

CONVERGEX

2015 Forecasts Survey

Featuring '*Wall Street's Person of the Year*'

December 2014

Letter from Nicholas Colas



Sometimes, avoiding mistakes is good enough. Especially when you avoid *trillion-dollar* mistakes.

That's one message from investors in our **2015 Forecasts Survey**, as they have selected U.S. Federal Reserve Chair **Janet Yellen** as **Wall Street's 2014 Person of the Year**. Our survey reveals a bullish consensus from investors as we head into the new year, with financial industry professionals offering a consistent note of optimism in their predictions.

Earlier this year*, we found investors' biggest concern was the potential for a mistake by the Federal Reserve. For ending Quantitative Easing without crashing the markets, Yellen won out over a wide field of top names in policy, geopolitics and business. The new Fed Chair received the most votes (31%) as the person who, for better or worse, had the greatest impact on global capital markets, finishing just ahead of Russian president **Vladimir Putin** (24%). Market structure issues remain top-of-mind on the Street, as *Flash Boys* author **Michael Lewis** and IEX President and CEO **Brad Katsuyama** (11%) – offered as a combined choice – came in third. For bringing to market the largest IPO in history, Alibaba founder **Jack Ma** finished in fourth place with eight percent (8%).

More than 4 out of 5 respondents (83%) expect a positive return from the S&P 500 in 2015, meaning another year of new highs for equities. And while history might suggest more modest returns in the sixth year of a bull market, **almost one-third (32%) of our respondents are predicting growth of 8% or more** for the benchmark index.

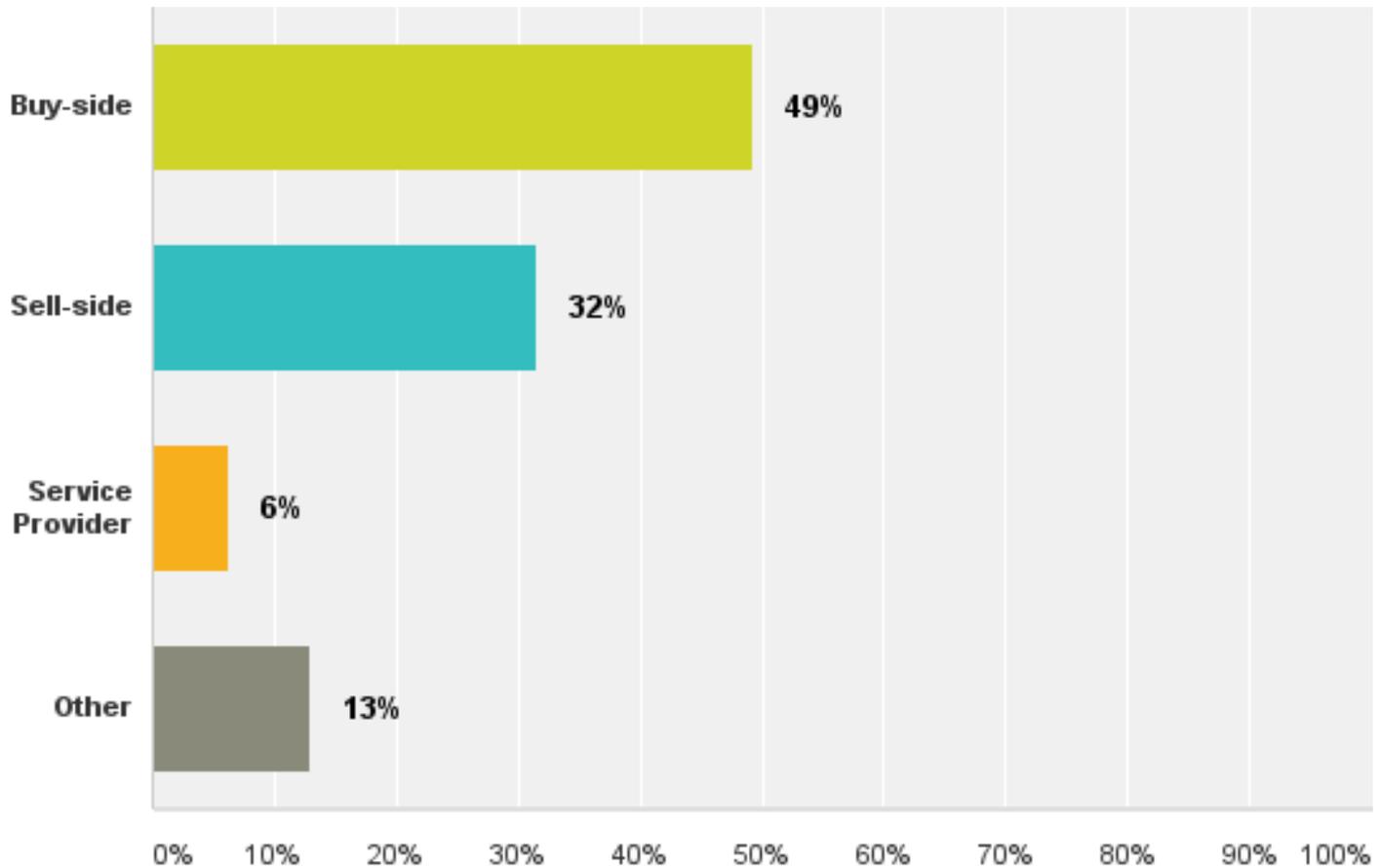
Other key findings:

