

MARKET SENTIMENT

SURVEY 2015

Survey at end of December 2014

EXECUTIVE SUMMARY



The fifth semi-annual CFA Society Ireland Market Sentiment Survey was sent out to members in December 2014. The survey consisted of 16 questions, looking at a range of investment and economic topics in Ireland, Europe and the world in order to gain a feel for market sentiment. Some of the questions were repeated from the December 2013 and June 2014 surveys, while others were new questions, reflecting the dynamic nature of the survey. The survey was taken in mid December, once again, we would like to thank all respondents to the survey. We hope to grow the interest in this survey over time among our members and the wider industry, and welcome any further comments or suggestions.

Kind Regards,

Caitriona MacGuinness, CFA
President, CFA Society Ireland

ABOUT CFA SOCIETY IRELAND

The CFA Society Ireland is the Irish professional body for those engaged in investment analysis and portfolio management. The primary objectives of the Society are to achieve, foster and maintain high standards of professional ability and practice in investment analysis, portfolio management and related disciplines in Ireland; to provide networking opportunities for investment professionals; and to enhance awareness of the goals of the Society and CFA Institute, an international, non-profit organisation of more than 110,000 investment professionals in more than 130 countries. CFA Society Ireland is a member society with over 320 members.

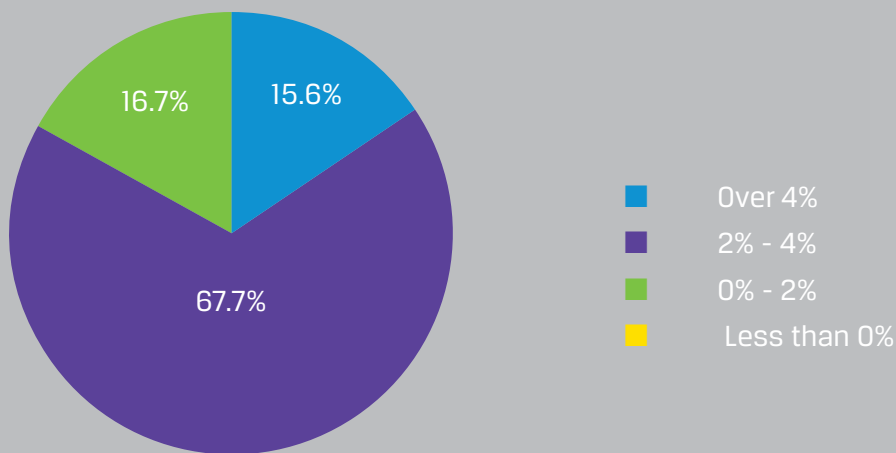
SUMMARY POINTS

- More than two-thirds – almost 68% - expect the Irish economy to grow by between 2% and 4% in 2015. Just 16% expect the economy to grow by more than 4% and 17% expect growth of less than 2%. This means that almost 84% of respondents to the survey believe that the 2015 growth rate for the economy will be significantly below the Department of Finance's forecast of 5.3%
- Rising domestic consumption is expected by 55% of the respondents to be the main contributor to Irish growth in 2015 followed by rising investment (24%) and an improving trade balance (15%)
- Opinion is divided on the main danger facing the domestic economy in 2015, with 30% citing falling domestic consumption as the main danger, 28% stating falling investment while almost 33% cited a dis-improving trade balance
- With deflation currently being experienced in Ireland, it is noteworthy that the vast majority (98%) expect positive inflation over the next five years, with 58% expecting inflation in the region of 0-2% and 40% expecting inflation to average 2-4% over this period. Only 1% expect deflation. The vast majority expect unemployment to be lower by the end of 2015
- There is divided opinion on where the Irish 10-year bond yield will be at the end of 2015. 34% expect yields to drift higher over the year while 18% expect yields to fall further. Interestingly, almost half believe yields will stay roughly constant.
- Just over half of respondents indicated that their sentiment towards the markets has improved since the start of 2014, while 20% said that their sentiment has worsened. 29% indicated that their sentiment was much the same.
- Almost two-thirds said that they believe that the global economy will expand in 2015 with fewer than 7% expecting a contraction. The main factors cited as risks to global growth were another Eurozone crisis (the survey was conducted before the collapse of the Greek government), rising interest rates and an unwinding of QE, geopolitical risks and a slowdown in growth in developed markets
- The vast majority of respondents – some 88% - said they expect European growth to be between 0% and 2%, while 93% said they expect Eurozone inflation to average 0-2% over the next 5 years.

