property, shares etc. in the coming year?

Over the second half of 2021 we saw a small downward trend in respondents who intended to invest more over the year ahead. That trend appears to have petered out.

Our first graph shows 71% of respondents now intend to add to their portfolio compared with 69% in June and 73% in May. This is despite recent weakness and volatility in assets like shares, crypto and property.

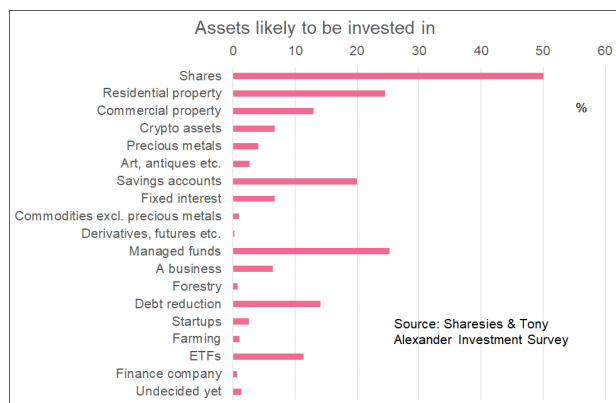


In January, the figure was 79%. That suggests that even strong headwinds like a potential recession, very low business and consumer confidence, a cost of living shock, rising interest rates and a jump in sickness-related absenteeism haven't put much of a dent in future investment plans.

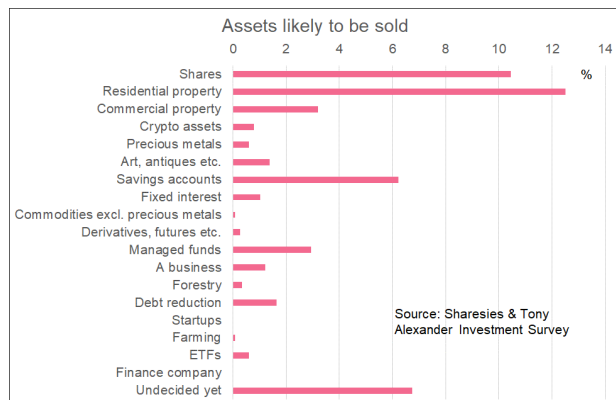
If so, which assets are you likely to invest more in?

We ask people about the assets they plan to buy more of and those they plan to sell some of. The first graph here covers the former, the second the latter.

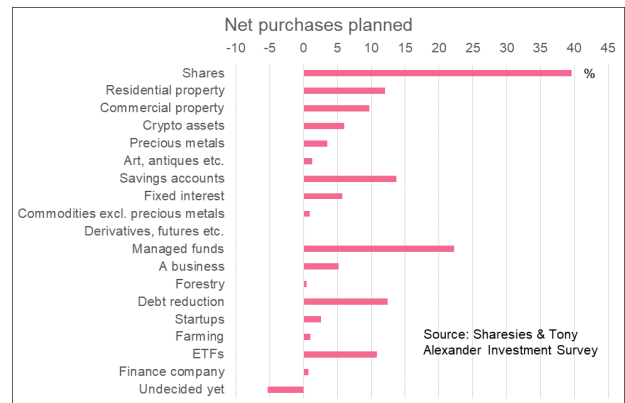
Shares purchased directly or through a managed fund or ETF remain the favourite portfolio investment choice. Despite rising interest rates, residential property is still favoured above a standard savings account.



Yet, residential property also remains the asset most likely to be sold.

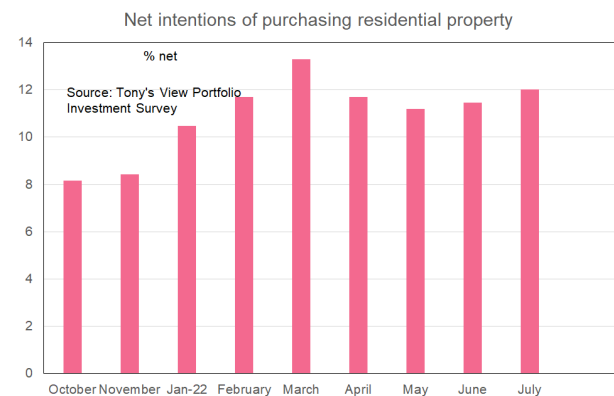


Combining the two sets of responses gives us net asset purchase plans, which we can track over time to see if there are any interesting changes or trends.