- More than two-thirds (67%) expect the rate on 10-year U.S. Treasury notes to finish 2015 at 2.4% or higher.
- More than three-quarters (77%) expect more volatility in the markets, following a year of remarkable quiet.
- Investors see petroleum prices rebounding from their 2014 freefall, with eighty-one percent (81%) saying light crude oil (WTI) will end 2015 above current levels, and nearly half (47%) expecting a final price of at least \$80 per barrel.
- A majority (54%) predict a rate raise announcement at or before the FOMC's mid-June meeting. Of note, a vocal minority (17%) don't believe the signals, and say there won't be a rate increase announced in 2015.
- Forty-one percent (41%) expect their annual bonus check to be higher in 2015, while just seventeen percent (17%) expect a lower bonus.

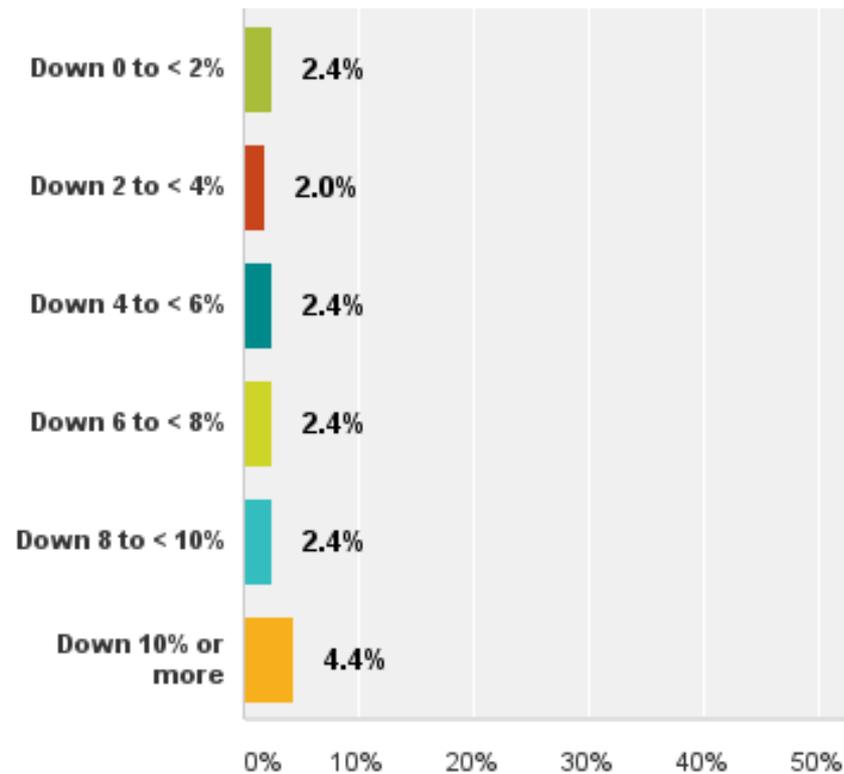
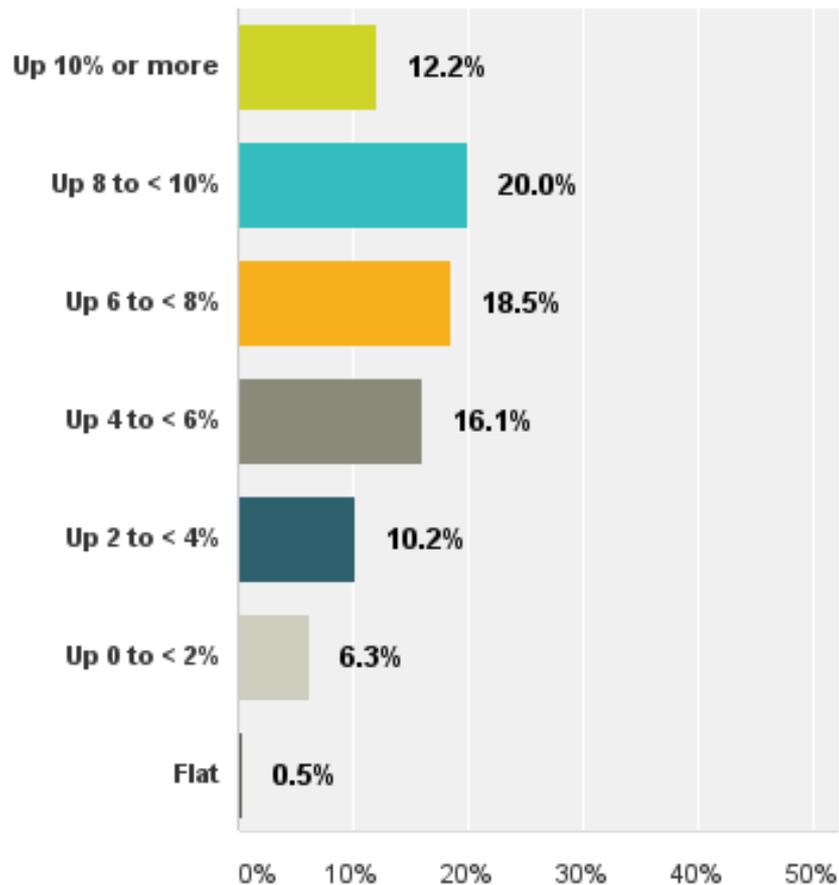
Look at this last figure another way, and you'll see that four out of five financial professionals think their firms are doing well enough to pay the same as, or higher than, they did in the previous year. Our respondents are forecasting another good year for Wall Street, with the S&P 500 continuing to make new highs and in many cases their own compensation climbing as well. Happy New Year!

