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MEDIA RELEASE

- FOR IMMEDIATE RELEASE –

**Australian Investors' Cash Holdings Lowest Since H1 2011**

Australian investors have turned decidedly bullish over the past few months, right along with the improvement in global equity markets. While issues like the US Fiscal Cliff and European Debt crisis still exist, they have at least been kicked down the road allowing investors to focus on the business of investing in the meantime.

While sentiment reads are indicative in nature, the firm fact is that the 20% cash holdings of surveyed investors are now near their lowest levels since the first half year of 2011. In September last year cash averaged 24% of investment portfolios. Switching back into equities is no longer but a theoretical concept; cash is swiftly heading off the sidelines.

The Results of the **January 2013 Australian Investor Sentiment Survey from the Australian Investors' Association and FNArena** show the average investment portfolio now has a 50% allocation to equities, the highest number since March 2011 (53%).

Allocations to equities had been consistently below 50% since the March 2011 Survey.

**Average Investment Portfolio Allocations:**

	<u>January-13</u>	<u>November-12</u>	<u>March-11</u>	<u>January-11</u>
<b>Equities:</b>	<b>50%</b>	45%	53%	49%
<b>Property:</b>	<b>18%</b>	20%	19%	19%
<b>Fixed Income:</b>	<b>12%</b>	14%	9%	12%
<b>Cash:</b>	<b>20%</b>	21%	19%	20%

*"I reckon that there is so much money in the system and that it has to go somewhere. That somewhere will be investment markets because cash isn't offering enough return and all govts are seeking growth as their way of paying for past profligate ways,"* said Paul from Sydney.

While James D from Brisbane thinks: *"Cash deposits make no sense - go with secure yielding shares."*

With the US fiscal cliff and European shakiness no longer the top billing in the minds of investors, and given the recent strength of equities markets, sentiment has rocketed from past reads. In fact, bullish sentiment has now run significantly higher than the bearish attitudes that we have been seeing over the course of the survey. Bears are now at their lowest level since the beginning of 2011.

## Current Sentiment:

	<u>January-13</u>	<u>November-12</u>	<u>March-11</u>	<u>January-11</u>
<b>Bullish</b>	<b>45%</b>	14%	21%	31%
<b>Neutral</b>	<b>49%</b>	56%	52%	54%
<b>Bearish</b>	<b>6%</b>	30%	27%	15%

As one anonymous survey respondent observed: *“With low interest rates, oozes of stimulus, surely eventually that will get people moving money out of cash, borrowing and into growth assets. Inflationary pressures must arise and I don't want to be sitting in cash when that happens! Back up the truck and load up!”*

Phil F from Melbourne has turned so positive, he believes the *“Market (ASX) [is] set to rise +20% over 2013 calendar year”*

*“It is now nearly 62 months from the previous peak for the Australian share market. There has only been one other time in Australia's history where the share market had not exceeded its previous peak after 5 years AND it was not 1929. It is time for a recovery,”* said an anonymous respondent.

However, some investors are choosing to remain a bit more conservative, with one respondent cautioning: *“[The] market is going up in anticipation of more money easing which is creating another small bubble.”*

Yet despite the lingering wariness, the equities outlook on a 6-12 month horizon has also become much more positive. There are admittedly many that remain sceptical given the rough ride over the past few years, but many more are voting with their wallets in hopes the current trend will continue. Well over half of respondents now expect the stock market to continue to rise over the next six to twelve months

## Markets Higher in 6-12 Months Time?

	<u>January-13</u>	<u>November-12</u>	<u>May-11</u>
<b>Yes</b>	<b>57%</b>	43%	38%
<b>No</b>	<b>27</b>	34%	31%
<b>Same</b>	<b>16%</b>	23%	32%

One unnamed respondent said: *“Low cash interest rates favour equities inflow. USA etc economies seem to be on a slow improve.”*

Eric L offered: *“No matter what happens in the world stock markets eventually come back.”*

*“Long term bullish on Australian equities as they have high yields, but am short term bearish on USA equities. Waiting to buy more Australian equities during a USA correction, but has been a long wait. Equities are a much better long term investment than investment property (is illiquid, time consuming, high fees, maintenance, etc), but you need to buy equities when it hurts, otherwise you're probably overpaying,”* said another anonymous respondent.

With bullish sentiment now prevailing, the **FNArena/AIA Investor Confidence Index** shows investor confidence has rocketed towards a very confident sentiment level.

#### **FNArena/AIA Investor Confidence Index**

<b><u>January-13</u></b>	<b><u>November-12</u></b>	<b><u>September-12</u></b>	<b><u>July-12</u></b>	<b><u>May-12</u></b>
<b>61.4%</b>	51.2%	52.3%	47.7%	40.6%

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 2013). 359 respondents participated through the AIA and 270 through FNArena.

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