Press release
sentix – indicator in focus
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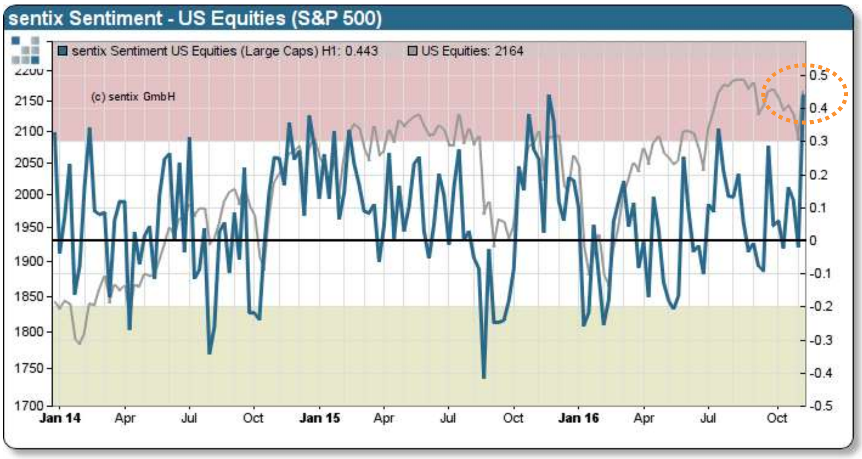
Party on Wall Street

Investors celebrate the surprising outcome of the US election. Investors' sentiment for the US equity market has reached the highest level since 2010. In the past, comparable sentiment levels indicated that the US market is temporarily over-bought.

As pollsters, politicians and the media are still trying to regain countenance after being choked up by Trump's stunning presidential victory; investors rush to buy stocks. The S&P 500 stock index rose more than 1.8%. At the same time, the **sentix Sentiment for US equities (S&P 500) climbs from previously -0.02 points to +0.44 points.** This week's sentiment reading is the **highest value since 2010** and one of the strongest one week surges ever recorded (refer to chart). Expecta-tions on large-scale fiscal stimulus packages and tax cuts for businesses inspire investors to dream of rising stock prices and a prolonging of the since 2009 existing bull market.



Rising share prices are indeed possible over the long run, as investors strategic confidence in owning US shares keeps up with rising sentiment values. Moreover, bulls can bank on more investors joining the party as undecided (e.g. neutral) investors are still plentiful available. Although there may be numerous reasons for a bullish trend continuation, due to current sentiment extreme, the market may take a break before ascending to new all-time highs. **In the past, compara-ble levels of optimism lead to a consolidation within two weeks after the signal.**

Consequently, we expect that the US market must digest the current sentiment extreme first, before advancing to new highs.

Background

The **sentix Sentiment** indices, which capture investors' 1-month expectations for a broad range of financial markets, are calculated on a weekly basis since 2001 as part of the sentix Global Investor Survey. The sentix sentiment reflects human emotions – between greed and fear – of market participants. Negative sentiment extremes are usually a straight indication for rising prices. High optimism, in contrast, may be a warning signal for an upcoming market consolidation. A sentiment divergence mostly indicates more important turning points.

The latest sentix Global Investor Survey was conducted from 10-November to 12-November-2016. 1037 individual and institutional investors took part in it.

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 1,000 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 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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