ECONOMY

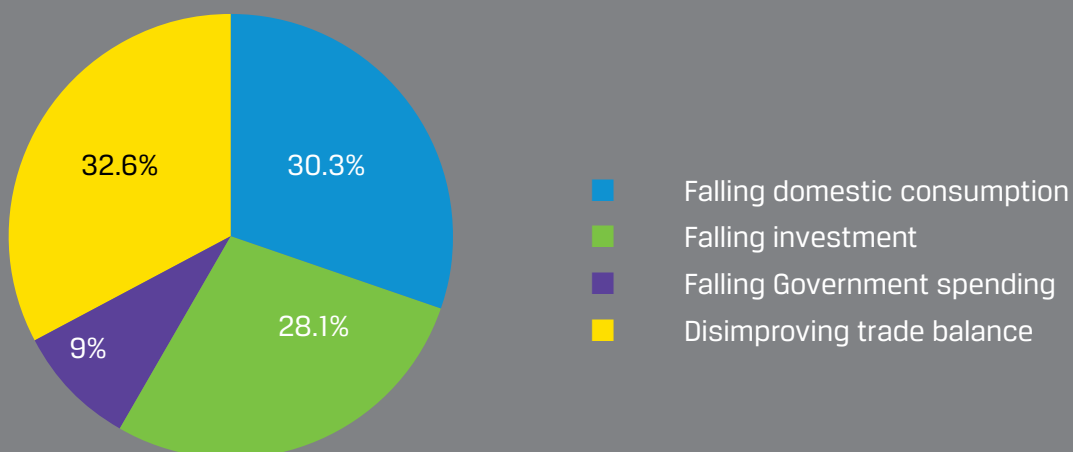
Q.1

What level of growth do you expect in the Irish economy in 2015?



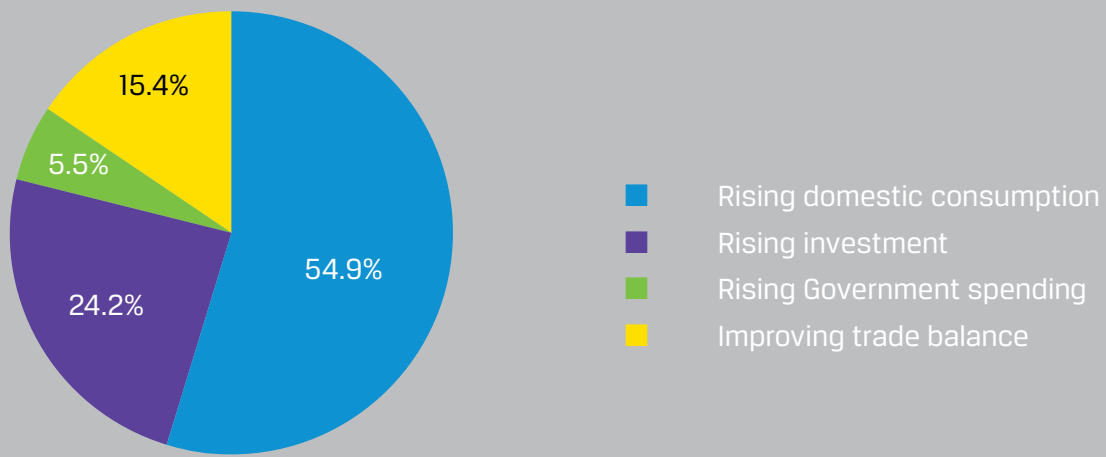
Q.2

What is the biggest danger facing Irish economic growth in 2015?



