

PRESS RELEASE

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LLOYDS BANK INVESTOR SENTIMENT INDEX

Investors start 2017 with renewed optimism

All asset classes, apart from gold, saw a positive shift in sentiment in January

UK shares defy market uncertainty as popularity soars nearly 15%

Five asset classes have seen year-on-year increases in investor sentiment

UK investor sentiment has risen across all asset classes in January with the exception of gold, indicating that investors have a new sense of optimism. This is in stark contrast to the broad decline in sentiment recorded at the end of 2016.

In the last month, investor sentiment rose to 5.67% from December's lacklustre 1.12%. Coincidentally, overall asset sentiment also saw a yearly increase of 1.12%. UK shares saw the largest jump in sentiment, up a significant 14.58% coinciding with the FTSE ending 2016 on an all-time high at 7,142. US shares saw an 8.89% rise in sentiment this month perhaps reflecting the Trump rally at the end of last year.

Conversely, gold saw a decrease in sentiment of 3.68% making it the only asset class to see a fall in January, as increasingly upbeat investors rely less on the safe haven asset.

Over the last year, five asset classes have seen an increase in confidence, some seeing quite substantial shifts. **The biggest winner is emerging market shares, increasing 22.71%**, from -5.75% in January 2016 to 16.96% in January 2017. This is followed by commodities (20.89%), gold (19.11%), Japanese equities (17.85%) and UK shares (8.21%), which have all seen a rise in sentiment in the last twelve months. **UK property was the biggest loser over the last year with a decline of -21.23%** taking the asset class from 50.05% this time to last year to its current 28.82%.

OVERALL INVESTOR SENTIMENT

5.67%
monthly increase

1.12%
yearly increase

ASSET CLASS PERFORMANCE by month

UK property
6.5%

Gold
-1.8%



Markus Stadlmann, Chief Investment Officer at Lloyds Private Banking, says:

“Investment performance continued to be strong for risk assets at the beginning of 2017, apart from gold, as did investor sentiment signalling that investor confidence is making further progress. Gold continues to be popular with investors, as the Lloyds Investor Sentiment Index shows, despite suffering on financial markets lately. The ISI indicates that UK investor optimism towards US shares is not unusually high, contrasting with extremely buoyant sentiment on the other side of the Atlantic. We would therefore expect to see US equities underperform relative to the MSCI World Index even in the near-term.”



Actual performance increased in line with investor sentiment this month, with all bar gold seeing an improvement in performance. UK property had the best month in December with a gain of 6.5% followed by Eurozone shares at 5.8%, and emerging market shares at 5.3%. In contrast, gold fell -1.8%.

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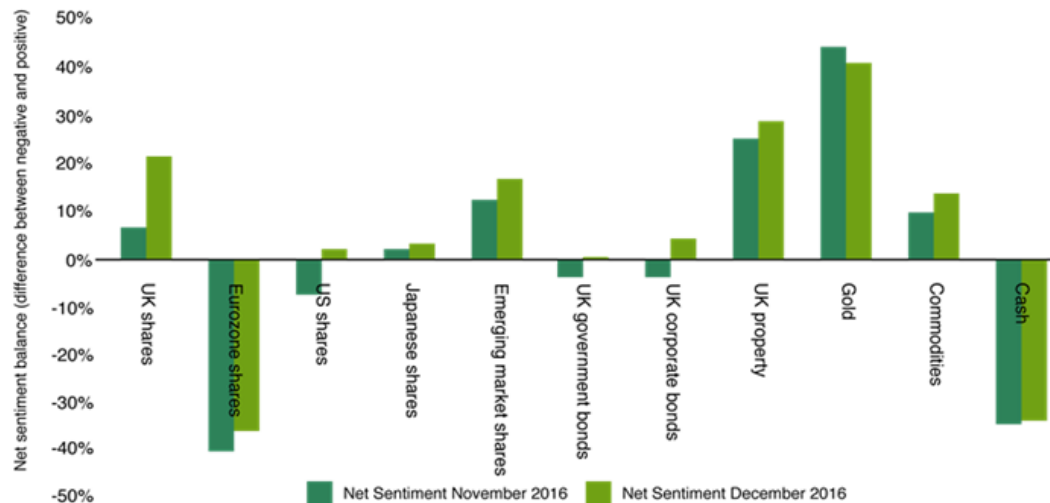
Notes to Editors