*[U.S. Market Volatility Survey](#), July 2014

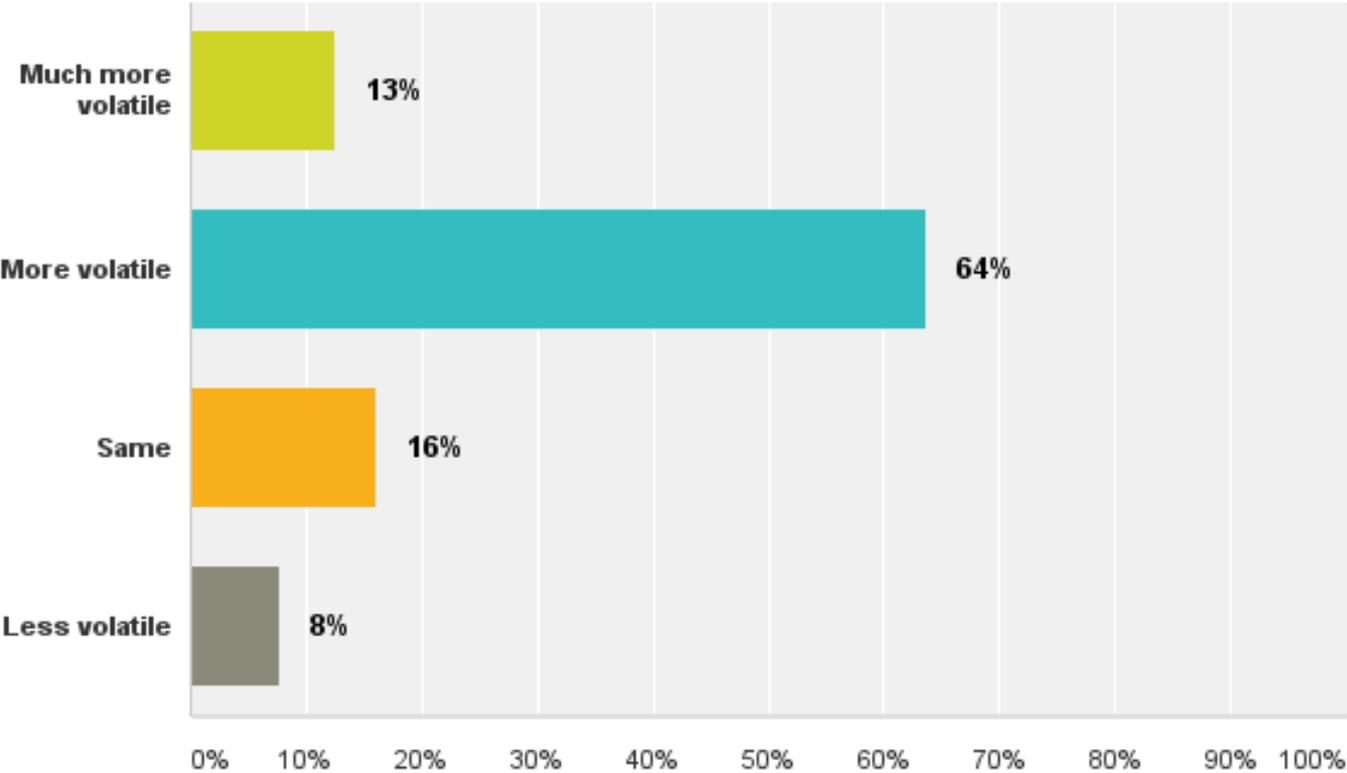
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