Mixed news, mixed views
Investors balance recession concerns with improving stock market outlook

Key findings
Recession rising | Most investors expect a recession by year end
Diverse approaches | Investors weigh stocks, cash and borrowing
Market outlook | Strong demand gives hope for better months ahead

Recession
Investors expect a recession soon

52%  Already here/Before the end of 2022
28%  First half of 2023
20%  July 2023 or later

By market (in %)
US
63

Europe
62 UK
57 France
53 Italy
38 Germany

Latin America
59 Argentina
46 Brazil
36 Mexico

Asia
63 Japan
49 Hong Kong
46 Singapore
38 UAE
29 Mainland China
Mixed reactions to current environment

Top investor concerns: inflation, geopolitics and recession*

- **55%**  Inflation (-2)
- **55%**  Geopolitical risk (-1) (e.g., Russia/Ukraine)
- **54%**  Recession in my market (+5)

*Changes since August 2022.

Investors expect higher inflation in 2023 ...

- **62%**  Increase
- **19%**  Stay the same
- **19%**  Decrease

... and half have already cut spending

- **48%**  are reducing spending

Investors think interest rates will go up in 2023 ...

- **69%**  say rates will increase

... and they plan to take action if interest rates increase in the next few months

- **38%**  Add to cash
- **31%**  Add alternatives
- **31%**  Adjust sector allocations

Investors have mixed plans for borrowing

- **25%**  Borrow money now before rates increase further
- **26%**  Wait until rates are lower to borrow money
- **49%**  No current need for borrowing

Jump to  Recession  |  Outlook and investments  |  Business owners
Outlook and investments

Short-term stock market outlook begins to recover, though pessimism remains (in %)

<table>
<thead>
<tr>
<th></th>
<th>Optimistic</th>
<th>Neutral</th>
<th>Pessimistic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Today</td>
<td>59</td>
<td>16</td>
<td>25</td>
</tr>
<tr>
<td>3 mos ago</td>
<td>50</td>
<td>20</td>
<td>30</td>
</tr>
<tr>
<td>1 yr ago</td>
<td>63</td>
<td>24</td>
<td>13</td>
</tr>
</tbody>
</table>

Some investors see reasons for optimism

- **46%** Continuing strong demand for goods and services
- **43%** Return to normal after COVID-19
- **41%** Company earnings remain strong

Some investors see opportunity in the current market*

<table>
<thead>
<tr>
<th></th>
<th>% more likely to invest in current environment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stocks in my region (+6)</td>
<td>34%</td>
</tr>
<tr>
<td>Gold (-1)</td>
<td>30%</td>
</tr>
<tr>
<td>Bonds in my region (+4)</td>
<td>30%</td>
</tr>
<tr>
<td>Real estate (+1)</td>
<td>29%</td>
</tr>
<tr>
<td>Oil (Unchanged)</td>
<td>28%</td>
</tr>
</tbody>
</table>

*Changes since August 2022.

Many investors poised to act on market moves in the next few months

- **32%** Increase investments
- **11%** Decrease investments (if market increases 10%)
- **57%** Remain the same
- **30%** Increase investments
- **15%** Decrease investments (if market decreases 10%)
- **55%** Remain the same
**Business owners**

Despite recession fears, business owners continue to fill post-COVID labor gaps ...*  

... and are still optimistic about their business for the next 12 months*

<table>
<thead>
<tr>
<th>+29 Net hiring¹ (+5)</th>
</tr>
</thead>
<tbody>
<tr>
<td>41% Hire (+7)</td>
</tr>
</tbody>
</table>
| 47% Keep workforce  
  the same (-9)  

<table>
<thead>
<tr>
<th>+28 Net investing² (+1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>39% Invest more (-1)</td>
</tr>
<tr>
<td>50% Invest the same (+3)</td>
</tr>
<tr>
<td>11% Invest less (-2)</td>
</tr>
</tbody>
</table>

*Changes since August 2022.  
1 Hire minus downsize  
2 Invest more minus invest less

However, recession and rising costs are top concerns

- **57%** Recession in my market  
- **54%** Rising materials costs  
- **54%** Wage inflation  
- **54%** Geopolitical risk  
- **53%** Rising interest rates

How business owners are addressing higher costs

- **46%** Buying from lower cost providers  
- **45%** Increasing prices

Are you ready for what comes next? **Talk to a UBS Advisor.**

About the survey: UBS surveyed 2,913 investors and 1,198 business owners with at least $1M in investable assets (for investors) or at least $1M in annual revenue and at least one employee other than themselves (for business owners), from September 28 – October 17, 2022. The global sample was split across 14 markets: Argentina, Brazil, Mainland China, France, Germany, Hong Kong, Italy, Japan, Mexico, Singapore, Switzerland, the UAE, the UK and the US. For the August results, UBS surveyed 2,864 investors and 1,129 business owners globally from June 29 – July 19, 2022. For the previous year results, UBS surveyed 3,004 investors and 1,202 business owners globally from September 28 – October 18, 2021.
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