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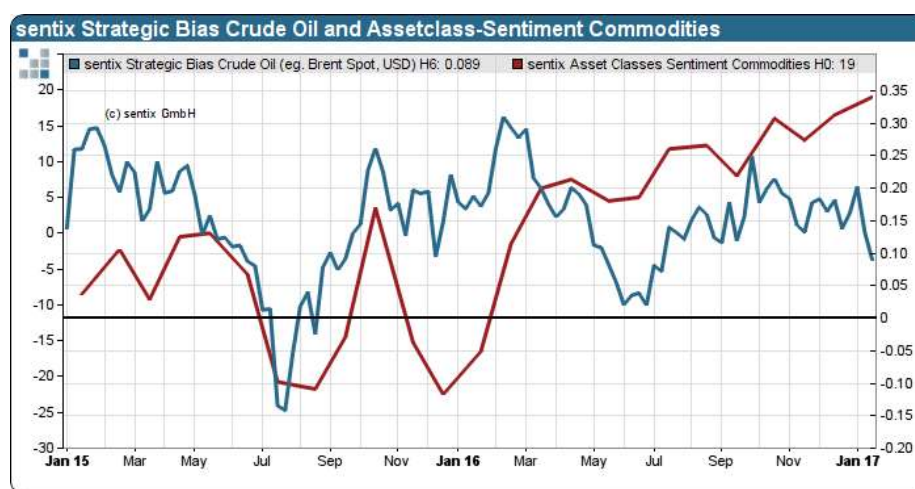
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## Crude burdens commodity asset class

The sentix asset class sentiment for commodities has reached the highest level since 2012. At the same time, investors express falling conviction about further rising crude oil prices. Due to the material interconnection between crude price and the development of all commodities, risks arise.

In comparison to the previous month, the sentix asset class sentiment for commodities rises in January incrementally to 19 points, thus entering bullish overbought terrain (refer to the chart, red line). Normally, the improving sentix indicator heralds a positive commodity price development. However, while the asset class indicator rises, investor's structural optimism for continuously rising crude oil prices significantly drops. The weekly calculated sentix Strategic Bias for crude oil, which measures investor's confidence, continues its downtrend (refer to the chart, blue line). The divergence between both sentix indicators highlights mounting risk. The recovery of commodity prices is at stake.



Since early 2016, the recovery of commodity prices follows the lead of rising inflation expectations. Many investors regard investments in commodities as a hedge against rising inflation. Moreover, the driving force behind stronger inflation expectations is a higher crude oil price. As investors now express a lower conviction about further rising crude prices, inflation expectations are possibly under downward pressure, too. Therefore, a falling sentix Strategic Bias for crude oil burdens the entire commodity complex. In our opinion, investors should prepare their portfolios to withstand a consolidation in commodity prices in the weeks to come.



## Background

The **sentix Strategic Bias** (investors' six-month market confidence) is conducted on a weekly basis since 2001 as part of the sentix Global Investor Survey. It reflects the strategic view of market participants as well as their fundamental convictions and perceptions of value for a given market. As this indicator represents investors' general willingness to buy or sell it should not be interpreted as a contrarian signal. Rather it is usually leading the market by several weeks.

**sentix Asset Classes Sentiment Commodities** is polled among individual and institutional investors since 2004 via the sentix Global Investor Survey. Investors are asked about their medium-term price expectations for the asset class of commodities. These expectations tend to lead price developments as rising preferences signal increasing readiness to buy (and vice versa). Extreme readings of sentix Asset Classes Sentiment indicators often mark the end of a price movement and thus indicate increasing chances/ risks.

The current sentix survey ran from 19-January to 21-January-2017, and 1.048 retail 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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