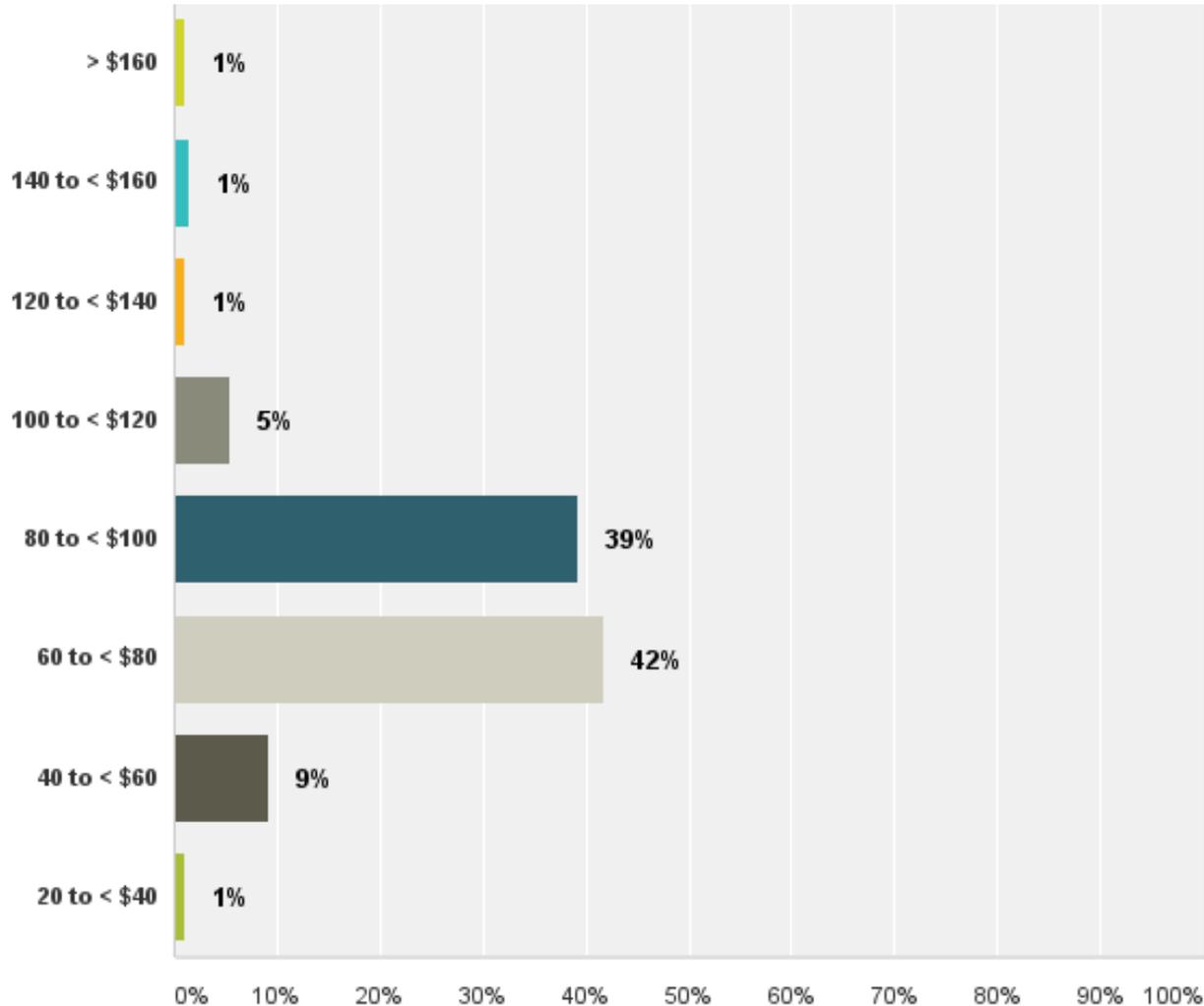
How much will the S&P 500 Index return in 2015?



