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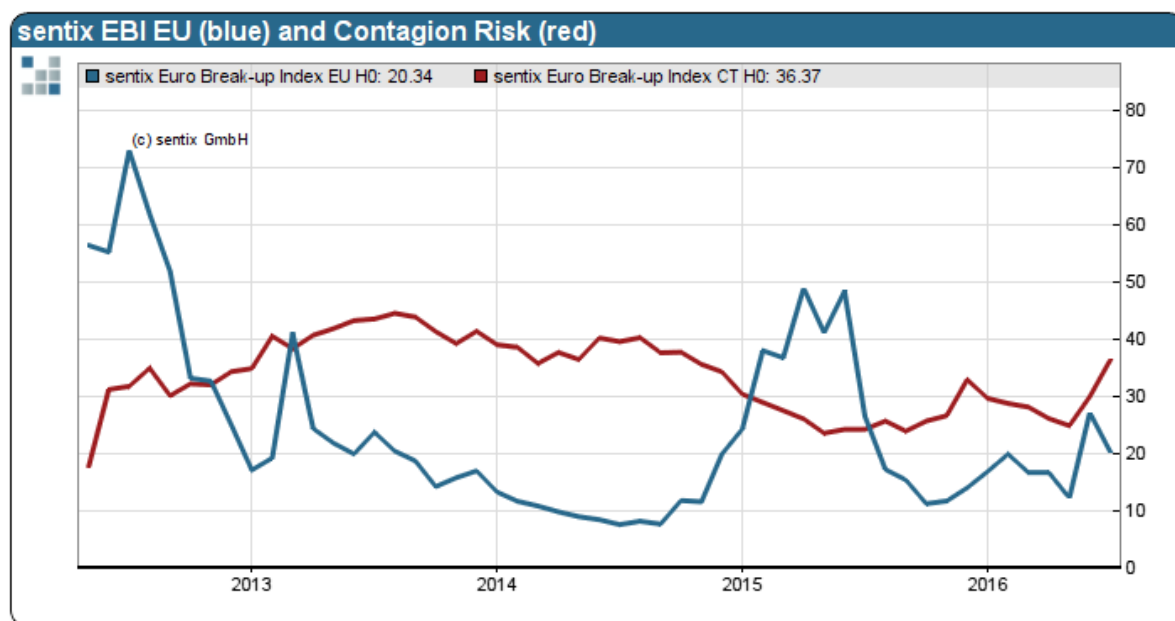
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## EBI: Contagion risk for other countries increases

After the Brexit shock and the obvious increase end of June the sentix EBI (Euro Break-up Index) calms down by the end of the month July 2016. The decline of 6.8 points to 20.3 points should not hide the fact that the value is still higher than before the Brexit referendum. The obvious calm in the capital markets does not seem to mean, the risk for a break-up of the euro zone has sustainably given away. In the background the risk of contagion rather increases. Several countries like Finland or Italy reach new annual highs in the country-EBI-indices.

At first glance it appears that relaxation is announced at the EBI. The index, which measures the likelihood of a break-up of the euro zone, falls in July to 20.3 points. One month earlier, the EBI was raised exactly at the weekend when the British voted for or against a stay in EU. The shock-like vote also left its mark on the EBI. But the reaction of investors one month after the quake should also make you listen. At least the British were able to release their political vacuum in a rush and also the markets have entered a sustainable recovery phase. We are still far away from a "sustainable" recovery of EBI indicator, at least the July level marks the second highest value in 2016. Rather than this fact worries the parallel calculated index contagion risk (red line). This increases the second consecutive month very dynamic to a value of 36.4 percent, marking a level which was observed recently in October, 2014.



