

PRESS RELEASE

LLOYDS BANK INVESTOR SENTIMENT INDEX

Monday 15th May 2017

LLOYDS
BANKING
GROUP



MAY

OVERALL INVESTOR SENTIMENT



6.66%

BIGGEST RISER (INVESTOR SENTIMENT)



Gold

+8.93%

BIGGEST FALLER (INVESTOR SENTIMENT)



Emerging market equities

-2.02%

KEY POINTS

- Investor sentiment reaches highest level since April 2016
- Asset class performance is also up on last month with nine out of 11 asset classes in the same or in a stronger position
- Gold jumps to extreme levels with a 47.54% positive sentiment score

MAY ANALYSIS

UK investor sentiment has reached its highest level since April 2016 and now stands at a record **6.66%**, an increase of 6.23% on last year and 2.42% higher than last month. Investors are increasingly bullish despite ongoing geopolitical uncertainty against the backdrop of multiple elections across Europe.

Investor confidence in a number of asset classes increased in May with sentiment towards gold rising from **38.61%** to **47.54%**. US equities in particular saw a reversal of fortunes, rebounding from negative sentiment levels in April, to reach **6.38%**.

Despite the uncertainty caused by the announcement of the forthcoming 'snap' election, sentiment towards UK asset classes remained broadly positive with UK corporate bonds and UK government bonds seeing an increase of **3.17%** and **2.63%** respectively. Only UK equities experienced a slight dip in sentiment but investors still have a bullish outlook, scoring it **8.68% for this month**. This was mirrored by UK property which saw a small drop of **0.34%** and now sits at **27%**.

Emerging markets saw the biggest decrease in sentiment, dipping **2.02%** from **18.77%** to **16.75%**, despite being the best performing asset class last month. It still remains the second most popular choice with UK investors.

Looking across the last year, Japanese equities (up **23.62%**), Eurozone equities (up **20.31%**), gold (up **17.05%**) have seen the biggest increases.

The actual performance of asset classes portrays a more positive picture than last month with nine out of 11 asset classes in the same or a better position than they were 30 days ago. UK property, which is up **4.6%**, and emerging market equities, up **3.7%**, are the best performers. Commodities, down **2.1%** and UK equities, down **0.5%**, are the only asset classes in negative territory.

INVESTOR SENTIMENT INDEX



4.25% since April 2017

6.66% since May 2017

SENTIMENT OVER 12 MONTHS

BIGGEST RISER



Japanese equities

23.62%

BIGGEST FALLER



Cash

-13.08%

MAY PERFORMANCE

TOP ASSET CLASS



UK Property

4.6%

BOTTOM ASSET CLASS



Commodities

-2.1%

OUR CHIEF INVESTMENT OFFICER SAYS

Markus Stadlmann, CIO, Lloyds Private Bank:



This month's data suggests that things continue to look up. The month of May returns the highest investor confidence in over a year and, in line with this, we remain positive about the health of the UK economy.

In this context, the story we see playing out with global equities is particularly interesting. I am not surprised to note the big rises in confidence for Japanese and emerging market shares that have been recorded over the course of 12 months. Whilst I suspect a degree of 'over optimism' may have crept in with US equities, we still consider global equities collectively to be the main 'performance engine' for those customers who have portfolios made up of a diverse range of asset classes. This is a long-term call, of course. Over the short term, US equities might see a correction or the uptrend flattening out.

That said, gold – so often seen as the asset class of choice for nervous investors - wins big in the popularity stakes this month. The +47% sentiment score is extreme by our measures and suggests investors aren't ready to take the armbands off just yet.



NOTES TO EDITORS

All figures, unless otherwise stated, are from YouGov Plc. Total sample size was 4317 adults. Fieldwork was undertaken between 27th April - 2nd May 2017. The survey was carried out online. The figures have been weighted and are representative of all GB adults (aged 18+).

