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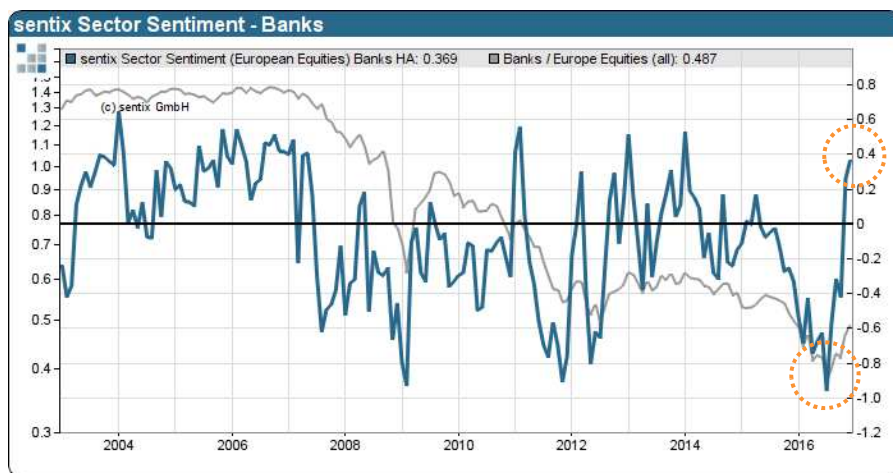
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## European bank stocks are en vogue again

The sentix Sector Sentiment for European bank stocks hits the highest value since January 2014. Investors' perception inverted by 180 degrees within only a few months. At least in the short-run, the steady rate of bullish conversion strains further outperformance.

Investors memory of the European banking crisis and the Deutsche Bank panic in September 2016 has faded away. The surprising outcome of the US election fires investors' imagination on higher interest rates. European banks currently do not only benefit from rising interest rates, e.g. a steeper yield curve, but also from investors' positive economic expectations. First media outlets trumpet the end of the negative yield era for German ten-year Bunds. By now, the performance of European bank stocks starts to flourish even by incremental interest rate increases.

Correspondingly, investors start to revise their opinion on bank stocks. In December, the **sentix Sector Sentiment on European bank stocks climbs to a new 36 month high**. Within less than six months, investors attitude towards banks changed: an 80% surplus of pessimism has turned into a 37% surplus of optimism (refer to chart).



Rising investor sentiment positively contributes to long-term market development. However, the sentix Sector Sentiment does not only incorporate investors' valuation towards an equity sector but also a standard sentiment component. Hence, after **surging optimism** on bank stocks in the second half of 2016, **investors should prepare for a possible market correction**. **Extreme sentiment values are contrarian short-term sell signals**.



## Background

**sentix Sector Sentiment** is a monthly survey conducted since 2002 among individual and institutional investors as part of the sentix Global Investor Survey which runs on the second Friday of each month. Investors are asked about their 6-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 and calculated as z-scores. Z-scores are standard deviations from the mean of a given sample. A value of +1 for an industry sentiment says, for instance, that the expectations for the industry stand one standard deviation above the average expectation for all sectors.

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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