



The following report is an official press release of sentix GmbH. Please mind the disclaimer at the end of the document!



Manfred Huebner

CEFA, Managing Director

manfred.huebner@sentix.de

sentix 
expertise in behavioral finance

sentix GmbH

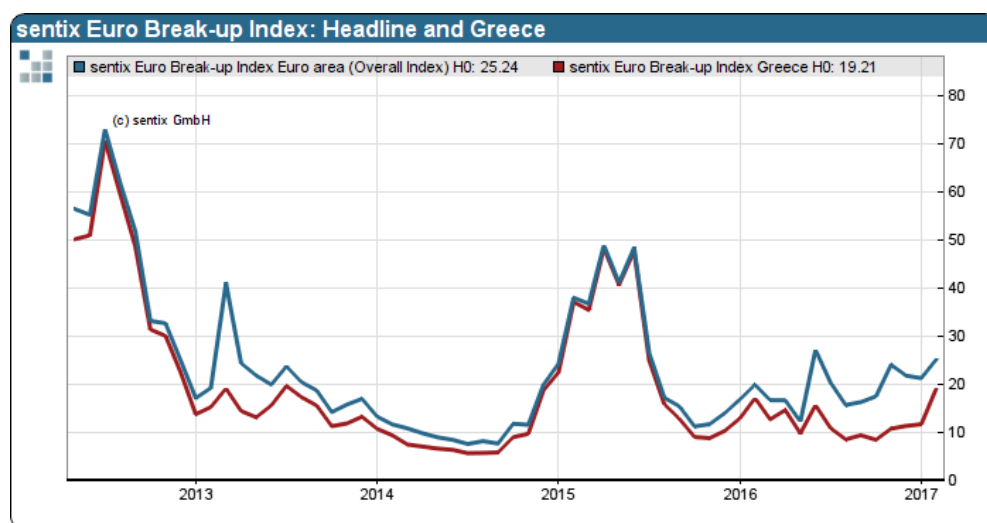
Wiesenhüttenstraße 17, 60329 Frankfurt am Main

Tel. +49 (69) 3487 961-0, info@sentix.de

Euro Break-up Index: the threatening three

After two years absence, the euro-crisis is back in the spotlight. However, this time is different. The protagonists have multiplied as France and Italy now join Greece as likely exit candidates. The sentix indicator that measures the risk of contagion jumps for the first time since 2012/13 above 45% which puts politics under pressure to curtail the crisis from spreading further.

The euro crisis has never completely disappeared over the last years, which becomes apparent these days. As more than 25% of sentix survey participants believe that at least one member state will quit the single currency, our indicator has jumped to risk levels last seen around the time of the surprising Brexit in June 2016. Back then, the sentix Euro Break-up Index (EBI) stood at 27.5%.



sentix Euro Break-up Index: Headline Index Eurozone and sub-index for Greece

We can identify three potential reasons for the latest surge of contagion risk. As the annual interest repayment day approaches, Greece is quasi on schedule back in the media. Effectively, politicians must concede that the rescue policies have failed for Greece. However, as elections approach, politicians suddenly shift their agenda: now austerity is "out".

Nevertheless, investors are not stupid. They review the latest policy changes more as election tactics rather than as a consistent approach which will sustain the upcoming elections in France, the Netherlands and Germany.

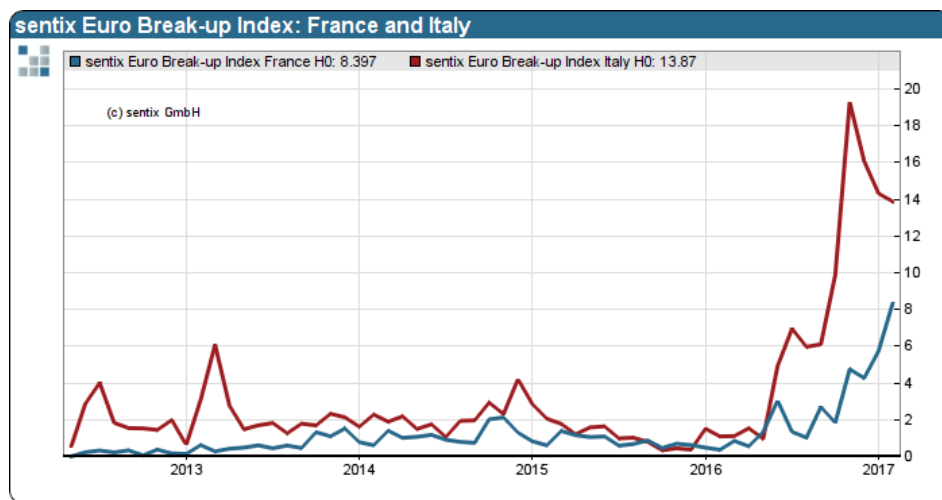
The Eurozone today has more issues than just the condition of Greece.



