

# Index of Investor Optimism

A UBS/Gallup Poll of Investor Attitudes

## **INVESTOR OPTIMISM INCREASES FOR FOURTH STRAIGHT MONTH**

### **Highest Level in Year and a Half**

### **Investors Confident about Outlook for Economic Recovery**

### **Energy and Healthcare Top Investor Concerns for 2006**

NEW YORK, January 23, 2006 – Investor optimism has surged to a 19-month high, according to the latest *UBS/Gallup Index of Investor Optimism*, with investors continuing to express confidence in the performance of the U.S. stock market. Now at 93, the *Index* is up 14 points from last month and 59 points since September 2005. The last time the *Index* was this high was in June 2004, when it reached 95. It has a baseline of 124 from when it was launched in October, 1996.

The continued rebound of the *Index* over recent months appears to reflect higher stock prices, on balance (the Dow Jones Industrial Average has seen a 9 percent increase since mid-October 2005) and a retreat in gasoline prices from their very high peak around Labor Day. Optimism about the performance of the U.S. stock market is up 4 percentage points from last month and 16 points from July. Fifty-eight percent of investors characterize the economy as being in a sustained expansion or recovery, up from 50 percent who expressed that view last month and just 33 percent last October.

Sixty-seven percent of investors are optimistic about achieving their investment targets over the next 12 months compared with 60 percent in December. Investors' longer-term outlook also improved, with 70 percent of investors optimistic about achieving their investment goals over the next 5 years (as compared with 66 percent in December).

In looking to 2006, almost seven in ten investors say that healthcare costs and energy prices -- the top listed issues measured in the poll -- will be "extremely" important. The availability of jobs was the third major concern with 59 percent of investors registering it as "extremely" important. It is interesting to note that healthcare, energy prices and jobs ranked above other issues such as the threat of terrorism and the situation in Iraq, despite the prominence of the latter issues in the news media.

"Investors are clearly expressing renewed confidence in the economy and financial markets while keeping a watchful eye on domestic pocketbook issues." said Mike Ryan, Head of UBS Wealth Management Research.

Only 26 percent of investors say that conditions in the housing market will be extremely important to them in 2006 suggesting that investors do not share economists' concerns about a housing bubble.

These findings are part of the 94th *Index of Investor Optimism*, which was conducted January 2 to January 15. 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 39% of its employees working in the Americas, 38% in Switzerland, 16% in Europe and 7% in the Asia Pacific time zone. UBS's financial businesses employ more than 68,000 people around the world.

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

### **UBS *Index of Investor Optimism* overall trend**



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	<i>Overall Index</i>
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
99 March	151
99 February	167
98 December	141
98 September	147
98 June	160
98 March	161
97 December	151



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97 September	151
97 June	152
97 February	128
96 November	125
96 October	124

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