

UK Stock Market Statistics July 2007

The Office of National Statistics recently published a new breakdown of the ownership of shares listed on the UK stock market (full details can be seen at: www.statistics.gov.uk/statbase/Product.asp?vlnk=930). Since the last analysis at the end of 2004, the value of shares held by private investors has gone up by 15% to £239 billion. But as the total market capitalisation has risen by 25% to £1,858 billion, this means that their share of the market has actually declined from 14.0% to 12.8%.

This continues the trend in recent years - it was as high as 20% in 1994 for example. The proportion held by pension funds and insurance companies also continued to decline, with the proportion held by foreign investors rising again to reach 41% (it was only 16% in 1994).

Regrettably it is likely that the continued decline in direct holdings in shares by private investors is the result of perverse tax incentives that favour collective investment funds. The end result is that private investors are being short-changed by paying unnecessary management fees when the experience of UKSA members is generally that you don't have to be an investment expert to achieve at least as good a performance as the average institutional fund manager. The latter of course are known to achieve worse on average than the stock market indices after charges have been deducted.

A fuller analysis of this and other stock market statistics is available on the UKSA web site at: www.uksa.org.uk/Uk_stock_market.htm .

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