

# PRESS RELEASE

## LLOYDS BANK INVESTOR SENTIMENT INDEX

Tuesday 17th October 2017

LLOYDS  
BANKING  
GROUP



OCTOBER

### OVERALL INVESTOR SENTIMENT



**4.27%**

### BIGGEST RISER (INVESTOR SENTIMENT)



Cash  
**+10.81%**

### BIGGEST FALLER (INVESTOR SENTIMENT)



US shares  
**-2.45%**

### KEY POINTS

- Overall investor sentiment recovers and sits higher than at this time last year
- All four UK asset classes suffer popularity fail
- Cash is king this month

### OCTOBER ANALYSIS

October sees a recovery for investor sentiment despite prominent geopolitical distractions, according to the latest investor sentiment index (ISI) from Lloyds Bank, with overall sentiment - across 11 asset classes – rising over the last month (up **0.49%** to **4.27%**).

Cash saw the biggest increase in popularity this month (up **10.81%**), dwarfing the second biggest increase that was returned by emerging market shares (up **2.80%**). The move into cash suggests investors are looking for more 'safe havens' in the face of perceived geopolitical uncertainty both at home, and abroad. This would be backed-up by the score for gold, which continues to attract the highest overall sentiment, (**44.39%**). Lloyds Private Banking considers anything near or over 40% to be extreme.

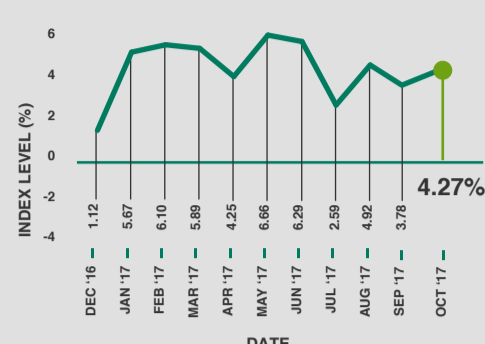
Despite Eurozone equities returning a lower sentiment score versus September, it is not enough to detract from some stellar returns over 12 months, both in sentiment (up **33.75%**) and performance (up **26.90%**). The various elections held across Europe recently have seemingly done little to dampen investor appetite.

Turning attention closer to home, it was a month to forget for all four UK asset classes surveyed, with UK Property (down **2.33%**), UK corporate bonds (down **1.92%**), UK government bonds (down **1.13%**), and UK shares (down **1.04%**) all taking a hit.

There was a similar story across four of the five equity territories, with only emerging market shares (up **2.80%**) recording an increase in sentiment since September. Conversely, US shares saw the biggest drop in sentiment in October (a **2.45%** dip, from **-2.17%** to **-4.62%**) and are now at their lowest ebb since February this year.

There is a largely positive picture when it comes to actual asset class performance compared with the previous year, with Eurozone equities (up **26.9%**), Japanese equities (up **22.5%**) and emerging market equities (up **20.7%**) all improving. On the flip side, two of the four UK asset classes, UK government bonds (down **5.0%**) and UK corporate bonds (down **4.9%**), are in negative territory since this time last year.

### INVESTOR SENTIMENT INDEX



3.78% as at September 2017

**4.27% as at October 2017**

### SENTIMENT OVER 12 MONTHS

#### BIGGEST RISER



Eurozone Shares  
**+33.75%**

#### BIGGEST FALLER



UK property  
**-17.24%**

### OCTOBER PERFORMANCE

#### TOP ASSET CLASS



Commodities  
**+5.7%**

#### BOTTOM ASSET CLASS



UK government bonds  
**-3.2%**

## OUR CHIEF INVESTMENT OFFICER SAYS



**Markus Stadlmann, CIO, Lloyds Private Bank:**

It might be the month for Halloween but our October sentiment reading suggests that investors are hard to spook!

The 'yo-yo' nature of our tracker this year may well be eye-catching but the bigger story is that despite all the mounting geopolitical 'noise' out there, sentiment is actually higher now than at this time last year.

Whilst it's still too early to call, it is looking increasingly likely that the ISI 'success story' for 2017 will be Eurozone equities. Despite a small drop in popularity this month, the overall sentiment recovery (versus 2016) and the performance returns of Eurozone equities (in 2017), has been incredible to watch. The opposite is true for UK assets, which collectively leave room for improvement.

The core message for this month? Short term tricks shouldn't distract you from aiming for longer term treats.



### NOTES TO EDITORS

All figures, unless otherwise stated, are from YouGov Plc. Total sample size was 4747 adults, of which 1,069 were investors. Fieldwork was undertaken between 28 September - 2 October 2017. The survey was carried out online. The figures have been weighted and are representative of all UK adults (aged 18+).

