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SURVEY SHOWS WEALTHY INDIVIDUALS ARE READY TO INVEST DESPITE CONCERNS OVER ECONOMIC RECOVERY

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 a survey it has conducted to gauge how the on-going financial crisis is impacting individual investors and their investment decisions.

The survey was conducted between 16-17 April, 2009 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 survey found that the mass affluent consider the current time to be a good opportunity for investment, despite not expecting the economy to recover for at least three years. Some of the other key highlights of the survey results include:

- 1) Over 80 per cent of mass affluent males in their 30s and 40s expressed an interest in investing
- 2) The most popular investment categories are domestic equities and time deposits
- 3) Mass affluent individuals are more interested in emerging market opportunities
- 4) Two thirds of mass affluent individuals have experienced a decline in their financial assets over the previous 12 months
- 5) Approximately three times as many mass affluent individuals expect the yen will weaken, rather than strengthen, by the end of 2009

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Principal members of HSBC in Japan are:
The Hongkong and Shanghai Banking Corporation Limited
HSBC Securities (Japan) Limited
HSBC Global Asset Management (Japan) K.K.

Summary of Main Survey Findings

Mass affluent are now ready to start making investments

76 per cent of mass affluent individuals and 51 per cent of non-mass affluent individuals plan to invest and consider now to be the best time to do so. Overall, younger respondents and men showed a greater interest in future investment, with more than 80 per cent of male respondents aged between 30-49 years showing an interest in asset management.

Wealthier individuals more interested in emerging markets

In terms of investment categories, approximately half of respondents cited domestic equities and time deposits as their preferred vehicles. The mass affluent segment showed a greater interest in emerging markets, while non-mass affluent respondents preferred foreign exchange margin transactions, however overall, it was observed that interest in these declines with age.

Compared with their female counterparts, male respondents expressed a greater willingness to adopt a more aggressive stance toward equity investment, while females showed more interest in investing in more traditionally conservative areas such as Japanese government bonds and gold.

Financial assets have declined over the past year

A total of 67 per cent of mass affluent respondents said that their financial assets have decreased in value over the previous year, compared with 55 per cent for the non-mass affluent group. The main reason attributed for these declines were losses recorded, both actual and unrealised, following equity price falls (77.4 per cent and 39.3 per cent for mass and non-mass affluent respondents, respectively).

Conversely, 10.1 per cent of mass affluent individuals experienced an increase in the value of their personal financial assets. This represents a 9 per cent increase over the results seen in the last survey conducted in December 2008. The main reasons cited for the increase included “interest income on deposits and savings”, (59.5 per cent) “positive gains recorded on sales of equities”, (19 per cent) “interest gained on foreign currency denominated deposits”, (16.7 per cent) and “foreign exchange rate gains for foreign currency denominated deposits” (16.7 per cent).

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Yen anticipated to weaken

Before the end of the year, 37.3 per cent of mass affluent individuals and 31 per cent of non-mass affluent individuals anticipate the yen will weaken from current levels, as opposed to 14.7 per cent and 10.1 per cent, respectively, who expect it will strengthen.

Asked when the yen will hit a low against the U.S. dollar in 2009, 19.7 per cent of mass affluent and 16.6 per cent of non-mass affluent individuals predict it will be reached in December. Amongst these respondents, the mass affluent segment believe that the yen/dollar exchange rate will hit 105.1 in December, compared with a level of 104.97 among the non-mass affluent.

Japanese equities expected to rise

43.3 per cent of mass affluent and 29.3 per cent of non-mass affluent individuals expect Japanese stock prices will go up this year. On the other hand, 13 per cent and 15.1 per cent of mass affluent and non-mass affluent respondents, respectively, anticipated a decline.

Further, in terms of forecasting the high for the Japanese stock market during 2009, among the mass affluent segment, 21.6 per cent predicted that the stock market will peak in December at a level of 10,258 yen, compared with 13.5 per cent among the non-mass affluent group at a level of 10,092 yen.

When asked to forecast the timing for economic recovery, the most frequent opinion cited among both the mass affluent and non-mass affluent was that it would take at least three years.

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 9,500 offices in 86 countries and territories in Europe, the Asia-Pacific region, the Americas, the Middle East and Africa. With assets of US\$2,527 billion at 31 December 2008, 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

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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 over 2.6 million customers through 300 international Premier Centres in 42 countries and territories. In Japan, HSBC Premier launched in January 2008 targeting individuals with liquid financial assets exceeding JPY10 million. HSBC Premier operates seven branches in the Tokyo Metropolitan (Akasaka, Ginza, Hiroo, Ikebukuro, Marunouchi and Yokohama) and Kansai (Kobe) areas.

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