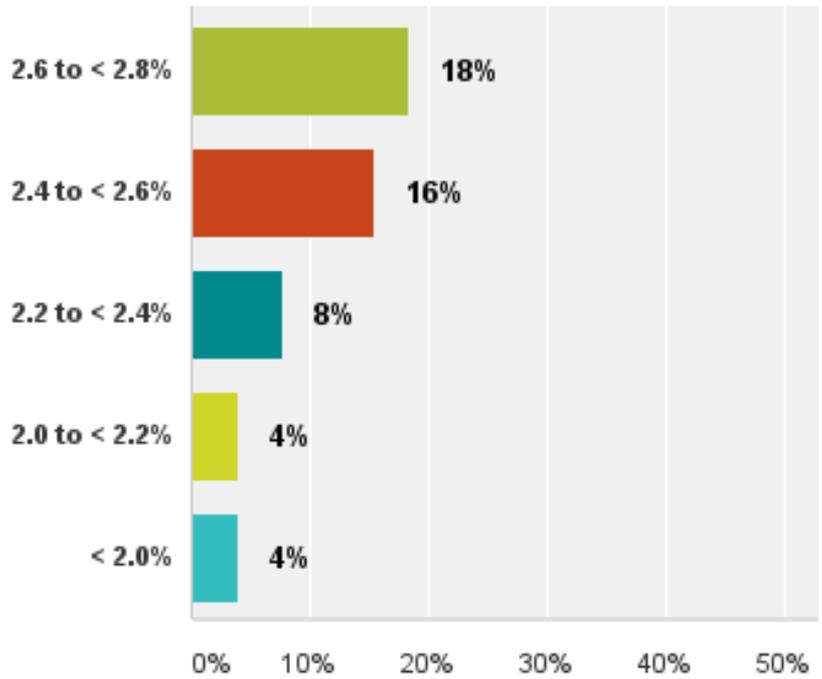
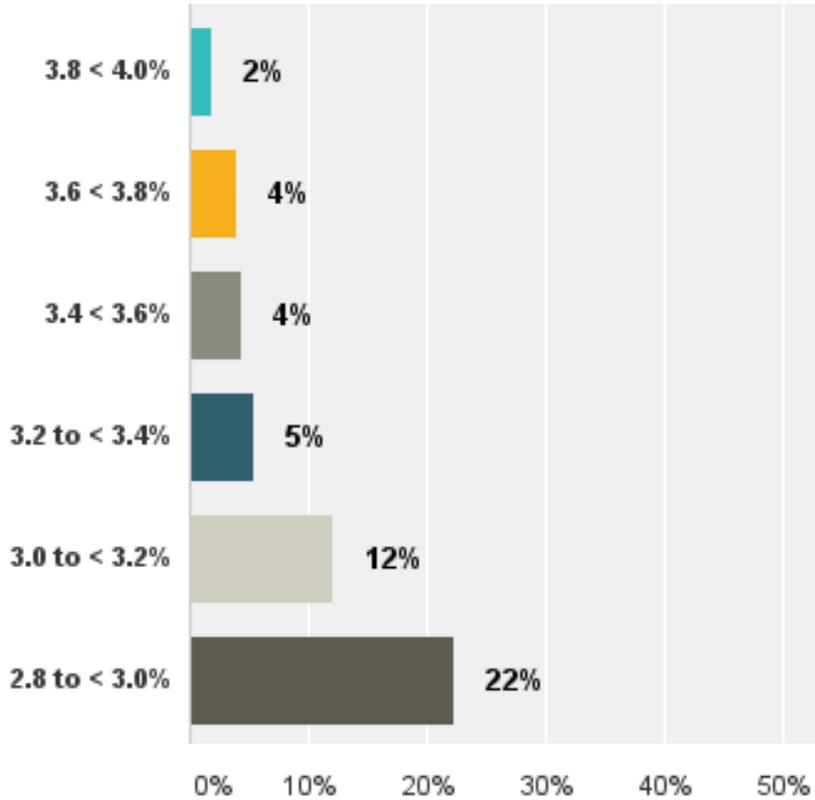
Will the U.S. equity markets be more or less volatile in 2015 than 2014?



