

Embargoed until 1000 EDT (1400 UTC) 14 May 2024

## S&P Global Investment Manager Index™ (IMI™)

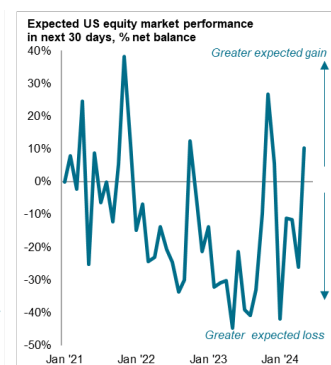
### Equity investor risk appetite surges to a 2½-year high

- Risk appetite revives to the highest level since late 2021 with near-term market expectations also turning positive for the first time this year.
- Positive views spread to 9 of 11 sectors, with tech enjoying an especially large rebound in sentiment.
- Shareholder returns and equity fundamentals are viewed as major market drivers alongside the US economy, but rates, valuations, and geopolitics weigh on sentiment.

#### Risk appetite



#### Near-term market outlook



Source: S&P Global IMI survey.

Risk appetite has surged higher in May, according to S&P Global's [Investment Manager Index™](#) (IMI™) survey. The IMI's headline Risk Appetite Index has jumped from +5% in April to +28% to now sit at its highest since November 2021 and thereby signals a strong revival of risk-on sentiment.

Investors have likewise become more optimistic about market returns in the coming month, with the survey index of near-term expected returns recovering markedly from -26% in April to +10% in May. The improvement registers the first positive sentiment seen so far this year.

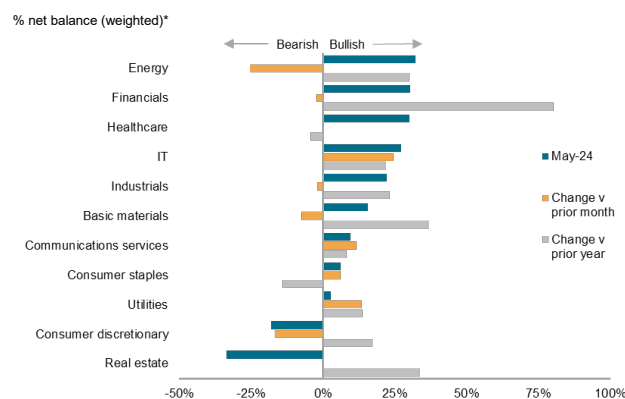
#### Sector preferences

Near-term market optimism has also become more broad-based, with sentiment now positive for 9 of the 11 sectors covered by the IMI, up from just 6 in April and its highest since the end of 2021. Only consumer discretionary and real estate suffer from continued negative views, linked to concerns over the impact of

higher for longer interest rates, and even here the pessimism is far less pronounced than this time last year.

Energy and financials remain the most highly favored, though tech/IT has enjoyed the biggest monthly bounce in investor sentiment in May to result in one of the most bullish degrees of sentiment for the sector seen over the past two years.

#### What is your sector outlook for the next 30 days?



\* The net balance shows the percentage of those bullish minus those bearish. Those only reporting a 'slight' bullish or bearish outlook count as half a response, while those reporting a 'strong' bullish or bearish outlook count as one-and-a-half responses.

Source: S&P Global IMI survey.

#### Market drivers

Driving the improvement in market sentiment is a marked upturn in the degree to which both shareholder returns and equity fundamentals are expected to boost overall returns in the near term, in turn, fueled by better sentiment stemming from the recent earning season.

Asked whether, given the recent US earnings results, investors will be revising their overall earnings expectations for next quarter, the IMI survey shows earnings upgrades to have become increasingly net positive for a second successive quarter so far in 2024, contrasting with downgrades seen over 2022 and 2023.

