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expertise in behavioral finance

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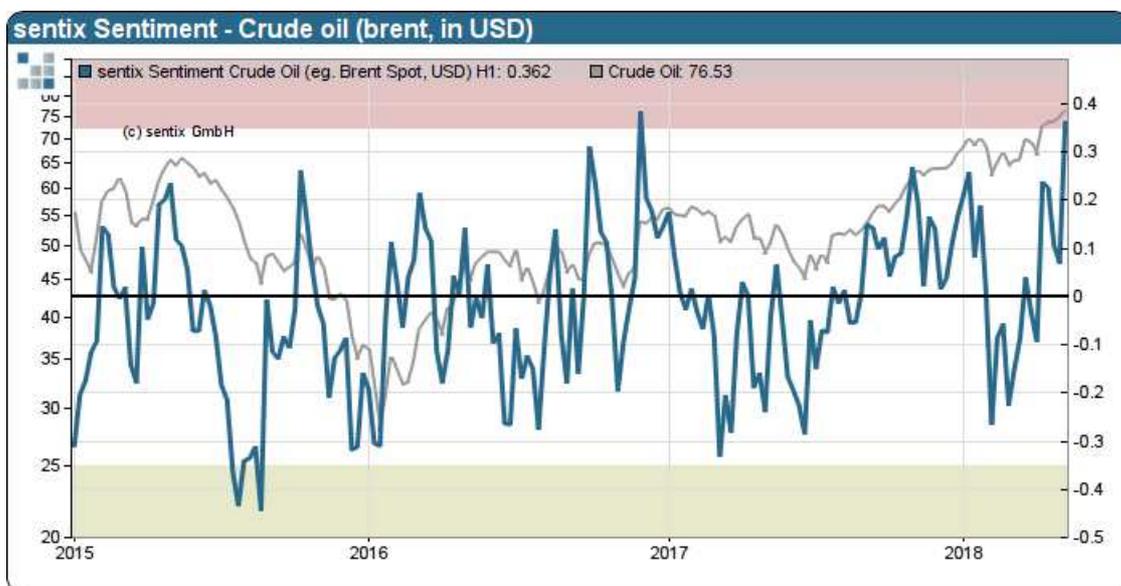
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Oil and oil stocks are running hot

The uncertainties in the Gulf region, which continue to be fueled by the termination of the Iran nuclear agreement by the USA, and the sharp rise in prices are leaving their mark on investors' sentiment. Investor sentiment on oil has reached its highest level since the end of 2016, and oil shares are also in high demand. But here, too, we are now measuring euphoric trends in the sector sentiment. A contrary chance is looming!

Oil prices have known only one direction for almost a year: upwards. The spot price of the North Sea variety Brent has risen by more than 60% since the end of June 2017. In addition to the good economic situation in Europe and worldwide, it is above all geopolitical uncertainties that are supporting the price increase. The US president's decision to unilaterally terminate the Iran nuclear agreement has recently led to another surge in prices. All this does not miss its effect on the mood of investors. The sentix sentiment for crude oil jumps significantly upwards and reaches +36% the highest level since autumn 2016.



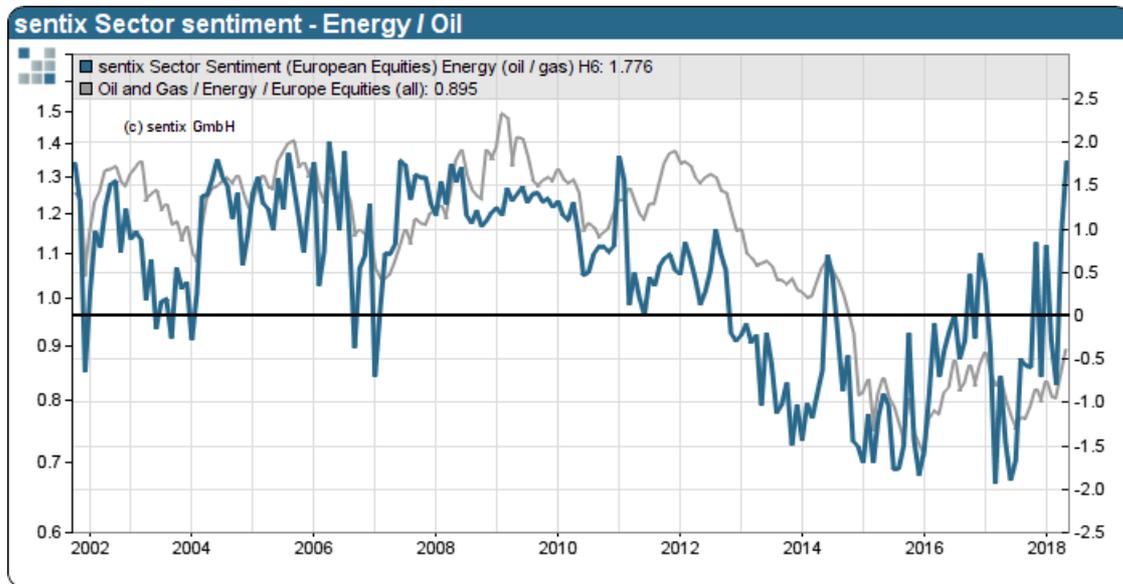
sentix Sentiment for crude oil (Brent, in USD) vs. crude oil price Brent

Such a one-sided mood poses a problem for the optimists in this market. For whenever investors' emotions are too one-sided, they indicate an equally one-sided positioning or too little risk perception. This often results in corrections against the prevailing trend.



But not only investors in the oil market are impressed by the rising oil prices.

The stock market is also showing an almost euphoric attitude on the part of investors. The relative sector sentiment of sentix reaches its highest level since 2011 with 1.8 z-scores.



sentix Sector-Sentiment Oil / Energy (relative) vs. STOXX600 Oil and Energy relative to STOXX600

Such a one-sidedly pronounced investor sentiment is also here a harbinger for a necessary correction. In the past, this was more than 5% on average over a period of 3-6 months.

Investors are therefore well advised to perceive the euphoric mood surrounding oil as a risk factor.



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 current survey was conducted between May 10th and May 12th, 2018, among more than 1.000 private 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 Behavioural Finance.



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