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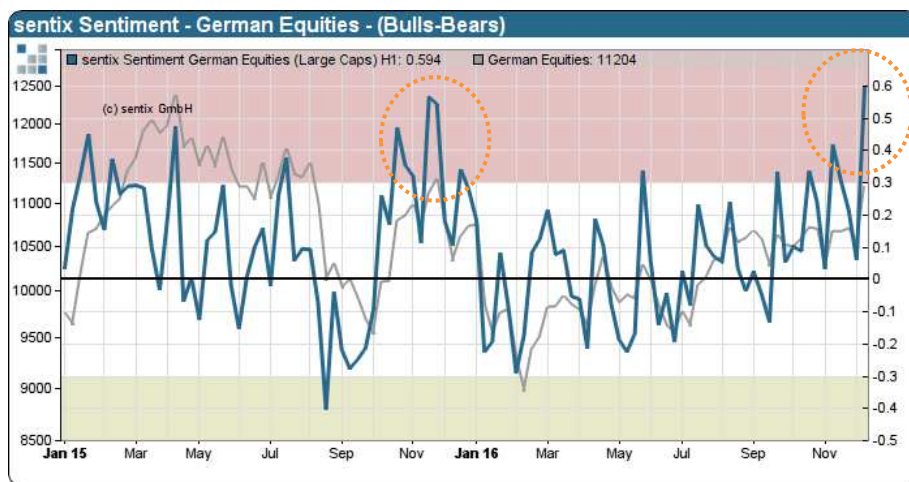
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Déjà-vu

sentix Sentiment for the German equity market scores new record high. Investors celebrate previous week's stock market gains. The latest sentiment frenzy represents a short-term contrarian sell signal – a similar set-up as last year.

While investors remained cautious before the Italian referendum and the ECB meeting last Thursday, the winds have changed. The German stock market DAX jumps to a new annual high, thus leaving its five-month long trading range in the wake of the nonappearance of political surprises. The message of the ECB to pump more liquidity into financial markets reached its target audience. Investors are in party mood. The **share of bullish market participants has risen 36% in a single week.**

Hence, almost **67% of survey participants indicate that they are now “bullish” (optimistic) towards German equities.** Only 8% of investors remain “bearish”. The presented index value of 0.59 (see chart) is the difference between “bullish” and “bearish” survey participants. Technically, an extremely positive sentiment reading is not only an **indicator for an overstretched market but also a contrarian sell signal.**



Our data shows that the market needs time to digest after the near-term optimism in the equity markets reaches extremely elevated levels. The market could follow a similar path to neutralise investors' sentiment such as in November/December 2015. However, there is no guarantee that the market follows the same pattern as last year. However, in financial markets, it **can be costly to believe “this time is different”.**



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 current sentix Sector Sentiment survey ran from 01-December to 03-December-2016 and 1.012 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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