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

## Risk aversion moderates in October but defensives remain most favored

- Risk sentiment improves from 16-month low, but mood remains risk averse.
- Political uncertainty and valuation worries are major drags on market sentiment, but rate-cut hopes and reduced macro worries add support.
- Sector preferences remain defensive.

### Risk appetite



### Near-term market outlook



Source: S&P Global IMI survey.

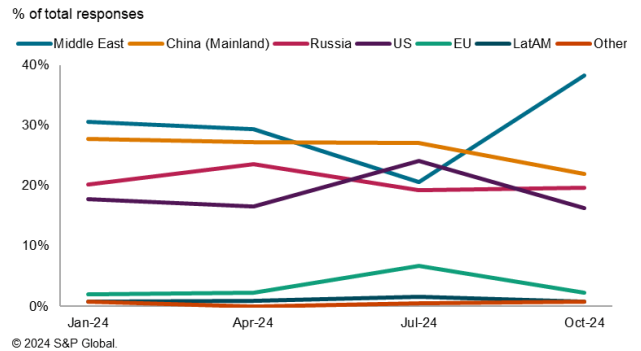
S&P Global's [Investment Manager Index™ \(IMI™\)](#) survey indicates sustained risk aversion in October, albeit to a lesser degree than in September. The IMI's headline Risk Appetite Index has pulled up from September's 16-month low but, by remaining in negative territory, continues to signal a dominating risk-averse mood. Up from -29% in September to -10% in October, the Risk Appetite index merely signals a moderation of risk aversion back to the level seen in August.

At the same time, investor sentiment regarding near-term equity market performance has become less negative yet remains the second lowest since January. Investor sentiment therefore remains heavily skewed toward risk-aversion with worries persisting regarding potential near-term market losses, albeit less so than in September.

### Market drivers

The political environment continues to act as the main drag on market sentiment, where worries have hit a 17-month high, notably surrounding events in the Middle East but also reflecting the potential for geopolitical tensions with mainland China, the war in Ukraine, and uncertainty regarding the US Presidential Election.

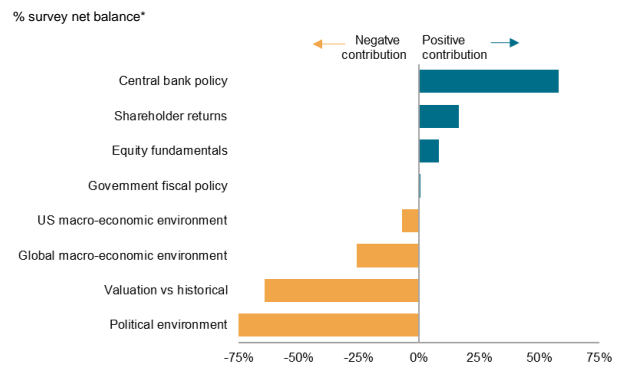
### Where do you see the highest source of geopolitical risk to US equities emanating during the remainder of 2024?



Risk aversion is also being fueled by concerns over recent market valuations, with worries over both US macro performance and the broader global economy adding to the cautious mood. Sentiment toward the global economy remains especially subdued. This drag to equities from macro worries has nevertheless moderated in October to the lowest for three months, hinting at reduced recession risks, especially for the US economy.

The less-adverse macro environment is in part tied to lower interest rates, with central bank policy now being seen as more supportive to equities than at any time since May 2021 as investors anticipate further rate cuts. Shareholder returns and equity fundamentals are the only other factors viewed as positive to equities by investors, underscoring the reliance on central bank policy in supporting equities.

### 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.

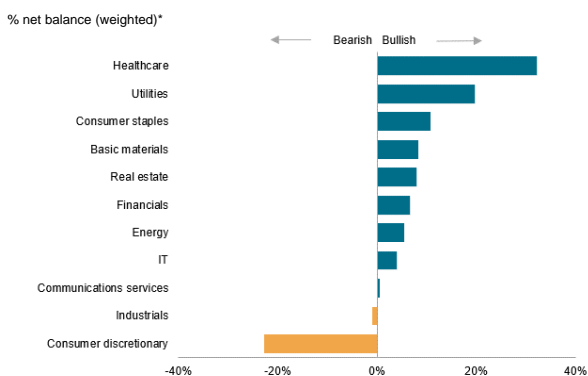
Source: S&P Global IMI survey.

# News Release

## Sector preferences

Despite the ongoing risk-off mood, investors are bullish about 9 of the 11 equity sectors tracked by the IMI, the main exception being consumer discretionary, though with industrials also receiving a modest bearish view from investors. However, with healthcare, utilities, and consumer staples topping the rankings as the most-favored sectors, the survey points to a defensive skew. Improved sentiment was nonetheless seen for basic materials and tech, with higher prices also helping lift sentiment toward energy stocks.

## 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.

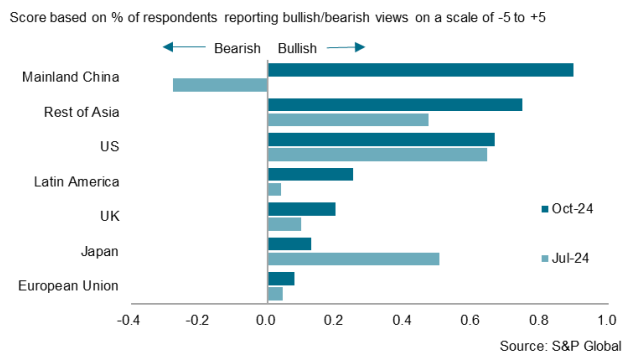
Source: S&P Global IMI survey.

## Global perspectives

In a broader perspective, looking at expected year-end performance, investor sentiment has improved compared to July for all major asset classes, including equities, commodities, sovereign debt, and corporate credit, with equities seeing the greatest expected returns and corporate credit the lowest.

Within the equity segment, sentiment has improved most markedly for stocks in mainland China, meaning positive sentiment is now seen for all major regions, albeit with the European Union lagging. Japan has nevertheless seen the largest downgrade to its expected year-end performance, and the US now lags both mainland China and the Rest of Asia.

## What is your outlook for the following equity markets for year-end 2024?



## Commentary

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

*“Risk aversion continues to dominate in October, according to S&P Global’s Investment Manager Index™ (IMI™) survey, as investors report intensifying geopolitical concerns and worries over high valuations. However, sentiment has become less negative than in September amid increased hopes for further interest rate cuts and reduced pessimism regarding the near-term macro outlook. Sector preferences are skewed toward defensives such as healthcare and utilities, with consumer discretionary remaining the most out of favor, underscoring the prevailing cautious mood.*

*Despite the ongoing risk-averse stance seen among investors, sentiment toward year-end market performance has improved compared to back in the summer for all main asset classes, led by equities. However, a cooling in expectations for the US equity market contrasts with improved expectations for mainland China and the rest of Asia excluding Japan.”*

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 assets under management. Data were collected between 1-4 October 2024.

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