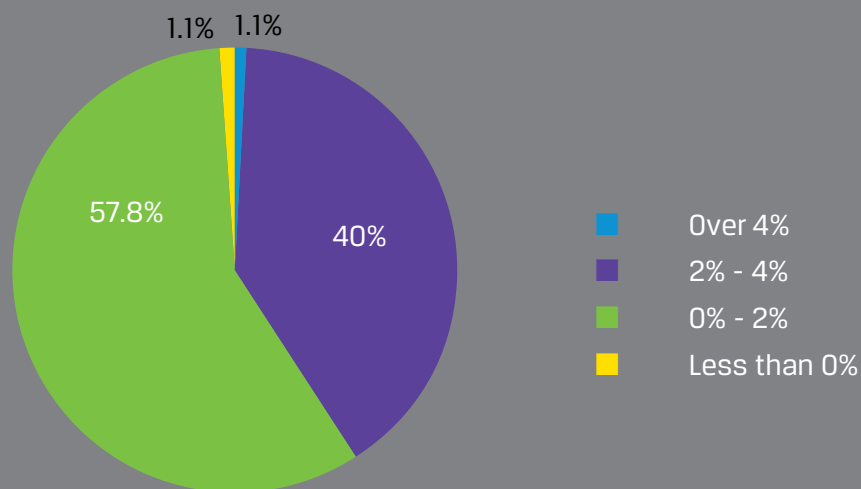
What will be the biggest contributor to Irish economic growth in 2015?

Q.3



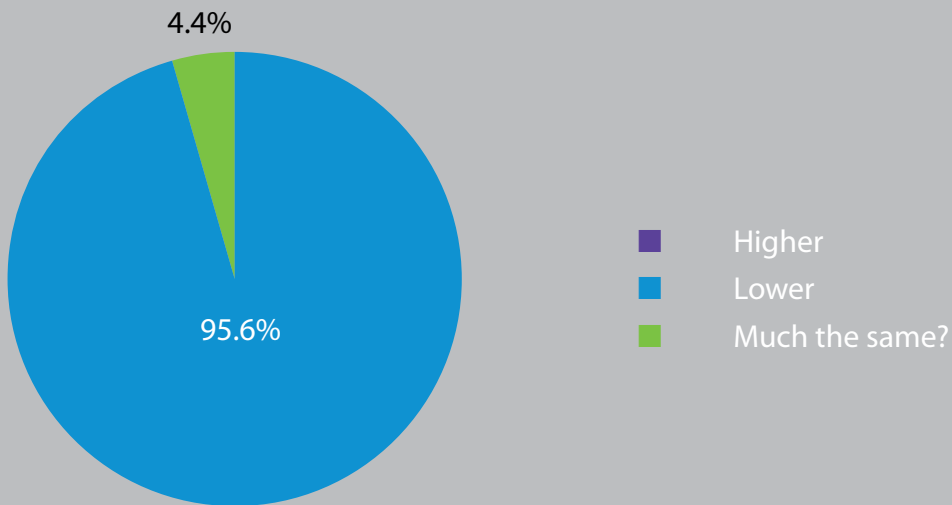
What do you expect Irish inflation to average per annum over the next 5 years?

Q.4



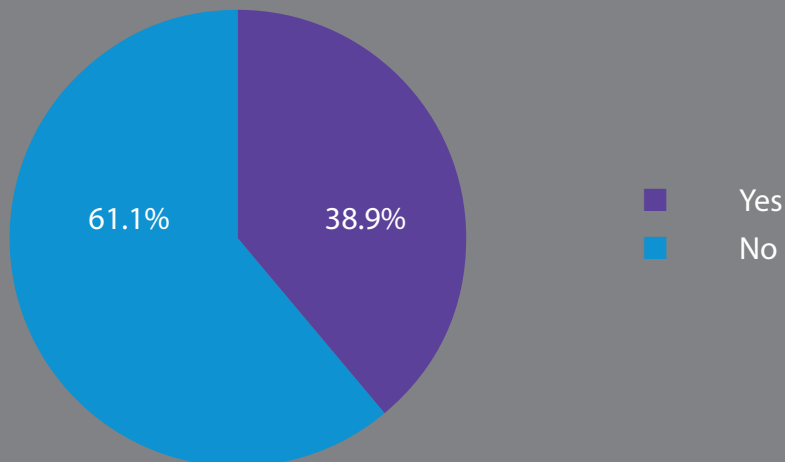
Q.5

Compared to its current level, will unemployment in Ireland at the end of 2015 be



