

Index of Investor Optimism

A UBS/Gallup Poll of Investor Attitudes

INVESTORS ANTICIPATE HOUSING MARKET WILL CONTINUE TO EXPERIENCE PRICE INCREASES IN THE SHORT TERM

Investors More Optimistic About Real Estate than Stocks, According to UBS/GALLUP Index of Investor Optimism

NEW YORK, June 27, 2005 – Investor Optimism is up slightly this month but continues its three-month low following a more than twenty point drop in March. Currently at 54, the June UBS/Gallup Index of Investor Optimism shows investors also anticipate continued price increases in the housing market and are more optimistic about the performance of real estate investments than returns offered by the stock market.

63 percent of investors expect housing prices to rise over the next six months. Of that number, 18 percent expect prices to go up “a lot” and 45 percent expect them to increase “a little.” Only 13 percent foresee a decline in housing prices over the next six months and 23 percent expect prices to hold steady. About 38 percent of investors think now is a good time to buy real estate, while 25 percent say now is a time to sell.

67 percent of investors see real estate investments as more profitable, and 77 percent see such investments as safer than investments in the stock market. Just 22 percent of investors see the stock market as safer, and just 30 percent see it as more profitable, than real estate.

“Clearly investors polled are less concerned about a housing bubble in the near term,” said Mike Ryan, Chief Fixed Income Strategist at UBS (Ryan will assume the position of Chief Investment Strategist July 1, 2005). “It is likely that investors still harbor concerns about the stock market in the wake of recent corporate scandals and rising interest rates.” (Inflation remains a drag on the investment climate according to 42 percent of investors.)

While the overall Index results this month showed little change from last month, the typical gap in optimism between substantial investors (those with assets of at least \$100,000) and average investors (those with assets of \$10,000 to \$99,000) has remerged and widened substantially with optimism among substantial investors rising sharply, from 51 to 91 and optimism among average investors dropping from 49 to 34. For the past two months, both groups of investors have had similar Index scores, hovering at the 50-point level.

Among substantial investors, mean expectations for returns on investment portfolios are up from 7.9 percent last month to 11.1 percent this month. Average investors show almost no changes in expectations for return. Also, the percentage of substantial investors who think now is a good time to invest in the markets is at 64 percent, up seven percentage points from last month. Among average investors, there is little change in their assessment of the markets – 56 percent say it is a good time to invest now, only a point higher than last month’s measure.

These findings are part of the 87th *Index of Investor Optimism*, which was conducted June 1 to June 19. 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 804 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 a leading financial firm, combining financial strength with a reputation for innovation and a global culture that embraces change.

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

Headquartered in Zurich and Basel, UBS employs around 66,000 people, and has operations in over 50 countries and in all major financial centers.

Additional information about the *Index of Investor Optimism* can be found at www.ubs.com/investoroptimism

UBS *Index of Investor Optimism* overall trend

	OVERALL INDEX
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
99 March	151

99 February	167
98 December	141
98 September	147
98 June	160
98 March	161