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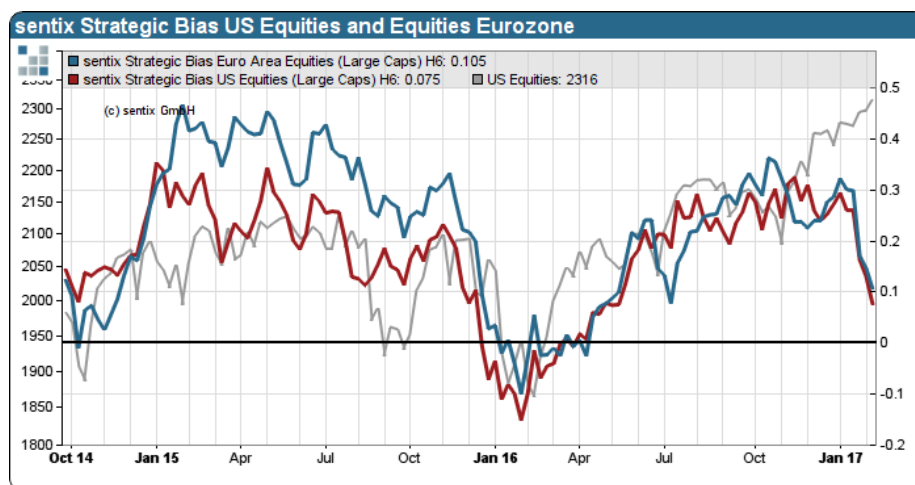
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## Stock market risk levels rise

**Investors' confidence in the equity markets takes a beating. The respective sentix indicator for both, the US and European markets continues its decline. Although investors review their stance on equities, stock prices rally. Risks are lurking due to this discrepancy.**

Equity prices, based on the S&P 500 (refer to the chart, grey line), and the sentix Strategic Bias for the US stock market (red line) continue to diverge. The sentix Strategic Bias expresses investors' medium-term confidence in the financial markets. Moreover, the willingness to sell positions usually correlates with a falling level of confidence. Investors' faith in the equity markets is currently intertwined with the general sentiment towards President Trump and media coverage. Furthermore, investors have based their decisions to buy the US market primarily in the hope that President Trump will deliver on his campaign pledges to boost the economy. Despite his business on other promised issues, he still hasn't focused on economic policy. Hence, the larger the divergence between equity prices and the lower the confidence of investors, the higher is the US equity market at risk.



In addition to rising risk levels, the latest data setup reveals another issue. Investors do not discriminate between European (refer to the chart, blue line) and US stock markets (red line). Despite the expected effects on the exchange rates of US economic policies under the administration Trump, investors do not exhibit a concise opinion. Instead, confidence in both, the US and the European stock market suffers. Historically, such an ambiguous view is a short-term phenomenon.



## 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.

The current sentix survey ran from 09-February to 11-February-2017, and 1.102 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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