

PRESS RELEASE

LLOYDS BANK INVESTOR SENTIMENT INDEX

LLOYDS
BANKING
GROUP



Monday 19th June 2017

JUNE

OVERALL INVESTOR SENTIMENT



6.29%

BIGGEST RISER (INVESTOR SENTIMENT)



Eurozone shares

+5.20%

BIGGEST FALLER (INVESTOR SENTIMENT)



Gold

-7.17%

KEY POINTS

- Overall, average sentiment is still high at 6.29%
- UK shares are up 4.82% compared to May
- Gold saw the biggest fall in sentiment but still remains most popular asset class by a long way

JUNE ANALYSIS

UK investor sentiment remains at near record levels despite a slight drop this month, by -0.37%, to 6.29%. Overall sentiment is up 3.87% on this time last year.

Investors are feeling particularly positive towards UK shares. In June, sentiment towards UK shares is up 4.82%, from 8.68% to 13.50%. Over a 12 month view, UK shares are up 7.04% suggesting that investors are more confident about the prospects of the UK than they were a year ago.

UK investor confidence in Europe is also rebounding, aided by greater political certainty such as Macron's election in France. Eurozone shares saw the biggest rise in sentiment this month with an increase of 5.20% from -17.13% to -11.93%. Although they remain in negative territory at -11.93% suggesting investors are still cautious about Europe's prospects.

Gold saw the biggest fall in sentiment this month by -7.17%. However sentiment towards the asset class overall remains extremely high at 40.37% as investors continue to seek refuge in this safe haven. Year-on-year cash was the asset class that saw the biggest fall in sentiment, down -11.74% to -30.83%.

Looking across the last year, Eurozone shares (up 24.27%), Emerging Market shares (up 14.49%) and Japanese equities (up 12.59%), have seen the biggest increases in popularity.

The performance of asset classes over the last month shows positive change with all but two asset classes (UK property and commodities) improving their performance this month. In June, it was Eurozone shares that performed the best at 4.6%, followed by Emerging Market shares at 3.9%. Commodities meanwhile was the biggest faller to -1.5%. Year-on-year it was a positive story as well with every asset class apart from commodities (down -7.2%) and UK Property (down -2.4%) improving their performance since this time last year. UK shares improved the most since this time last year at 19.5%, followed by Eurozone shares at 19.2% and US shares at 15%.

INVESTOR SENTIMENT INDEX



6.66% as at May 2017

6.29% as at June 2017

SENTIMENT OVER 12 MONTHS

BIGGEST RISER



Eurozone Shares

24.27%

BIGGEST FALLER



Cash

-11.74%

JUNE PERFORMANCE

TOP ASSET CLASS



Eurozone Shares

4.6%

BOTTOM ASSET CLASS



Commodities

-1.5%

OUR CHIEF INVESTMENT OFFICER SAYS

Markus Stadlmann, CIO, Lloyds Private Bank:



Although our index takes a global perspective, the more interesting angles this month are playing out closest to home. If we look at UK equities, investors are unconcerned about shifting political tides and slowing business activity growth. Sentiment is more than double what it was this time last year.

Meanwhile across the Channel, Eurozone shares are steadily emerging from a prolonged spell of intense unpopularity. Investors will have taken comfort from some of Europe's geopolitical uncertainties easing off since the start of the year. That said, we are seeing some big regional differences emerging – Spain's economic recovery is impressive, while Italy's ongoing structural banking crisis is worrying.

A general observation to make in parallel with this month's data, is that there is strong momentum building around the euro. Speculative positions are net positive for the euro for first time in three years.



