

PRESS RELEASE

Monday 26th September

FOR IMMEDIATE USE

LLOYDS
BANKING
GROUP



LLOYDS BANK INVESTOR SENTIMENT INDEX

Investor Sentiment reaches new high for 2016

Confidence in
UK assets classes
increases

Gold maintains
position as preferred
asset class

UK corporate bonds,
commodities & government
bonds perform well

Investor sentiment is now at its highest level this year according to the latest figures from the Lloyds Bank Investor Sentiment Index.

Despite ongoing market volatility and continued uncertainty, investor confidence continues to climb. This follows on from August's encouraging figures which saw investor sentiment rebound, after a sharp fall in July in the wake of the EU Referendum vote.

Investor confidence has increased in the UK in particular, with all UK asset classes seeing a rise in sentiment during August. UK property and UK equities saw the biggest increase in sentiment month on month (14.79 and 7.09 percentage points respectively). Whilst attitudes towards the UK recovered, foreign and typically more risky assets dipped despite two prior months of improved sentiment. US, emerging market and in particular Japanese equities all suffered declines in sentiment following ongoing speculation around the next move in interest rates and monetary policy, and their impact on currency.

Gold maintains its leading position as the preferred asset class (a positive sentiment of 41.26%) with last month's decline levelling off. Investors' desire to seek shelter in this relatively safe haven could be indicative of greater scepticism about the longer term prospects of the UK economy amidst continued post-brexit uncertainty and volatility.



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

Despite continued market volatility in August all UK asset classes have increased in sentiment, signalling that investor confidence in the UK economy is rebounding at least in the current environment. Whilst the UK looks more resilient in the short-term, there are still reasons for investors to be cautious. We are still yet to see any real shift in monetary policy emerge globally. More expansive policies could, over an extended period of time, prepare the ground for a new bull market. On this basis, it is not surprising that investors are still including save havens as part of their asset allocation.



OVERALL INVESTOR SENTIMENT

1.59%
monthly increase



3.45%
yearly increase

ASSET CLASS PERFORMANCE by month



+ UK property

14.79%



- Japanese shares

-5.33%

Actual percentage change in the performance of the asset classes over the past month has been minimal. Gold experienced the greatest month on month decline, falling 3.4% whilst UK corporate bonds, commodities and government bonds were the strongest performers at 2.3, 1.8 and 1.5 percentage points respectively.

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Notes to Editors

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.

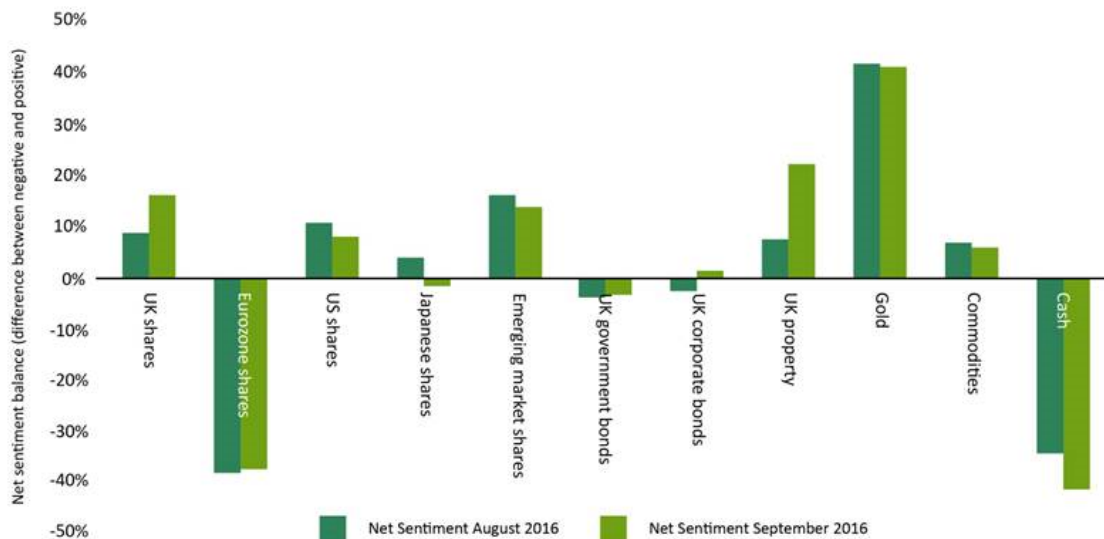
Investor sentiment figures are from YouGov Plc. Total sample size was 4436 adults, of which 1,009 were investors. Fieldwork was undertaken between 30th August - 1st September 2016. The survey was carried out online. The figures have been weighted and are representative of all UK adults (aged 18+).

Table 1: Net Sentiment, Source: Investor Sentiment Index

	Net Sentiment September 2015	Net Sentiment August 2016	Net Sentiment September 2016	Monthly PP Change in Net Sentiment August 2016 – September 2016	Annual PP Change in Net Sentiment September 2015 – September 2016
UK shares	19.13%	8.69%	15.78%	7.09%	-3.35%
Eurozone shares	-36.47%	-37.60%	-37.18%	0.42%	-0.71%
US shares	5.75%	10.52%	7.74%	-2.78%	1.99%
Japanese shares	-19.40%	3.98%	-1.35%	-5.33%	18.05%
Emerging market shares	-10.48%	15.92%	13.78%	-2.14%	24.26%
UK government bonds	11.01%	-3.71%	-3.08%	0.63%	-14.09%
UK corporate bonds	7.30%	-2.43%	1.44%	3.87%	-5.86%
UK property	47.58%	7.26%	22.05%	14.79%	-25.53%
Gold	17.86%	41.54%	41.26%	-0.28%	23.40%
Commodities	-9.97%	6.68%	6.33%	-0.35%	16.30%
Cash		-34.04%	-41.39%	-7.35%	
Average*	3.05%	5.09%	6.68%	1.59%	3.45%

*Average excluding cash

Lloyds Bank Private Banking UK Investor Sentiment Index



	1 month % Change	3 month % Change	6 month % Change	12 month % Change
UK shares	1.1%	7.3%	9.9%	6.8%
Eurozone shares	0.6%	-0.4%	6.9%	-3.9%
US shares	-0.1%	3.6%	12.9%	8.8%
Japanese shares	-0.1%	-4.1%	1.6%	-12.8%
Emerging market shares	0.3%	-0.8%	6.3%	-4.5%
UK government bonds	1.5%	8.9%	7.8%	13.6%
UK corporate bonds	2.3%	9.6%	13.7%	12.3%
UK property	1.2%	-5.1%	2.8%	-10.7%
Gold	-3.4%	7.2%	5.5%	15.0%
Commodities	1.8%	-7.9%	8.8%	-21.0%
Cash	0.0%	0.1%	0.3%	0.5%

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

Editor's Notes

	Thomson Reuters Definition	Code
UK shares	UK-DS Market - PRICE INDEX	TOTMKUK
Eurozone shares	EUROPE-DS Market - PRICE INDEX	TOTMKER
US shares	US-DS Market - PRICE INDEX	TOTMKUS
Japanese shares	JAPAN-DS Market - PRICE INDEX	TOTMKJP
Emerging market shares	EMU-DS Market - PRICE INDEX	TOTMKEM
UK government bonds	UK BENCHMARK 10 YEAR DS GOVT. INDEX - CLEAN PRICE INDEX	BMUK10Y
UK corporate bonds	Sterling Aggregate: Corporate GBP - Average price	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

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