

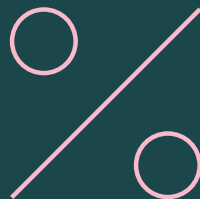
# INVESTING INSIGHTS

WITH TONY ALEXANDER Independent  
Economist



# NOV

2023



# Global uncertainty yet to impact investor plans

Thursday 30 November 2023

Every three months I invite over 30,000 people subscribing to the weekly Tony’s View publication to give their thoughts regarding management of their personal wealth.

The aim is primarily to track changes in asset preferences over time. But we can also gain interesting insights into the way people plan to purchase shares and the issues which investors are most concerned about.

The key results from our latest survey, which yielded 811 responses, include the following:

- Concerns about the government have eased post-election, but worries about inflation, interest rates, the NZ economy and geopolitics remain high.
- Plans for investing in commercial property continue to edge lower.
- Crypto asset purchasing intentions have stabilised through 2023 after falling last year.

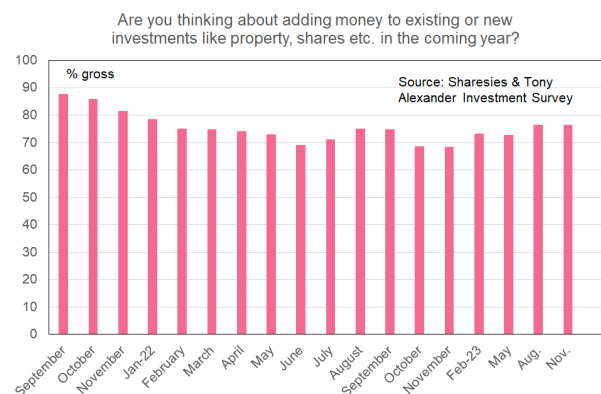
**I am not a financial advisor, and nothing written here is intended as advice for any individual or group.**

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

The downward trend in people’s willingness to add to their asset holdings—apparent from mid-2021 to mid-2022, continues to undergo a slow reversal back the other way. But the progress is very slow and that may be understandable in light of the continuing high uncertainty about the

world economy and China’s growth in particular, developments in Ukraine, and for the past month, the new war in the Middle East.

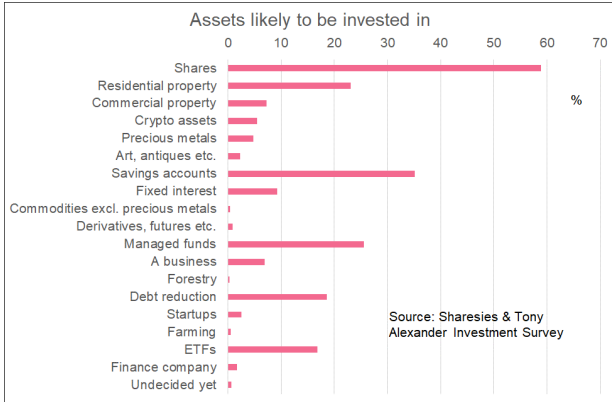
The latest result is a net 76% of respondents planning to boost their asset holdings, down slightly from 77% three months ago in August.



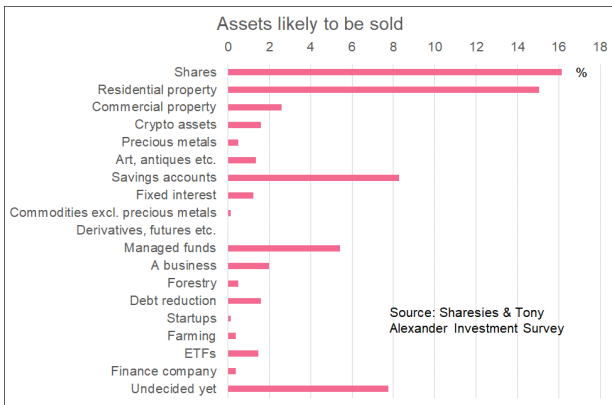
## If so, which assets are you likely to invest more in?

