Rise In Demand For Life And Pension Products...

Contributed by JGFR
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In summer 2012 UK Financial Activity Barometer

NEWS RELEASE - SUMMER 2012

Financial Activity still weak
Â· Consumers intended financial activity in the coming months is little changed on the quarter,at well-below average activity levels of the past decade

Â· 69% of adults intend to save, invest, borrow or repay debt, unchanged on March and down on 71% a year ago. The average intended level of financial activity in the past 10 years is 76%.

Â· The proportion of people intending being financially active (expecting to undertake 2 or more activities) slipped to 50% from 51% in March but is up from 49% a year ago

Savings / investment intentions lower; borrowing intentions higher
Â· Savings / investment intentions and debt repayment intentions fell in the latest quarter while borrowing intentions edged higher

Â· By product groups life & pensions and consumer credit show quarter on quarter rises

Â· Cash savings, equity and bond investments, mortgages and property purchase all show quarter-on-quarter falls

Â· The overall quarter-on-quarter JGFR / GfK Financial Activity Index fell 1 point to 88 and compares with 90 in June 2011. (June 2002 = 100)

Â· Both the savings / investment and debt repayment indices also fell on the quarter. The former dropped 2 points to 94 (97 June 2011), while the latter fell 2 points to 69 (71, June 2011).

Â· Only the Borrowing Index improved compared to March, up 3 points to 55 (60, June 2011).

Â· On a 2-quarter moving average basis representing the 6-month period over which intentions are based, the headline JGFR Activity Index improved by 2 points to 87.3 but is down 2 points on June 2011 (Q3/Q4 2002 = 100)

Â· The JGFR Savings / investment Intentions and JGFR Borrowing Intentions both showed 2- quarter moving average gains up 4 points and 2 points respectively to 91.6 and 51.5.

Â· With weak borrowing activity and household finances under pressure fewer people are repaying debt, the JGFR Debt Repayment Intentions Index shed 3 points to 64.8 and is down 17 points on a year ago

More people intend making regular pension and life insurance contributions and seek consumer credit
Â· Within savings and investment products both regular pension and life insurance contribution intentions were the main gainers on the quarter but with little change on a year ago.

Â· Investor sentiment fell back to well below average with fewer people intending to make equity or bond investments in a very uncertain economic climate

Â· Fewer people intend investing in ISAs, down from 33% to 31%, and well down on 35% a year ago

Â· All consumer credit products apart from car finance plans showed increases on March, reflecting greater pressure on household finances with cash savings intentions showing a 4- point fall in adults intending to place a deposit, down from 34%.

Poor housing market prospects
Â· Prospects for the housing market like the weather are depressed. Both mortgage intentions and house purchase intentions fell back to the survey lows of last year. The 2-quarter JGFR Housing Market Activity Intentions Index edged 1 point up on the March record low to 49.7

Chart 1: Financial Activity indices: Intended Savings, investment and borrowing activity Q3/Q4 2002 â€“ Q2/Q3 2012

The Summer Financial Activity Barometer was undertaken by GfK NOP on behalf of JGFR and carried on the same omnibus survey as the June Consumer Confidence survey for the European Commission

Â· The UK Consumer Confidence Survey from GfK was conducted amongst a sample of 2,003 individuals aged 16+

Â· Quotas are imposed on age, sex, region and social class to ensure the final sample is representative of the UK population.

Â· Interviewing was carried out during 8th â€“ 17th June 2012.

The Summer UK Financial Activity Bulletin will be published on Thursday July 12th.

The Summer UK Banking Barometer examining the prospects for the leading retail banks will be published on the same date.

JGFR also publishes on a regular basis the monthly UK Consumer Confidence Monitor and quarterly Olympics Barometer.

About JGFR
Please visit www.jgfr.co.uk for more information

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