Q.6

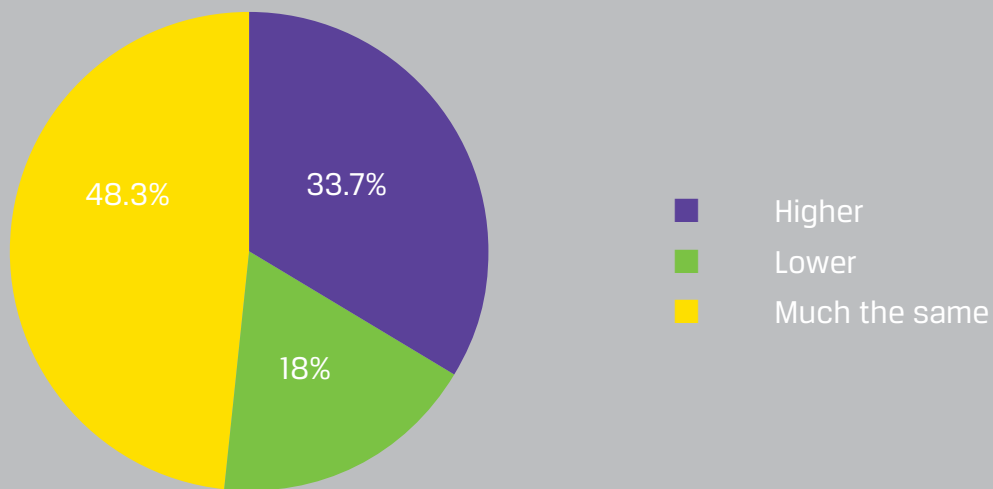
Do you think there will be a Government election in 2015?



INVESTMENT MARKETS

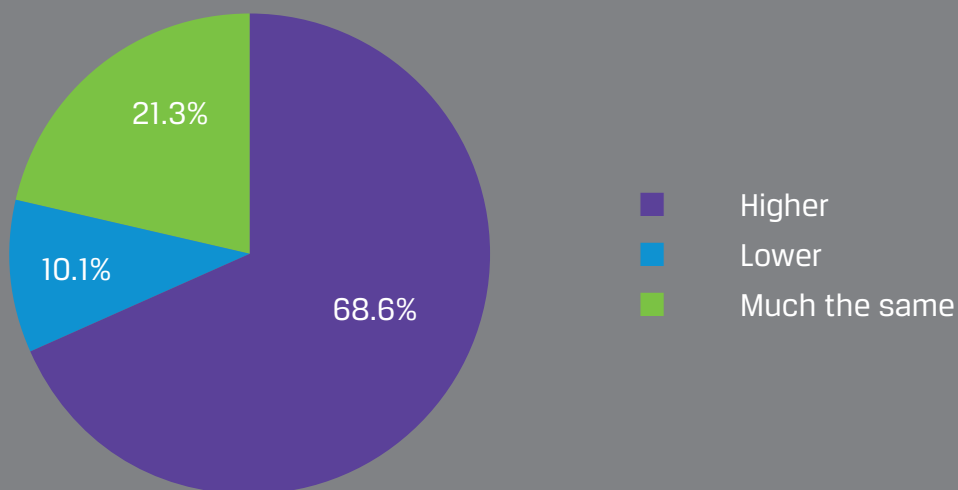
Compared to its current level, at the end of 2015 the yield on the 10 year Irish government bond will be

