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expertise in behavioral finance

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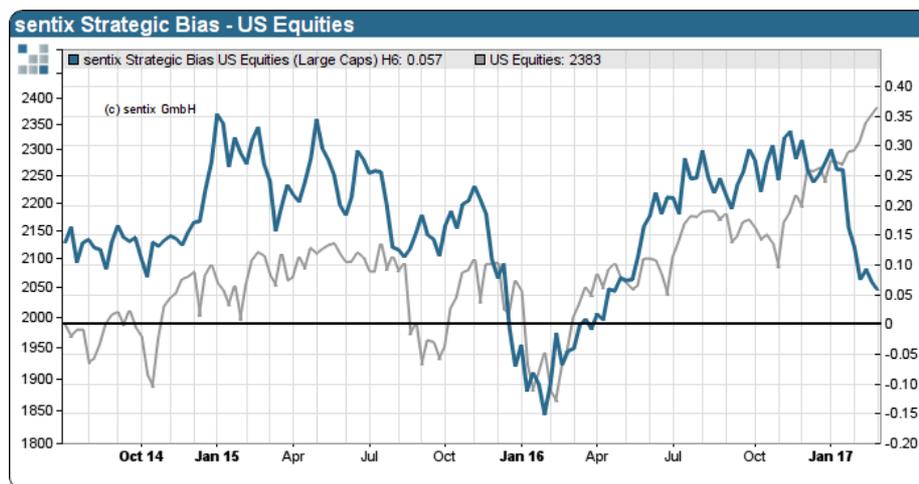
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Risk level on the rise for US equities

Investors' confidence in the US equity market suffers. The respective sentix indicator the US market continues its decline. Although investors critically review their stance on equities, stock prices keep rallying. Crash 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. As the sentix Strategic Bias expresses investors' medium-term confidence in the financial markets, it reflects the willingness to buy or to sell positions. An increasing preference to sell usually correlates with a falling level of confidence, and vice versa. Moreover, the latest drop in investor confidence stands in stark contrast with investors' actions to continue to pour money into the market. The recent CFTC report reveals that investors' portfolios have accumulated stocks such as a swam soaks water. Hence, the larger the divergence between equity prices (moneta-rized expectations) and confidence, the higher is the US equity market at risk.



According to experience, such an ambiguous investor behaviour remains a relatively short-term phenomenon. Based on our sentix data, a price correction of, on average, three percent within eight weeks have occurred after situations in which investors similarly lost confidence in the US market. This time, however, we believe that a potential price correction might well exceed those three percent as investors' portfolios are fully loaded.



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 02-March to 04-March-2017 with 1.081 retail and institutional investors.

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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