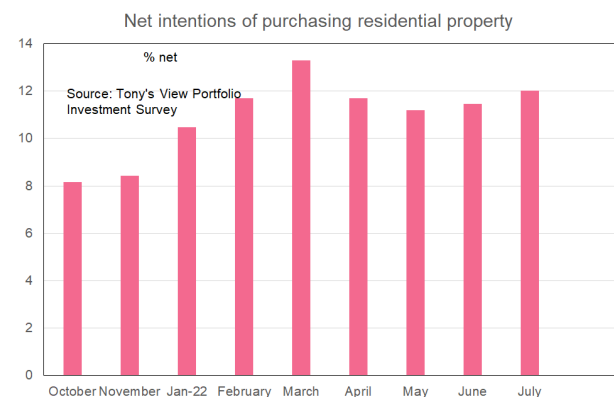


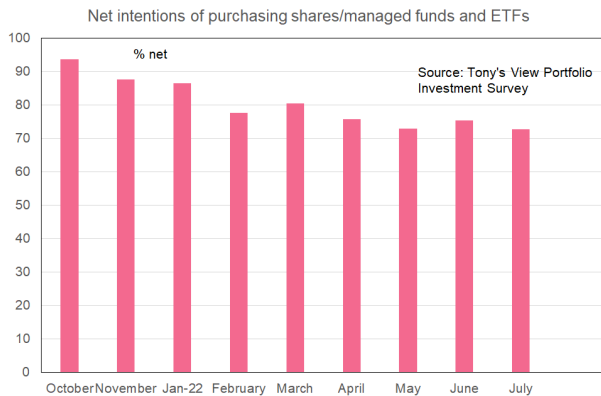
People have big plans to add to their share-holdings and a fair few intend to acquire residential property, too. Now let's look closer at some of the trends.

Plans to invest in residential property are creeping back up. This could be an early signal of a housing market recovery.

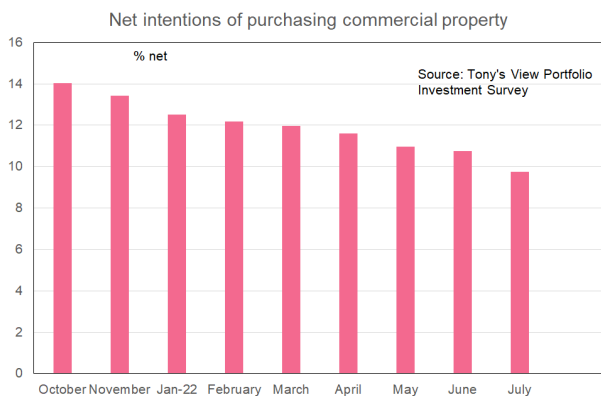


Net purchasing intentions for shares (including managed funds and ETFs) have been relatively stable for four months—meaning they no longer seem to be falling. Encouragingly, this suggests investors are taking a long-term view.

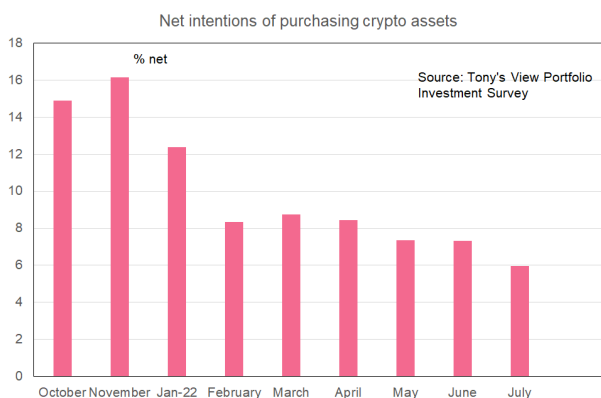




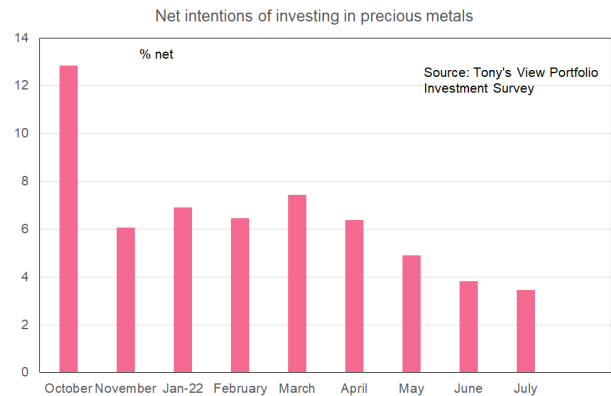
Plans to invest in commercial property have weakened for the eighth month in a row.