Press release sentix Euro Break-up Index

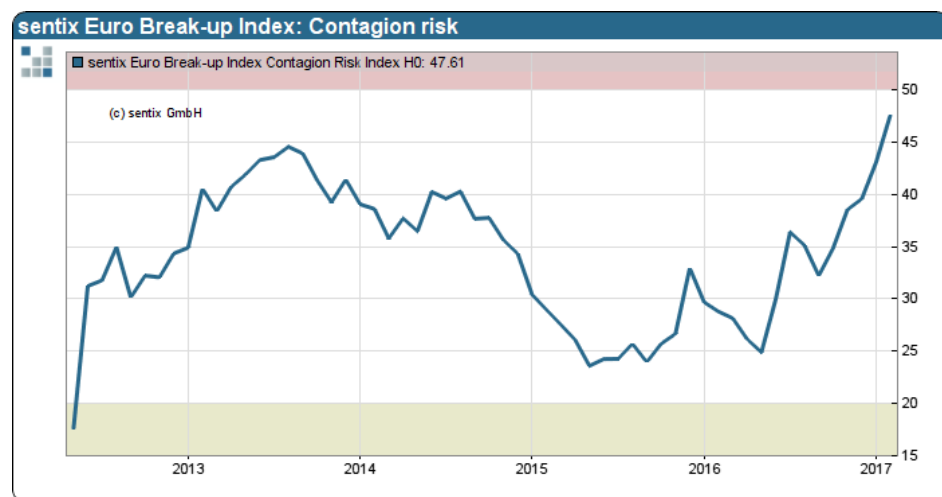
27-Februar-2017

Despite that, the situation in Italy has calmed somewhat in the recent weeks. However, the sentix Break-up probability remains high at 13.9%. Also, the Break-up probability for France is on the rise. The sub-index for France reads an exit probability of 8.4%, up from 5.7% in January - a new all-time high.



sentix Euro Break-up Index – sub-indices for France and the Italy

The higher exit probabilities stem from investors uncertainty about forecasters ability to predict election outcomes accurately. Investors fear forecasters might get it wrong again after last year's surprise victory of Trump and Brexit. Nevertheless, the probability of a surprise election of contending LePen in France's presidential race is less likely.



sentix Euro Break-up Index: Contagion risk index

Consequently, the euro-crisis has become more contagious. The sentix Index measuring contagion risk passes previous levels last seen during the high of the crisis in 2012/13. Would the euro-crisis be a flue, politicians were not shy to issue pandemic alerts.



Background

The sentix Euro Breakup Index is published on a monthly basis and was launched in June 2012. Its poll is running for two days around the fourth Friday of each month. Results are regularly published on the following Tuesday morning. Survey participants may choose up to three euro-zone member states of which they think they will quit the currency union within the next twelve months. Further details on the sentix Euro Breakup Index can be found on <http://ebr.sentix.de>.

This month's reading of 25.2% means that currently, this percentage of all surveyed investors expect the euro to break up within the next twelve months. The EBI has reached its high at 73% in July 2012 and touched its low at 7.6% in July 2014.

The current poll in which 1.051 institutional and retail investors participated was conducted from January, 23th to January, 25th 2016.

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 1,100 institutional and almost 4,500 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.



Disclaimer

Important information concerning liability, compliance, protection of investors and copyright

This information is meant only for distribution in countries in which law permits this.

This analysis is for information purposes only and (i) does not constitute or form part of any offer for sale or subscription of or solicitation of any offer to buy or subscribe for any financial, money market or investment instrument or any security, (ii) is neither intended as such an offer for sale or subscription of or solicitation of an offer to buy or subscribe for any financial, money market or investment instrument or any security nor (iii) as an advertisement thereof. The investment possibilities discussed in this report may not be suitable for certain investors depending on their specific investment objectives and time horizon or in the context of their overall financial situation. The investments discussed may fluctuate in price or value. Investors may get back less than they invested.

Changes in rates of exchange may hurt the value of investments. Furthermore, past performance is not necessarily indicative of future results. In particular, the risks associated with an investment in the financial, money market or investment instrument or security under discussion are not explained in their entirety.

We assume no liability for the information contained in this analysis. The analysis is no substitute for personal investment consultation. Even by the depicted opportunities and risks, investors must individually assess – by their personal investment strategies, their financial, legal and fiscal situation - whether an investment in the financial instruments depicted here is sensible for them. As this document is in no way a direct investment recommendation, this document or parts of it should not be used as the basis for any conclusion of the contract or any commitment to obligations of any kind. Investors are asked to contact the investment analysts of their banks for individual investment advice and other individual explanations and advice. Neither the sentix GmbH nor any of its managing directors, employees or other persons assumes liability for losses or damages caused in connection with the use of this document or its contents.

The sentiment analysis is made available via the internet to those sentix participants of which is assumed that they do not base their investment decisions inappropriately by this analysis.

Statements or conclusions made through data or services do not include warrants or guarantees for future market or price changes. The opinions and assessments expressed therein can change without prior notice.

The sentix GmbH explicitly points out that both the sentix GmbH, its legal agents as well as their employees (in the following: the Involved) regularly conduct transactions in equity and other financial instruments which the data and services refer to. They do this both in their names and for their accounts as well as in the name and accounts of third parties. Should the Involved have been involved in an emission of instruments for the finance markets in the past 12 months, this is separately indicated at the corresponding place.

All rights of use for this analysis, its data and services are the property of the sentix GmbH and are copyrighted. The sentix GmbH reserves its right to inflict penalties for the unauthorised usage of data and services, especially unauthorised commercial use. Reproduction or subsequent processing of website elements, analyses, data or services in electronic, written or another form is prohibited without prior consent by the sentix GmbH. Analyses that are only available in the secure customer area may be quoted, neither in full nor in part. An exception to this are analyses, data or services which have been posted by the sentix GmbH via the press mailing list or which have been presented in another form for public propagation.

This analysis must not – either in full or in part, regardless of underlying intent – be forwarded, reproduced or published.

„sentix“ is a registered trademark of sentix Holding GmbH.

DAX, TecDAX, Xetra und Eurex have registered trademarks of the Deutsche Börse AG. Dow Jones EURO STOXX 50 is a registered trademark of the STOXX Limited. Other names of products and companies which may be mentioned in this publication could also be protected or be registered trademarks of other companies.

ANALYST DECLARATION

Neither in the past, present or future is the remuneration of the author linked – either directly or indirectly – to his or her recommendations or views expressed in this context.

Responsible according to the press law: Manfred Hübner