sentix Euro Break-up Index and Contagion Risk Index

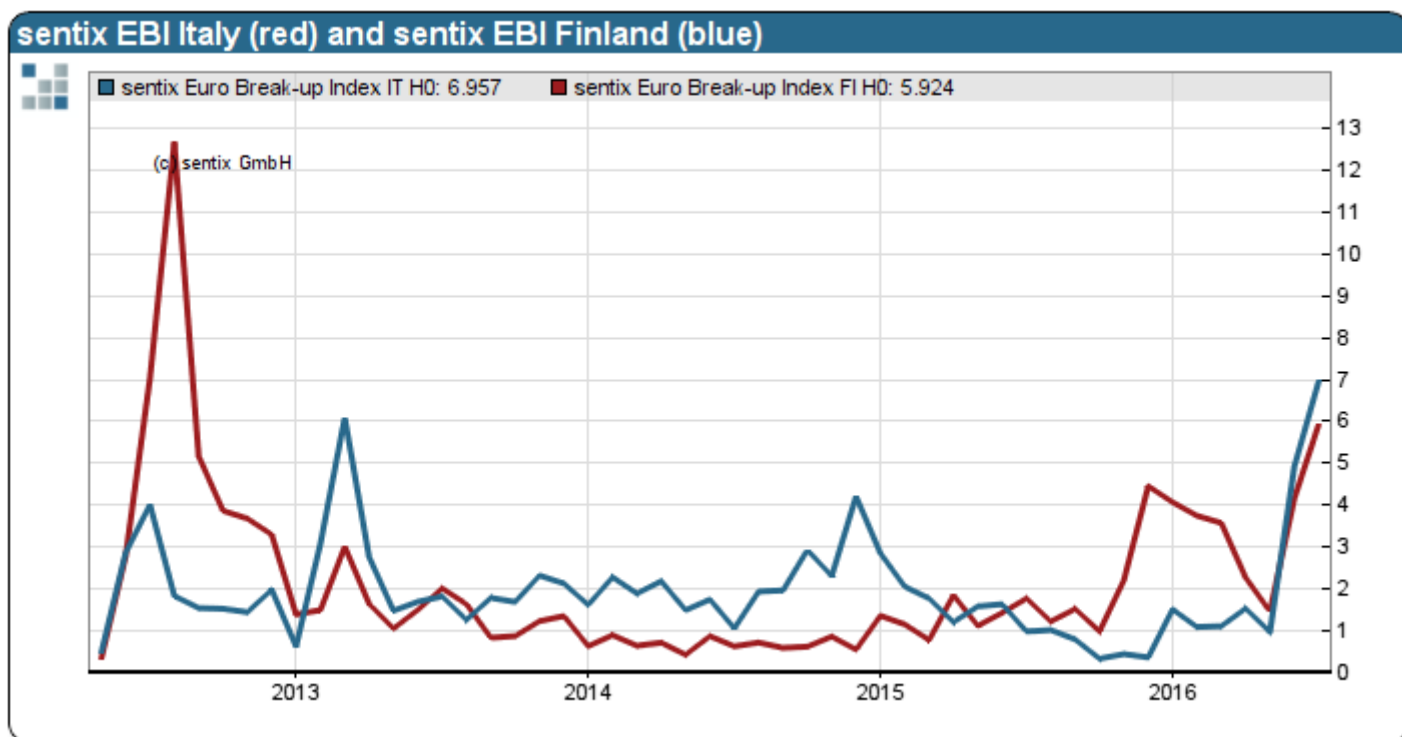


# Press release

## sentix Euro Break-up Index

26-July-2016

Looking at individual country indices reveals the increasing risk of a spread. Several country indices do not just climb to a new high, some even reach all-time highs. Never in EBI history, the value for Italy was at such level. In both countries investors notice financial and political movements, that increase the likelihood of an effective exit. We can follow-up the ongoing process in Finland since mid of 2015. With the result of the Brexit, nationalistically trends have new breeding and add fuel to exit discussions. In the Netherlands a similar process can be observed, even if the EBI was at least slightly declining in the stronghold of the tulips. For Italy the national EBI shows steeply upward. The rescue attempt of Italian banks might be the background, which again challenges the financial solidity of Italy. The fact that the rise of individual country indices is extreme disproportional to yield spread of German government bonds, is due to ECB purchases. The real risks, which has to be priced on spreads in fact, do not reflect the bond prices so fare. Without the protective hand of the ECB significantly higher risk premiums on Italian government bonds would be observable.



sentix Euro Break-up Index by country **Finland** and **Italy**



## Background

The sentix Euro Breakup 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 Breakup Index can be found on <http://ebr.sentix.de>.

**This month's reading of 20,3% 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 in which 1.003 individual and institutional investors participated was conducted from July 21 to July 23, 2016.

## About sentix

sentix is the pioneer and leading provider of sentiment analyses (behavioural finance) in Europe. Since 2001 sentix surveys on a weekly basis around 5,000 investors from over 20 countries (comprising over 1,100 institutional and almost 4,500 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 vast 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 Bloomberg. sentix clients thus can use sentix data almost in real time 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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