

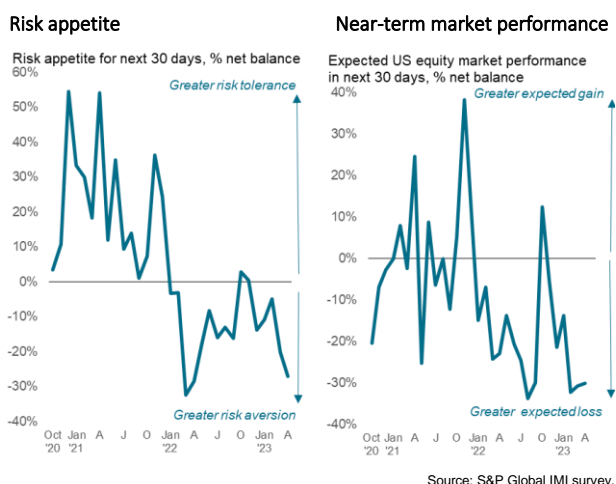
Embargoed until 1000 EDT (1400 UTC) 12 April 2023

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

Risk appetite sinks to one-year low in April as investors mull banking stress and recession risks

- Risk appetite slides to lowest since April 2022 amid expectations of near-term market losses.
- Concerns intensify over recession risks.
- Sector preferences shift further defensive. Financials see greatest investor pull-back in sentiment.
- US equity market seen as worst performer in 2023.

Data collected 5-10 April 2023



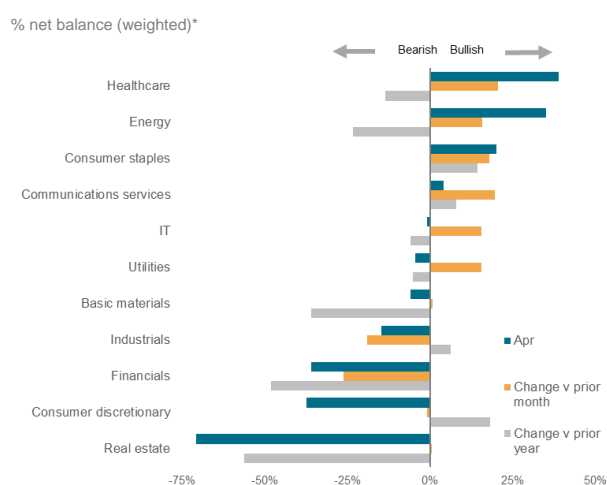
Risk aversion among US equity investors has hit the highest for a year in April. The Risk Appetite Index from S&P Global’s Investment Manager Index™ (IMI™) monthly survey, based on data from around 300 US institutional investors operating funds with assets under management of around \$3.5 trillion, has fallen further into negative territory, registering -27% against -20% in March. Since the survey began in October 2020, only March and April of 2022 saw lower readings. Investors based in North America have become especially downbeat, with risk aversion hitting a new survey high.

Expectations of near-term returns also remain among the lowest seen by the survey to date. For a third month running, around half of all investors expect the US market to lose value in the coming month, outnumbering those expecting an improvement by more than two-to-one.

Sector preferences

Sector preferences reflect the risk averse mood, with the rankings led by healthcare, energy, and consumer staples. In contrast, real estate is once again suffering the most bearish sentiment, followed by consumer discretionary. However, for a second month running, the biggest move is seen for financials, where a further slide in sentiment in the aftermath of the SVB crisis has pushed investor appetite to its lowest in the survey’s history. More encouragingly, bearish views towards tech have eased to the lowest since September 2022.

What is your outlook on the following sectors 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.

