News Release

Embargoed until 0001 EDT (0401 UTC) 10 June 2024

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

Equity investor risk appetite dampened by cooler US growth outlook

- Risk appetite slips from May's 2½-year high but remains elevated by recent standards, supporting a stronger year-end outlook.
- Tech displaces energy at the top of sector rankings.
- Shareholder returns and equity fundamentals are still viewed as major market drivers alongside the global economy, but the US economy impact wanes, and rates, valuations, and geopolitics weigh on sentiment.

Risk appetite

Near-term market outlook

Source: S&P Global IMI survey.

Risk appetite has cooled in June, according to S&P Global's [Investment Manager Index™](#) (IMI™) survey. The IMI's headline Risk Appetite Index has pulled back from a two-and-a-half-year high in May but remains in solid positive territory in June. The index slipped to +11% after surging to +28% in May. While the latest reading signals lower risk-on sentiment than seen a month ago, the latest reading is elevated by standards seen over the past two years.

Similarly, investors have moderated their expectations of market returns for the coming month, and now on balance anticipate a decline. However, this comes after a strong positive reading in May, and the deterioration still leaves the survey gauge of expected returns above long-run averages.

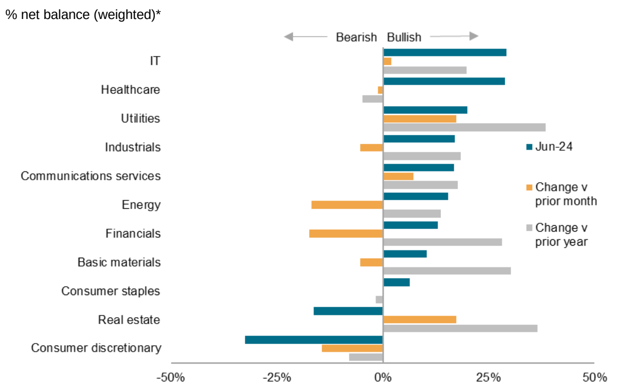
Moreover, when looking at anticipated year-end values, a slightly greater proportion of US equity investors expect the S&P 500 to close higher than current levels (5,350 in early June 2024) than expect a fall. The median expectation is 5,395.

Sector preferences

Investor favor remains broad-based, with 9 of the 11 sectors tracked by the IMI receiving net-positive sentiment in June, unchanged in May, which was in turn the highest proportion since late 2021. Tech has returned to the top of the rankings, displacing energy, which has seen a marked slide in sentiment. Utilities also receive record positive sentiment and healthcare remains highly favored.

In contrast, consumer discretionary has taken over the least-favored spot from real estate, with both sectors notably out of favor among investors in June. However, financials are also seeing a marked deterioration in investor sentiment, with sentiment also slipping toward industrials and basic materials, and remaining subdued for consumer staples.

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.

Market drivers

Investors still see shareholder value and equity fundamentals as the biggest drivers of market returns over the coming month, often reflecting a stronger-than-anticipated first-quarter earnings season. However, the US economy has now taken a back seat to the broader global economy as a market driver, the latter buoyed by signs of gathering economic recoveries in Europe and Asia.

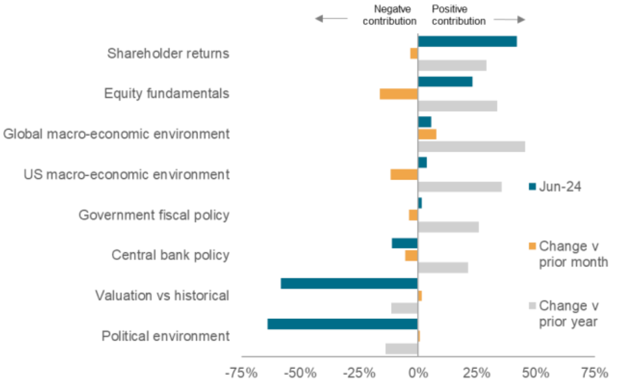
Central bank policy meanwhile remains a drag on

S&P Global

expected market returns over the coming months, albeit to a lesser degree than the sustained severe negative drags perceived for both equity valuations and the political environment.

