

MEDIA RELEASE

5 March, 2020 – Embargoed until 8am Friday 6 March 2020

New Zealand Shareholders Association and University of Canterbury partner to provide a Weekly NZ Retail Investor Sentiment Index

The New Zealand Shareholders Association has partnered with Professor Jędrzej Białkowski and Dr Moritz Wagner of University of Canterbury Business School to provide a weekly retail investor sentiment index measuring the NZ Stock Market, NZ Sectors and International Markets.

“This collaboration between NZSA and UC Business School fits well with our mission to be the voice of investors and will contribute to the understanding of investor behaviour and the overall market”, said Tony Mitchell, Chair of NZSA.

The weekly survey tracks the bullish, neutral or bearish sentiment of NZ retail investors for the short-term future of the market (6 months horizon). The index covers overall sentiment for the **NZ stock market, 8 individual sectors** as well as the **Australian and US stock market**. Sectors covered are energy, health care, information technology, primary sector, industrials, consumer discretionary, financial, and real estate.

Dr Wagner says “The impact and importance of such an index is paramount. The Sentiment Index contributes to the understanding of investor behaviour and the overall market, and puts New Zealand on the same level as other countries in terms of market data. The index gauges overall changes in price and value perceptions, and can signal inflection points and provide early signs of bubbles and associated corrections and ultimately helps to make better-informed investment decisions.”

Since launching early January, the survey has collected 9 weeks of data and has tracked NZ retail investors’ strong bullish sentiment deflating rapidly over the last 5 weeks, alongside the evolving of the Coronavirus outbreak. In the last week we have seen a tipping point for sentiment as a bearish outlook now dominates as it has surged to 62.3%. – **Chart 1**

In the previous week retail investor sentiment of the NZ market was split approximately a third a third a third between a bullish, uncertain or bearish outlook for the next 6 months. However, in the space of one week this has swung to 62.3% having a bearish outlook and 20.8% uncertain and bullish at its lowest level since the survey started of 17.0%. NZ retail investors remain a little more bullish on the US than NZ or Australia, but this too has slipped from 46.5% last week to 27.5%. A dominant bearish sentiment has set in for all 3 markets. - **Chart 2**

Surveyed retail investor sentiment remains most bullish for the NZ HealthCare sector at 61.5%. The most significant change in bearish sentiment within sectors since the survey originated 9 weeks ago is the primary sector where surveyed retail investors have moved from 17.4% bearish to 59.6% bearish for the short-term outlook. – **Chart 3**

The survey has been designed and methodology developed in close collaboration between the parties to transform the data into a quantitative index. An existing online tool is being used to conduct the weekly survey that ensures ease of use and protection of respondent’s privacy. Data collection and evaluation of the survey is being done by UC academic staff.

Ends

For more information please contact Tony Mitchell, Chair of New Zealand Shareholders’ Association on 021 897 597 or chair@nzshareholders.co.nz

CHART 1

NZ Retail Investor Sentiment: Do you expect the NZX 50 Index to increase, decrease or stay the same over the next 6 months?