Table 1: Net Sentiment

	Net Sentiment October 2016	Net Sentiment September 2017	Net Sentiment October 2017	Monthly PP Change in Net Sentiment Sep. 2017 – Oct. 2017	Annual PP Change in Net Sentiment Oct. 2016 – Oct. 2017
UK shares	15.78%	1.55%	0.51%	-1.04%	-15.36%
Eurozone shares	-39.95%	-5.78%	-6.20%	-0.42%	33.75%
US shares	4.34%	-2.17%	-4.62%	-2.45%	-8.96%
Japanese shares	-0.99%	6.34%	4.22%	-2.12%	5.21%
Emerging market shares	13.33%	17.66%	20.46%	2.80%	7.13%
UK government bonds	-5.19%	-5.20%	-6.33%	-1.13%	-1.14%
UK corporate bonds	-1.65%	-4.26%	-6.18%	-1.92%	-4.53%
UK property	30.48%	15.57%	13.24%	-2.33%	-17.24%
Gold	44.95%	43.61%	44.39%	0.78%	-0.56%
Commodities	15.43%	10.15%	12.61%	2.46%	-2.82%
Cash	-43.32%	-35.89%	-25.08%	10.81%	18.24%
Average*	3.03%	3.78%	4.27%	0.49%	1.25%

\*Average excluding cash

Source: Investor Sentiment Index

Chart 1: Lloyds Private Banking UK Investor Sentiment Index

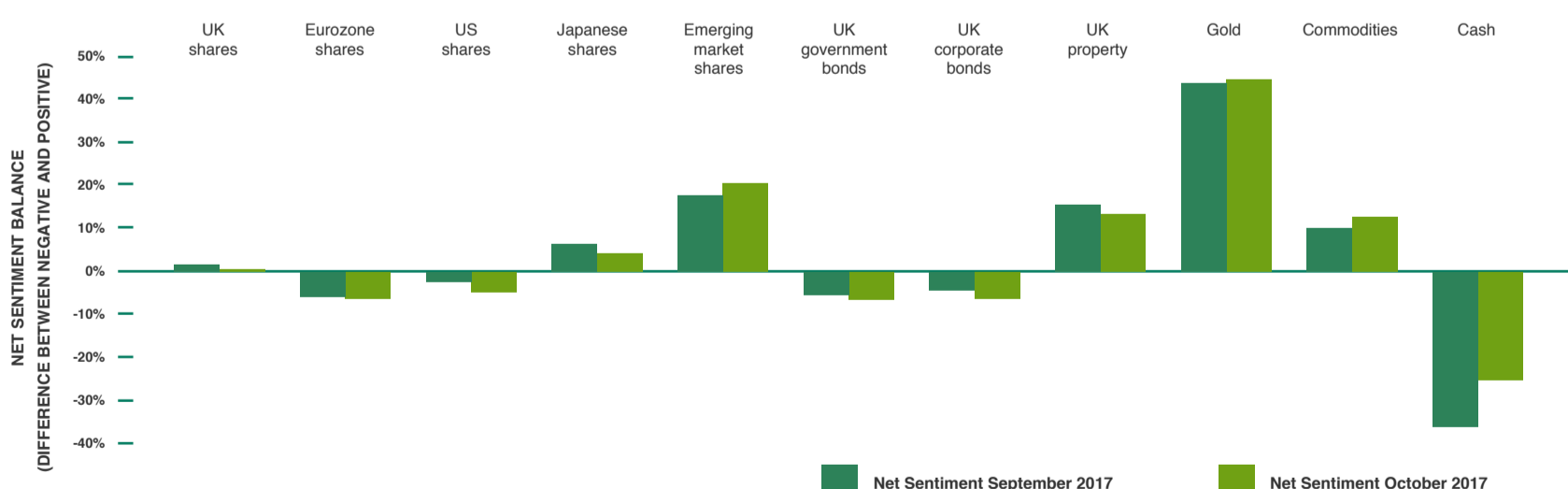


Table 2: Asset Class Performance

	1 month change (%)	3 month change (%)	6 month change (%)	12 month change (%)
UK shares	0.6%	1.1%	1.2%	8.0%
Eurozone shares	3.2%	7.3%	16.6%	26.9%
US shares	3.1%	4.0%	6.6%	16.8%
Japanese shares	4.5%	2.6%	7.7%	22.5%
Emerging market shares	3.1%	6.2%	13.6%	20.7%
UK government bonds	-3.2%	-0.7%	-1.6%	-5.0%
UK corporate bonds	-2.8%	-1.5%	-2.1%	-4.9%
UK property	-0.2%	-0.6%	1.5%	1.8%
Gold	-2.5%	2.8%	1.8%	-4.0%
Commodities	5.7%	9.3%	2.3%	2.1%
Cash	0.0%	0.1%	0.1%	0.3%

Source: Datastream, all data to end of trading 30th September 2017

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