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

% survey net balance*



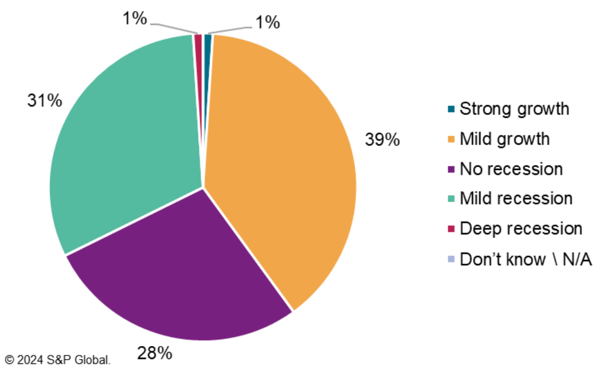
* The net balance shows the percentage of those reporting an expected positive contribution minus those expecting a negative contribution. Those only reporting a 'slight' positive or negative contribution count as half a response, while those reporting a 'strong' positive or negative contribution count as one-and-a-half responses.

Source: S&P Global IMI survey.

Economy, interest rates, and the dollar

While the survey panel still expects the US economy to grow over the next year, with recession risks having moderated markedly compared to 2022 and 2023, the most common expectation is for only modest growth.

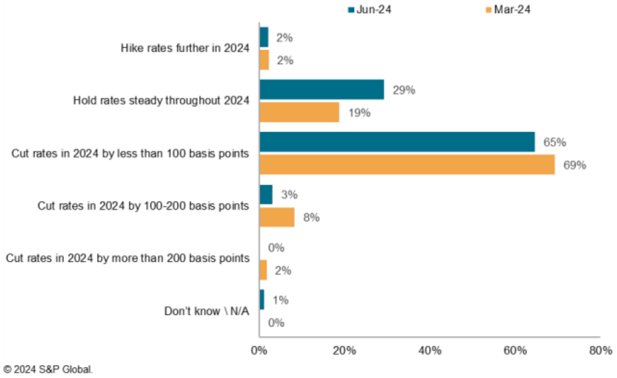
Thinking about the US economy in the next 12 months, please pick one of the following that you feel best reflects the current outlook.



The drag from central bank policy reflects a re-evaluation of the outlook for interest rates. The proportion of survey respondents seeing the Federal Reserve holding rates steady in 2024 has increased noticeably from three months ago.

Just 68% of investors see the Fed cutting rates in 2024, down from 79% in March. Some 29% of investors now expect the Fed to hold rates steady throughout the year, up sharply from around 19% in March.

Which of the following best describes your anticipated path for the Fed funds rate in 2024?



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 cooled in June, according to S&P Global's Investment Manager Index survey, albeit remaining elevated by standards seen over the past two years. Investors still also see the S&P 500 gaining ground over the rest of 2024, despite some anticipated slippage in the month ahead. Most notable is a further rebound in sentiment toward tech, which now tops the sector rankings again.

"Positive market sentiment has been sustained by better-than-anticipated earnings, which have kept shareholder returns and equity fundamentals front-of-mind in terms of perceived market drivers. The US economy, in contrast, is now seen as a diminished market driver, with interest rates also seen as a drag on the market, albeit countered by a revival in expectations of stronger global economic growth amid signs of renewed economic strength in Europe and Asia.

"This more upbeat global macro assessment follows news of worldwide economic growth accelerating and broadening out further in May, according to PMI survey data."

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

For further information, please contact:

Katherine Smith, Public Relations
Telephone +1 781 301 9311
E-mail katherine.smith@spglobal.com

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 3-6 June 2024.

If you would like to receive this report on a regular basis, please email economics@spglobal.com or visit spglobal.com/marketintelligence/en/mi/Info/0920/imi-survey-request.html to participate in the survey and be placed on the distribution list.

For more information on our products, including economic forecasting and industry research, please visit www.spglobal.com.

About S&P Global (www.spglobal.com)

S&P Global provides essential intelligence. We enable governments, businesses and individuals with the right data, expertise and connected technology so that they can make decisions with conviction. From helping our customers assess new investments to guiding them through ESG and energy transition across supply chains, we unlock new opportunities, solve challenges and accelerate progress for the world.

We are widely sought after by many of the world's leading organizations to provide credit ratings, benchmarks, analytics and workflow solutions in the global capital, commodity and automotive markets. With every one of our offerings, we help the world's leading organizations plan for tomorrow, today. www.spglobal.com

S&P Global Market Intelligence

At S&P Global Market Intelligence, we understand the importance of accurate, deep and insightful information. Our team of experts delivers unrivaled insights and leading data and technology solutions, partnering with customers to expand their perspective, operate with confidence and make decisions with conviction. S&P Global Market Intelligence is a division of S&P Global (NYSE: SPGI).

If you prefer not to receive news releases from S&P Global Market Intelligence, please email katherine.smith@spglobal.com. To read our privacy policy, click here.