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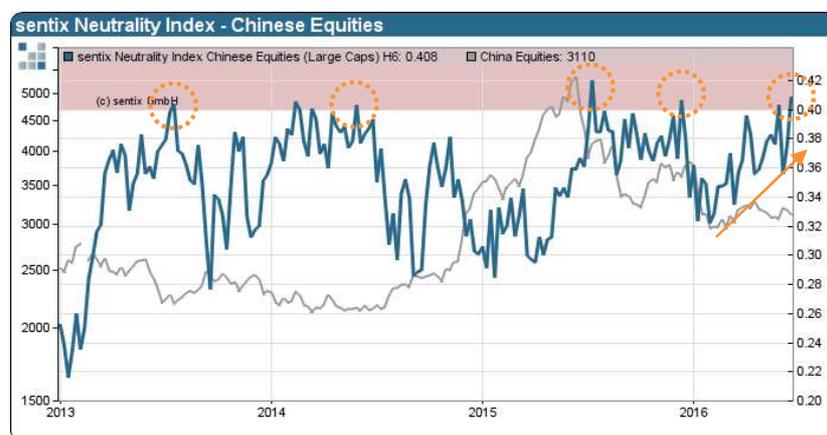
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The calm before the trend

Investors' uncertainty about the Chinese equity market rises to the highest level since November 2015. The sentix time series reveals that comparable neutrality levels are usually a leading indicator for new market trends.

The latest sentix Global Investor Survey hints towards an upcoming directional impulse. The Neutrality Index for the Chinese CSI 300 equity market, which captures the percentage of investors holding an indifferent point of view to the future equity market development in China, climbs to the highest level since more than 26 weeks (refer to chart, blue line). About 41% of survey participants express a neutral opinion when it comes to Chinese equities. Hence, a significant sign of either investors' nervousness or a lack of orientation about the direction the Chinese stock market is heading. Over the recent years, however, comparable sentix Neutrality levels preceded directional trends as investors altered their equity positions (refer to chart, annotations in orange).



At the beginning of the year, investors' behaviour was dominated by the fear that the Chinese economy could suffer from a "hard landing". With the intense debate about the risks associated with a "Brexit", though, investors' attention has shifted towards Europe. Improving economic indicators could not convince investors taking neither a bullish nor a bearish position in the Chinese equity market. Should investors change their perception about China after the "Brexit" referendum, however, the breeding ground for a directional market move is set.



Background

The **sentix Neutrality Indices** represent the share of neutral investors in the market. A high percentage of such investors points to irritation and to higher volatility in the near future. A low reading shows that investors have understood “the market”. In the camp of “neutrals” there is always an important part of investors who are not or only marginally invested. Those are important as they are potential future buyers or sellers! For sentix Neutrality Indices, the interpretation of the short-term and the medium-term are most of the time similar. Consequently, the case is strengthened when both time horizons reach extreme readings.

The latest sentix Global Investor Survey was conducted from 16-June-2016 to 18-June-2016. 1064 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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