

Half Affected by Stock Market -- But Not in a Big Way

Nearly half of Americans say they're personally affected by ups and downs in the stock market, the most in ABC News polls dating back 15 years. But far fewer – barely over one in 10 – say the market affects them “a great deal.”

That tempered view helps explain why the market, while a factor in consumer confidence, isn't a driving force. Other economic factors carry much more clout in people's daily lives – income, inflation and the job market are leading examples.

Six in 10 Americans say they (or their spouse) own stocks or mutual funds. And about half the public, 49 percent, says rises and falls in the market affect them personally. That's up 11 points since right after the October 1997 market drop, and up 23 points since 1986.

	Stock market prices affect me personally
1/15/01	49%
10/27/97	38
9/21/86	26

However, only 12 percent say the market affects them a "great deal," and that hasn't changed much over the years. The likely reason is that many people are long-term, passive investors, and don't rely on the market for ready cash.

Indeed, even among stockholders, just 60 percent say they're personally affected by the market's movements, and just 15 percent say they're affected a great deal.

RISK – Sixty-one percent of Americans think it's risky to invest in stocks, up from about half in June 1999 (not surprising given the market's performance lately.) But skepticism still is lower than it was right before the large market drop in October 1997, or in 1988.

	Investing in stocks is:	
	Risky	Safe
1/15/01	61%	35
6/6/99	52	37
10/13/97	69	27
9/14/88	71	16

About three-quarters of non-investors say the stock market is risky; this drops to 54 percent among investors – still a majority.

THE FUTURE – Expectations are mixed. About half of Americans expect the market to go down further in the next year, a number that's crept up in the last three years. Still, fewer are forecasting a deep decline – only 17 percent think the market will drop "a lot."

	Expect stocks to	
	Go down	Go up
1/15/01	49%	44
8/16/98	44	46
10/13/97	38	53

Expectations of a market drop are highest among economic pessimists – those people (55 percent of the population) who think the economy's heading into a recession.

Consumer confidence more broadly has suffered recently, with the ABC News/Money magazine poll recording its steepest three-week drop since early 1990, just before the last recession.

METHODOLOGY - This ABC News/Washington Post poll was conducted by telephone Jan. 11-15, 2001, among a random national sample of 1,513 adults. The results have a 2.5-point error margin. Fieldwork by TNS Intersearch of Horsham, Pa.

Analysis by Daniel Merkle.

ABC News polls can be found at ABCNEWS.com on the Internet, at:

<http://abcnews.go.com/sections/politics/PollVault/PollVault.html>

Here are the full results:

*= less than 0.5 percent

24. Just your best guess, do you think the economy is heading into a recession, or not?

	Yes	No	No opin.
1/15/01	55	42	3

25. Thinking about all of your investments, including retirement savings at work, do you or does your spouse currently have money invested in stocks or stock mutual funds, or not?

	Yes	No	No opin.
1/15/01	61	39	*

26. Overall, do you think the stock market is a safe investment, or a risky one?

	Safe	Risky	No opin.
1/15/01	35	61	3
5/7/00	34	58	8
6/6/99	37	52	9
10/13/97	27	69	4
8/31/97	32	54	14
9/14/88	16	71	12

27. Just your best guess: In the next year, do you think the stock market is more likely to go up or go down? Is that go (up/down) a lot or just a little?

	-----Go up-----			-----Go down-----			No opinion
	NET	Lot	Little	NET	Little	Lot	
1/15/01	44	8	36	49	33	17	6
8/16/98	46	12	34	44	25	19	10
10/13/97	53	11	42	38	26	12	9

28. How much do rises and falls in stock market prices affect you personally - a great deal, somewhat, not much or not at all?

	--A great deal/Somewhat--			--Not much/Not at all---			No opin.
	NET	Great deal	Somewhat	NET	Not much	Not at all	
1/15/01	49	12	36	50	29	20	2
10/27/97	38	9	30	60	24	36	2
10/13/97	42	9	33	58	24	34	1
11/5/87	36	8	28	63	24	39	0
10/26/87	34	7	27	65	28	37	1
10/19/87	45	13	32	55	23	32	1
2/28/87	35	10	25	63	24	39	2
9/21/86	26	6	20	72	28	44	3

END