# News Release

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

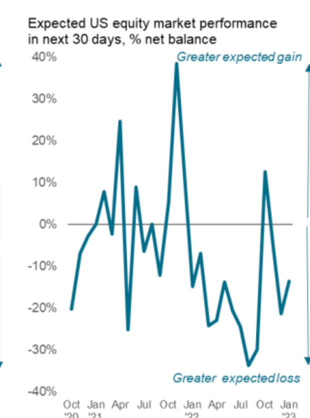
## Investors start 2023 in somber mood but outlook brightens for full year

- Risk appetite remains negative among US equity investors.
- Expectations of further market losses in January as central banks tighten policy further.
- Brighter outlook for markets as 2023 proceeds, led by Asia.
- Healthcare ranks as most-favored sector, while real estate is least-favored.
- Tech stock sentiment hits survey low.

Data collected 4-9 January 2023

**Risk appetite performance**

**Near-term market**




Source: S&P Global.

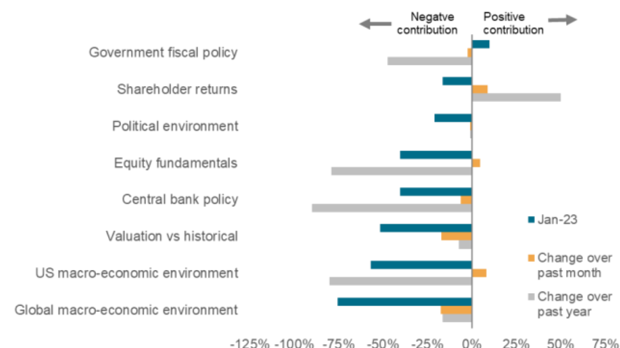
The **Risk Appetite Index** from S&P Global's Investment Manager Index™ (IMI™) monthly survey, which is based on data from around 300 US equity market institutional investors operating funds with assets under management of around $3.5 trillion, registered -11% in January after sliding to -14% in December. The latest reading indicates that the overall investor mood remains one of risk aversion at the start of 2023, albeit to a lesser degree than at the end of 2022.

Investors also remain pessimistic about near-term US equity market returns, though the survey's **Expected Returns Index** likewise rose compared to December to add to the sense of some moderation in the extent of bearishness among the survey panel.

In terms of **what's driving the market**, shareholder returns remain the only supportive factor to equities in January, albeit to the lowest degree witnessed since December 2020. Equity fundamentals are meanwhile seen as exerting one of the strongest drags on equities yet recorded by the survey. However, the greatest perceived drag on the market is now seen coming from central bank policy, which has displaced the global macro environment as the most adverse factor. Notably, the perceived drags from both the global and US macro environments have moderated in January, reflecting reduced recession risks, though remain key anchors

**Expected drivers of equity market returns over 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

Looking at **sector preferences** over the next 30 days, healthcare remains the most-favored sector by a wide margin, followed by financials, with both gaining in favor compared to December. Energy and consumer staples are the only other sectors to enjoy net-bullish views, albeit with both losing some favor.

At the other end of the scale, sentiment towards tech stocks has sunk to the lowest since survey data were first available in October 2020. While bearish sentiment remains strongest for real estate and consumer discretionary, both saw a moderation in the degree of bearishness. Of note, negative views on industrials eased to a near-neutral stance, buoyed in part by an improved global supply chain outlook.

**Looking further ahead** to the coming year, investors expect the full year of 2023 to see equities rise after a



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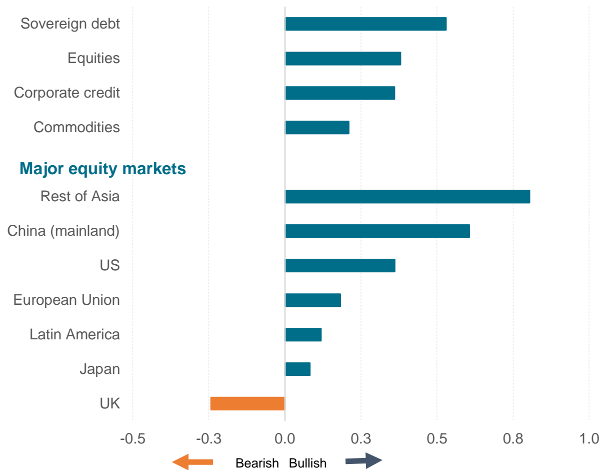
tough 2022, but to be outperformed by sovereign debt, commodities, and corporate debt. Investors outside of North American are especially subdued in their outlook for equities (and firmly favor sovereign debt), but even here the average view is for equities to gain value.

Looking at global equity markets over the coming year, Asia (excluding China and Japan) is seeing the most bullish sentiment, though stocks in mainland China are also seeing well-above-average sentiment on the back of a post COVID-19 growth rebound, followed by US equities. In fact, only the UK equity market is expected to lose value.

**What is your outlook for the following broad asset classes and equity markets for year-end 2023?**




Source: S&P Global

One key concern is that a recession could derail these equity market expectations: the proportion of investors seeing a recession as not priced in to equities has risen to 23%, down from 6% back in October.

## Commentary

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

*“Risk aversion continued to permeate among US equity investors at the start of 2023, with the market expected to lose value in the opening month of the year. More encouragingly, near-term losses are expected to give way to gains as the year proceeds. However, equities are set to underperform credit and commodities, thanks principally to caution from investors outside of North America. Asian markets, fueled by a reopening of the Chinese economy, are expected to drive the strongest equity gains over the coming year.*

*“Meanwhile, central bank policy and macro risks remain the principal drags to near-term US equity returns, leaving typically defensive healthcare stocks as the most-favored sector by a wide margin and underscoring the prevailing mood of risk aversion.”*

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

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## Note to Editors

This 28th edition of the Investment Manager Index™ (IMI™) survey includes data collected between 4-9 January 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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