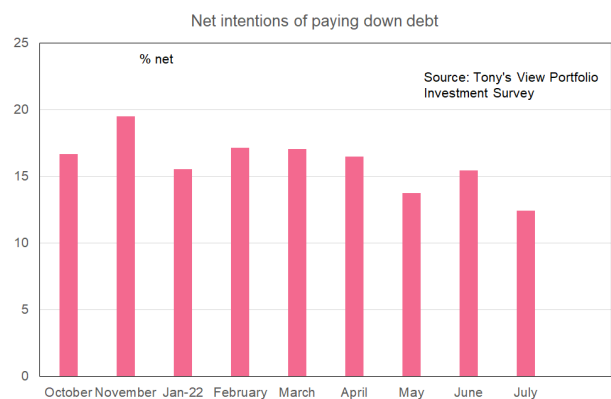
Demand for crypto assets has fallen to its lowest level since our survey started in October 2021.



There has been a small drop in people's plans to invest in precious metals.

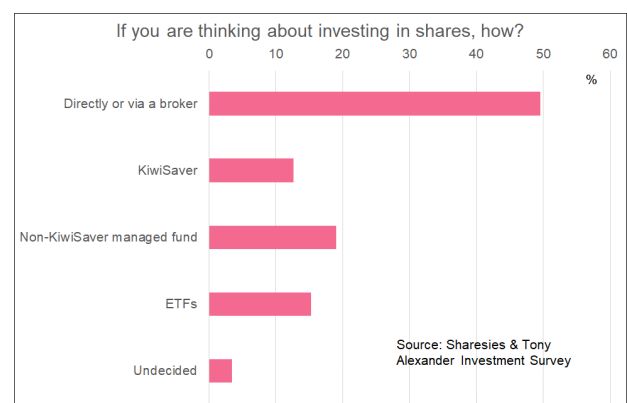


Are rising interest rates causing investors to consider reducing their debt levels? Not really. If anything, debt reduction plans have weakened.

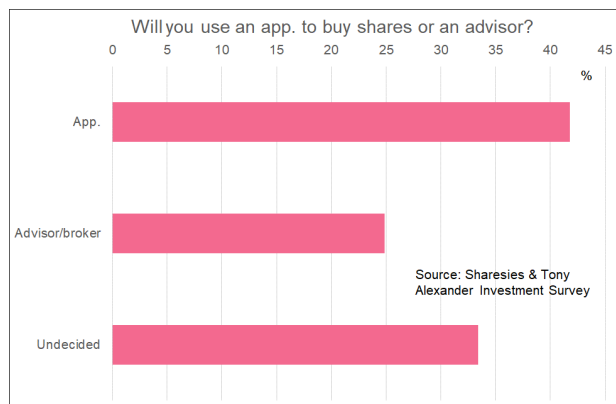


If you are thinking about investing in shares, how?

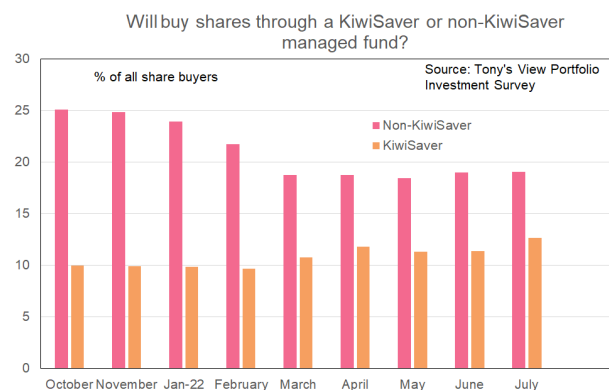
For investors contemplating purchasing shares, most plan to do so directly or through a broker.



Of those, 42% will use an app to buy their shares. This has been consistently above 40% since our survey started.



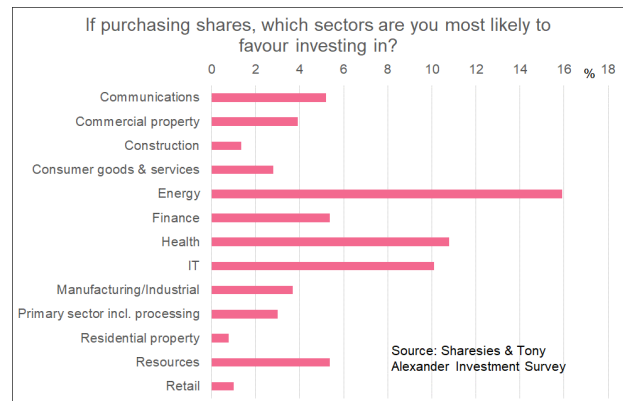
Interest in purchasing through KiwiSaver continues to edge up, but no longer at the expense of a non-KiwiSaver managed fund.