Table 1: Net Sentiment

	Net Sentiment May 2016	Net Sentiment April 2017	Net Sentiment May 2017	Monthly PP Change in Net Sentiment Apr. 2017 – May 2017	Annual PP Change in Net Sentiment May, 2016 – May 2017
UK shares	4.86%	9.06%	8.68%	-0.38%	3.82%
Eurozone shares	-37.44%	-22.11%	-17.13%	4.98%	20.31%
US shares	-0.66%	-0.38%	6.39%	6.77%	7.05%
Japanese shares	-16.62%	7.06%	7%	-0.06%	23.62%
Emerging market shares	1.97%	18.77%	16.75%	-2.02%	14.78%
UK government bonds	1.99%	-4.68%	-2.05%	2.63%	-4.04%
UK corporate bonds	-0.11%	-2.89%	0.28%	3.17%	0.39%
UK property	38.70%	27.34%	27%	-0.34%	-11.70%
Gold	30.49%	38.61%	47.54%	8.93%	17.05%
Commodities	3.24%	11.82%	13.62%	1.80%	10.38%
Cash	-21.71%	-35.88%	-34.79%	1.09%	-13.08%
Average*	0.43%	4.25%	6.66%	2.42%	6.23%

*Average excluding cash

Source: Investor Sentiment Index

Chart 1: Lloyds Bank Private Banking UK Investor Sentiment Index

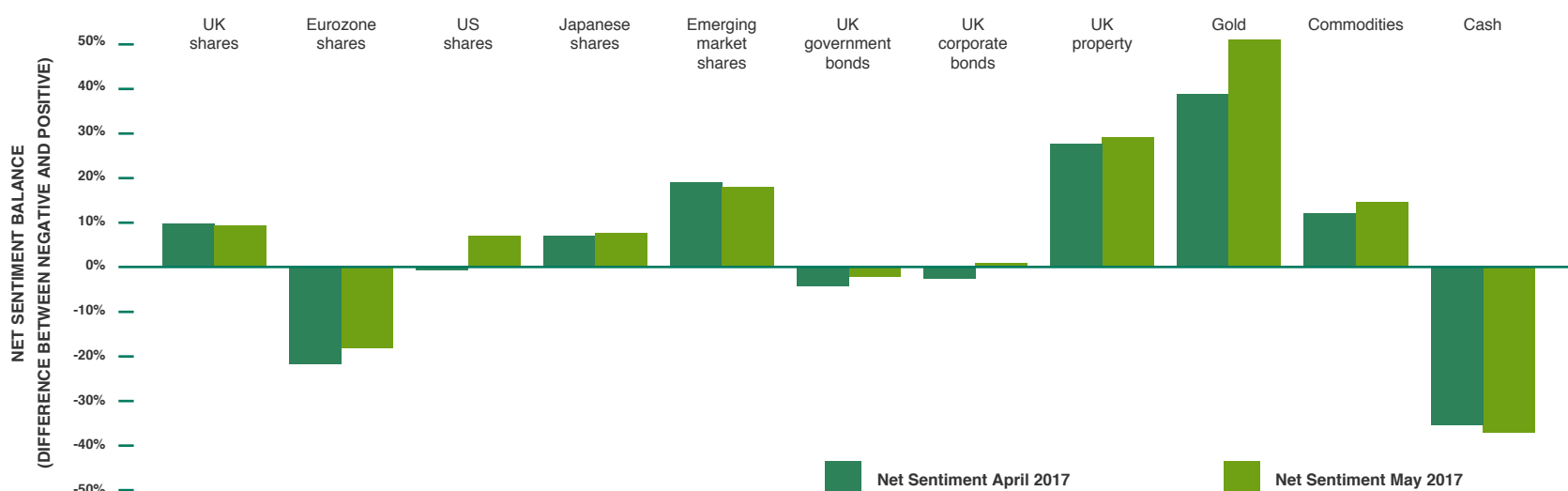


Table 2: Asset Class Performance

	1 month change (%)	3 month change (%)	6 month change (%)	12 month change (%)
UK shares	-0.5%	3.0%	5.6%	15.6%
Eurozone shares	4.3%	10.9%	15.1%	12.0%
US shares	0.9%	4.4%	12.2%	15.6%
Japanese shares	1.1%	0.6%	9.2%	12.3%
Emerging market shares	3.7%	8.0%	13.7%	8.6%
UK government bonds	0.4%	3.4%	1.8%	6.3%
UK corporate bonds	0.1%	2.1%	1.3%	5.1%
UK property	4.6%	10.4%	11.7%	-0.4%
Gold	1.4%	4.6%	-0.9%	-2.8%
Commodities	-2.1%	-5.7%	-0.2%	-3.6%
Cash	0.0%	0.1%	0.1%	0.3%

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

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