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Finance & Planned Giving

Morgan Stanley investor poll measures New Jersey 'pulse'



Parallel with a rising stock market in 2013, Tri-State region investors are optimistic

about their portfolios for 2014, according to a nationwide poll conducted for Morgan Stanley Wealth Management. The survey, known as the Investor Pulse Poll, pointed to a number of key points on which our region differs from the rest of the country. For instance, one of the respondents' biggest concerns was stock market volatility.

How prescient! The poll was conducted in the fourth quarter of 2013 and, based upon the volatility of the past several weeks, indicated that clearly the investors had a good feel for what we have experienced.

Were the investors prescient, as well, when it comes to picking specific investments for 2014? Of course, no poll can be relied upon as a predictor of the stock market.

And, as always, history is no guarantee of future performance. Nevertheless, it is interesting that some industries with a significant presence in the New York Metro area were mostly out-of-favor by investors both nationally and regionally. Not favored by Tri-State and national investors for 2014 were aerospace (just 25 percent said it was a "good" choice for 2014), insurance, (30 percent "good") and tourism (31 percent "good").

The area sectors most favorably cited were technology (79 percent "good"), energy (77 percent "good"), bio-technology (63 percent "good") and pharmaceuticals (56 percent "good"). Unlike the national results, those surveyed in the Tri-State area viewed healthcare among the favored sectors for 2014 (55 percent "good" in Tri-State vs. 45 percent "good" nationally).

[See poll page 40](#)

Notably, investors in the New York Metro region expressed greater concern for terrorism in the U.S. versus investors in other regions of the country: 82 percent in Tri-State versus 66 percent in San Francisco and 63 percent in Denver, for example.

Other significant findings included: 70 percent of Tri-State investors surveyed expressed concern over their families' financial well-being versus 59 percent nationally and, for example, 53 percent in Atlanta. 70 percent of our area's investors surveyed said they were concerned about having funds for the unexpected, versus 58 percent nationally.

Regional investors also were more concerned about the ability to retire: 63 percent in Tri-State, versus 53 percent nationally, 41 percent in Houston and 51 percent in Chicago. 61 percent of Tri-State investors said dividend-bearing stocks are a good investment, versus only 46 percent in Denver. 44 percent of New York Metro investors said they like gold as an investment for 2014, versus 32 percent in Los Angeles.

Surprisingly, in the Tri-State region 23 percent said that cash was favored for asset allocation – despite the sharp rise in the stock market in 2013 and the near zero return on cash-related instruments. As in an earlier poll in 2013, the most favored type of investment remained equities.

Asked to classify investment prospects for 2014 as good, bad or neutral, investors favored dividend-bearing stocks (61 percent “good” versus 48 percent in 2013) and S&P 500 index funds (54 percent “good” versus 44 percent in 2013).

It seems to me that Tri-State investors have more realistic expectations than many investors outside of our region. Those in Tri-State, at least at the time they were surveyed, did not seem ready to simply take their profits from the market rise in 2013 and get out of the market. Rather, they apparently are using a little more caution as indicated by their preference toward dividend-yielding stocks.

Meanwhile, the January-February market volatility is not necessarily a bad thing. Dips in carefully selected stock prices can present buying opportunities, particularly in those higher-yielding dividend blue chips that Tri-State investors seemingly prefer. The key, however, is in having the type of portfolio where investments can be properly managed in a volatile atmosphere.

Investors classified corporate and government bonds and treasuries having the lowest “good” investment prospects, likely reflecting the continued low interest rates paid by these instruments.

The pulse poll also measured preferences for foreign investment, with results pointing to a cache of in-favor and out-of-favor countries: Tri-State, 61 percent of those polled said the U.S. was their first choice for a positive investment outlook for 2014, versus 52 percent nationally. India, Japan, China and Brazil were the next choices both nationally and regionally, viewed favorably by more than a third of those polled. Interestingly, 14 percent of Tri-State investors said the Middle East had a good investment outlook for 2014 versus 5 percent nationally.

Russia was not viewed favorably for 2014 in both Tri-State (9 percent positive)

or nationally (8 percent positive). Thanks to the investors who responded to the poll, we now have a better understanding of where we might tread more carefully and where we might forge ahead with the knowledge that many around the country are doing likewise.

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