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***- Canadian investors more optimistic than non-investors about future of stock
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This Angus Reid Group/CTV/Globe and Mail poll was conducted by telephone between September 17th and 24th, 1998 among a representative cross-section of 1,515 Canadian adults.

These data were statistically weighted to ensure the sample's regional and age/sex composition reflects that of the actual Canadian population according to the 1996 Census data.

With a national sample of 1,515, one can say with 95 percent certainty that the results are within ± 2.5 percentage points of what they would have been had the entire adult Canadian population been polled. The margin of error will be larger within regions and for other sub-groupings of the survey population.

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This National Angus Reid Poll was conducted among a representative cross-section of 1,515 Canadian adults between September 17th and 24th, 1998. In addition to a number of questions posed to all Canadians about their attitudes toward the stock market, this National Angus Reid Poll also sought out Canadian investors and probed their investment practices during the recent weeks of stock market volatility. This sample consists of 819 respondents who report having investments tied directly to the stock market (i.e., stocks or equities or mutual funds).

The Canadian Investor

One-half (54%) of Canadians have investments tied directly to the stock market, such as stocks, equities or mutual funds (forty-five percent reported they do not hold such investments). More than half of Canadians from most major segments of the population report holding stock market-related investments. This is more pronounced among the affluent (80%), Albertans (65%) and middle-aged Canadians (63%). The incidence of stock holders is lower in Québec and Atlantic Canada (43% each), among younger Canadians (43%) and among those with household incomes below \$30,000 (21%).

Despite personal losses, Canadian investors are staying put

A large majority (70%) of Canadian investors surveyed in late September indicated that their own investments in the stock market declined in value during the past six weeks or so. One in five (22%) investors said the value of their investments had not dropped and about one in ten (8%) were unsure.

Despite these personal losses, an overwhelming majority (71%) of Canadian investors have neither bought nor sold investments during this recent bout of volatility. This compares to one-quarter (27%) of investors who did take some action during the month of August when the value of the TSE decreased by 20 percent: 15 percent bought some investments, 3 percent sold some investments and 9 percent both sold and bought some investments. Men, the affluent and British Columbians are the most likely to have taken some action in responding to the losses (one-third in each case).

Most Canadian investors don't have a predetermined point loss on the TSE which would cause them to divest their holdings

The large majority of Canadian investors who had not sold-off any of their investments were asked if there is a certain percentage loss on the TSE at which they would begin to sell their stock market investments. Only 17 percent of this group said, “yes, there is,” and the mean percentage loss they volunteered was 27 percent.

Financial advisors are on the sidelines

Canadian investors were also asked about their relationship with their professional financial advisor. Six in ten (61%) surveyed Canadian investors said they have a professional financial advisor who gets paid for providing them with investment advice while four in ten (39%) said they do not have one.

Of those investors with a professional financial advisor, only half had talked to him/her since early August (29% have an advisor and have contacted him/her) and the other half had not (32% have an advisor but have not contacted him/her).

Those who had been in contact with their professional financial advisor were asked what they were advised to do. Fully two-thirds of this group said their advisor told them to “stay put.” One in ten were advised to buy investments while one in twenty was advised to sell investments or to diversify their investments.

Canadian investors more concerned than non-investors about stock market volatility

As one might expect, concern about recent volatility in the stock market is greater among Canadian investors than among non-investors. Fully two-thirds (66%) are at least somewhat concerned about recent volatility on the stock markets (versus 30% of those with no stock market-related investments).

In addition, half (50%) of Canadians express concern about recent volatility on the stock markets. More than one in ten (13%) surveyed Canadians reported being “very concerned” about the recent ups and downs on the stock market, with an additional 37 percent saying they are “somewhat concerned”. The other half (49%) reported little or no concern on this front (29% not very concerned, 20% not at all concerned).

Concern regarding volatility on the stock markets increases income and age. Specifically, while 38 percent of lower-income Canadians (total pre-tax household income less than \$30,000 annually) were at least somewhat concerned about the fluctuating stock markets, this proportion rises to almost one-half (47%) among the middle-income group and all the way up to a solid six in ten (61%) of the most affluent individuals (\$60,000+). Canadians 55 and older (57%) – who are potentially more vulnerable to market declines – also display a higher degree of concern, especially compared to their youngest counterparts (only 38% of those 18-34).

Regionally, stock market concerns are most pronounced among residents of Alberta (57%) and least evident among Québécois and Atlantic Canadians (41% and 44% respectively).

Canadian investors more optimistic about how stock markets will fare in next six months

Canadians with investments tied directly to the stock market are twice as likely to believe that the overall value of Canadian stock markets will increase (32%) rather than decrease (17%) over the next six months. Meanwhile, Canadians without any stock market-related investments are evenly split (20% expect an increase in value, 21% a decrease).

Looking at the entire sample, when asked how the stock markets in this country will fare during the next half year, Canadians indicate that they expect little movement one way or the other. Fifty percent of survey respondents predicted Canadian stock markets over the next six months will stay more or less the same in terms of overall value. Among the remainder, however, there are somewhat more optimists than pessimists: one in four (26%) predict stock markets in Canada “will increase in overall value compared to today” versus one in five (19%) who expect they “will decrease in overall value compared to today.”

Optimism that Canadian stock markets will increase in overall value during the next six months is most prevalent in the Prairie region – Manitoba/Saskatchewan (32%) and Alberta (30%) – and among men (32% versus 21% of women), and heightens with Canadians’ affluence (reaching 32% of those from higher-income households).

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