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**Manfred Hübner**

CEFA, Managing Director

manfred.huebner@sentix.de



sentix GmbH

Wiesenhüttenstraße 17, 60329 Frankfurt am Main

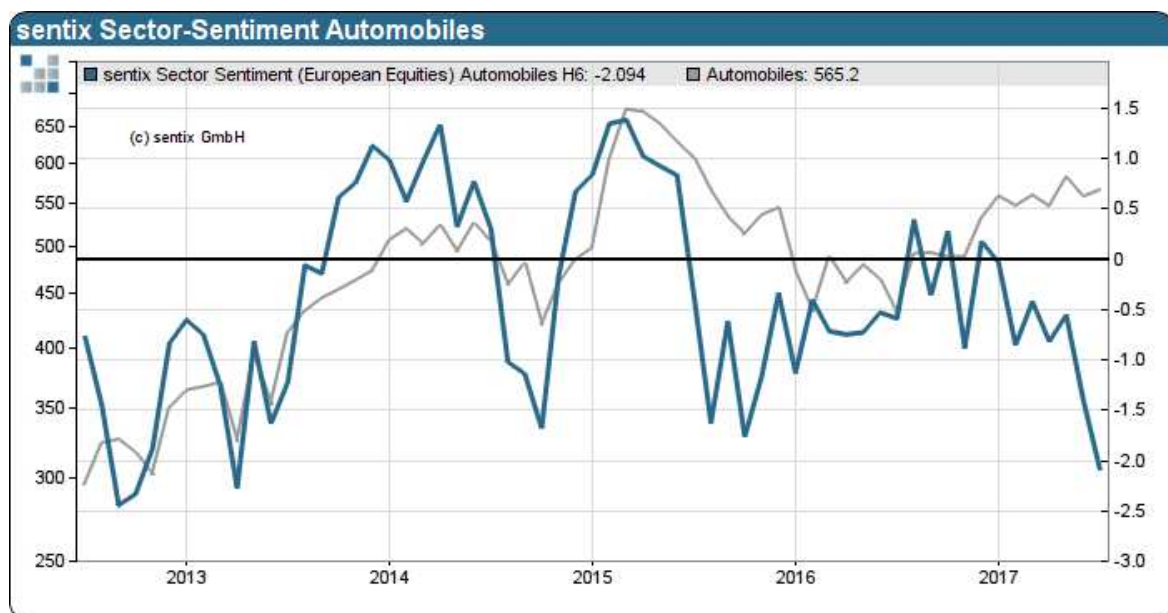
Tel. +49 (69) 3487 961-0, info@sentix.de

## The traffic light for automobile sector switches to green

Fears of a flare-up of a new dieselgate at Daimler drives the sentiment of investors for the entire European automotive sector to a 24-month low. However, the fear of investors seems to be exaggerated. The sector index performance hardly showed any reaction. From a behaviour-oriented approach an anti-cyclical opportunity arises from these circumstances.

The sentiment for automobile stocks in Europe is in a sorry state. The July sector sentiment for the automobile sector shows that investors have developed a high level of scepticism for the automotive industry. The sector sentiment is currently the worst of all 19 STOXX sectors and marks a 24-month low. With a Z-score of -2.1, it is almost as low as in April 2013. Following this low point, a clear recovery began.

Investors are increasingly reacting to two factors. On the one hand, the negative news about the Daimler share has a negative impact on the sector. Investors estimate a second dieselgate as a huge burden for the entire sector. The investors now transfer their experiences they have made from the VW scandal to the next candidate (keyword “representativeness heuristic”).



sentix Sector Sentiment Automobiles vs. STOXX 600 Automobiles



On the other hand, investors evaluate a second stress factor for the export-oriented industry: As a result of the recent strengthening of the euro, investors see a risk that the business prospects of the car manufacturers might deteriorate. The result is a tremendous force in sentiment, but this is not reflected in the current STOXX 600 sector index performance.

From the point of view of behavioral finance, investors' outrage in relation to market price behavior seems to be far too strong. In historically comparable constellations, such a sentiment signal subsequently stimulates a dynamic recovery of the sector. This is also to be expected for the present constellations. Therefore, from our anti-cyclical analysis, the traffic light for the automobile sector switches to green.

## 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 normalized 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 13-July to 15-July-2017 and 1.119 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 Behavioural Finance.



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