

Manulife Investor Sentiment Index pulls back from seven-year highs

by CNW-Group

WATERLOO, ON, Oct. 17 /CNW/ - Canadians' interest in investments lost ground in September amid concerns about U.S. sub-prime mortgages and softer equity markets at the time, according to a national poll for Manulife Financial, Canada's leading insurance and wealth management company. The 35th quarterly Manulife Investor Sentiment Index fell 11 points to 20, after hovering for the three previous quarters near its highest levels since 2001.

"Canadians overall remain generally positive about long-term investing, however market shivers in August obviously had some impact," said Paul Rooney, President and CEO, Manulife Canada. "We've seen some strong stability since as the TSX continued near record highs, real estate markets remain active in Canada and the economy remains relatively stable."

The September survey of 1,000 Canadians by Maritz Research found all investment categories and vehicles lost ground from the previous poll.

"For much of the past two years the overall index has remained above 20 - and for the past three quarters it had come in above 30," Mr. Rooney added. "In September's poll we're seeing major impacts on both real estate and equities, which reflects the main worries at the time."

The overall index

Since its launch in 1999, the Manulife Investor Sentiment Index has remained in positive territory overall. It peaked at 35 in early 2000, but fell to a low of 11, in December 2001.

The quarterly index monitors how Canadians say they feel about investing in 10 different categories and vehicles. The index reflects the percentage of those who say they believe it is a good or very good time to invest minus those who feel the opposite.

"More than one in five Canadians are served by Manulife's wide range of financial services and products and among our key objectives is to help them make better financial decisions," Mr. Rooney said. "We always encourage investors to work closely with their advisors, particularly given short-term changes in the economy and markets. That helps them to balance guaranteed versus variable investments, as well as stay focused on their short- and long-term goals."

All six investment categories edge lower

For six previous straight quarters, all six investment categories and four vehicles measured each quarter remained in double-digit positive territory. But real estate, equities and balanced funds all were hit in the latest poll, dropping double digits in each case.

Among investment categories, investment property showed the strongest decline, down 16 points. Balanced funds fell back 15 points, while investing in their own homes dropped 14 points from the last quarterly survey. Cash lost the least ground, falling one point to 10, while fixed income investments lost nine points to 19.

Highlights

The Manulife Investor Sentiment Index is determined by the following six investment categories, shown by order of their overall ranking in the survey.

- Investing in their own homes (either through renovations or paying down the mortgage) remains the most popular place for Canadians to put their money - a consistent finding since 1999. The index for investing in their own home fell back 14 points to 42. The index reflects 55 per cent of those surveyed who said it's a good or very good time to invest in their own residence -- minus 13 per cent who believe it's a bad or very bad time.

- Balanced funds continued to rank second as the most-popular investment target, off 15 points to 22. Among those surveyed, 41 per cent felt balanced funds are a good or very good place to invest, compared to 19 per cent who said the opposite.

- Fixed income investments (including GICs and annuities) ranked in third among investment destinations this quarter, off nine points from June. At 19, the index remains relatively high compared to its low of 4 in mid-2004.

- Investment real estate lost its traditional third place ranking among investment destinations. At 18, investment real estate showed the largest drop in the quarter, off 16 points.

- Cash (including savings accounts) fell only one point this quarter to 10. Cash has traditionally been the least favourite among places to put money, but surpassed equities in the most recent poll.
- After marginal gains in through the past year, the index for equities lost 11 points in September to sit at 7, the only single-digit category. The stocks index reflects 32 per cent who said it's a good or very good time to invest in stocks, either directly or via mutual funds, while 25 per cent view equities as a bad choice. Another 23 per cent felt it's neither a good or bad time to buy shares. Investment Vehicles
- Among Canadians' favourite investment vehicles, Registered Retirement Savings Plans fell back 10 points in September. At 42, the latest result reflects 57 per cent of respondents who feel it's a good or very good time to put money into RRSPs, while 15 per cent said they feel it is a bad or very bad time.
- Registered Education Savings Plans fell back eight points, to reach 33 in the latest poll. Some 49 per cent of those surveyed said now is a good time to invest, compared to 16 per cent who disagreed.
- At 21, the index for mutual funds was off 10 points from the last quarterly survey, reflecting 41 per cent who said now is a good or very good time to invest in mutual funds, while 20 per cent said it was a bad or very bad time. Another 21 per cent answered that it was neither a good or bad time for funds.
- Segregated funds, perhaps the least understood of the investment vehicles, showed an eight-point decrease in September to stand at 11. The poll by Omnitel, a division of Maritz Research, was conducted with 1,000 Canadians aged 18 and older between September 20 and September 23, 2007. The results have a margin of error of +/- three percentage points, 19 times out of 20.

About Manulife Financial

Manulife Financial is a leading Canadian-based financial services group serving millions of customers in 19 countries and territories worldwide. Operating as Manulife Financial in Canada and Asia, and primarily through John Hancock in the United States, the Company offers clients a diverse range of financial protection products and wealth management services through its extensive network of employees, agents and distribution partners. Funds under management by Manulife Financial and its subsidiaries were Cdn\$410 billion (US\$386 billion) as at June 30, 2007.

Manulife Financial is one of only two publicly traded life insurance companies with 'AAA'-rated insurance subsidiaries, the highest rating for financial strength at Standard & Poor's Rating Services.

Manulife Financial Corporation trades as 'MFC' on the TSX, NYSE and PSE, and under '0945' on the SEHK. Manulife Financial can be found on the Internet at www.manulife.com.

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