

Retail investor sentiment

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NEARLY half of the respondents in a recent survey have a bearish outlook on the stock market over the next six months.

What would get them interested is a sharp fall in the stock market, stronger economic growth and a more stable political landscape.

That explains why retail investors' share of trade has declined from its peak in 2021 at 37% amid the Covid-19 pandemic to 27% in the first half of this year (1H22).

Their net buy flow for equities fell 79% year-on-year (y-o-y) to RM1.7bil in 1H22.

Retail investors are the second-largest participants behind institutional investors' share of trade of 47%

and ahead of foreign investors' 26% in 1H22.

These were the findings of the 2022 CGS-CIMB retail investor sentiment survey with 1,068 respondents.

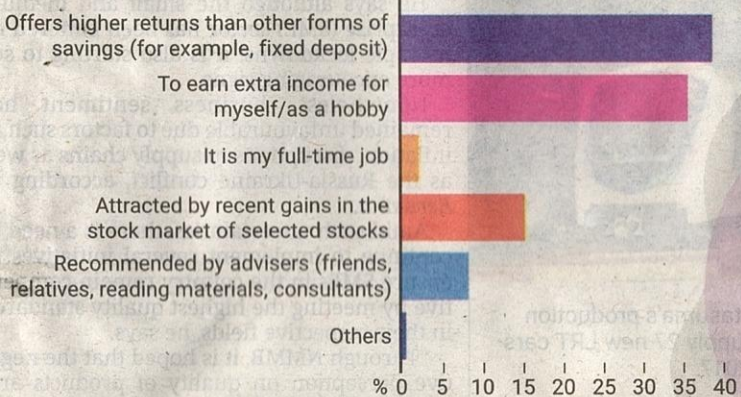
The key push to invest in equities is to achieve higher returns and their preferred trading strategies continue to be "buy and hold". But their return expectations are only 0% to 10% versus 11% to 20% earlier.

Given the inflationary pressures, nearly half of them want to increase allocations for essential items, and nearly a third plan to increase their discretionary spending.

This suggests that consumer spending remains weak.

Most respondents predict an inflation rate of 5% to 10% and an overnight policy rate of 2% to 2.5% for 2022.

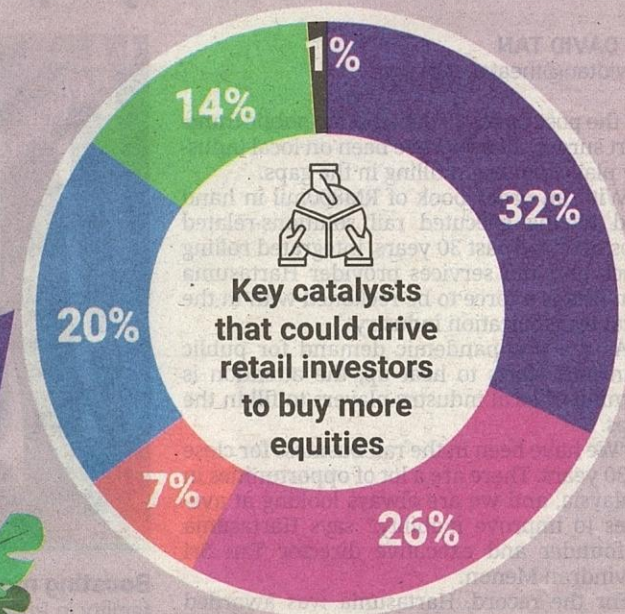
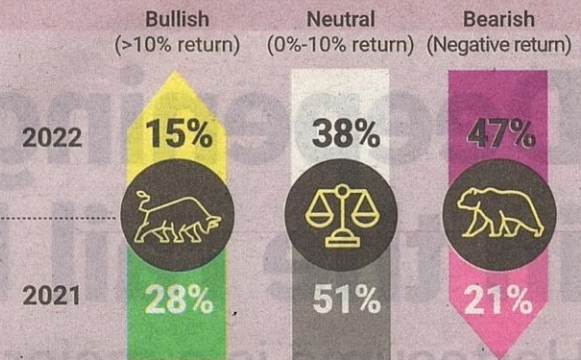
Reasons for investing in the stock market



Reasons for not investing in the stock market (%)



View on the current market situation



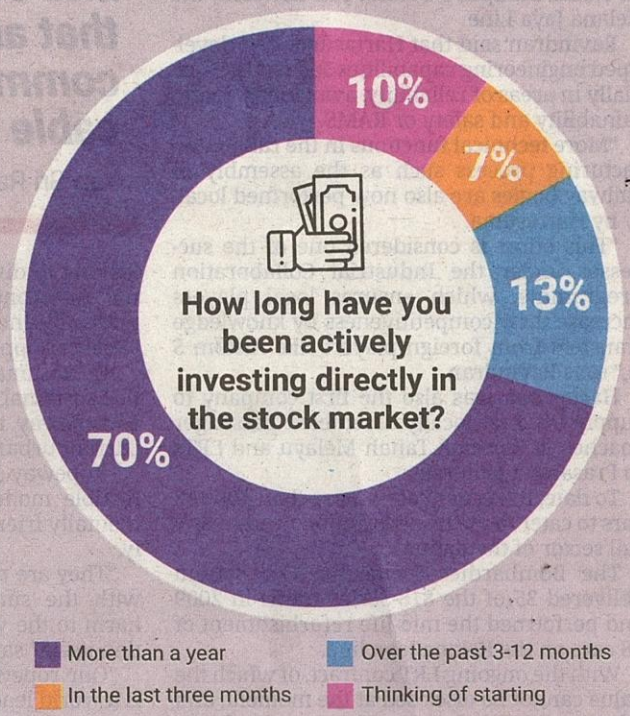
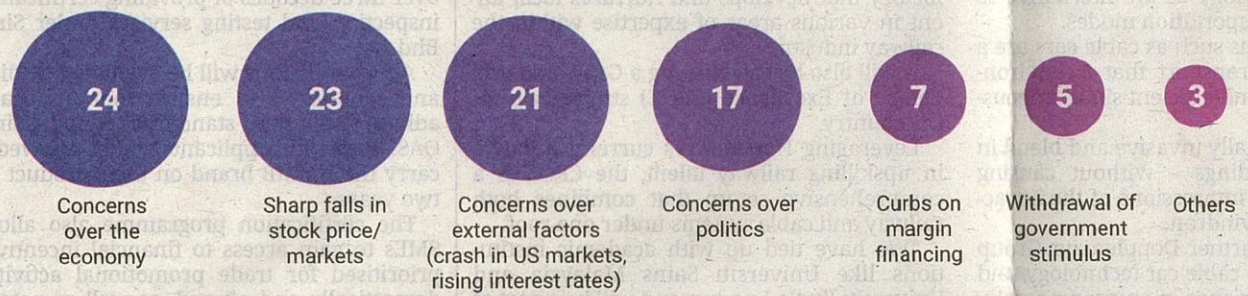
- Sharp fall in the stock market making stocks attractive again
- Stronger-than-expected economic growth
- More stable political landscape
- Interesting thematic plays
- Diverting from other investments such as cryptocurrencies
- Others

- Cut loss
- Margin call
- Raising cash for business
- Others
- Fear of the stock market falling/a recession
- Better returns in other investment products
- No interesting stock ideas/themes to consider
- Raising cash to repay personal debts/mortgages

Investment strategy (%)



Biggest fear factor (%)



Investment preferences (%)