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

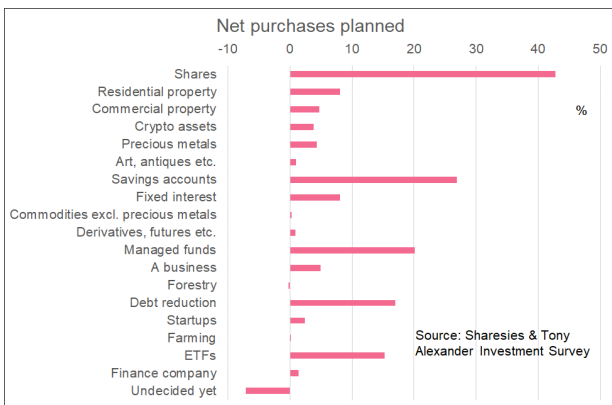
In each of our surveys the most favoured asset has been shares and that remains the case this quarter with 58% of respondents planning purchases. But note the high preferences also for putting or leaving funds in savings accounts and paying down debt.



We also ask which assets investors are thinking of selling. The gross proportion of people saying they will sell shares has risen to 16% from 14% in August, and overtaking residential property.



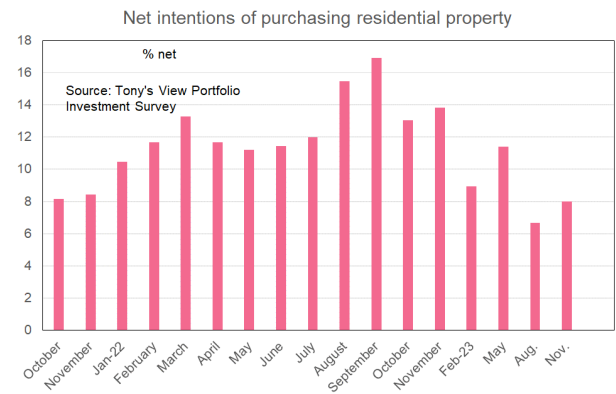
Putting the two sets of responses together we can generate net asset purchase measures, then track changes over time to see if there are any interesting trends.



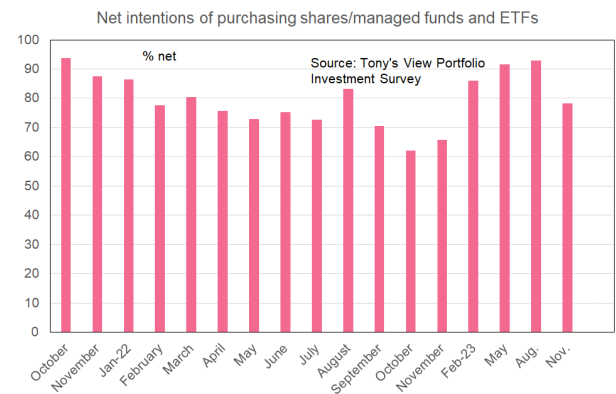
The areas in which investors plan making the greatest net increases in holdings are shares,

managed funds, savings accounts, ETFs, and this includes reducing debt.

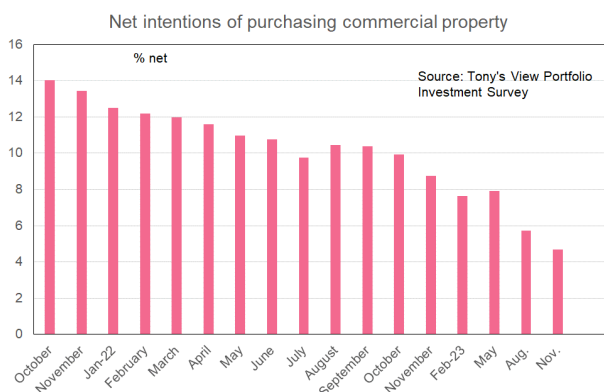
Net intentions of investing in residential property have improved this quarter. This movement is consistent with other measures from my surveys showing increasing investor interest in house buying. But we have seen such quarterly improvements before and they have not always been sustained. Therefore, it would be best to wait for our next survey's results in February to gauge whether the preference for residential property is truly shifting. Plans by the new government for any tax changes will clearly have an influence.



