

# Weaker Housing Market Data Pulls Headline JGFR Financial Activity Index Lower

Contributed by JGFR  
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Strong housing market intentions in the Spring Financial Activity Survey, which have been reflected in improving actual activity levels, have fallen away in the latest quarterly Financial Activity Survey carried out by GfK NOP for JGFR.

Partly as a result the headline JGFR Financial Activity Index\* slipped back to 96.2 from 99.1 in March, although is up on its measure a year ago of 93.0.

Overall some 75% of adults expect to save, invest, borrow or repay debt in the next 6 months, compared with 79% in March and 73% a year ago.

Expected borrowing activity weaker; cash savings activity increases

The survey, which is housed on the same omnibus survey as the latest GfK NOP consumer confidence survey for The European Commission (up 2 points in June) found consumers appetite for borrowing activity weaker in June with most categories of borrowing down in the survey.

Of the consumer credit categories, only expected borrowing by overdraft grew.

Mortgage intentions fell back notably and house purchase intentions retreated to the levels of last year highlighting the tougher housing market conditions that seem likely to materialise in the coming months.

Despite record low deposit rates, cash savings product categories show the best prospects.

35% of adults intend to place a deposit in a bank, building society or National Savings & Investments, up from 33% in March.

More people intend to open up a regular savings account, especially the under 30s and slightly more intend to pay money into an ISA (34%) than in March .

Investor sentiment improves but weaker expected growth in life & pensions volumes

Investor sentiment improved to its best level since a year ago, although remains relatively weak. More people expect to invest in shares.

In the past two quarters life and pension expected activity was stronger than many in the industry were expecting.

This was especially the case in lump sum life & pension intentions where the JGFR Life & Pension Lump Sum Index rose to its highest on record (139.0) – possibly as a result of beneficial tax rates on pension contributions.

This quarter prospects are not as good at product category level with fewer people intending to contribute to regular life and to lump sum schemes.

Overall however intended net life and pensions is unchanged on March with 39% of adults expecting to contribute to a scheme.

Fewer people intend to repay debt

Recent quarters have also seen more people intending to repay debt, partly in response to more borrowing but also in relation to low interest rates.

This quarter the proportion of people intending to repay debt fell back from 29% in March to 25% currently. A year ago 24% of people intended to repay debt.

While this month's consumer confidence data showed the best forward looking measure of the economic situation since May 2005, the present climate continues to be difficult with JGFR Ltd 2009 ([www.jgfr.co.uk](http://www.jgfr.co.uk)) spending confidence falling back in June and more households making do, running down savings or falling into debt.

Commented John Gilbert, Chief Executive of JGFR:

“With little or no wage growth and falling numbers of people in work it means that for many households it is harder to repay debt and indeed to borrow when house prices continue to fall. Until the jobs and borrowing climate improves people are going to defer many activities and make do. The summer Financial Activity Survey points to a slowdown in

financially active consumers, with the emphasis most on cash savings.â€•

The results of the Summer Financial Activity Survey are reported in the 29th UK Financial Activity Bulletin published on July 15th.

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\*The Index is based on a 2-quarter moving average to reflect the 6-month period consumers are asked to consider.

It is based on Q3/Q4 2002 = 100

Consumers are asked about their expected activity in the next 6 months across some 18 categories of savings, investment and borrowing/debt repayment.

Interviews by telephone were held with 2,001 adults aged 16+, representative of the UK population between 12-21 June 2009.

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