

Expected savings, investment and borrowing activity highest since Spring 2007

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Â The 25th quarterly Financial Activity Survey commissioned by JGFR from GfK NOP* finds consumers intending to save, invest and borrow to a greater extent than at anytime since Spring 2007.

Â JGFR's headline FAB Index** rose to 93.0 from 88.3 on the quarter (92.9, a year ago). More people intend to save and/or invest in the next 6 months with the FAB Savings/Investment Index up to 97.3 from 91.7 on the quarter, although slightly below a year ago (99.7). The FAB Borrowing Index is up to 73.1 from 68.3 on the quarter (74.0 a year ago).

Â Brighter prospects for life and pension providers

Â Prospects for life & pension providers appear brighter with the FAB Life & Pension Index sharply higher at 89.6 from 80 in the Spring (92.6 a year ago). The proportion of people intending to contribute regularly to life and pension schemes grew for the second consecutive quarter.

Â and for savings in general

Â Expected demand for ISAs also moved to its highest since a year ago. A similar trend is found in starting a regular savings plan (at a 4-quarter high) and in contributing to a Child Trust Fund. With competition for deposits growing, the FAB Cash Deposit Index is at its highest since last autumn.

Consumer credit demand also picking up

More people are intending to take out consumer credit in the coming months. The FAB Consumer Credit Index rose 10 points to 74.9 on the quarter to its highest level since a year ago. Within consumer credit the biggest pick up in expected demand is in plastic card borrowing, overdraft borrowing and more people borrowing by car financing plans.

Â but weakest ever housing market intentions

Â While some areas of retail financial services are showing improvement in activity, there is no good news in relation to the housing market. Whereas in the spring survey some pick up in demand was evident, the lack of mortgage supply, together with falling house prices much reduced actual activity. These factors are weighing heavily on consumers. Both the quarterly mortgage intentions measure and property purchase intentions measure are at their lowest on record.

Â Prudence appears to be the consumers watchword

Â Although more people are intending to borrow, the FAB Debt Repayment index increased to its highest since a year ago (82.7). This suggests that households are trying to manage their financial situation in the toughest economic environment since the early 1990s by reducing the high burden of debt where possible, while at the same time saving rather than spending and increasing financial protection.

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