

Survey: Investors Bullish About Stock Market For Coming Year

(NAPSA)—A nationwide survey commissioned by Eaton Vance Corp., and conducted by Penn, Schoen & Berland Associates, Inc., reveals a majority of surveyed investors believe the downward trend in the U.S. stock market will be reversed in 2003. More than six in 10 investors report that they are bullish (62 percent)—rather than bearish (30 percent)—about the stock market for the coming year.

Most investors believe the stock market will increase or at least stay at the same level in 2003. Two in three investors (65 percent) believe the stock market will increase in 2003; 56 percent say it will increase slightly and 9 percent say it will increase a lot. More than six in 10 investors (61 percent) believe that the S&P 500 will be higher at the end of 2003 compared to the end of 2002, and 10 percent say it will be at about the same level. Only 9 percent think the S&P 500 will decline in 2003. Investors are generally more pessimistic about the technology-laden NASDAQ. A slim majority of investors (52 percent) believe that the NASDAQ will be higher at the end of 2003 compared to the end of 2002, and 9 percent say it will be at the same level. Twice as many respondents (18 percent) think the NASDAQ will decline in 2003 as think the S&P will fall this year (9 percent).

When asked which industry sectors will be the best performing investment areas in 2003, several health-related stock groups were commonly cited by investors:

biotechnology (18 percent), pharmaceutical (15 percent), and health care (15 percent).

When asked which industry sectors will be the worst performing investment areas in 2003, investors most frequently cited technology and computers (13 percent), manufacturing (13 percent), and communications (10 percent).

Investors' faith in capitalism remains largely unshaken despite the recent controversies and scandals. More than seven in 10 investors (72 percent) said they have about the same amount of faith in capitalism as they had five years ago.

But faith in corporate management and in Wall Street has declined. More than six in 10 investors (63 percent) said they have less faith in the ethical standards of corporate management compared to five years ago. Only 8 percent of all investors said they have more faith in corporate management and 28 percent of investors said they have the same amount of faith compared to five years ago.

Similarly, nearly half of investors (47 percent) said they had less faith in the ethical standards of Wall Street. Only 9 percent of all investors said they have more faith in Wall Street and 43 percent said they have the same amount of faith in Wall Street compared to five years ago.

When asked about the financial and accounting scandals of 2002, one-third of investors (32 percent) said that the scandals represented

a failure of corporate governance that is common among U.S. corporations, and that they expect similar scandals in 2003. Twenty-five percent of investors said these kinds of scandals have always happened, but we are hearing more about them because "somebody finally got caught." Twelve percent of investors said that the scandals were overplayed in the media and are unlikely to be repeated in 2003.

More than seven in 10 investors (73 percent) support stronger regulation of capital markets by the SEC.

"The message here is that investors have retained faith in capitalism but not in the capitalists—those who run and finance corporations," stated Duncan W. Richardson, senior vice president and chief equity investment officer of Eaton Vance Management. "The behavior of a relatively small number of bad actors has tainted the public perception of all corporate managers. A clarion call has been sounded for greater corporate oversight and regulation. Investors believe that corporate America needs a major regulatory overhaul to protect the public." Investors continue to express confidence in the outlook for the stock market. More than eight in 10 investors (81 percent) said that they have either a great deal (38 percent) or some (43 percent) confidence in the stock market for 2003 and only 17 percent said they had either not much (14 percent) or very little (3 percent) confidence.