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News Release

Wealthy investors' optimism jumps entering 2020, UBS Investor Sentiment survey finds

Respondents cite emerging markets' growth as the top reason for their positive view on stocks

Zurich/Basel, 24 January 2020 – High net worth individuals and business owners globally have a more upbeat outlook entering 2020, with cash levels and concerns over domestic politics declining, according to UBS Global Wealth Management (GWM)'s new quarterly Investor Sentiment survey.

According to the survey, which polled more than 4,800 wealthy investors and business owners in 19 markets from December 19 to January 12, 67% of respondents said they were optimistic on their own region's economy, up from 61% in the prior survey three months earlier. Sixty percent expressed optimism on the global economy, up from 53%. And 65% were optimistic on their regional stock markets, up from 56%, with cash levels declining from 27% of portfolios to 25%.

After strong performance in 2019, investors' average expectations for 2020 were high. 94% expected positive returns and 44% anticipated returns in double digits. This followed a year in which just 5% of respondents experienced negative returns and 53% earned returns in double digits.

The US witnessed the biggest improvement in sentiment. Sixty-eight percent of US respondents were optimistic on their own region's economy, compared with 55% in the prior survey. Sixty-four percent expressed optimism on their region's stock market, compared with 50% three months earlier. Asian respondents also experienced the second most significant improvement and were the most positive overall, with over 70% optimistic on both their own economy and stock market.

The improvement in the US and Asia followed an easing of US-China tensions, which also prompted investor enthusiasm over emerging markets and a decline in political concerns. Forty-three percent cited emerging markets' growth as a reason for optimism on stocks, higher than any other driver. Forty-two percent cited their country's politics as among their top concerns, down from 47% in the prior survey. Still, 67% of business owners globally expected more or the same level of US-China trade tensions over the next five years.

Investors' sentiment chimed with UBS GWM's current portfolio positioning. UBS GWM's Chief Investment Office holds an overweight position in equities overall and emerging market stocks specifically, plus an overweight position in China within emerging market equities.

Paula Polito, Divisional Vice Chairman, UBS Global Wealth Management, says: "Virtually all investors reported positive portfolio returns in 2019, with continued high expectations for 2020. Optimism on the economy and the stock market continue to increase, but geopolitical events could temper that optimism at any point."

US

Concerns over domestic politics remained greatest in the US, where 55% of respondents saw them as a top concern. Nevertheless, sentiment picked up significantly among both business owners and investors. Seventy-five percent of US business owners were optimistic on their region's economy, while 37% were in hiring mode versus 31% three months previously.

Europe

In Europe, investors' optimism also bounced going into 2020. Fifty-seven percent expressed optimism on their region's stock market, up from 50% in the prior survey. The proportion optimistic on the regional economy edged up from 56% to 58%, or from 67% to 72% in the case of business owners. In line with the US, Europeans saw their country's politics as their top concern, as cited by 42% of respondents.

Latin America

Investors in LatAm grew more cautious since the prior survey, with economic conditions continuing to deteriorate in Argentina specifically. Sixty percent of Latin American respondents expressed optimism on their region's stock market, but this was down from 64% three months prior. Nevertheless, the proportion of business owners looking to hire workers jumped from 31% to 38%, in line with the global average.

Switzerland

Swiss investors also grew more cautious, but the majority or 58% still expressed optimism on their local markets, down from 60% in the prior survey. The proportion of business owners optimistic on their regional economy increased from 54% to 58%, although those planning to hire declined from 44% to 42% of the total. Swiss investors' chief concern was rising healthcare costs, while Swiss business owners' was regulation.

Asia

Asian investors' improving sentiment was mirrored among business owners. Seventy-two percent of Asian business owners expressed optimism on their region, up from 68%. Thirty-seven percent were planning to hire, up from 32%. Their top concerns were inflation-related – rising labor costs and rising material costs. By contrast, the global trade conflict was still Asian investors' chief worry.

About the UBS Investor Sentiment survey

UBS Global Wealth Management surveyed more than 4,800 investors and business owners with a minimum net worth of USD 1 million or at least USD 250,000 in annual revenue and at least one employee other than themselves. Respondents were spread across 19 markets – Argentina, Brazil, China, France, Germany, Hong Kong, Indonesia, Italy, Japan, Malaysia, Mexico, Philippines, Singapore, Switzerland, Taiwan, the UAE, the UK, and the US. The survey was conducted between December 19 2019 and January 12 2020.

About UBS

UBS provides financial advice and solutions to wealthy, institutional and corporate clients worldwide, as well as private clients in Switzerland. UBS' strategy is centered on our leading global wealth management business and our premier universal bank in Switzerland, enhanced by Asset Management and the Investment Bank. The bank focuses on businesses that have a strong competitive position in their targeted markets, are capital efficient, and have an attractive long-term structural growth or profitability outlook.

UBS is present in all major financial centers worldwide. It has offices in 50 markets, with about 31% of its employees working in the Americas, 32% in Switzerland, 19% in the rest of Europe, the Middle East and Africa and 18% in Asia Pacific. UBS Group AG employs over 67,000 people around the world. Its shares are listed on the SIX Swiss Exchange and the New York Stock Exchange (NYSE).

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