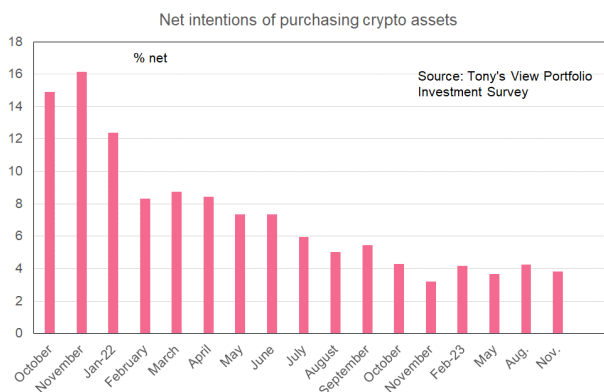
Net intentions of purchasing shares through various vehicles have eased off in the past quarter after staying at high levels for the first three quarters of 2023. It is likely that the recent deterioration in the world economic outlook and perhaps some extra upward pressure on mortgage and deposit interest rates in New Zealand helps explain this latest decline.



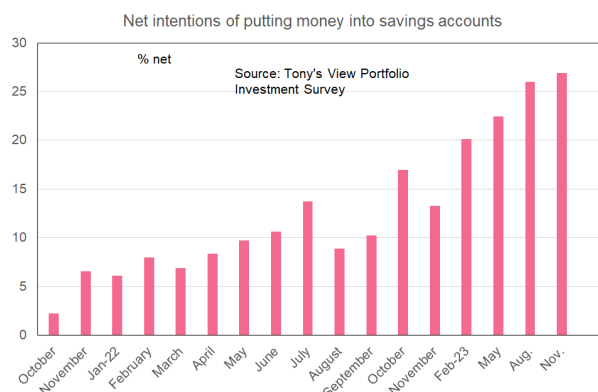
People's plans for investing in commercial property have continued the decline apparent in our survey's results over the past two years. This trend likely reflects the impact of rising interest rates affecting property valuations, delayed downward revaluations as a result of the pandemic, and a weakness in economic activity impacting business leasing demand in some sectors.



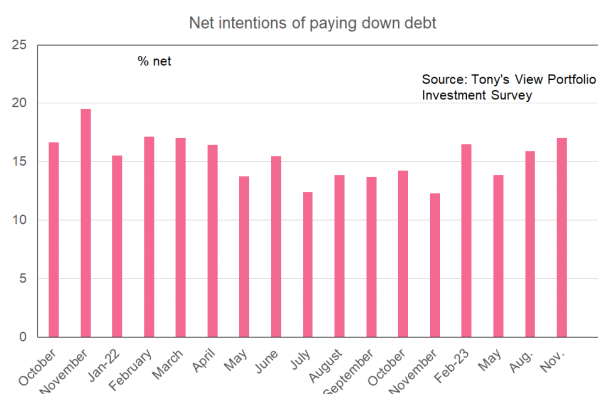
Net intentions of purchasing crypto assets (largely currencies one suspects rather than non-fungible tokens), have been flat after falling through 2022. Prices have recovered recently for some crypto currencies.



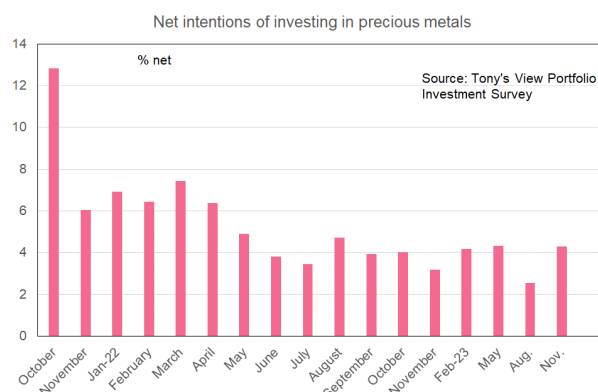
Rising term deposit rates and uncertainty about the global economic environment are likely for the continuing upward trend in people's plans to place their money on deposit rather than into assets like shares etc.



Rising interest rates likely also explain the upward trend (only slight) in the proportion of people looking at paying down their debt.

