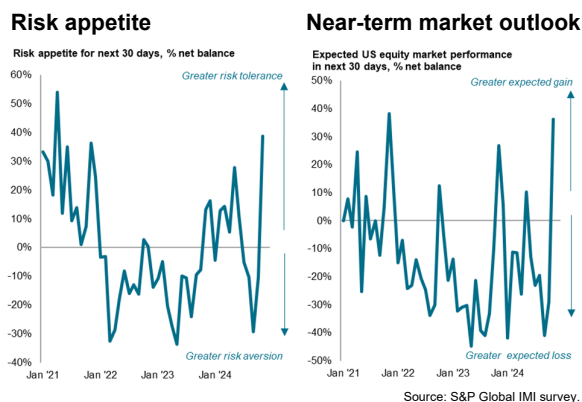


Embargoed until 1000 EST (1500 UTC) 12 November 2024

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

### Risk appetite surges to near-four-year high in November

- Risk appetite highest since April 2021 amid broad-based optimism led by North American investors.
- Political uncertainty cools, and the US macro outlook brightens, buoying expectations of near-term market gains.
- Bullishness spreads to more sectors, led by financials and tech, as the mood sours toward defensives.



According to the latest S&P Global's Investment Manager Index™ (IMI™) survey, risk appetite revived sharply in November. The IMI's headline Risk Appetite Index surged from -10% in October, a level that indicated net risk aversion among US equity market investors, to +39%, signaling the strongest degree of risk appetite recorded since the survey began 4 years ago with the sole exception of April 2021.

Risk sentiment has risen especially sharply among investors domiciled in North America, striking a survey high, though sentiment among rest-of-world investors has also jumped to a three-year high. As such, the data indicate a broad-based shift from risk aversion to a clear risk-on mood for US equities around the world, linked mainly to the US election (54% of the survey replies were collected after the election result was evident, with the other 46% collected on the day of the election).

The improved risk attitude is matched by the anticipation of strong US equity market gains. Investor expectations of US equity market performance over the coming month have spiked higher in November, signaling the greatest expected monthly market improvement for three years.

### Market drivers change dramatically

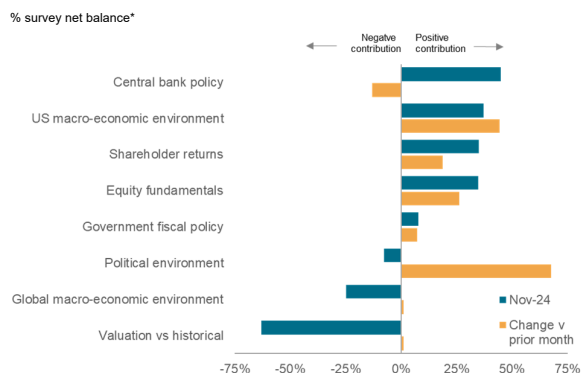
While central bank policy continues to be cited as the most important factor driving markets higher amid expectations of further rate cuts, November has seen a major shift in other perceived market drivers. Most notably, the US macroeconomy is now viewed as exerting the most positive influence on stocks since April, representing a marked shift from the net drag attributed to the US economy over the prior three months. In contrast, the wider global economy continues to be seen as a strong drag on equities, underscoring an expectation that the US economy will outperform other major economies.

The perceived influences from both equity fundamentals and shareholder returns have also improved sharply, rising to their highest since May and June, underlying growing confidence in earnings and dividend performance.

While the political environment is still seen as a drag on market sentiment, blamed largely on worries over conflicts, concerns have eased sharply such that the perceived drag is now its weakest since June 2021, mainly reflecting the lifting of uncertainty surrounding the US Presidential Election. Government fiscal policy has shifted from being a neutral influence on stocks to its most positive since December 2021.

The biggest drag on equities, meanwhile, remains valuations, albeit with concerns having moderated slightly for two successive months from the three-year high seen back in September.

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



\* 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.

# News Release

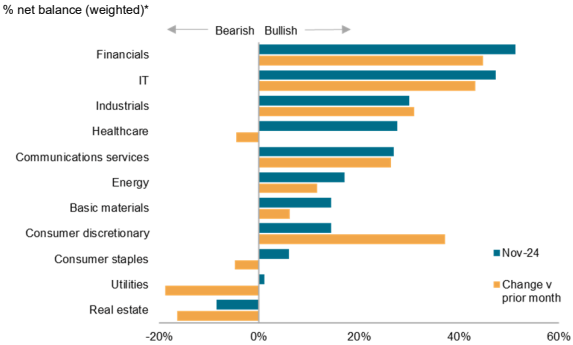
## Sector preferences reflect risk-on mood

The surge in investor risk appetite has been most evident for increased bullishness toward financials and tech. Aided by expectations of lighter-touch regulation, sentiment toward these two sectors has risen sharply, hitting the highest since February 2022 for financials and leaping to a new survey high for tech.

However, sentiment has also markedly improved toward consumer discretionary and industrials, reflecting strong US economic growth prospects, as well as communications services, energy, and basic materials.

The improvements mean investors are now bullish about 10 of the 11 equity sectors tracked by the IMI. The exception is real estate, for which sentiment has turned negative for the first time in four months. Moreover, the only other sectors losing favor in November are typically defensive ones, notably healthcare, consumer staples, and utilities.

### 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.

## Commentary

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

*"Risk appetite has revived sharply in November as heightened uncertainty around the US election has been replaced with widespread optimism regarding equity market performance. Political uncertainty is now seen as a much-reduced drag on equities, while increased optimism regarding the US economic outlook, lighter regulation, and brighter earnings potential now accompany central bank policy as key market supports."*

*"Bullish moods have now spread to more sectors, with financials and tech seeing notably strong improvements in investor appetite while typically defensive sectors such as utilities, healthcare, and consumer staples have suffered a loss of favor."*

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

"Investors seem to be in something of a honeymoon phase, being generally positive, with big expectations for the future, yet cautiously skeptical about the path ahead. Themes such as de-regulation and lower taxes are music to the market's ears, but this optimism risks being checked by worries over 'Round III' of the US-China tariff war and other geopolitical uncertainties."

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

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# News Release

## 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 in assets under management. Data were collected between 5-7 November 2024.

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