

## **Individual Investors Undaunted**

Individual investors appear unfazed by recent stock market volatility and this summer's interest rate hikes – very few are planning to take money out of the market soon.

Only six percent of Americans who own stocks or mutual funds plan to move out of the market in the next month or so, virtually unchanged from May 1998. The vast majority are going to leave their investments where they are (69 percent) or plan to invest more in the near future (22 percent).

While few are heading for the exits, there is a little less enthusiasm for the market: The number of investors who plan to increase their stock or mutual fund holdings, at 22 percent, is down from 31 percent two years ago.

Stock and mutual fund owners account for nearly half the adult population. While some analysts say the market is overvalued, there are several possible reasons most investors are staying put: One is Wall Street's remarkable performance the last few years; another is that many may be passive or long-term investors; and a third is the lack of anything better on offer. Compared to the leading mutual funds, passbook savings look pretty tame.

ECONOMY: Public ratings of the economy, meanwhile, remain very strong: Seventy-one percent of Americans rate the national economy positively, 33 points above its lifetime average in the 13-year-old ABC News/Money magazine poll.

Sixty-seven percent also say their own finances are in good shape, and 52 percent say it's a good time to buy things – both also well above their lifetime averages. Confidence has been unusually strong for more than a year and a half, largely because of rising incomes and low unemployment, inflation and interest rates.

		----- Since 12/85 -----		
Positive ratings:	Today	Highest	Lowest	Average
National Economy	71%	77	7	38
Personal Finances	67	70	42	56
Buying Climate	52	56	20	37

INDEX - The ABC News/Money magazine Consumer Comfort Index, based on these gauges, stands at +27 on its scale of -100 to +100, unchanged from last week. The index has averaged +29 this year, which is shaping up as the best since this poll began in late 1985. The record was set last year with an average +24. The lifetime average is -13.

	ABC/Money Index
Today	+27
Last week	+27

Record high	+32	(1/17, 3/7, 3/14)
1999 average	+29	
1998 average	+24	Best full year
1992 average	-44	Worst full year
Feb. 9, 1992	-50	Record low
Average since 12/85	-13	

Call the ABC News Polling Unit, ext. 2621, for a chart tracking the ABC/Money index over time.

**GROUPS** – As usual, confidence is higher among better-off Americans: The index is +63 in higher-income households compared to -18 in the lowest; +49 among college graduates but -16 among high-school dropouts; +29 among whites but +11 among blacks; and +36 among men compared to +18 among women.

Here's a closer look at the three components of the index:

**NATIONAL ECONOMY**- The poll asks: Would you describe the state of the nation's economy these days as excellent, good, not so good or poor? Seventy-one percent say excellent or good, unchanged from last week. The record of 77 was set Jan. 10 of this year and tied in March, April and July. The worst rating was seven percent in late 1991 and early 1992.

	Pos. NET	Excel.	Good	Neg. NET	Not good	Poor
This week	71%	11	60	29	20	9
Avg. since 12/85	38	3	35	62	41	21

**PERSONAL FINANCES** - The poll asks: Would you describe the state of your own personal finances these days as excellent, good, not so good or poor? Sixty-seven percent say excellent or good, unchanged from last week. The record of 70 percent was set Aug. 30, 1998 and tied Jan. 3 and June 13 this year. The worst was 42 percent March 14, 1993.

	Pos. NET	Excel.	Good	Neg. NET	Not good	Poor
This week	67%	6	61	33	23	10
Avg. since 12/85	56	4	52	44	31	13

**BUYING CLIMATE** - The poll asks: Considering the cost of things today and your own personal finances, would you say now is an excellent time, a good time, a not so good time or a poor time to buy the things you want and need? Fifty-two percent say excellent or good, the same as last week. The best rating was 56 percent on Nov. 29, 1998; the worst rating, 20 percent, was set in the fall of 1990.

	Pos. NET	Excel.	Good	Neg. net	Not good	Poor
This week	52%	4	48	48	34	14
Avg. since 12/85	37	3	34	63	41	22

**METHODOLOGY** - The ABC News/Money magazine Consumer Comfort Index represents a rolling average based on telephone interviews with about 1,000 adults

nationwide each month. This week's results are based on 1,035 interviews in the month ending Aug. 29 and have an error margin of plus or minus three percentage points. The question on investments was conducted Aug. 18-29; that result has a six-point error margin. Fieldwork by ICR-International Communications Research of Media, Pa.

The ABC/Money index is derived as follows: The negative response to each index question is subtracted from the positive response to that question. The three resulting numbers are then added and divided by three. The index can range from +100 (everyone positive on all three measures) to -100 (all negative on all three measures). The survey began in December 1985.

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>

08/29/99	This Week	Last Week	4 Wks Ago	3 Mo. Ago	1 Yr. Ago	12 Mo High	12 Mo Low	12 Mo Avg
Group								
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GENERAL POPULATION:								
Overall Index	27	27	30	27	31	32	21	28
State of Economy	42	42	50	44	42	54	36	46
Personal Finances	34	34	34	36	40	40	28	33
Buying Climate	4	4	6	2	10	12	-4	4
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OVERALL INDEX BY DEMOGRAPHIC GROUPS								
Sex:								
Men	36	41	38	35	40	44	30	36
Women	18	12	22	20	21	31	11	20
Age:								
18 - 34	26	27	33	21	22	35	17	26
35 - 44	28	31	29	33	37	40	16	29
45 - 54	23	19	23	31	34	41	13	28
55 - 64	22	30	31	27	34	47	12	27
65 +	32	26	33	27	32	37	17	27
Income:								
Under \$15K	-18	-21	-24	-28	-6	-6	-42	-21
\$15K To \$24.9K	-7	-5	6	6	1	18	-15	0
\$25K To \$39.9K	21	18	25	27	18	38	5	24
\$40K To \$49.9K	39	50	50	41	51	60	28	44
Over \$50K	63	60	57	59	62	67	52	60
Region:								
Northeast	28	26	33	28	24	35	15	27
Midwest	27	27	27	34	35	41	24	34
South	26	27	30	28	27	31	15	23
West	25	24	31	17	36	43	13	28
Race:								
White	29	31	37	29	33	37	23	31
Black	11	1	-4	14	8	22	-9	6
Politics:								
Republican	39	36	41	35	43	49	28	39
Democrat	23	20	28	25	29	34	19	26
Independent	23	28	26	24	20	34	14	24
Education:								
< High School	-16	-23	-6	2	2	6	-27	-7
High Sch. Grad.	16	19	27	14	27	31	10	20
College +	49	47	43	44	42	52	36	44

Home:								
Own	31	32	36	34	39	40	26	34
Rent	14	11	15	9	10	26	0	11
Marital Status:								
Single	35	31	27	23	30	36	13	24
Married	32	31	35	32	36	41	27	34
Sep/Wid/Div	-1	4	16	8	10	18	-3	7
Employ. Status:								
Full-Time	35	36	36	36	37	44	26	36
Part-Time	14	7	24	16	21	37	5	22
Not Employed	20	18	21	17	23	26	6	16

233. Thinking about all of your investments, including retirement savings at work, do you currently have money invested in stocks or stock mutual funds?

	Yes	No	No opin.
8/29/99	49	50	1
5/10/98	49	50	1
9/14/97	44	55	1

(IF YES) Over the next month or so do you expect to invest more money in stocks or stock funds, take money out of stocks or stock funds, or leave your stock or stock fund investments essentially where they are now?

	Put in	Take out	Leave alone	No opin.
8/29/99	22	6	69	2
5/10/98	29	3	64	3
9/14/97	31	4	64	1