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Investor Confidence Declined in August by 2.1 points to 106.8

BOSTON, August 29, 2017 — State Street Global Exchange today released the results of the State Street Investor Confidence Index® (ICI) for August 2017.

The Global Investor Confidence Index decreased to 106.8, down 2.1 points from July's revised reading of 108.9. The decline in sentiment was driven by a 4.9 point drop in the European ICI to 89.3 along with the 0.3 point decrease in the North American ICI to 111.8. By contrast, the Asian ICI rose by 3.3 points to 99.3.

The Investor Confidence Index was developed by Kenneth Froot and Paul O'Connell at State Street Associates, State Street Global Exchange's research and advisory services business. It measures investor confidence or risk appetite quantitatively by analyzing the actual buying and selling patterns of institutional investors. The index assigns a precise meaning to changes in investor risk appetite: the greater the percentage allocation to equities, the higher risk appetite or confidence. A reading of 100 is neutral; it is the level at which investors are neither increasing nor decreasing their long-term allocations to risky assets. The index differs from survey-based measures in that it is based on the actual trades, as opposed to opinions, of institutional investors.

"After a boost in risk appetite in July, global investors appear to be 'on hold' in August," commented Kenneth Froot. "With that said, the cut off to this month's ICI calculation (August 23rd) results in a reading that does not capture investors' reaction to the Jackson Hole retreat, something that is clearly at the forefront of investors' minds."

"Everything appears to have gone right in the Eurozone this year," commented Michael Metcalfe, senior managing director and head of Global Macro Strategy, State Street Global Markets. "Growth and earnings have beaten expectations and political risk has not been realized. Nevertheless, the more cautious approach of European investors this month shows that the potential headwinds of a stronger Euro and eventual tapering of central bank asset purchases can no longer be ignored."

About the State Street Investor Confidence Index®

The index is released globally at 10 a.m. Eastern time in Boston on the last Tuesday of each month. More information on the State Street Investor Confidence Index is available at <http://www.statestreet.com/ideas/investor-confidence-index.html>.

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