NOTES TO EDITORS

All figures, unless otherwise stated, are from YouGov Plc. Total sample size was 4,516 adults, of which 1,064 were investors. Fieldwork was undertaken between 30th May - 1st June 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 June 2016	Net Sentiment May 2017	Net Sentiment June 2017	Monthly PP Change in Net Sentiment May 2017 – June 2017	Annual PP Change in Net Sentiment June 2016 – June 2017
UK shares	6.46%	8.68%	13.50%	4.82%	7.04%
Eurozone shares	-36.20%	-17.13%	-11.93%	5.20%	24.27%
US shares	5.55%	6.39%	0.78%	-5.61%	-4.77%
Japanese shares	-5.79%	7%	6.90%	-0.10%	12.69%
Emerging market shares	4.50%	16.75%	18.99%	2.24%	14.49%
UK government bonds	-0.38%	-2.05%	-1.05%	1.00%	-0.67%
UK corporate bonds	0.10%	0.28%	-0.17%	-0.45%	-0.27%
UK property	29.50%	27%	21.18%	-5.82%	-8.32%
Gold	37.56%	47.54%	40.37%	-7.17%	2.81%
Commodities	4.45%	13.62%	11.46%	-2.16%	7.01%
Cash	-19.09%	-34.79%	-30.83%	3.96%	-11.74%
Average*	2.42%	6.66%	6.29%	-0.37%	3.87%

*Average excluding cash

Source: Investor Sentiment Index

Chart 1: Lloyds Bank Private Banking UK Investor Sentiment Index

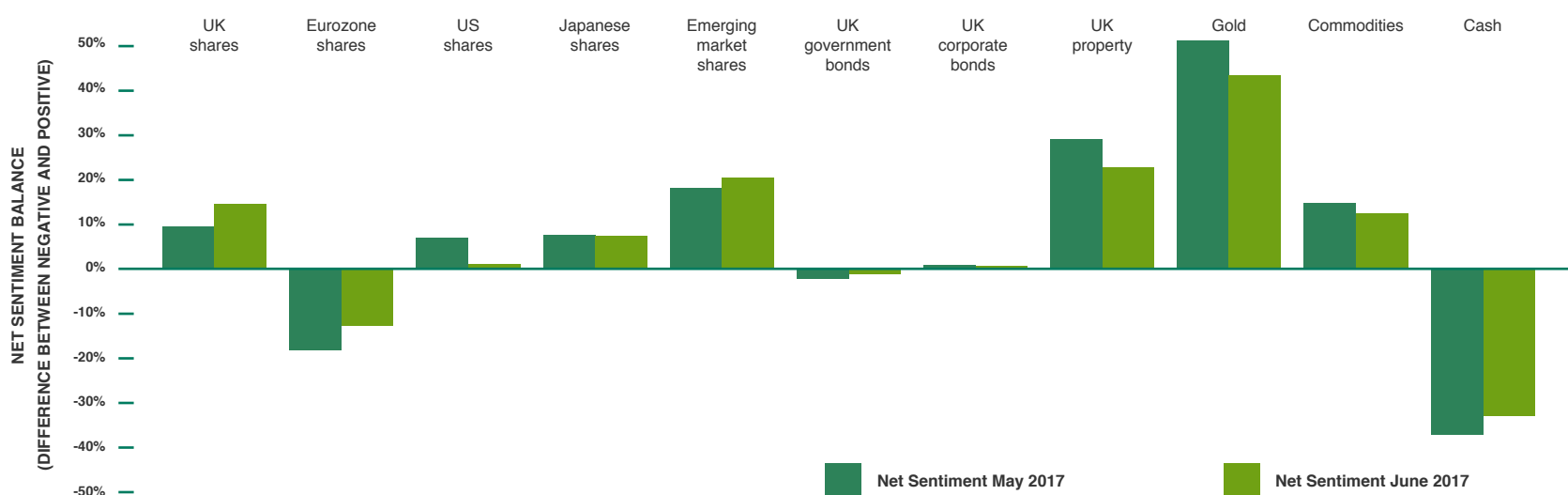


Table 2: Asset Class Performance

	1 month change (%)	3 month change (%)	6 month change (%)	12 month change (%)
UK shares	3.6%	4.0%	11.7%	19.5%
Eurozone shares	4.6%	15.2%	25.2%	19.2%
US shares	1.0%	1.9%	9.5%	15.0%
Japanese shares	2.4%	2.2%	6.5%	11.9%
Emerging market shares	3.9%	11.5%	21.1%	14.7%
UK government bonds	0.4%	0.7%	3.9%	5.3%
UK corporate bonds	0.8%	0.5%	3.7%	5.0%
UK property	-0.6%	3.0%	11.7%	-2.4%
Gold	0.4%	1.4%	8.1%	3.6%
Commodities	-1.5%	-7.4%	-4.2%	-7.2%
Cash	0.0%	0.1%	0.1%	0.3%

Source: Datastream, all data to end of trading 31st May 2017

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