

DIY investors pessimistic about the outlook for the global economy

- **54% of DIY investors say they are ‘not confident’ about the prospects for the global economy**
- **Inflation is a growing concern with 47% of investors worried about it compared to 38% in June**
- **One in four (26%) now see international conflict as a major risk to markets**

19 January 2022: DIY investors are pessimistic about the outlook for the global economy amid signs that the recovery is slowing in many major economies, new data from eToro reveals.

The social investing network’s latest **Retail Investor Beat** reveals that only 46% of investors are positive about the outlook for the global economy. The last time eToro asked investors this question at the end of September, 47% said they were confident and in June, investors were split 50% on the question.

47% of investors think inflation poses the biggest external risk, up from just 38% in June, while one in four (26%) think international conflict is a major external risk, up from 23% in June.

Yet the majority (56%) of retail investors are not repositioning their portfolios as a result, suggesting they are happy with their strategies despite this risk.

eToro’s Global Markets Strategist, Ben Laidler, comments: *“DIY investors’ weakening confidence in the global economy comes amid signs that the recovery is losing steam in the US, China and the UK and with central banks considering interest rate rises to battle inflation.*

“The winds of change are clearly blowing through investment markets, as witnessed by the move away from riskier assets across global markets. With inflation, the state of home economies and international conflict all rising concerns for investors, there was always likely to be some adjustment.

“However, our data suggests the majority of retail investors are holding fast with their investment strategies for now. While certain risks are posed for markets in the year ahead and we’ve seen something of a pivot in recent days toward stocks that benefit from interest rate rises, there’s little indication that retail investors are beginning to significantly diverge from their strategies.

“Retail investors are, in effect, sticking to best practices for investing - avoiding selling at the first sign of turbulence and ensuring they have a thesis which thinks about the right long-term approach, not short-term gain.”

While many investors might be downbeat about the direction of travel for the global economy, UK-based investors are more upbeat about the prospects for their domestic economy.

eToro's data reveals that 52% of UK investors are confident in the outlook for the UK economy. When eToro asked investors this same question at the end of September last year, 48% said they had confidence in the UK's economy, signalling an uptick in optimism.

Globally, investors are also confident that the slowing economic recovery will not hit their investments, the data shows. 80% of investors told eToro that they were confident about how their portfolios will perform.

Ben Laidler adds: *Our latest Retail Investor Beat suggests investors are confident in their investments despite the cloudy economic outlook. Over the past two years retail investors have stolen a march in many ways over their institutional competitors and seem to be allocating their investments shrewdly with an eye on future developments.*

"Ultimately no one has a better handle on the situation 'on the ground' than an everyday investor who has to go to the supermarket to buy groceries or fill their car with fuel. The same logic extends to continued confidence in tech stocks such as Microsoft and Apple. These companies are used by everyone, every day, making them 'defensive tech' stocks which people believe will continue to be used even if the global economy is struggling."

- ENDS -

Notes to editors

Survey research conducted by Opinium from 30 November – 14 December 2021. In total, 8,500 retail investors sampled across 12 countries - 1,000 in each: UK, US, Germany, France, Australia. 500 in the following: Italy, Spain, Netherlands, Denmark, Poland, Romania and the Czech Republic. Retail investors were defined as self-directed or advised and had to hold at least one investment product including shares, bonds, funds, investment ISAs or equivalent. They did not need to be eToro users.

About eToro

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