When asked which presidential candidate would be better for the stock market, American shareowners marginally preferred George Bush to John Kerry, and 30 percent said it makes no difference, according to NAIC's latest Voice of the American Shareholder survey. The president was chosen by 38 percent of those surveyed, compared with 32 percent for Kerry.

When looking at the responses by party affiliation, the results unsurprisingly showed that Republicans heavily favor Bush and Democrats heavily favor Kerry. Only 9 percent of the Democrats in the survey felt that Bush would be better for the market, while only 3 percent of the Republicans felt this way about Kerry. Meanwhile, Independents' most popular choice was "neither — it doesn't matter" (37 percent), followed by Kerry (35 percent) and Bush (28 percent).

Forty-five percent of the men who participated in the survey said Bush would be better for the market, compared with 28 percent for Kerry. Women favored Kerry (37 percent) to Bush (28 percent).

Shareowners who believe Kerry would be better for the stock market cite the following as the main reasons for an improved market: better control of the deficit (mentioned by 82 percent of the respondents), better policies for job growth (79 percent), more effective economic policies (76 percent) and better management of the war in Iraq (73 percent). Those who prefer Bush list as the main reasons improvements in national security (71 percent), better management of the war in Iraq (71 percent), lower taxes (68 percent) and better policies for job growth (62 percent).

NAIC has commissioned Harris Interactive to conduct an ongoing quarterly survey of Americans who own stocks and stock mutual funds. Questions are designed to measure...
key trends in shareowners’ investing behavior and attitudes. The most recent survey included 1,027 adults and was conducted between April 29 and May 10.

Justice System Not a Good Thing for Martha Stewart
Survey participants also were asked their opinions about how well the justice system has served several prominent businesspeople who have been accused of misdeeds. Martha Stewart was viewed most sympathetically among those listed, with 44 percent saying the justice system was too hard on her. Thirty-four percent said her treatment was just about right, and 22 percent believed the system was too lenient.

Of the remaining people listed — Bernard Ebbers of WorldCom, Dennis Kozlowski of Tyco, Ken Lay and Jeffrey Skilling of Enron and the Rigas family of Adelphia Communications — none received more than 1 percent in the “too hard” category.

The two former Enron executives garnered the highest percentages in the “too lenient” category. Lay was first at 81 percent, followed by Skilling at 78 percent. Seventy-six percent of the respondents felt this way about both Kozlowski and Ebbers; the Rigas family, 68 percent.

Less in Stocks and Stock Funds
The typical American shareowner’s behaviors and investment profile generally have remained unchanged since the first survey was conducted last September, Harris Interactive says. Participants’ expected returns on investments is holding steady at 10 percent.

But shareowners have lowered their investments in both individual stocks and stock mutual funds. In May the average shareowner had $64,200 in stocks, compared with $108,900 in January and $62,400 last September. The average invested in stock mutual funds fell to $56,300 in May from $84,100 in January and $95,200 last September.

The percentage holding more than $100,000 in individual stocks fell to 15 percent in May from 19 percent in January. Those with more than $100,000 invested in stock mutual funds dropped to 16 percent from 24 percent in January.

“The majority of shareholders plan to maintain the current allocation of their investments,” Harris Interactive says. When asked of their plans for the next six months, 67 percent said they’ll hold about the same level of individual stocks, while 71 percent planned to maintain their current level of stock mutual fund investments. The percentage who plan to increase their stock investments dropped to 26 percent in May from 34 percent in January. Those who expect to increase stock fund holdings fell to 24 percent from 31 percent.

A Drop in the Index
Meanwhile, the NAIC Shareholder Confidence Index in May was 17, a drop of 10 points from 27 from January. A reading of 17 “shows trace levels of optimism tempered by concern about the short-term outlook of the stock market,” Harris says. “The drop in shareholder confidence corresponds with a shift in the allocation of investment dollars. When asked about asset allocation, shareholders show reduced investment in individual stocks and increases in cash relative to January.”