



**EMBARGOED UNTIL 00:01 HRS ON WEDNESDAY 18 MAY 2016**

## Lloyds Bank Investor Sentiment Index

### Commodities rebound but investors still go for gold

- **Gold and UK property remain popular in the current market, with commodities seeing the greatest monthly increase in confidence**
- **As a result, investor sentiment on commodities turns positive for the first time in six months**
  - **Riskier and unfamiliar asset classes continue to generate negative thinking**

The latest figures from the Lloyds Bank Investor Sentiment Index show that investor confidence has risen slightly since last month's record low reflecting, in part, an improvement in the actual market performance of all but two of the asset classes.

On the whole, ongoing nervousness in the markets has contributed to a continued cautious response from investors. It appears that the safer and well-known havens of gold, the price of which is at a 21 month high, and UK property remain high on the investment agenda.

Commodities are now back on the table with investor sentiment turning favourable for the first time since November 2015. Ongoing volatility in sentiment towards emerging market equities has also continued, with this month seeing a positive swing of 4.39%, potentially showing a more short term preference for this asset class.

However, despite an improved picture, investor sentiment is more negative towards the more unfamiliar and riskier asset classes, regardless of their performance. Investors seem to have little confidence in UK government bonds and UK corporate bonds at the moment, whilst Eurozone and Japanese equities have the lowest confidence ratings across the board. US equities have also now crept into negative territory.

**Markus Stadlmann, Chief Investment Officer at Lloyds Private Banking**, says: "Investor sentiment has become more positive for most asset classes, albeit from a low base. There are growing reservations about investing more money in equities, with the exception of emerging markets. UK Gilt and corporate bond sentiment has fallen considerably, which probably reflects concerns about whether they can deliver positive returns in the future.

"Although they remain popular with investors, the safe haven assets of gold and domestic property have both seen a slight fall in sentiment over the last few weeks. Commodities and emerging markets have both seen improvements in sentiment, a reflection that perhaps UK investors think both of these asset classes are over the worst.

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“Whilst we monitor monthly sentiment changes – we stand by our long term approach to investing and exercise a strategic approach that helps clients avoid short-termism.”

The majority of the asset classes have shown positive performance over the last month, with only Japanese equities and UK government bonds seeing month on month declines of 2.8% and 1.7% respectively.

Year-on-year changes paint a bleak picture with price falls, some significant, across all but two of the 10 asset classes for which we monitor investor sentiment. Gold continues to be the main outlier with a twelve month rise in value of 6.3%. The greatest decline was unsurprisingly in commodities with a 28.5% collapse in prices.

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Notes to Editors:

Table 1: Net Sentiment, Source: Investor Sentiment Index

	Net Sentiment May 2015	Net Sentiment April 2016	Net Sentiment May 2016	Monthly PP Change in Net Sentiment April 2016 – May 2016	Annual PP Change in Net Sentiment May 2015 – May 2016
UK shares	26.28%	2.18%	<b>4.86%</b>	2.68%	-21.42%
Eurozone shares	-22.96%	-36.31%	<b>-37.44%</b>	-1.13%	-14.48%
US shares	14.74%	1.72%	<b>-0.66%</b>	-2.38%	-15.40%
Japanese shares	6.39%	-11.49%	<b>-16.62%</b>	-5.13%	-23.01%
Emerging market shares	16.15%	-2.42%	<b>1.97%</b>	4.39%	-14.18%

