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SURVEY SHOWS INDIVIDUAL INVESTORS LOOKING TO TAKE ADVANTAGE OF STRONG YEN TO INCREASE OVERSEAS INVESTMENTS

HSBC Premier, the international wealth management service of the HSBC Group, one of the world's leading financial and banking services organisations, today announced the results of the latest in a series of surveys it has conducted among Japanese individual investors to gauge their outlooks on investing.

The survey was conducted in July 2010¹ among 832 individuals aged 30-69 years, living in Tokyo and Chiba, Kanagawa and Saitama Prefectures. For analysis purposes, the respondents were classified into two groups, namely "mass affluent" defined as individuals with financial assets of at least 10 million yen, and "non-mass affluent" defined as those individuals with financial assets below 10 million yen. The last survey was conducted in December 2009.

Some of the key highlights of the survey included:

- The ratio of foreign currency-denominated assets is rising due to the strong yen
- Growing interest in Chinese renminbi, but euro concerns
- Keen interest in emerging and resource-rich countries
- Over 25% of mass affluent individuals are interested in opening an overseas bank account

Summary of Main Survey Findings

Leveraging the yen's strength, the ratio of foreign currency-denominated assets is rising

Over half (51 per cent) of mass affluent respondents said that now is a good opportunity to invest in foreign currency-denominated assets while the yen is strong. Based on this recognition, mass affluent individuals currently holding foreign currency-denominated assets are looking to further increase their ratio of holdings from 23 per cent to 28 per cent within the next 12 months.

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Survey shows individual investors looking to take advantage of strong yen to increase overseas investments /2

Reflecting the proactive attitude among mass affluent individuals to explore investment opportunities, 45 per cent responded that they are “willing to take some risk and invest actively as deposits alone cannot build assets”.

The survey found that foreign currency-denominated assets currently held primarily consist of “foreign currency deposits and foreign currency MMF” (43 per cent of the mass affluent and 47 per cent of the non-mass affluent), followed by “foreign bonds, structured bonds, and foreign bond funds” (17 per cent of the mass affluent and 16 per cent of the non-mass affluent).

Growing interest in Chinese renminbi, but euro concerns

When asked which foreign currencies interested them most, the mass affluent group cited the U.S. dollar (49 per cent), Australian dollar (47 per cent), euro (37 per cent), Chinese renminbi (32 per cent) and Brazilian real (21 per cent), in descending order.

Of particular note, the survey confirmed growing interest in the Chinese renminbi on the back of broad feeling that the currency will strengthen (59 per cent of the mass affluent and 43 per cent of the non-mass affluent felt that the “renminbi is sure to strengthen”). 46 per cent of the mass affluent and 30 per cent of the non-mass affluent said that they were “interested in renminbi exchange rate movements”.

While the euro was the third most popular currency, interest among the mass affluent had dropped from 51 per cent in the previous survey to 37 per cent. Overall weaker confidence in the euro was highlighted with 57 per cent of the mass affluent and 46 per cent of the non-mass affluent saying that they had concerns over its future.

Keen interest in emerging and resource-rich countries

A total of 49 per cent of the mass affluent and 29 per cent of the non-mass affluent respondents expressed an interest in making overseas investments. At 64 per cent, the level of interest was especially high among mass affluent males aged in their 30s.

Among the countries attracting attention from mass affluent investors were China (53 per cent of mass affluent and 48 per cent of non-mass affluent interested in overseas investments), Brazil, India and Australia. The latter finding was of particular note, as this represented an increase from 22 per cent in December 2009 to 40 per cent, highlighting the growing interest in resource-rich Australia. Perhaps surprisingly, interest among Indian mass affluent individuals fell from 56 per cent to 44 per cent.

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Survey shows individual investors looking to take advantage of strong yen to increase overseas investments /3

Over a quarter of mass affluent individuals are interested in opening an overseas bank account

A total of 27 per cent of the mass affluent and 17 per cent of the non-mass affluent are interested in opening an overseas bank account, which was comparable to the results of the previous survey (26 per cent of the mass affluent, 16 per cent of the non-mass affluent). Among the mass affluent group, the level of interest was highest (over 40 per cent) among males in their 40s.

In terms of the countries and territories in which the respondents are interested in opening an account, the U.S., China, Hong Kong, Switzerland and Singapore were most popular among Japanese individual investors. The reason most cited by individuals interested in opening an overseas account was, “it seems risky to maintain assets only in Japan”.

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Notes

1 The survey was conducted on 22-23 July, 2010

Notes to editors:

1. HSBC Holdings plc

HSBC Holdings plc, the parent company of the HSBC Group, is headquartered in London. The Group serves customers worldwide from around 8,000 offices in 87 countries and territories in Europe, the Asia-Pacific region, the Americas, the Middle East and Africa. With assets of US\$2,418 billion at 30 June 2010, HSBC is one of the world’s largest banking and financial services organisations. HSBC is marketed worldwide as ‘the world’s local bank’.

2. The Hongkong and Shanghai Banking Corporation Limited in Japan

The Hongkong and Shanghai Banking Corporation Limited is the founding member of the HSBC Group. It established its first branch in Japan in Yokohama in 1866, making it the oldest bank operating in Japan today. It has branch offices in Tokyo and Osaka, providing commercial banking, private banking and personal wealth management services.

3. HSBC Premier

Launched in 2000 and with international services starting in May 2007, HSBC Premier is the first truly global personal wealth management service offering individually tailored financial solutions for the growing number of mass affluent individuals. Globally, HSBC Premier serves customers through 350 international Premier Centres in 46 countries and territories. In Japan, HSBC Premier launched in 2008 and its nationwide network of branches targets individuals with liquid financial assets exceeding JPY10 million.

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