



EMBARGOED UNTIL 00:01 HRS ON WEDNESDAY 20th APRIL 2016

Lloyds Bank Investor Sentiment Index

Asset performance bounces back in April but investor sentiment still struggles

- Investor sentiment falls to another record low despite recovery in market performance of all but one of the asset classes
 - Investor sentiment on UK fixed income assets turns negative
- Confidence in Japanese equities saw the biggest improvement in sentiment in April, up almost 8%

The latest figures from the Lloyds Bank Investor Sentiment Index show investor confidence has fallen to a record low for the second month in succession. This drop has occurred despite recoveries in the market performance of equity asset classes, property and commodities.

Investor confidence may have been impacted last month by the surprise news that the European Central Bank (ECB) cut its main interest rate to 0% from 0.05%. In addition the 2016 UK Budget indicated that the rate of growth of the UK economy is slowing, with the forecast for gross domestic product growth for 2016 being revised down to 2.0% from 2.4%.

Despite this negative sentiment, the data shows that there has been a rebound in the actual market performance of all but one of the asset classes, suggesting that once again broad sentiment lags behind the markets. UK government bonds were the only asset to see month-on-month declines in market performance (-0.7%). Other asset classes that outperformed changes in investor expectations last month included emerging market equities and commodities, both of which saw market performance rally (up 6.9% and 4.9% respectively), despite still retaining an ongoing negative perception from investors overall.

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

“Whilst investors’ attitudes to UK equities improved notably this month, we have seen sentiment slip in other asset classes. This is led by attitudes towards domestic bonds going from positive to negative. Gold has certainly lost a little lustre, with a drop in positivity, and UK property has also been knocked down a little.

“We can see that investor sentiment does not simply follow market performance, but is influenced by a combination of market movements, economic news and behavioral biases. The perception of economic data is currently so depressed, meaning that small improvements or surprise changes in economic statistics, which are always closely followed, can have a huge positive impact, potentially disproportionately.”

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UK government bonds and UK corporate bonds are the two biggest fallers when it comes to changes in monthly investor sentiment (-5.90% and -4.88% respectively). This is perhaps unsurprising, given ongoing uncertainty surrounding geo-political issues and the status of the UK's current account deficit, which continues to widen.

Japanese equities saw the greatest positive change in attitude, jumping 7.94% this month, from -19.43% to -11.49%. This may be a delayed response following the Bank of Japan's decision in early February to join other central banks in negative interest rate territory.

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Notes to Editors:

Table 1: Net Sentiment, Source: Investor Sentiment Index

	Net Sentiment April 2015	Net Sentiment March 2016	Net Sentiment April 2016	Monthly PP Change in Net Sentiment March 2016 – April 2016	Annual PP Change in Net Sentiment 2015 – April 2016
UK shares	36.95%	-2.49%	2.18%	4.67%	-34.77%
Eurozone shares	-28.00%	-39.92%	-36.31%	3.61%	-8.31%
US shares	18.51%	-0.05%	1.72%	1.77%	-16.79%
Japanese shares	2.48%	-19.43%	-11.49%	7.94%	-13.97%
Emerging market shares	19.37%	-1.33%	-2.42%	-1.09%	-21.79%
UK government bonds	15.50%	5.00%	-0.90%	-5.90%	-16.40%
UK corporate bonds	13.88%	2.42%	-2.46%	-4.88%	-16.34%
UK property	47.98%	41.08%	40.88%	-0.20%	-7.10%
Gold	26.89%	38.75%	34.67%	-4.08%	7.78%
Commodities	11.99%	-1.41%	-4.80%	-3.39%	-16.79%
Cash	NA	NA	-23.72%	NA	NA
Average	16.56%	2.26%	2.11%*	-0.16%*	-14.45%

