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**MEDIA RELEASE
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Low Expectations For The Year Ahead

Investors in Australia remain sceptical about the outlook for equities this year, despite the share market enjoying its best opening month for the new calendar year since 2001 when the All Ords started the new year with a gain of near 5%.

The Australian Investors Sentiment Survey for January, conducted by the Australian Investors' Association (AIA) and FNArena, shows the average investment portfolio sits 25% in cash, with most investors indicating confidence is low and there's little appetite to return into the share market.

Some respondents to the Survey signal they remain on the look-out for opportunities in equities, but all-in-all low expectations dominate. This is symbolised by predictions such as "The worst of Europe is still to come" and "Awaiting the next European-default-inspired market correction".

Reports Mark from Sydney: "Outlook for global growth seems negative to me. Generally governments appear to be focused on long term debt management and good global companies are waiting for clarity before investing. Exceptions do exist, but generally the atmosphere feels stagnant."

According to Andrew Hughes from Melbourne: "The debt overhanging Western economies, both personal and Government, will create a drag on growth for the next five years at best and more likely a ten year period. The retail malaise is a Western phenomenon and this will hamper any meaningful return to what we have known in past years."

Paul from the Gold Coast in Queensland even mapped out a scenario for the months ahead: "Market to get smashed to 3500 in next month. Target of 4600 by end of year."

The average investment portfolio in Australia now has circa 25% in cash, 44% in equities, 16% in property and 15% in fixed interest. The numbers are little changed from the previous Survey in November.

The number of "bulls" among AIA respondents to the Survey has fallen back to last year's low, see table below.

Investor Sentiment on Short Term Equities Outlook – Jan 11-Jan 12

	Bullish	Neutral	Bearish
January 11	31%	54%	15%
March 11	21%	52%	27%
May 11	11%	55%	35%
July 11	6%	46%	48%
September 11	7%	38%	56%
November 11	8%	48%	44%
January 12	6%	52%	42%

Results at FNArena showed a similar trend, with 14.5% of respondents now bullish (against 12% in November), 34.5% bearish and 51% neutral. On a 6-12 months view the corresponding numbers are 28%, 33% and 39% (both AIA and FNArena combined).

Plenty of respondents indicate they are keeping the door open for a return to equities.

"Cash is at-call and ready to go when equities start giving 'buy' signals", reports Paul Wright from Melbourne.

Ted Gale from Sydney offers: "The press and public are becoming more bearish. This is a bullish sign for the markets. In my view I think that equity markets have to a large extent already discounted some very bad news."

Such responses are being offset by some retirees indicating they won't be adding more risk to their portfolios, simply because they no longer can afford it.

In line with all of the above, overall confidence among respondents has fallen towards the September low, see table below.

AIA Investor Confidence Index

March 11	52.8
May 11	48.7
July 11	44.9
September 11	41.0
November 11	45.1
January 12	42.2

The Investor Sentiment Survey asked members at AIA and FNArena how they felt about the market and how they were invested. The Survey will be repeated in two months (March 2012). 389 respondents participated through the AIA and 320 through FNArena.

Media contact:

Bill Shirley
President
Australian Investors Association
Tel: 03 9787 3045
Mob: 0409 945 701
Email: wshirley@hotmail.net.au

Rudi Filapek-Vandyck
Editor FNArena
Phone: (02) 9907 8482
Email: rudi@fnarena.com

About the Australian Investors Association

The AIA is an independent, non-profit organisation aimed at helping its members become more successful long-term investors. More information can be found at www.investors.asn.au.

About FNArena:

FNArena is an online newsletter offering tools, data and independent analysis and commentary on the Australian and global financial markets. More information can be found at www.fnarena.com.