Q.7



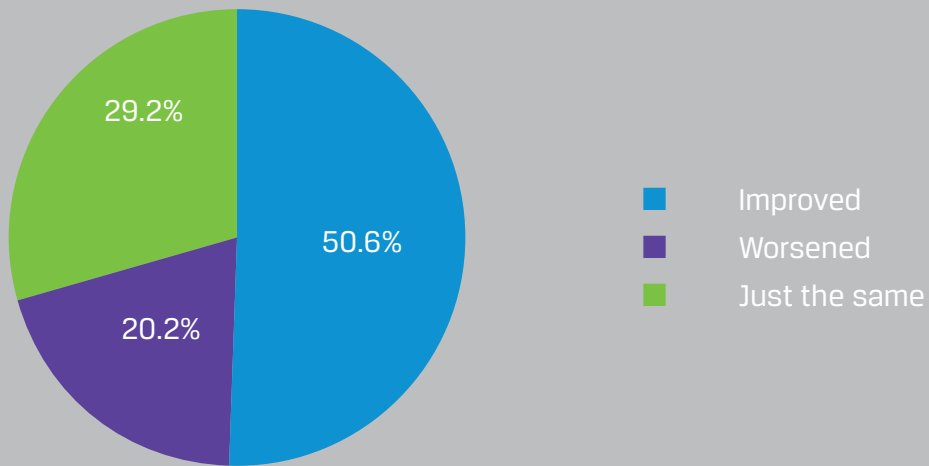
Compared to its current level, at the end of 2015 do you expect the ISEQ Index to be

Q.8



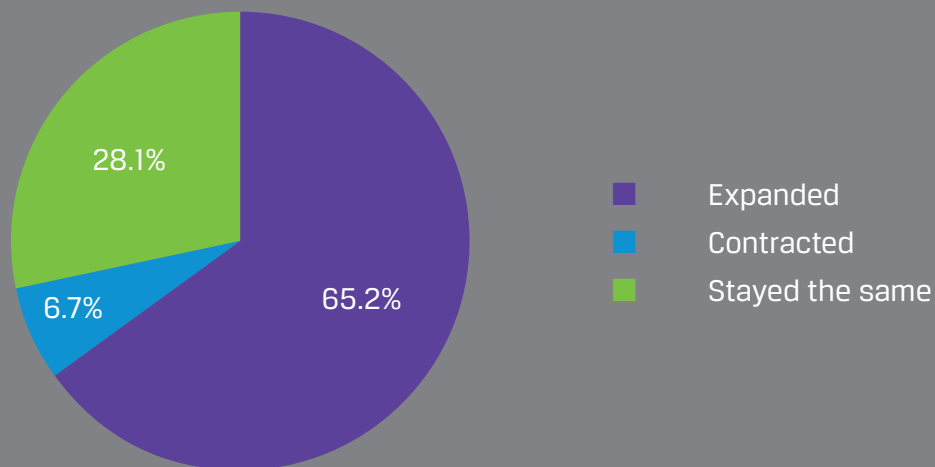
How has your sentiment towards the markets changed since the beginning of the year?