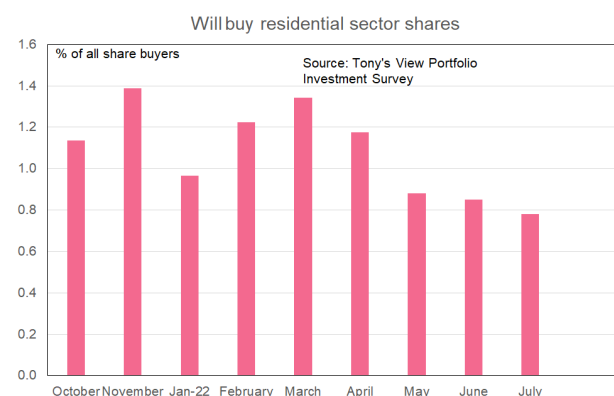
If purchasing shares, which sectors are you most likely to favour investing in?

With this question we are aiming to see change over time in the sectors which people prefer.

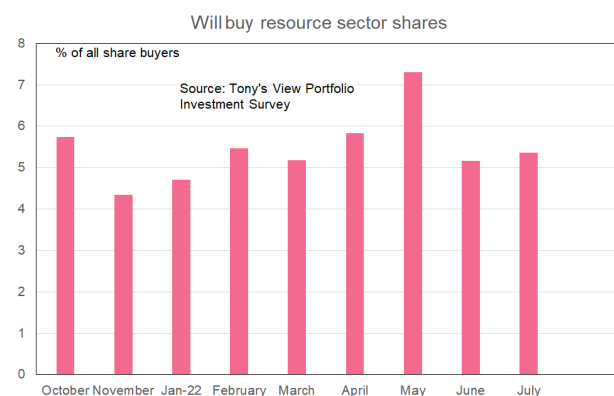
As ever, energy, health, and IT remain the most heavily favoured sectors.



Fewer investors are likely to buy shares in companies with exposure to residential property. This runs counter to the small upward trend in plans to purchase residential property directly and could reflect the challenges faced by many businesses in the residential construction sector.

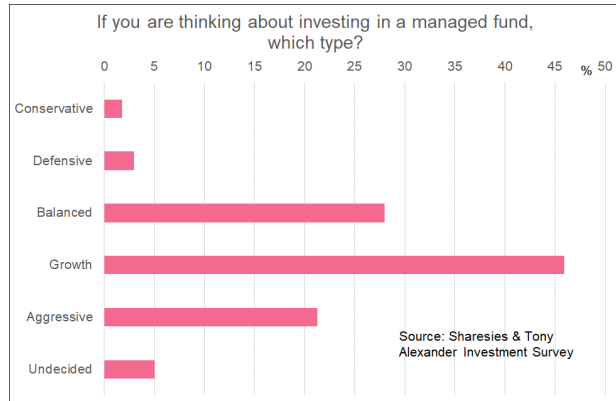


The surging interest in resource sector stocks associated with soaring commodity prices appears to have faded. This coincides with evidence of those prices pulling back as concerns grow of a global recession and reduced demand for commodities.

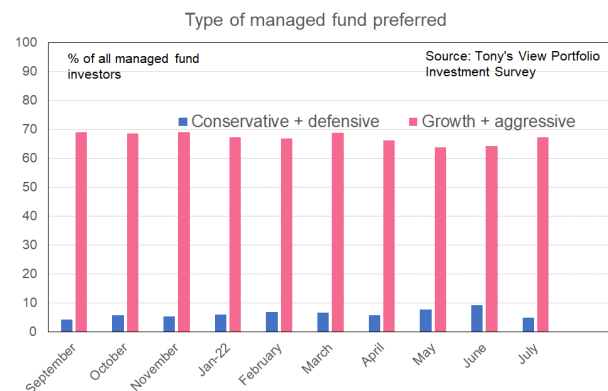


If you are thinking about investing in a managed fund, which type?

Most respondents continue to favour funds with a growth or aggressive stance.