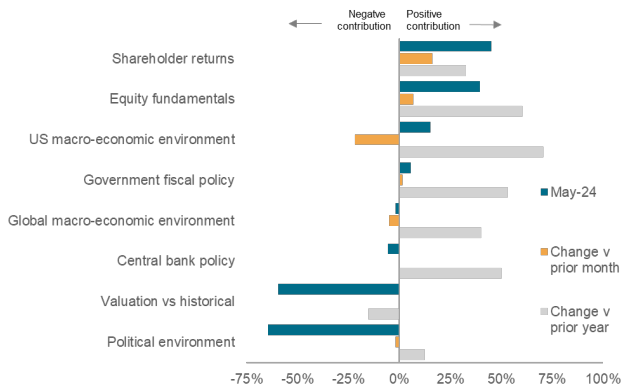
Market sentiment also continues to be supported by positive views on the US economy, which remains a perceived driver of US equity returns alongside fiscal policy. However, the wide global economy has slipped back as a negative factor for the market according to investors, albeit only modestly compared to levels seen

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a year ago. Central bank policy also continues to be seen as a net drag on the market as investors have repriced the expected number of rate cuts this year. Central bank policy is, however, only seen as a mild drag on equities, with the political environment and concerns over valuations once again viewed as by far the largest drags on the market.

## What's driving US equity returns over the next 30 days?

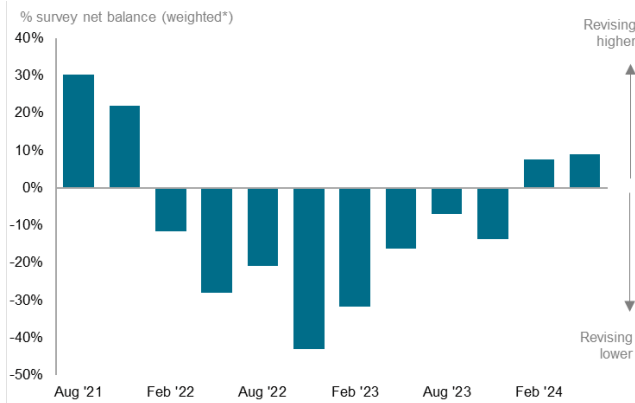
% survey net balance\*



\* The net balance shows the percentage of those reporting an expected positive contribution minus those expecting a negative contribution. Those only reporting a 'slight' positive or negative contribution count as half a response, while those reporting a 'strong' positive or negative contribution count as one-and-a-half responses.

Source: S&P Global IMI survey.

## Given the recent US earnings results, will you be revising your overall expectations for next quarter?



Data compiled May 2024.  
Source: S&P Global Market Intelligence.  
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## Commentary

**Chris Williamson, Executive Director at S&P Global Market Intelligence and author of the report, said:**

*“Risk appetite has revived sharply in May, according to S&P Global’s Investment Manager Index™ (IMI™) survey, surging from April’s three-month low to its highest in two-and-a-half years. Investors have also become more upbeat about market performance over the coming month, contrasting with the negativity seen over the first four months of the year. Optimism is also spreading to more sectors. Most notable is a rebound in views towards tech stocks.”*

*“Sentiment has been buoyed by better-than-anticipated earnings performance, which has propelled shareholder returns and equity fundamentals to the fore in terms of perceived market drivers. The US economy and fiscal policy are also seen as supportive to equities, contrasting with drags from central bank policy and the broader global economy, and in particular from concerns over valuations and geopolitics.”*

**Mohammad Hassan, Equities Dividend Forecasting Director at S&P Global Market Intelligence and co-author of the report, added:**

*“Investor sentiment toward shareholder returns has rebounded, with growing optimism about dividend growth despite concerns over prolonged higher interest rates. Companies now face the challenge of balancing dividend growth, share buybacks, and debt reduction as they navigate evolving market challenges.”*

For a copy of the full report and data, please contact [economics@spglobal.com](mailto:economics@spglobal.com).

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## Note to Editors

This edition of the Investment Manager Index survey includes monthly responses from a panel of just under 300 participants employed by firms that collectively represent approximately \$3,500 bn assets under management. Data were collected between 7-10 May 2024.

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