



# Index of Investor Optimism

A UBS/Gallup Poll of Investor Attitudes

UBS

Communications - Americas  
Media Relations

**Contact:**

Doug Morris 212-882-5694  
Michelle Creeden 212-882-5717

[www.ubs.com](http://www.ubs.com)

## INVESTOR OPTIMISM REACHES NEW LOW FOR YEAR

### UBS/Gallup Index of Investor Optimism at 55, Down from 58 in June

#### Situation in the Middle East of Concern to Investors

NEW YORK, July 24, 2006 – Investor optimism reached a low point for the year, falling to 55 during the month of July, down three points from June and 38 points since the beginning of 2006. The UBS/Gallup *Index of Investor Optimism* is conducted monthly and had a baseline score of 124 when it was established in October 1996.

For the first time this year, investors turned pessimistic about the outlook for the U.S. economy. The Economic Dimension of the *Index* fell to -2 in July from +1 in June, which suggests that investors as a whole are neutral to slightly pessimistic about the economic outlook over the next 12 months. The last time investors were pessimistic about the economic outlook was in November 2005, also with a -2 reading, as the economy was working through the negative impact of last year's hurricanes.

Concerns among investors include the general condition of the economy, rising energy prices and the state of the real estate market. Forty percent of investors are pessimistic about the rate of economic growth, up six points from June. Energy prices continue to be of particular concern to investors with 97 percent saying energy prices are negatively affecting the U.S. investment climate, up from 94 percent in June. Concerns about the real estate market are also strong and growing. This month, 68 percent of investors responded that they believe economic conditions in the residential real estate market nationwide to be deteriorating. This compares with 62 percent who felt that way in June.

Investors are also greatly concerned about the unsettled geopolitical environment, with 78 percent responding they are worried about the current situation in Iraq, 65 percent concerned about more terrorist attacks, 61 percent worried about Iran's nuclear ambitions, and 60 percent worried about troubles with North Korea. Although much of the survey was conducted prior to the recent situation in Lebanon, fully half of investors say they are concerned that the conflict between the Israelis and Palestinians will hurt the U.S. investment climate.

"Investors are increasingly seeing the impact that global challenges can have on their personal finances, such as with escalating geopolitical risks and rising energy prices," said Mike Ryan, Head of UBS Wealth Management Research.

Investors will likely be watching to see whether the Federal Reserve raises interest rates at its August meeting. Fifty-seven percent of investors say the current level of interest rates is hurting the investment climate, up five points from June. Inflation is weighing on investor

sentiment, with 79 percent responding that the investment climate is being hurt by inflation, up six points from last month.

These findings are part of the 99th *Index of Investor Optimism*, which was conducted July 1-16, 2006. To track and measure Index changes on an ongoing basis, new samplings are taken monthly. Dennis J. Jacobe, research director for Gallup, said the sampling included 801 investors randomly selected from across the country. For this study, the American investor is defined as any person who is head of a household or a spouse in any household with total savings and investments of \$10,000 or more. Nearly 40 percent of American households have at least this amount in savings and investments. The sampling error in the results is plus or minus four percentage points.

For more than 60 years, the Gallup Organization has been a recognized leader in the measurement and analysis of people's attitudes, opinions and behavior. While best known for the Gallup Poll, founded in 1935, Gallup's current activities consist largely of providing marketing and management research, advisory services and education to the world's largest corporations and institutions.

UBS is one of the world's leading financial firms, serving a discerning global client base. As an organization, it combines financial strength with an international culture that embraces change. As an integrated firm, UBS creates added value for clients by drawing on the combined resources and expertise of all its businesses.

UBS is the world's largest wealth manager, a top tier investment banking and securities firm, and one of the largest global asset managers. In Switzerland, UBS is the market leader in retail and commercial banking.

UBS is present in all major financial centers worldwide. It has offices in 50 countries, with about 39% of its employees working in the Americas, 37% in Switzerland, 16% in the rest of Europe and 8% in Asia Pacific. UBS's financial businesses employ more than 70,000 people around the world. Its shares are listed on the SWX Swiss Stock Exchange, the New York Stock Exchange (NYSE) and the Tokyo Stock Exchange (TSE).

Additional information about the *Index of Investor Optimism* can be found at [www.ubs.com/investoroptimism](http://www.ubs.com/investoroptimism)



# Index of Investor Optimism

A UBS/Gallup Poll of Investor Attitudes

UBS

Communications - Americas  
Media Relations

**Contact:**

Doug Morris 212-882-5694  
Michelle Creeden 212-882-5717

[www.ubs.com](http://www.ubs.com)

## *UBS Index of Investor Optimism overall trend*

	<i>Overall Index</i>
06 June	58
06 May	64
06 April	63
06 March	79
06 February	80
06 January	93
05 December	79
05 November	50
05 October	47
05 September	34
05 August	61
05 July	58
05 June	54
05 May	50
05 April	52
05 March	74
05 February	82
05 January	76
04 December	79
04 November	69
04 October	62
04 September	74
04 August	77
04 July	88
04 June	95
04 May	71
04 April	73
04 March	85
04 February	97
04 January	108
03 December	104
03 November	93
03 October	69
03 September	54
03 August	61
03 July	54
03 June	77
03 May	42

03 April	66
03 March	5
03 February	9
03 January	38
02 December	52
02 November	41
02 October	29
02 September	60
02 August	52
02 July	46
02 June	72
02 May	90
02 April	89
02 March	121
02 February	92
02 January	115
01 December	88
01 November	84
01 October	86
01 September	50
01 August	76
01 July	74
01 June	85
01 May	90
01 April	81
01 March	82
01 February	77
01 January	96
00 December	106
00 November	130
00 October	132
00 September	147
00 August	160
00 July	143
00 June	149
00 May	155
00 April	140
00 March	150
00 February	168
00 January	178
99 December	174
99 November	148
99 October	139
99 September	160
99 August	149
99 July	166
99 June	146
99 May	163
99 April	168



# Index of Investor Optimism

A UBS/Gallup Poll of Investor Attitudes

UBS

Communications - Americas  
Media Relations

**Contact:**

Doug Morris 212-882-5694  
Michelle Creeden 212-882-5717

[www.ubs.com](http://www.ubs.com)

99 March	151
99 February	167
98 December	141
98 September	147
98 June	160
98 March	161
97 December	151
97 September	151
97 June	152
97 February	128
96 November	125
96 October	124

###