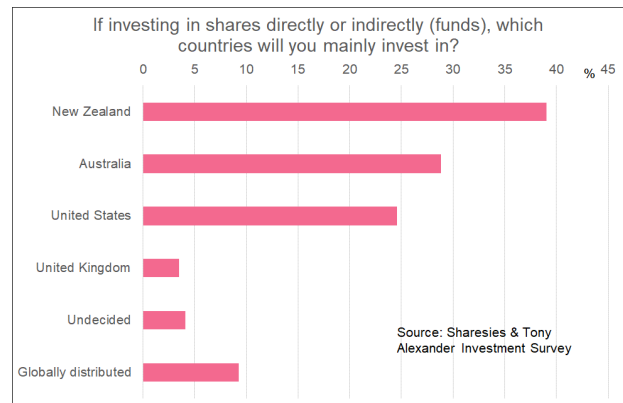
The preference for defensive funds has noticeably fallen away over the last month.



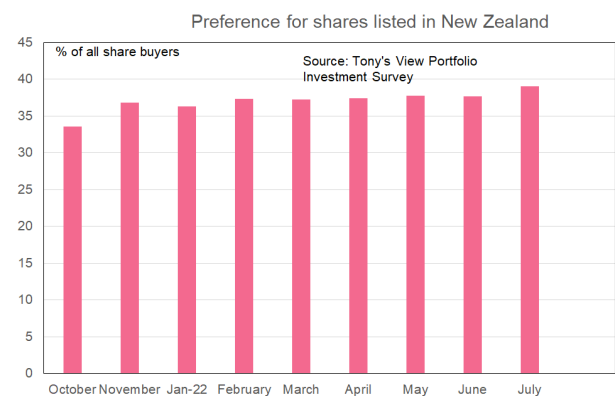
If investing in shares directly or indirectly (funds), which countries will you mainly invest in?

In case there should one day be a firm shift in the people's view of New Zealand's long-term prospects, we seek insights into share purchase preferences by country.

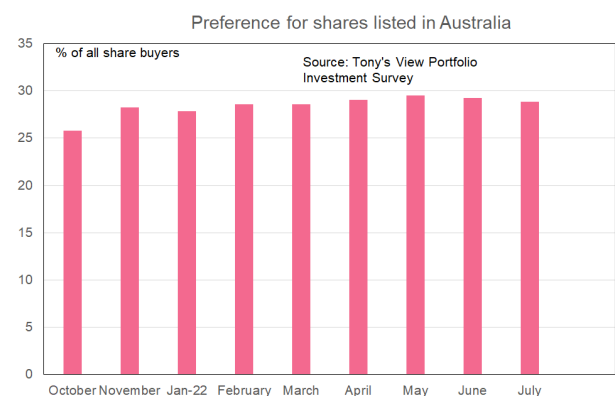
We Kiwis largely restrict ourselves to listed shares in New Zealand, Australia, and the United States.



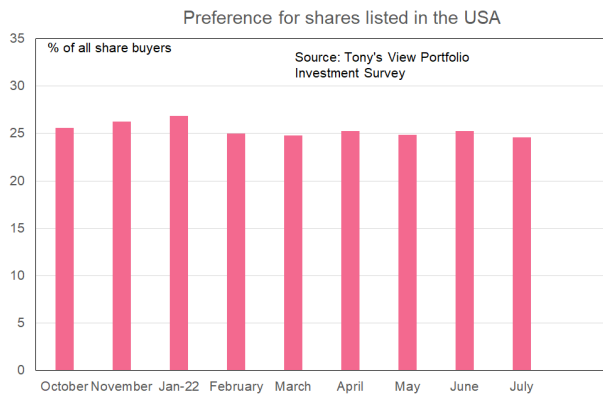
Our preference for New Zealand-listed shares is rising slightly despite all the doom and gloom about the Kiwi economy.



In contrast, there is a small trend down in the level of interest in Australian-listed shares, perhaps due to the pullback in resource prices.



The proportion of New Zealand-based investors who prefer US-listed shares has remained relatively stable over the last few months.



Respondents to the survey were distributed by age as follows.

< 30 years	2.7%
30 – 50 years	30%
51 – 65 years	42%
Over 65 years	25%

What do your investment assets (including savings but excluding family home) add up to?

Less than \$500k	26%
\$500k - \$2mn	37%
\$2mn - \$5mn	22%
Over \$5mn	15%

My aim in producing this publication is to help the growing number of average Kiwis looking to build an asset base over time for their retirement. If you want to discuss any particular product, business, or asset class then you'll need to do that with a Financial Advisor.

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