

PRESS RELEASE

LLOYDS BANK INVESTOR SENTIMENT INDEX



Wednesday 15th March 2017

MARCH

OVERALL INVESTOR SENTIMENT



BIGGEST RISER (INVESTOR SENTIMENT)



BIGGEST FALLER (INVESTOR SENTIMENT)



MARCH KEY POINTS

- Investor sentiment dipped slightly since February but continues to be buoyant despite geopolitical uncertainty.
- UK equities have seen the biggest increase in confidence both this month (up 7.95%) and year-on-year (an increase of 25.97%).
- UK property is the best asset class performer as it continues to rebound from the Brexit vote aftershocks.

THE MONTH'S ANALYSIS

UK investor sentiment has dipped slightly in March, by 0.29% to 5.89%, but still remains at the second highest level since April 2016.

Recent geopolitical uncertainty over Brexit is seemingly doing little to dent UK investor optimism, with UK and US equities both faring well. Over the past month confidence in UK equities has risen to 23.48%, with the asset class also recording the biggest rise year-on-year, with a 25.97% increase in sentiment over the last 12 months.

Investor appetite for US equities has also picked up over the last 30 days, rising to 0.51% from a previous lacklustre -5.09% in February, as President Trump continues to talk up US business and investment opportunities.

Investors are less encouraged by UK government bonds, as they suffered the biggest reduction in sentiment, a fall of 4.61%. This could be linked to speculation about possible interest rate rises, in parallel with rising levels of inflation.

Gold still attracts the overall highest level of investor confidence. Whilst it has seen a reduction in optimism this month, down by 4.44%, an increase over the past 12 months means that positive sentiment remains at extreme levels of 41.93%.

Asset class performance generally looks encouraging over a one, three and 12 month view with all figures in positive territory. Over the last month, UK property is the best performer, up 6.5%, followed by gold (up 3.5%) and US equities (up 3.5%). Performing less well on a month-by-month basis are commodities which moved up slightly to 0.20%, while cash remained the same as February. Year-on year, the performance of US equities is up 22.9% and 18.4% for commodities.

INVESTOR SENTIMENT INDEX



6.10% since February 2017

5.89% since March 2017

SENTIMENT OVER 12 MONTHS

BIGGEST RISER



UK equities

25.97%

BIGGEST FALLER



UK property

-10.53%

MARCH PERFORMANCE

TOP ASSET CLASS



UK property

6.5%

BOTTOM ASSET CLASS



Cash

0%

OUR CHIEF INVESTMENT OFFICER SAYS

Markus Stadlmann, CIO, Lloyds Private Bank:



Investors remain largely undeterred by geopolitical uncertainty both in the UK and in the US, demonstrating renewed positivity towards both countries' equity markets. The fact that UK property is the best performing asset class is indicative of the growing belief in national economic resilience, come what may.

The announcement of a £60bn UK Brexit fund to steady the economy during Brexit negotiations seems to be having the desired effect of reassuring investors, at least in the short term. Muted performance by commodities supports our current standing that the asset class should remain outside of our long-term investment strategy.

Given high valuation readings we are underwhelmed by US equities, despite general optimism. Investor scepticism towards UK bonds is interesting to note. Lack of confidence in fixed interest assets is increasingly based on structural dynamics as well as rising import prices.



NOTES TO EDITORS

All figures, unless otherwise stated, are from YouGov Plc. Total sample size was 4,437 adults. Fieldwork was undertaken between 27th February - 1st March 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 March 2016	Net Sentiment February 2017	Net Sentiment March 2017	Monthly PP Change in Net Sentiment Feb. 2017 – Mar. 2017	Annual PP Change in Net Sentiment Mar. 2016 – Mar. 2017
UK shares	-2.49%	15.53%	23.48%	7.95%	25.97%
Eurozone shares	-39.92%	-34.12%	-34.40%	-0.28%	5.52%
US shares	-0.05%	-5.09%	0.51%	5.60%	0.56%
Japanese shares	-19.43%	5.44%	4.39%	-1.05%	23.82%
Emerging market shares	-1.33%	13.67%	15.05%	1.38%	16.38%
UK government bonds	5.00%	4.09%	-0.52%	-4.61%	-5.52%
UK corporate bonds	2.42%	5.48%	3.38%	-2.10%	0.96%
UK property	41.08%	31.06%	30.55%	-0.51%	-10.53%
Gold	38.75%	46.37%	41.93%	-4.44%	3.18%
Commodities	-1.41%	15.54%	13.90%	-1.64%	15.31%
Cash		-30.86%	-33.44%	-2.58%	-33.44%
Average*	2.26%	6.10%	5.89%	-0.21%	3.84%