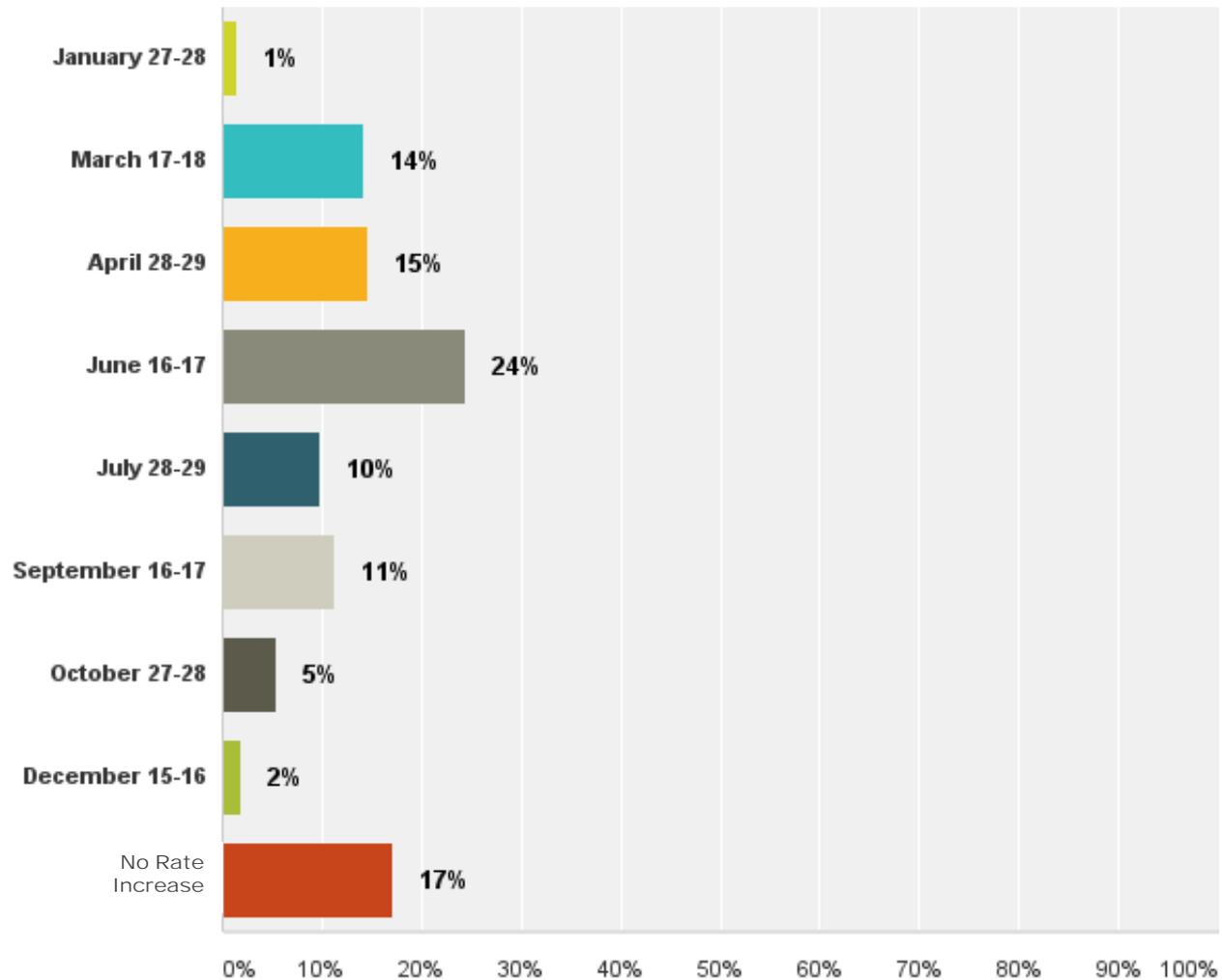
What will the price of Crude Oil (WTI) be per barrel at the end of 2015? (12/8/14 close at \$63)