*Average excluding cash

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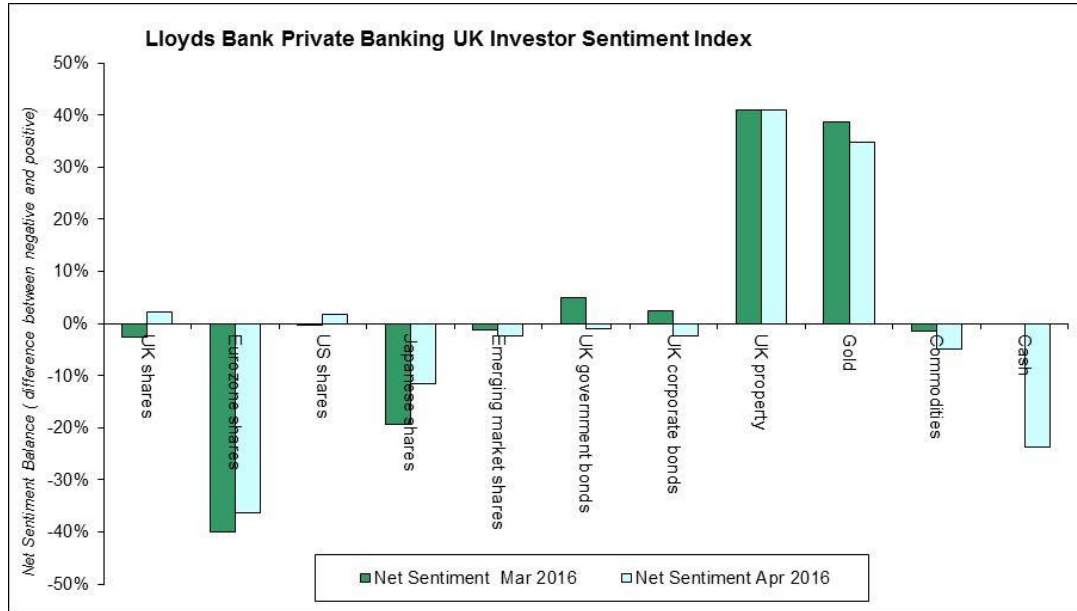
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Chart 1: Lloyds Bank Private Banking UK Investor Sentiment Index



¹Net sentiment is a statistic showing the difference between those who hold a positive view and those who hold a negative view each month on the outlook for each type of investment over the next 6 months. A positive net sentiment indicates that a greater proportion of investors surveyed hold a positive view, while a negative net sentiment indicates a greater proportion of investors with a negative view. All figures are rounded to the nearest whole number.

All figures, unless otherwise stated, are from YouGov Plc. Total sample size was 4,295 adults, of which 1,080 were investors. Fieldwork was undertaken between 31st March - 4th April 2016. The survey was carried out online. The figures have been weighted and are representative of all UK adults (aged 18+).

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Table 2: Asset Class Performance

	1 month % Change	3 month % Change	6 month % Change	12 month % Change
UK Shares	1.5%	-1.7%	1.4%	-7.5%
Eurozone Shares	8.0%	-1.7%	1.9%	-7.7%
US Shares	6.7%	0.4%	6.1%	-2.4%
Japanese Shares	3.9%	-12.0%	-3.2%	-11.3%
Emerging Market Shares	6.9%	-1.6%	0.6%	-8.0%
UK Government Bonds	-0.7%	4.8%	2.9%	1.5%
UK Corporate Bonds	2.6%	2.1%	1.7%	-4.6%
UK Property	4.6%	-8.2%	-10.1%	-8.2%
Gold	0.0%	16.5%	10.7%	4.1%
Commodities	4.9%	-2.5%	-18.7%	-28.7%
Cash	0.0%	0.1%	0.3%	0.5%

	Thomson Reuters Definition	Code
UK Shares	UK-DS Market - PRICE INDEX	TOTMKUK
Eurozone Shares	EMU-DS Market - PRICE INDEX	TOTMKEM
US Shares	US-DS Market - PRICE INDEX	TOTMKUS
Japanese Shares	JAPAN-DS Market - PRICE INDEX	TOTMKJP
Emerging Market Shares	EUROPE-DS Market - PRICE INDEX	TOTMKER
UK Government Bonds	UK BENCHMARK 10 YEAR DS GOVT. INDEX - CLEAN PRICE INDEX	BMUK10Y
UK Corporate Bonds	BARCLAYS £ AGG AGG: CORPORATE (£)	LHSACOR
UK Property	S&P UK PROPERTY - PRICE INDEX	SBBPUK£
Gold	S&P GSCI Gold Total Return - RETURN IND. (OFCL)	GSGCTOT
Commodities	S&P GSCI Commodity Total Return - RETURN IND. (OFCL)	GSCITOT
Cash	JPM UK CASH 1M - TOT RETURN IND	JPUK1ML

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

Note: all asset class returns calculated and expressed in local currency terms

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