Q.9

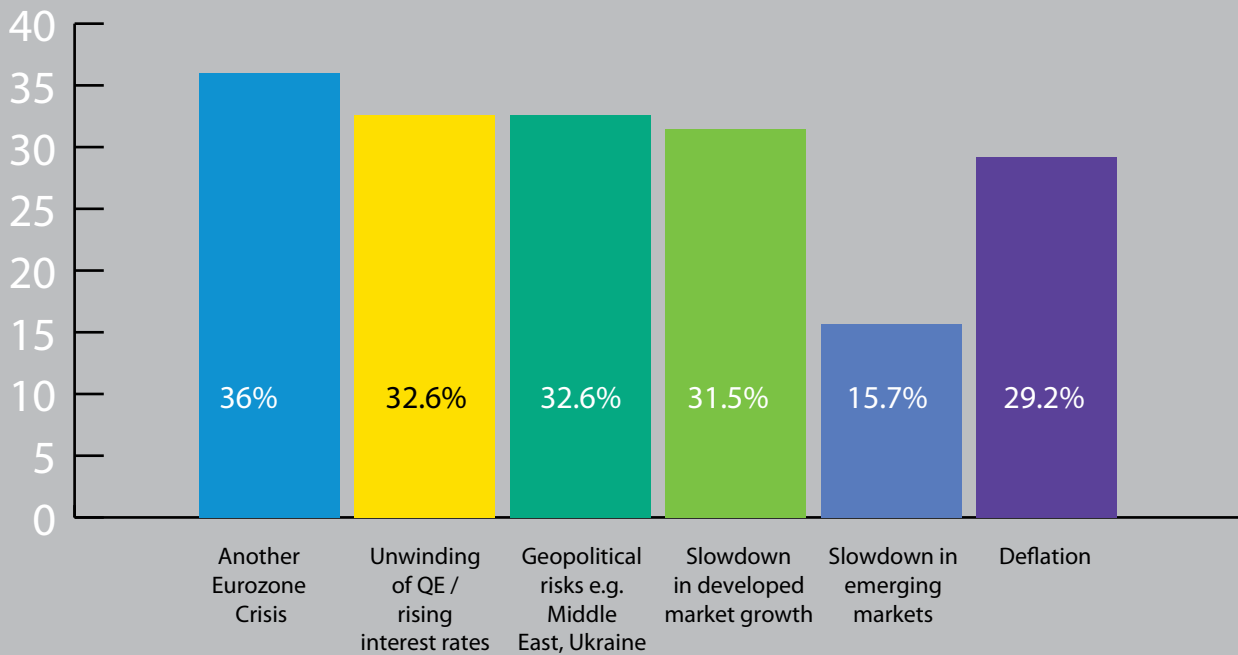


By the end of 2015 do you expect the global economy to have

Q.10

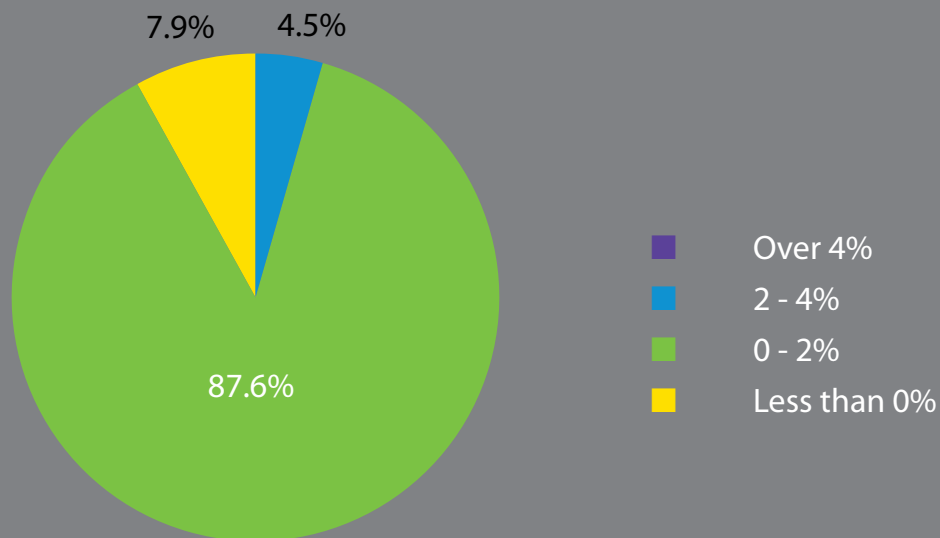


What is the main danger facing global markets in 2015?



Q.11

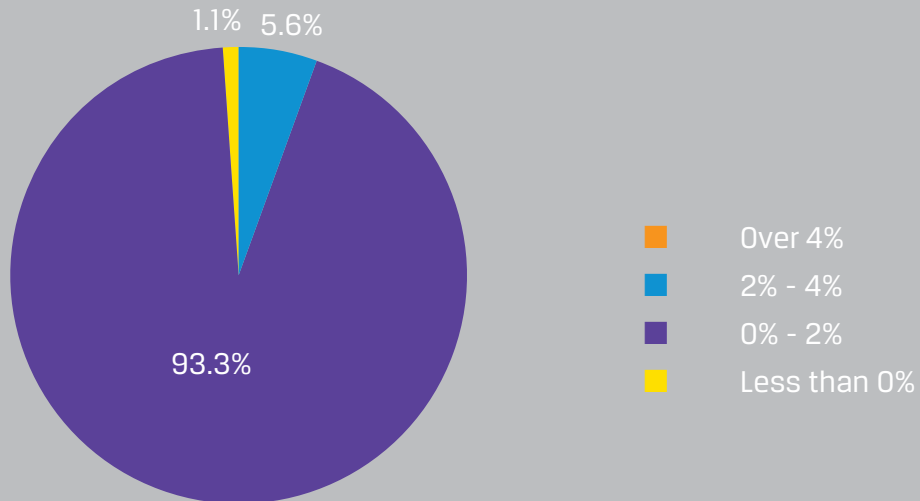
What level of growth do you expect in Europe in 2015?