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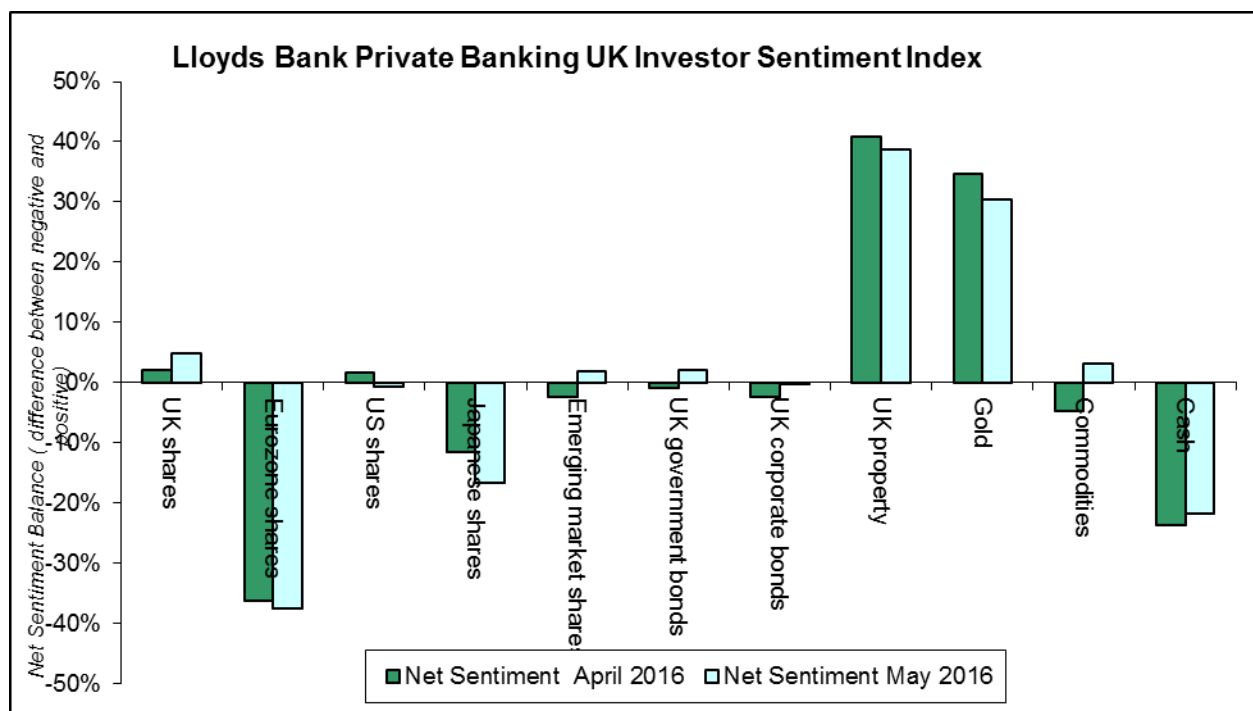


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UK government bonds	11.98%	-0.90%	<b>1.99%</b>	2.89%	-9.99%
UK corporate bonds	11.61%	-2.46%	<b>-0.11%</b>	2.35%	-11.72%
UK property	47.12%	40.88%	<b>38.70%</b>	-2.18%	-8.42%
Gold	22.23%	34.67%	<b>30.49%</b>	-4.18%	8.26%
Commodities	10.55%	-4.80%	<b>3.24%</b>	8.04%	-7.31%
Cash	NA	-23.72%	<b>-21.71%</b>	2.01%	NA
<b>Average*</b>	<b>14.41%</b>	<b>2.11%</b>	<b>2.64%</b>	<b>0.54%</b>	<b>-11.77%</b>

\*Average excluding cash

Chart 1: Lloyds Bank Private Banking UK Investor Sentiment Index



<sup>1</sup>Net 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 4,445 adults, of which

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1,057 were investors. Fieldwork was undertaken between 28th April - 3rd May 2016. The survey was carried out online. The figures have been weighted and are representative of all UK adults (aged 18+).

**Table 2: Asset Class Performance**

	<b>1 month % Change</b>	<b>3 month % Change</b>	<b>6 month % Change</b>	<b>12 month % Change</b>
UK Shares	1.8%	2.5%	-2.7%	-9.0%
Eurozone Shares	3.5%	6.6%	-3.4%	-8.8%
US Shares	0.8%	6.8%	-1.4%	-3.4%
Japanese Shares	-2.8%	-6.0%	-12.1%	-16.2%
Emerging Market Shares	4.2%	7.3%	-3.2%	-10.2%
UK Government Bonds	-1.7%	-0.4%	2.8%	2.3%
UK Corporate Bonds	0.4%	1.8%	2.4%	-2.1%
UK Property	3.0%	-0.3%	-12.1%	-6.1%
Gold	4.3%	15.6%	12.4%	6.3%
Commodities	9.9%	13.2%	-9.9%	-28.5%
Cash	0.0%	0.1%	0.3%	0.5%

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	<b>Thomson Reuters Definition</b>	<b>Code</b>
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 29th April 2016. Note: all asset class returns calculated and expressed in local currency terms.

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