International investors are the most bullish they’ve been on the U.S. markets in more than five years as America is seen as a bright spot in an otherwise worsening global economy, according to the latest Bloomberg poll.

As the World Economic Forum’s annual meeting gets under way in Davos, Switzerland, 54 percent of Bloomberg subscribers surveyed last week said the U.S. will be among the markets offering the best returns over the next year. That’s a five-point jump from the previous poll in November and the highest rating for any country since the survey began asking that question in October 2009.

More than three in five said the U.S. economy is improving while 40 percent saw global output as deteriorating, the worst world reading in the Bloomberg Global Poll since September 2012.

“The U.S. will profit from flight to safety” as investors flee other markets for America’s, Wilhelm Schroeder, a poll participant and managing director at Munich-based Schroeder Equities GmbH, said in an e-mail.

A majority of those surveyed forecast that the Standard & Poor’s 500 Index (SPX) will rise over the next six months, while only a quarter see it declining, according to the Jan. 14-15 survey of investors, analysts and traders who are Bloomberg subscribers. The stock gauge rose 0.2 percent to 2,022.55 on Jan. 20 in New York.

U.S. Employment

The U.S. job market had its best year in 15 years in 2014 as employers added about 3 million workers to their payrolls, based on data from the Labor Department in Washington. Buoyed by the improving labor market and falling gasoline prices, consumer confidence is at an 11-year high, University of Michigan figures released last week showed.

“Given the strength in consumption and its leadership role in energy production, the U.S. has taken on a major role in leading global growth,” Robert Sinche, a poll participant and global strategist at Amherst Pierpont Securities LLC in Stamford, Connecticut, said in an e-mail.

Federal Reserve Chair Janet Yellen deserves some of the credit, the poll results suggest. More than three-quarters of those surveyed gave her a favorable rating, her best grade since taking the helm
of the U.S. central bank a year ago. A majority said Yellen has got monetary policy “about right.”

**Europe’s Weakness**

The euro area stands out as a weak spot in the poll, with about two-thirds of investors saying its economy is losing ground. Ninety-four percent say disinflation or deflation will be a greater risk for the region over the next year than inflation.

European Central Bank President Mario Draghi and his colleagues meet on Jan. 22 to discuss whether to begin buying government bonds in a bid to avert deflation. Consumer prices in the region in December were 0.2 percent lower than a year ago, according to Eurostat in Luxembourg.

Investors also turned more pessimistic about Japan’s economy in the poll. Thirty-seven percent said its economy is deteriorating, up from 25 percent in November and the worst reading since the survey began asking that question in May 2013.

Japanese gross domestic product contracted for two straight quarters after Prime Minister Shinzo Abe increased the country’s sales tax three percentage points to 8 percent in April.

“Abenomics looks like it’s not working,” Schroeder said.

Forty-five percent of those polled expressed optimism about the impact of Abe’s policies on investment, the lowest reading since he took over as prime minister in December 2012.

**Kuroda’s Ratings**

Bank of Japan Governor Haruhiko Kuroda’s reputation also took a knock in the survey: 48 percent view him favorably, down from 57 percent in November and his worst rating since he became governor in March 2013.

Most emerging markets also fared badly in the poll. A majority said Russia’s markets would be among those offering the worst returns over the next year. A quarter put Brazil in that category, along with the European Union, while about one in five voiced pessimism about China’s markets.

India stood out in gaining favor with investors. Almost 30 percent said its markets would be among the top performers over the next 12 months, the best rating in more than four years.

Indian stocks jumped last week after the country’s central bank took advantage of a slowdown in inflation to unexpectedly cut interest rates.

The global poll of 481 Bloomberg subscribers was conducted by Selzer & Co., a Des Moines, Iowa-based firm. It has a margin of error of plus or minus 4.5 percentage points.

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