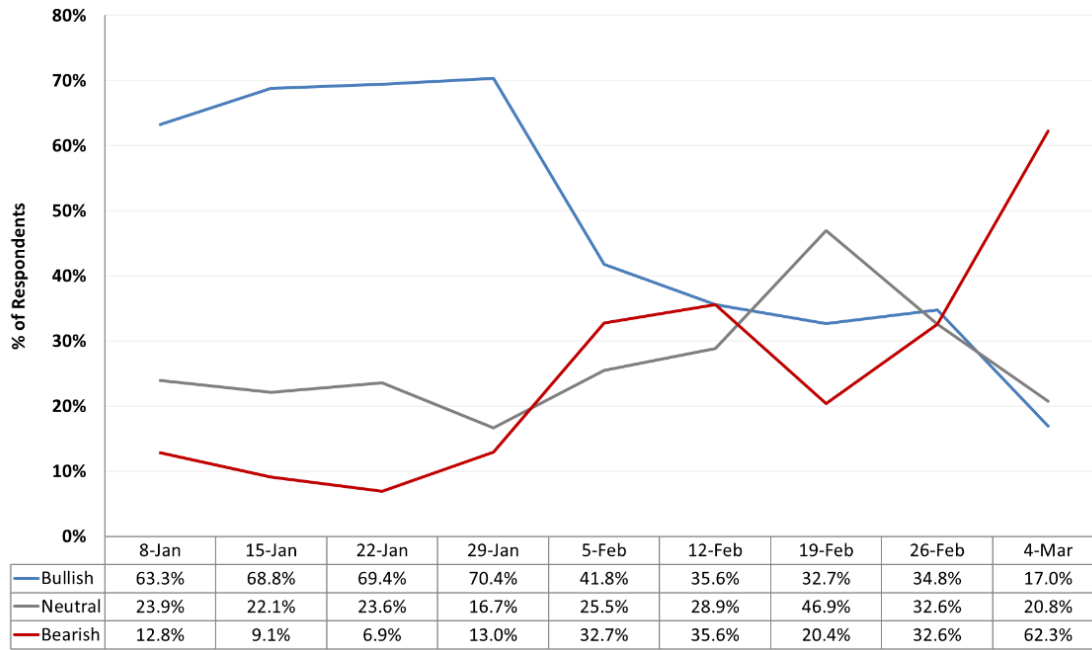


CHART 2

NZ Retail Investor Sentiment: Do you expect the following three broad market indices in NZ, Aus and the U.S. to increase, decrease or to stay the same over the next six months?

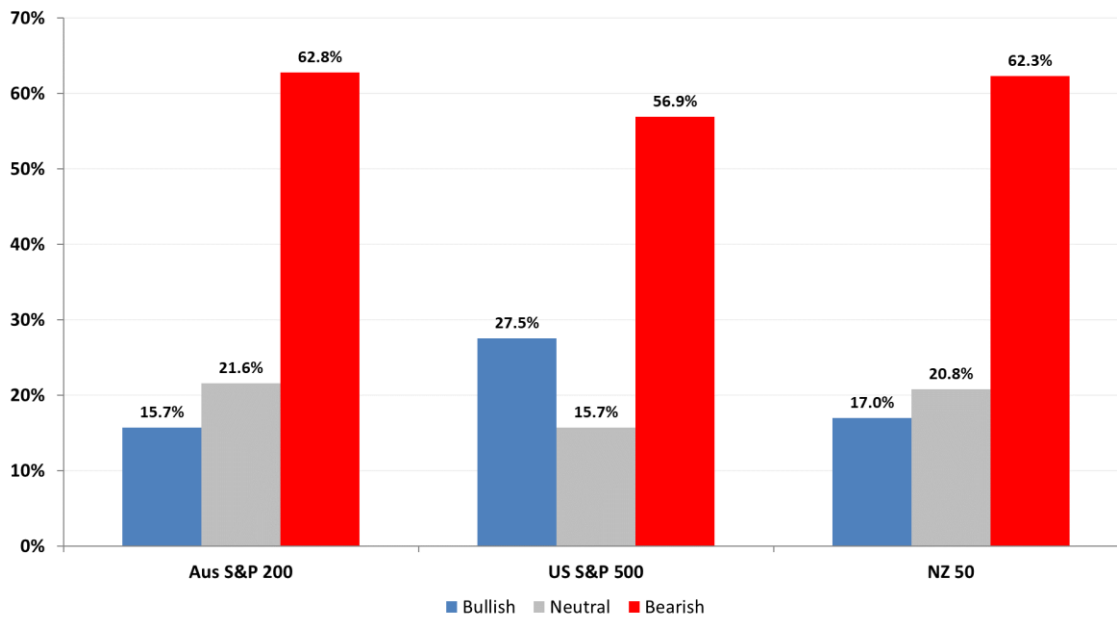


CHART 3

Sector Sentiment in NZ: Do you expect the following sectors to increase, decrease or to stay the same over the next six months?