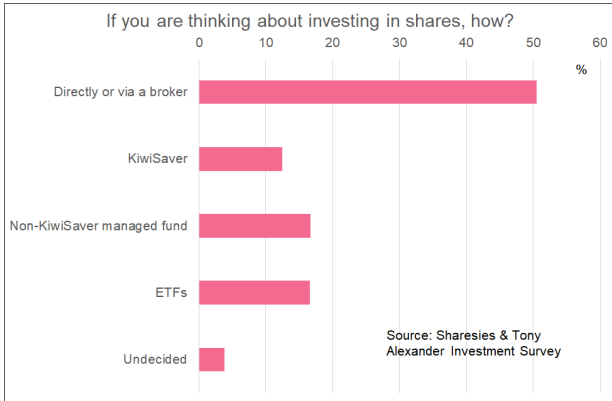


Plans for investing in precious metals have recovered firmly after falling in our previous quarterly survey in August. This gain we could put down to the rise in global tensions associated with developments in the Middle East. But then again, the August survey result may have been an aberration.

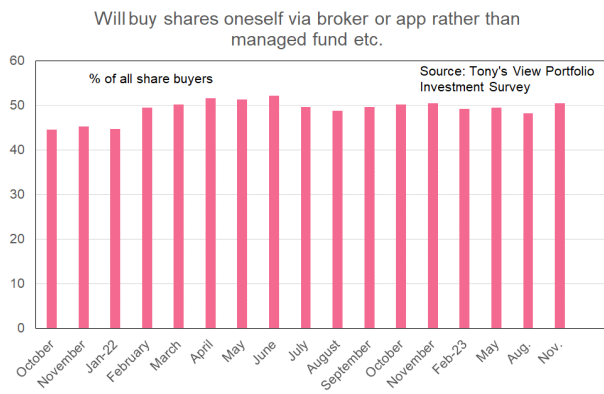


## If you are thinking about investing in shares, how?

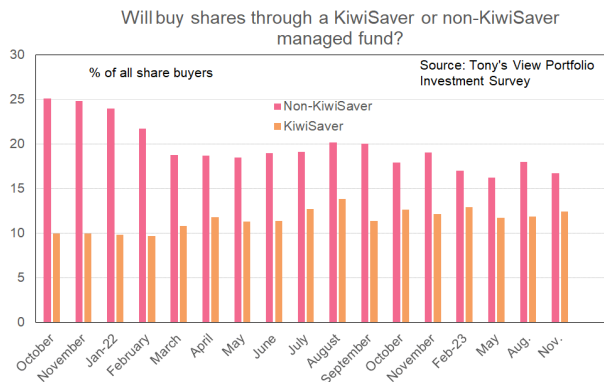
People still firmly prefer to buy the shares individually rather than through a fund.



There hasn't been a shift of any great degree for this during the two years the survey has been running.

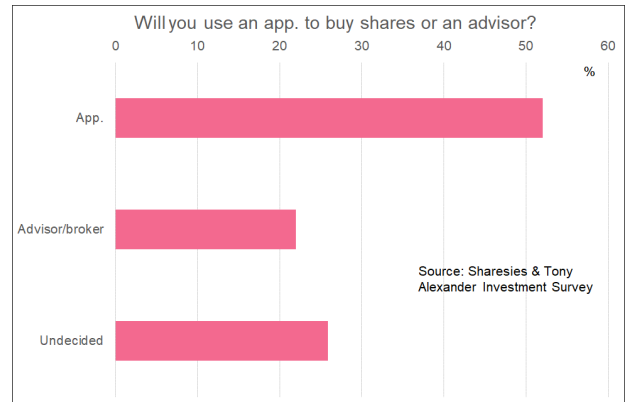


This lack of trend change apart from late-2021 is apparent also when we ask whether people will purchase shares through a KiwiSaver fund versus other managed funds.

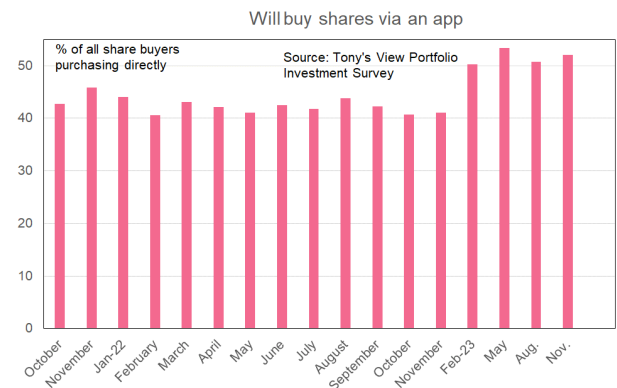


## Will you use an app to buy shares or an advisor?

For the people looking at buying shares directly, use of an app continues to be favoured over going through a broker.