All figures, unless otherwise stated, are from YouGov Plc. Total sample size was 4,412 adults. Fieldwork was undertaken between 29th December 2016 - 3rd January 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, Source: Investor Sentiment Index

	Net Sentiment January 2016	Net Sentiment December 2016	Net Sentiment January 2017	Monthly PP Change in Net Sentiment December 2016 – January 2016	Annual PP Change in Net Sentiment January 2016 – January 2017
UK shares	13.26%	6.89%	21.47%	14.58%	8.21%
Eurozone shares	-33.75%	-39.72%	-35.80%	3.92%	-2.05%
US shares	5.79%	-6.95%	1.94%	8.89%	-3.85%
Japanese shares	-14.31%	1.72%	3.54%	1.82%	17.85%
Emerging market shares	-5.75%	12.32%	16.96%	4.64%	22.71%
UK Government bonds	8.84%	-3.57%	0.21%	3.78%	-8.63%
UK corporate bonds	6.62%	-3.80%	4.29%	8.09%	-2.33%
UK property	50.05%	25.26%	28.82%	3.56%	-21.23%
Gold	21.67%	44.46%	40.78%	-3.68%	19.11%
Commodities	-6.88%	9.96%	14.01%	4.05%	20.89%
Cash	N/A	-34.26%	-33.82%	0.44%	N/A
Average*	4.55%	1.12%	5.67%	4.55%	1.53%

*Average excluding cash



Asset Class Performance

	1 month % Change	3 month % Change	6 month % Change	12 month % Change
UK shares	4.9%	3.1%	10.0%	11.4%
Eurozone shares	5.8%	0.1%	7.3%	-1.4%
US shares	1.7%	3.1%	6.7%	9.5%
Japanese shares	3.5%	13.8%	19.8%	-2.4%
Emerging market shares	5.3%	-0.5%	4.9%	-1.7%
UK Government bonds	1.6%	-4.3%	-2.1%	7.6%
UK corporate bonds	2.3%	-3.1%	1.0%	6.9%
UK property	6.5%	0.0%	4.5%	-11.6%
Gold	-1.8%	-12.7%	-13.3%	7.7%
Commodities	4.7%	5.8%	1.4%	11.4%
Cash	0.0%	0.1%	0.2%	0.4%

Source: Datastream, all data to end of trading 31 December 2016

Editor's Notes

	Thomson Reuters Definition	Code
UK shares	UK-DS Market - PRICE INDEX	TOTMKUK
Eurozone shares	EUROPE-DS Market - PRICE INDEX	TOTMKER
US shares	US-DS Market - PRICE INDEX	TOTMKUS
Japanese shares	JAPAN-DS Market - PRICE INDEX	TOTMKJP
Emerging market shares	EMU-DS Market - PRICE INDEX	TOTMKEM
UK Government bonds	UK BENCHMARK 10 YEAR DS GOVT. INDEX - CLEAN PRICE INDEX	BMUK10Y
UK corporate bonds	Sterling Aggregate: Corporate GBP - Average price	LHSACOR
UK property	S&P UK PROPERTY - PRICE INDEX	SBPPUKE
Gold	S&P GSCI Gold Total Return - RETURN IND. (OFCL)	GSGTOT
Commodities	S&P GSCI Commodity Total Return - RETURN IND. (OFCL)	GSCITOT
Cash	JPM UK CASH 1M - TOT RETURN IND	JPUK1ML

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