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Optimism for 2014 persists among tri-state investors, according to survey

By [Beth Fitzgerald](#)

January 29, 2014 at 12:40 PM

A Morgan Stanley survey of investors in the tri-state area found that after last year's strong rise in stock prices, they are optimistic for their 2014 portfolio performance but worried about stock market volatility at home and conflict and instability overseas.

The survey found 86 percent expect their investment portfolios to be "better" or "the same" at year-end 2014 and 84 percent believe their financial well-being will be the same or better.

Scott Mahoney, senior portfolio management director for Morgan Stanley in Morristown, said investor optimism bodes well for the economy.

The survey signals "people are starting to feel better about their future," Mahoney said, which contributes to the so-called "wealth effect" where individuals who are more confident about their personal wealth increase their consumer spending. And "In a consumer driven economy, the wealth effect is one of the key drivers to the economy getting better."

He said when people see a brighter financial future, "They're willing to they embark on home improvement projects or buy a new vehicle."

The survey of investors nationwide, including in the tri-state area of New York, New Jersey and Connecticut, was conducted in December.

Among the findings:

- Investors are most bullish about their local metro area economies followed by the state economy, global economy, and the U.S. economy
- Increased foreign conflict remains a top concern.
- 74 percent of investors are concerned about stock market volatility

Mahoney said the survey reveals stock market optimism but not euphoria. "We are muddling through an economy that is in a recovery period and we are in the middle of a bull market. This is when investors should be committing capital" to assets like stocks.

The survey found other top concerns include U.S. economic prospects, the federal budget deficit and the trade deficit. . A potential U.S. debt rating downgrade was not among the top five concerns in the latest poll.

Except for pharmaceuticals, industries with a significant presence in the tri-state area were mostly out of favor by investors nationally and regionally. Aerospace, insurance and tourism are out favor with investors for 2014.

The sectors most favorably cited were technology, energy, bio-technology and pharmaceuticals.

Unlike the national results, a 55 percent majority of those surveyed in the tri-state area viewed healthcare among the favored sectors for 2014.

Investors in the tri-state region expressed greater concern for terrorism in the U.S. versus investors in other regions of the country.

- 70 percent of tri-state investors surveyed expressed concern over their families' financial well-being
- 70 percent of tri-state investors were concerned about having funds for the unexpected, versus 58 percent nationally
- Tri-state investors also were more concerned about the ability to retire: 63 percent versus 53 percent nationally