*Average excluding cash

Source: Investor Sentiment Index

Chart 1: Lloyds Bank Private Banking UK Investor Sentiment Index

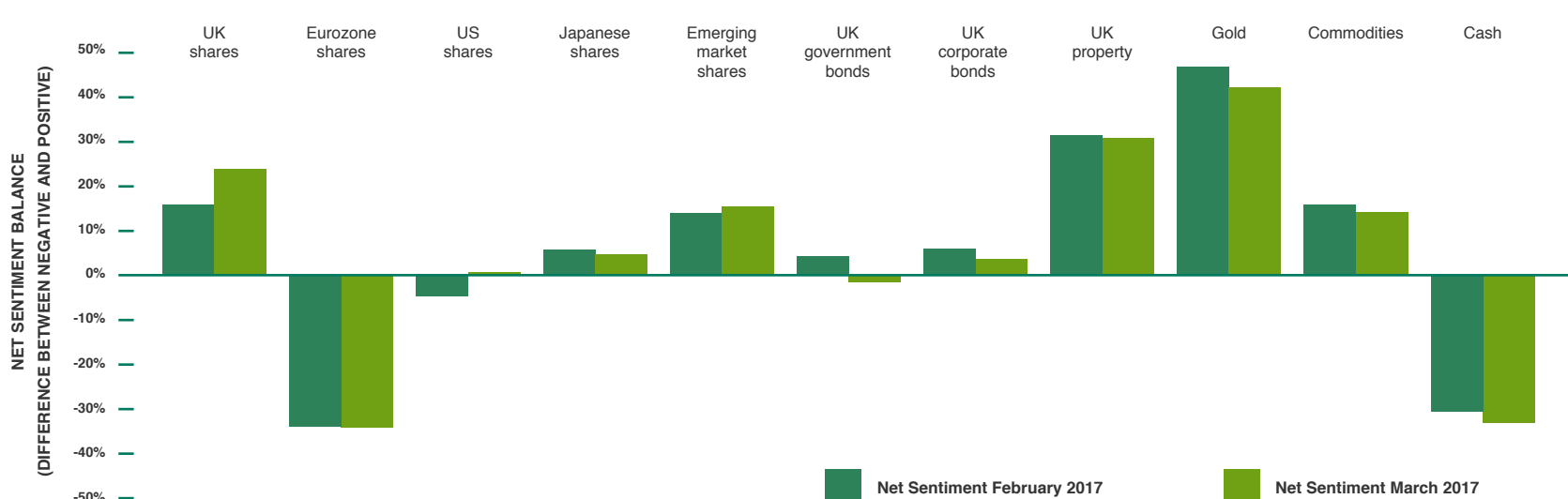


Table 2: Asset Class Performance

	1 month change (%)	3 month change (%)	6 month change (%)	12 month change (%)
UK shares	2.5	7.4	7.1	17.7
Eurozone shares	0.8	8.7	4.0	11.2
US shares	3.5	7.4	8.9	22.9
Japanese shares	0.8	4.3	14.3	16.1
Emerging market shares	0.7	8.6	3.7	10.2
UK government bonds	3.1	3.1	-4.0	3.4
UK corporate bonds	2.3	3.1	-4.6	8.4
UK property	6.5	8.5	-0.2	2.7
Gold	3.6	6.7	-4.7	0.6
Commodities	0.2	3.5	8.8	18.4
Cash	0.0	0.1	0.1	0.4

Source: Datastream, all data to end of trading 28th February 2017

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