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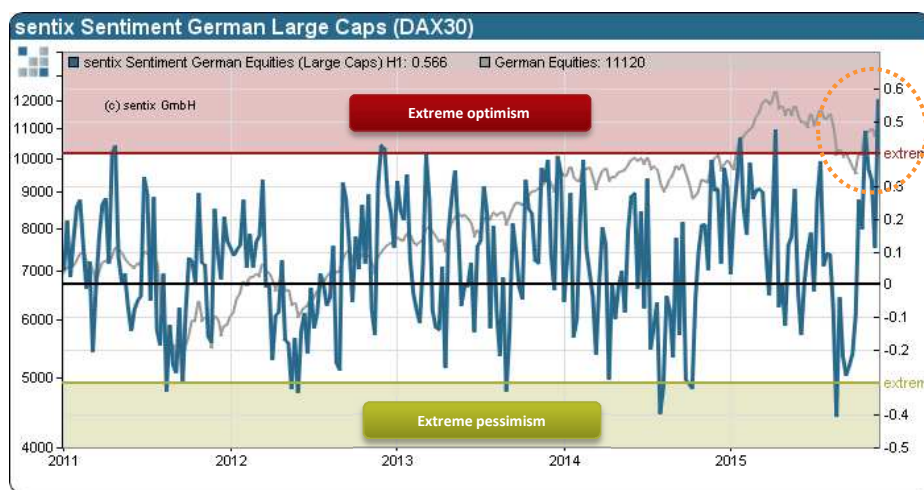
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“The bulls are on the loose again” – Optimism reaches alarming level

The latest investors' sentiment towards German large cap stocks nearly reaches an all-time high. Since inception in 2001, the sentix Global Investor Survey has only shown comparable levels twice. The current sentiment level burdens not only stock markets in the near future, but also signals medium-term effects.

The latest **sentix Sentiment Index for German large cap stocks** reaches nearly the **highest level ever recorded** since inception in 2001. The sentix Sentiment captures market expectations of surveyed investors for a one month period; expressing an emotions spectrum from fear to greed. Lately, almost **65% of survey participants indicate that they are “bullish” (optimistic) towards German large caps**, whereas only 8% are “bearish”. The presented index value of 0.57 (see graphic) represents the difference between bulls and bears. The message of the ECB to engage more active in financial markets and prop up asset prices has not failed to reach its target audience. Technically, an extreme positive sentiment reading is an **indicator for an overstretched market**. Therefore, a **contrarian signal**. An overhang of bulls must equilibrate to the level of bears in the market via a stock price adjustment, eventually.



Linked to the stock price adjustment process in the short-run is a more far-reaching message: As the sentiment reached comparable positive levels only twice in the indicator's history, the subsequent effect was that investors had to bear significant losses in the year after. That this time is going to be the same is not guaranteed, yet. However, in financial markets it can be quite painful to strongly believe **“this time is different”**.



Background

The sentix Sector sentiment is a monthly survey being conducted since 2001 among individual and institutional investors via the internet. The survey is run around the second Friday of each month. Investors are asked about their six-month expectations regarding 19 European stocks sectors. They can indicate whether they expect a sector to outperform, to perform as the market or to underperform. The survey results are normalised over all sectors and calculated as so-called z-scores. Z-scores are standard deviations from the mean of a given sample. A value of +1 for a sector sentiment means, for instance, that the expectations for the sector stand one standard deviation above the mean expectation for all sectors.

The current sentix Sector Sentiment survey was conducted from November 19 to November 21, 2015. 1.021 individual and institutional investors took part in it.

About sentix

sentix is the pioneer and leading provider of sentiment analyses (behavioral finance) in Europe. Since 2001 sentix surveys on a weekly basis around 5,000 investors from over 20 countries (comprising over 1,000 institutional and almost 4,000 individual investors) about their expectations for financial markets as well as for economic developments and their portfolio actions. The sentix survey results are representative of a broadly diversified group of investors.

sentix surveys offer the rare combination of a large number of participants, high quality and an outstanding speed with which information is gathered and passed on. All sentix indices are regularly accessible for sentix data clients just about one day after the close of each poll – via the sentix website or via Bloomberg. sentix clients thus are able to use sentix data almost in real time in order to further improve performance.

sentix GmbH was founded in 2001 and today represents the basis for all the services the sentix group offers to its clients in the field of Behavioral Finance.



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