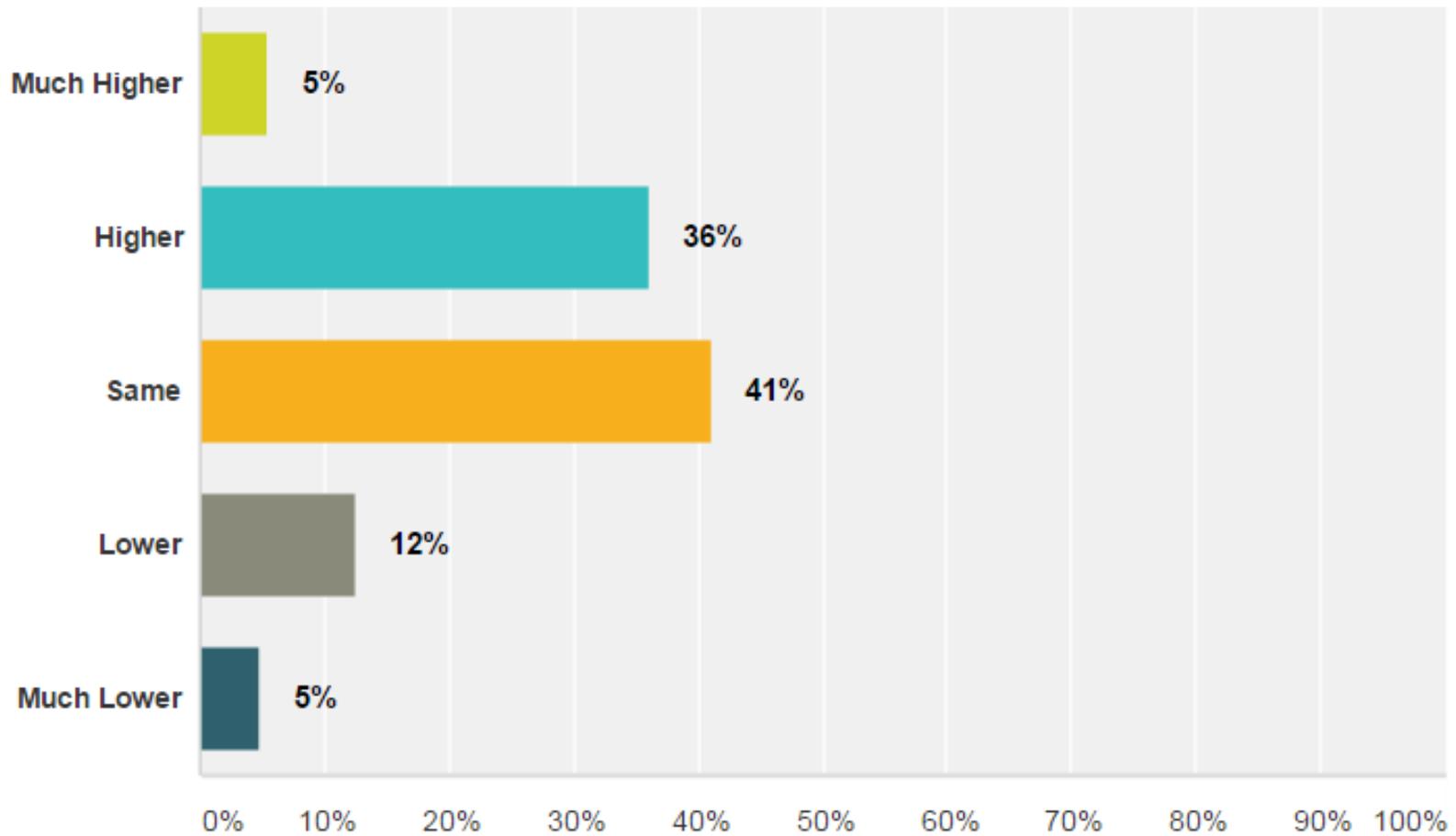
What will the rate on the 10-year U.S. Treasury note be at the end of 2015? (12/8/14 close at 2.3%)



