

Embargoed until 1000 EDT (1400 UTC) 09 May 2023

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

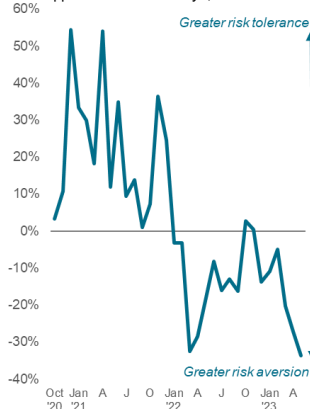
### Risk appetite sinks to survey low amid concerns over recession and monetary policy risks

- Risk appetite slides to lowest on record as expectations of negative returns intensify.
- Concerns worsen over recession risks and central bank policy implications.
- Sector preferences remain defensive. Financials see pressure mount.

Data collected 2-7 May 2023

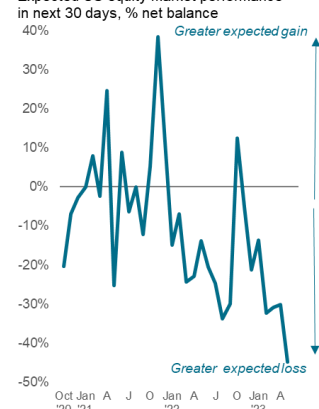
#### Risk appetite

Risk appetite for next 30 days, % net balance



#### Near-term market performance

Expected US equity market performance in next 30 days, % net balance



Source: S&P Global IMI survey.

Risk aversion among US equity investors has hit the highest since data collection began for the survey in October 2020. 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 -34% against -27% in April. North America-domiciled investors have become especially downbeat, with risk aversion hitting a new survey high.

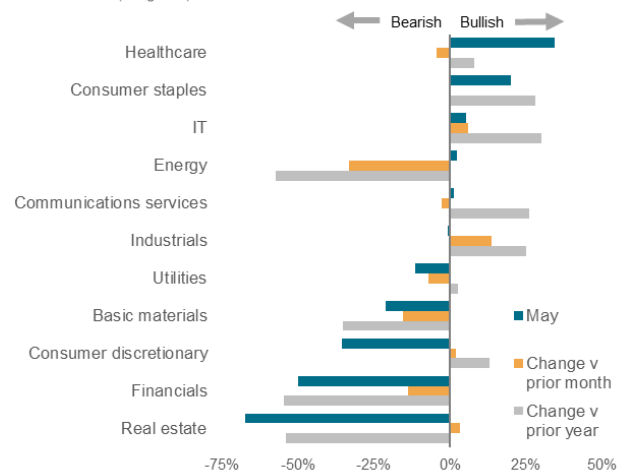
In addition, expectations of near-term returns have also deteriorated to the worst on record, surpassing the previous low in August 2022. The proportion of bears has significantly risen amongst non-mutual funds and investors based in North America.

### Sector preferences

Sector preferences reflect the risk-averse mood, as investors continue to hold a defensive stance with healthcare and consumer staples ranking at the top. Conversely, the highly watched financials sector saw sentiment deteriorate to a survey low amid ongoing banking-sector stress. That said, views around tech stocks turned positive for the first time since last September, bringing the number of sectors that investors are bullish towards to 5 out of 11, up from 4 in April.

### What is your outlook on the following sectors for the next 30 days?

% net balance (weighted)\*



\* 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.

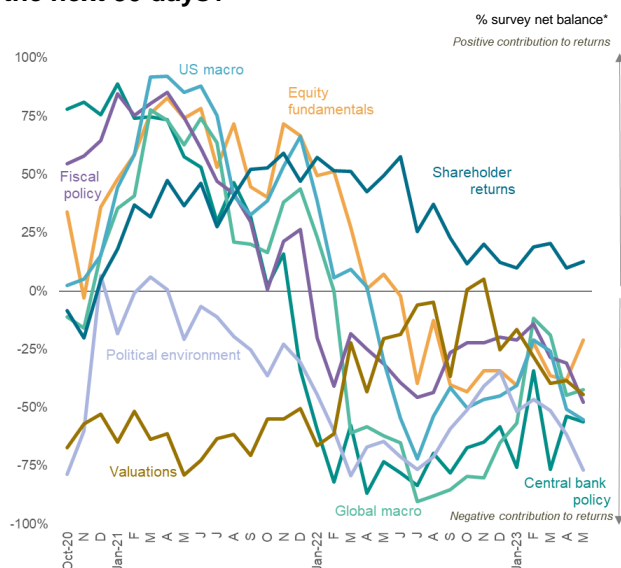
Source: S&P Global IMI survey.

### What's driving the market?

Assessing the drivers for the latest deterioration of sentiment, a majority of factors remain as drags for equity performance, led by the US political environment amid lingering US debt ceiling crisis concerns. This was followed by central bank policy worries, which intensified despite relatively dovish guidance from the Fed in their latest May meeting. Likewise for the US macroeconomic environment, concerns have intensified in May.

# News Release

## 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.

## Post earnings season

Our quarterly special-focus questions highlight changes in sentiment following 1Q US earnings results. Investor sentiment on earnings expectations was found to have improved in May, although a significant proportion of investors remain on the fence. Related to the earnings season had also been assessment on interests towards cash dividends and share buybacks, with the latter rising in importance.

Finally, views on environmental, social and governance (ESG) trends and their impact on investment decisions were polled in May. Data privacy remains the most important issue impacting longer-term investment calls, although all ESG issues polled declined in influence compared to three months ago.

## Commentary

Commenting on the results, **Jingyi Pan, Associate Director at S&P Global Market Intelligence and author of the report**, said:

*“Risk sentiment among US equity market investors rests at its weakest since at least October 2020, weighed by a myriad of concerns such as recession woes, monetary policy impact, and political uncertainties surrounding the US debt ceiling. This was despite relative dovishness perceived by the Fed through their latest May FOMC meeting.*

*“Correspondingly, the expected near-term market performance deteriorated, likewise sinking to the lowest since the survey’s inception in Q4 2020, though it remains to be seen if this may mark the peak bearishness in the short term.*

*“In line with the downbeat sentiment, investors have indicated a defensive preference in the latest sector assessment. That said, the number of sectors investors are bullish towards increased with the latest addition of the IT sector, which was a positive turn of events.”*

Commenting on the results, **Mohammad Hassan, Associate Director in the S&P Global Dividend Forecasting team**, added:

*“While the consensus on earnings recession continues to persist, there is a growing number of investment managers who are revising up their earnings expectations and think the time may be opportune for bottom fishing. Concurrently, we have observed a continued emphasis on dividends in guiding investment decisions, which appears to suggest that high-yield-quality names with sound balance sheets at the right valuations will continue to attract investor interest.”*

**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 31<sup>st</sup> edition of the Investment Manager Index™ (IMI™) survey includes data collected between 2-7 May 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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