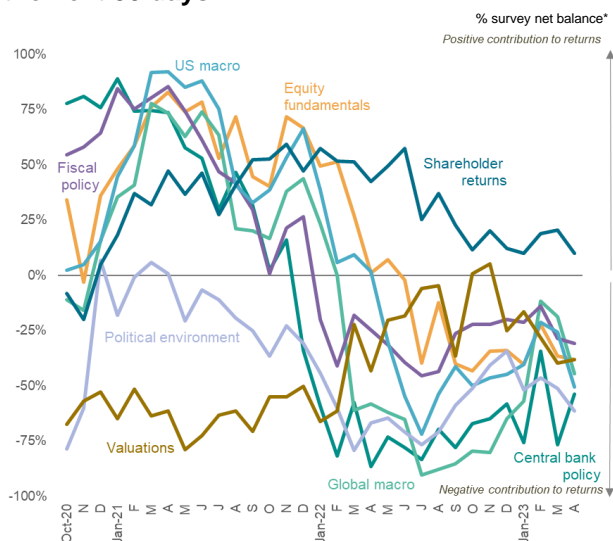
What’s driving the market?

In addition to reflecting heightened concerns over financial stability, the April survey shows a marked deterioration in the perceived impact of the macroeconomic environment, both in the US and globally, on the US equity market, reflecting heightened recession risks. These concerns have pulled sentiment toward industrials sharply lower.

News Release

An upshot of the deteriorating macro picture is that central bank policy is now seen as likely to be less of a drag on the market, though the Fed is still viewed as the biggest negative driver of the market bar the political environment.

What's driving US equity market 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.

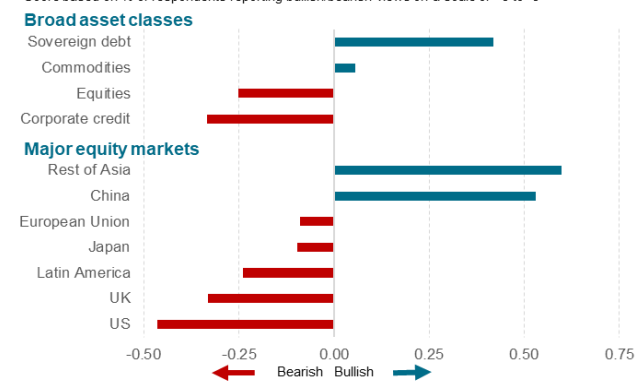
The bigger picture

Looking more broadly at investor preferences, year-end expectations have turned negative for both equities and corporate credit since the bullish stance seen at the start of the year. While bullishness persists for sovereign debt and, to a lesser extent, commodities, positive sentiment has likewise waned in both cases compared to January.

Looking at the major equity markets, the year-end outlook only remains positive for Asia ex-Japan and mainland China markets, and even here the degree of positive sentiment has slipped compared to January. Positive outlook expectations in January have now reversed across the European Union, Japan, Latin America, and the US. In fact, it is now the US, rather than the UK stock market, that is now suffering the most bearish investor sentiment.

Year-end outlooks

Score based on % of respondents reporting bullish/bearish views on a scale of +5 to -5



Source: S&P Global IMI survey.

Commentary

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

“US equity investors have grown increasingly risk averse in April as concerns over banking sector stability have compounded growing recession worries and ongoing geopolitical risks.

“Risk aversion has intensified to the highest for a year, with further market losses anticipated in the coming month.

“Sector preferences have hence shifted further to the defensive, led by healthcare, energy, and consumer staples, as real estate, consumer discretionary, and financials are shunned.

“While the US is now seen as the worst-performing market in 2023, sentiment has also soured toward Europe, Japan, and Latin America, leaving only Asia ex-Japan and mainland China as enjoying bullish sentiment, though even here the survey has seen a pull-back in optimism compared to earlier in the year.”

For a copy of the full report and data, please contact economics@spglobal.com.

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Note to Editors

This 31st edition of the Investment Manager Index™ (IMI™) survey includes data collected between 5-10 April 2023 from a panel comprising approximately 300 participants employed by firms that collectively represent approximately \$3,500 bn assets under management.

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