Q.12

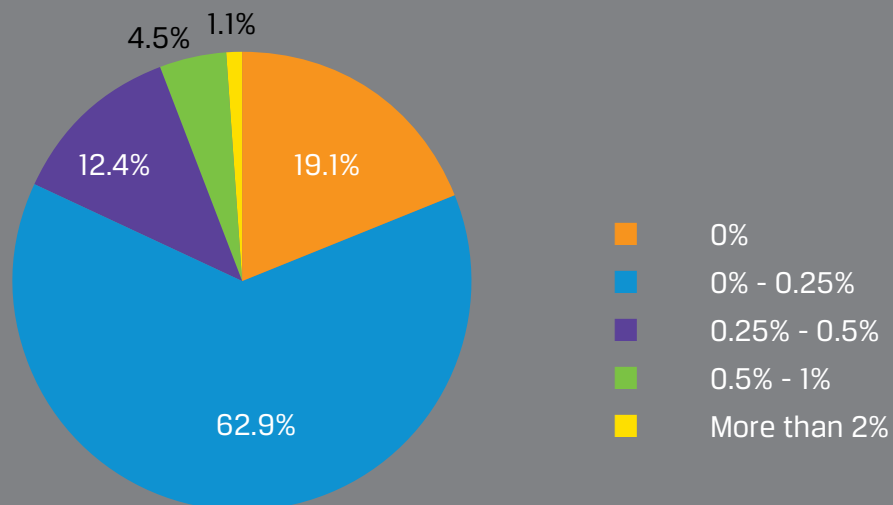
INVESTMENTS

What do you expect European inflation to average over the next 5 years?



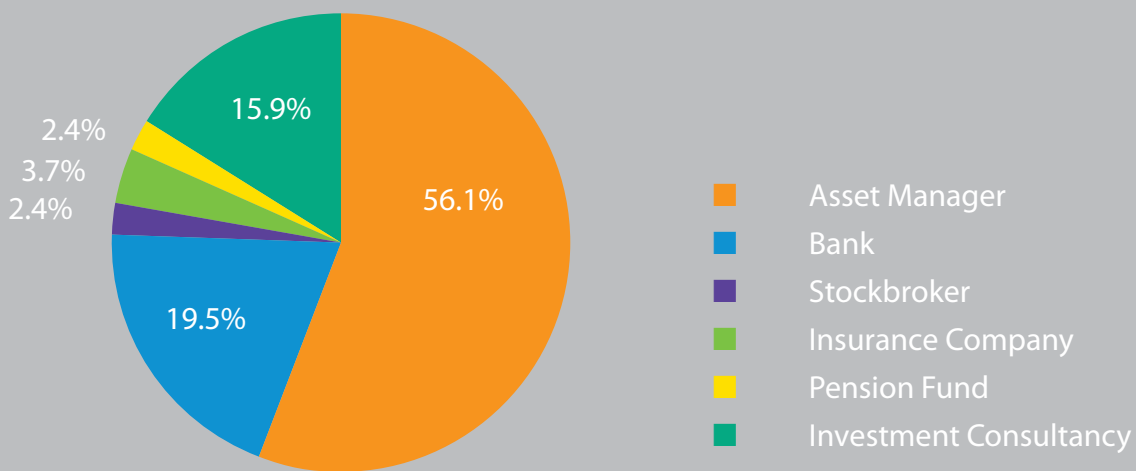
Q.13

Where do you expect the ECB rate to be at the end of 2015?



Q.14

Which of the following best describes your organisation?



QUESTIONS

CONTACT

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