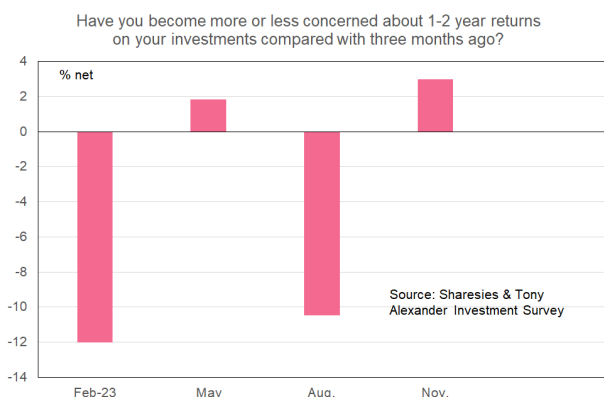


This preference jumped up at the start of this year and has remained firm.



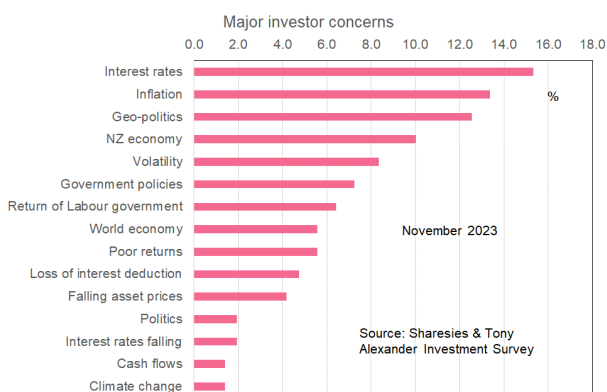
## Have you become more or less concerned about 1-2 year returns on your investments compared with three months ago?

People's worries about their investment returns have been on a roller-coaster ride through 2023. We started the year with a net 12% of respondents saying they were less concerned. This reading got better, then worse, and now again is slightly better. Perhaps this means people are looking through the current bout of global uncertainties—though holding off on some risky asset purchases (according to responses to previous questions).

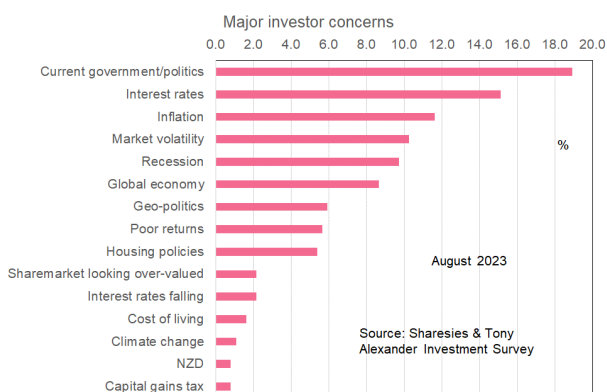


### List the main things causing you concern (if any) for your investment returns in the next 1-2 years.

Each quarter we ask investors to note the things which are causing them most concern. Top of the list is high interest rates, followed by inflation and global geo-politics including the Middle East, Ukraine, and Taiwan.



Three months ago the top three concerns were the the Labour Government and its policies.



### Have you used AI to assist your stock picking?

Since last quarter we have included a special question regarding people’s use of Artificial Intelligence in their stock selection. Just 1.6% of respondents said they have already used AI to help their stock picks, and the majority at 86.2% said they have not. However, 12.7% said they will probably do so.

Respondents to the survey were distributed by age as follows.

|               |       |
|---------------|-------|
| < 30 years    | 2.8%  |
| 30 – 50 years | 30.6% |
| 51 – 65 years | 40.7% |
| Over 65 years | 25.9% |

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

|                  |     |
|------------------|-----|
| Less than \$500k | 30% |
| \$500k - \$2m    | 36% |
| \$2mn - \$5m     | 19% |
| Over \$5m        | 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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