



### Lloyds Bank Investor Sentiment Index

#### UK Investors colder on US as Presidential election approaches

- Major sentiment indicators lower in face of US elections and Brexit timetable
- Commodities and UK property show biggest gains, US equity biggest decline
  - Pessimism deepens on European equities

UK investor sentiment towards US stocks has fallen slightly over the last month according to the latest figures from the Lloyds Bank Investor Sentiment Index.

Overall sentiment levels suggest that investors remain unfazed by forthcoming geopolitical issues.

However in the face of weaker-than-expected jobs data, ongoing interest rate speculation and political uncertainty ahead of the Presidential election, confidence in US equities slipped by 3% - the biggest drop of all the asset classes in this period.

There was also a decline in sentiment towards Eurozone equities, which have decreased to almost -40%, suggesting that sentiment is nearing a level where investors are overly pessimistic towards this asset class. This coincides with the UK's announcement of a firm schedule for exiting the EU.

Despite this confirmed Brexit timetable, for the third consecutive month investor confidence has increased in UK equities and UK property. For the first time since July, statistics show a downward shift in sentiment in UK government and corporate bonds of 2.1% and 3.1% respectively.

Elsewhere, commodities saw the biggest increase in investor confidence, fuelled by positive market data and less gloomy forecasts for the asset class. Gold maintains its leading position as the investor asset class of choice, amid continued market volatility in view of Brexit negotiations, currency fluctuations, US elections and ongoing developments in monetary policy.

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

“Given the uncertainty around the outcome of the forthcoming presidential election it is unsurprising that investors are increasingly nervous about US equities. Despite this we are expecting news on US monetary policy in December so we could see sentiment change significantly in coming months. We expect investors to remain cautious about

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the UK and we are seeing investor uncertainty seep in around fixed income. Bonds are currently looking overvalued, which is causing gilt yields to rise. With continued uncertainty and market volatility causing investors to be less positive about several asset classes it is unsurprising to see investors' unwavering confidence in gold."

"UK investor sentiment in gold increased by 3.7%. However, along with the decreases in investor sentiment on Eurozone and US equities, together with UK corporate and government bonds, the Investor Sentiment Index also saw confidence towards cash decrease by 1.9%."

**-Ends-**

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## **Notes to Editors:**

All figures, unless otherwise stated, are from YouGov Plc. Total sample size was 4436 adults, of which 1,009 were investors. Fieldwork was undertaken between 29th September - 3rd October 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 1: Net Sentiment, Source: Investor Sentiment Index**

	Net Sentiment October 2015	Net Sentiment September 2016	Net Sentiment October 2016	Monthly PP Change in Net Sentiment September 2016 – October 2016	Annual PP Change in Net Sentiment October 2015 - October 2016
UK shares	23.62%	15.78%	15.87%	0.09%	16.48%
Eurozone shares	-30.92%	-37.18%	-39.95%	-2.77%	-9.03%
US shares	9.49%	7.74%	4.34%	-3.40%	-5.15%
Japanese shares	-12.00%	-1.35%	-0.99%	0.36%	11.01%
Emerging market shares	-3.15%	13.78%	13.33%	-0.45%	16.48%
UK government bonds	10.35%	-3.08%	-5.19%	-2.11%	-15.54%
UK corporate bonds	7.83%	1.44%	-1.65%	-3.09%	-9.48%
UK property	53.42%	22.05%	30.48%	8.43%	-22.94%
Gold	15.96%	41.26%	44.95%	3.69%	28.99%
Commodities	-6.27%	6.33%	15.43%	9.10%	21.70%
Cash		-41.39%	-43.32%	-1.93%	-43.32%
<b>Average*</b>	6.83%	6.68%	7.66%	0.99%	-3.18%

**Average excluding cash**

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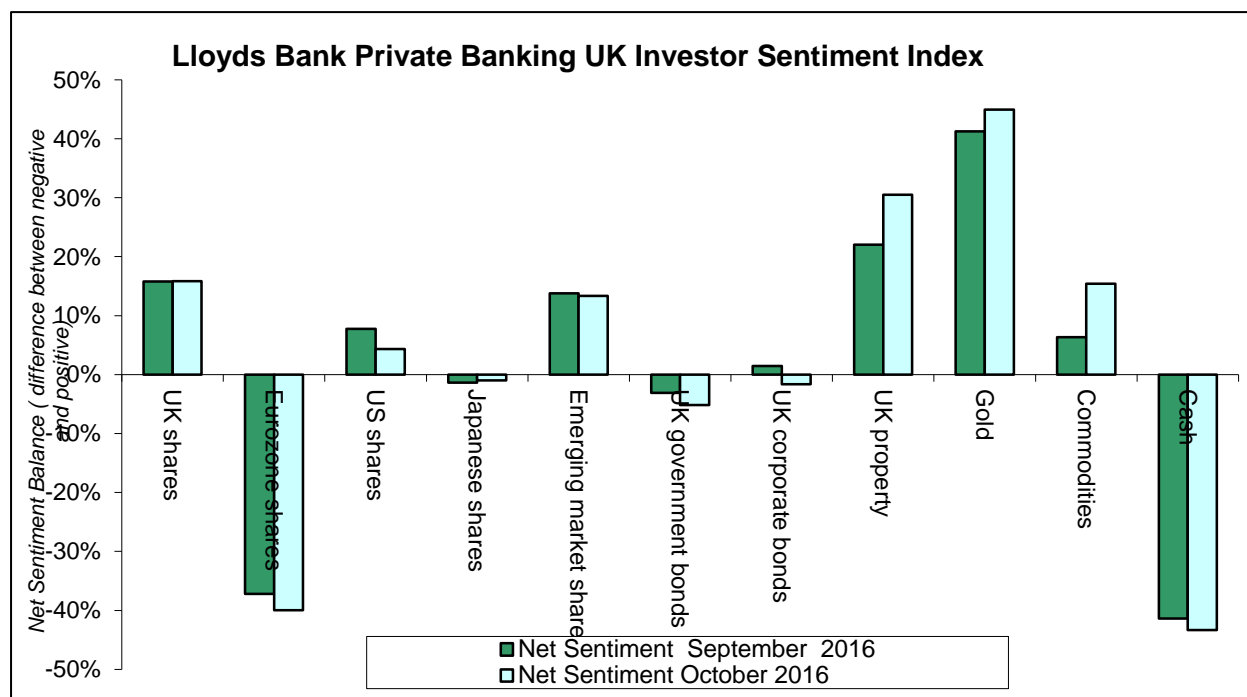
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**Table 2: Asset Class Performance**

	1 month % Change	3 month % Change	6 month % Change	12 month % Change
UK Shares	1.5%	6.7%	9.9%	11.4%
Eurozone Shares	1.1%	7.2%	0.1%	2.1%
US Shares	0.0%	3.5%	5.8%	12.3%
Japanese Shares	-0.4%	5.3%	-2.5%	-5.7%
Emerging Market Shares	1.0%	5.4%	0.4%	1.0%
UK Government Bonds	-1.1%	2.3%	7.3%	10.5%
UK Corporate Bonds	-2.3%	4.3%	8.1%	10.0%
UK Property	-2.0%	4.5%	-3.6%	-13.4%
Gold	0.5%	-0.7%	6.0%	17.3%

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Commodities	4.1%	-4.2%	8.0%	-12.2%
Cash	0.0%	0.1%	0.2%	0.5%

Source: Datastream, all data to end of trading 30 September 2016

## Editor's Notes

	<b>Thomson Reuters Definition</b>	<b>Code</b>
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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