Press release
sentix Euro Break-up Index
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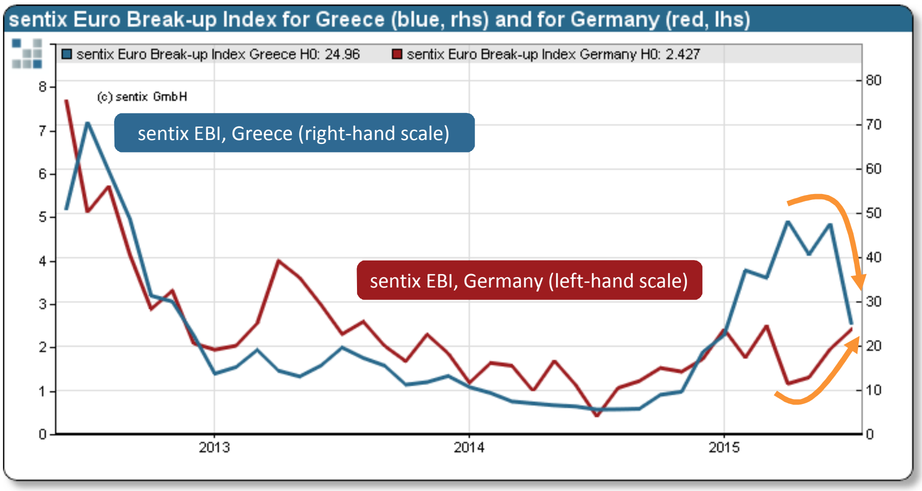
“Grescue” amplifies centrifugal forces in the core zone

In July, the sentix Euro Break-up Index (EBI) falls from 48.4% to 26.5%, its lowest reading in six months. The reason for this is the rescue of Greece which lets the Hellenic index drop sharply. But against the general trend the EBI increase for Germany and Finland whose government bonds profit from the unresolved euro problems.

Against the backdrop of prime minister Tsipras U-turn and the agreement on negotiations about a third aid package for Greece the sentix Euro Break-up Index drops by almost 22 percentage points to 26.5%, its lowest reading in six months. This is its strongest decrease since the indicator’s launch in June 2012. Only once, in October 2012, after the European Central Bank had detailed its plans to purchase government bonds the indicator had receded more heftily.



Benefitting from the current developments surrounding **Greece** is, of course, mainly the country itself: the Greek EBI declines from 47.7% to 25.0%, also the lowest value observed since January. Furthermore, the national index for **Cyprus** decreases markedly from 7.9% to 3.1%, an all-time low! And finally, the EBI for **Italy**, **Spain** and **Portugal** all fall below 1.0% and thus below the “detection threshold”.

Meanwhile, the national EBI for Finland (from 1.4% to 1.8%) **and Germany rise against the trend** (see graph)**.** For Germany the index now stands at 2.4% (after 2.0%) and thus even rather close to the one for Cyprus. Consequently, against the backdrop of the latest, once again unsatisfying rescue of Greece investors think that it becomes ever more probable that the euro-zone core countries will leave the currency bloc in the near future. **The better prices of German and Finnish government bonds reflect this thinking already.** Is this the beginning of a new rally of these safe havens?

Background

The sentix Euro Break-up Index is published on a monthly basis and was launched in June 2012. Its poll is running for two days around the fourth Friday of each month. Results are regularly published on the following Tuesday morning. Survey participants may choose up to three euro-zone member states of which they think they will quit the currency union within the next twelve months. Further details on the sentix Euro Break-up Index can be found on: http://ebr.sentix.de.

This month's reading of 26.5% means that currently this percentage of all surveyed investors expect the euro to break up within the next twelve months. The EBI has reached its high at 73% in July 2012, and touched its low at 7.6% in July 2014.

The current poll was conducted from July 23 to July 25, 2015. 1,017 individual and institutional investors participated.

About sentix

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