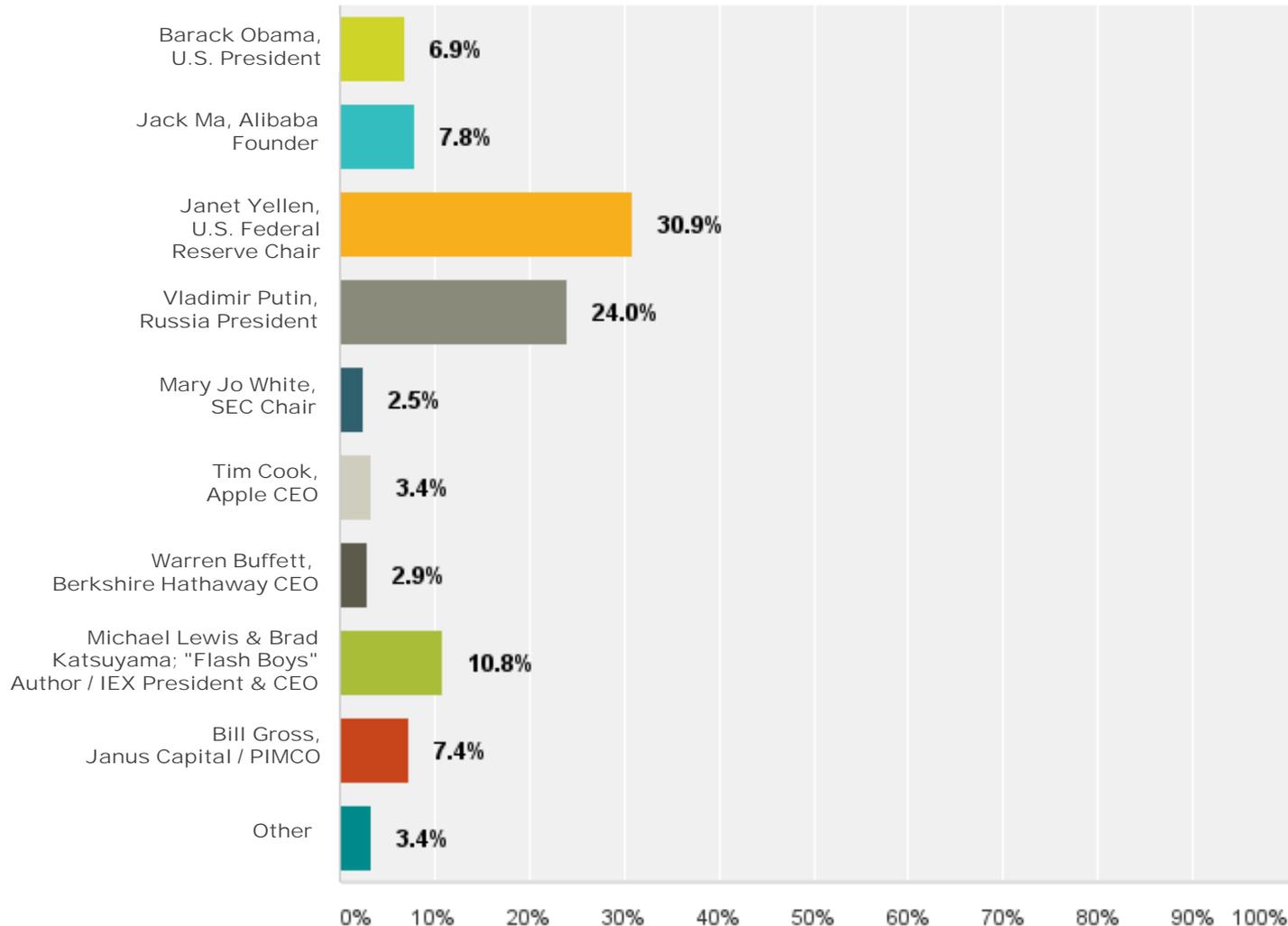
At which 2015 Federal Reserve Board meeting will the FOMC announce its first rate increase?



Thinking about your personal compensation, are you expecting the annual bonus check you receive in 2015 to be higher or lower than what you received in 2014 (of respondents receiving a bonus)?



WALL STREET'S PERSON OF THE YEAR: For better or worse, who had the greatest impact on global capital markets in 2014?



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Survey Methodology

The Convergex 2015 Forecasts Survey featuring 'Wall Street's Person of the Year' was performed by Convergex via an online survey of financial industry participants, resulting in 206 respondents. The survey was conducted from December 9, 2014 to December 12, 2014, and has a margin of error of $\pm 10\%$. Respondents included buy-side firms (asset managers, hedge funds), sell-side firms (banks, broker-dealers), trading venues, service providers and other financial industry participants. Rounding of decimal results may produce totals over or under 100% (by 1%).

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