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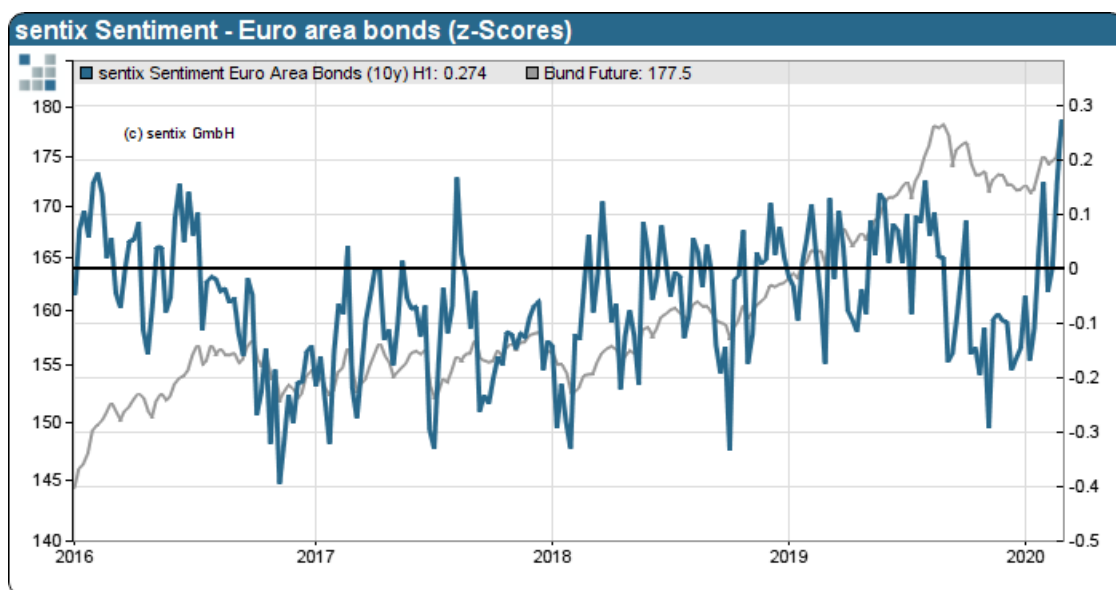
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Bonds run hot

In the course of the great uncertainty about the spread of the corona virus and the resulting economic consequences, shares have recently come under severe pressure. At the same time, investors have once again sought out safer havens. A wise decision?

From our point of view this is doubtful. Because with the flight reflex into bonds, investors have not only made a quasi-interest-free investment. They have also acquired an investment that is characterized by a bullish sentiment and a relatively high positioning. Both together are factors that speak for an increased risk of a price decline.



sentix Sentiment for Euro area bonds and Bund-Future (adj. endless contract)

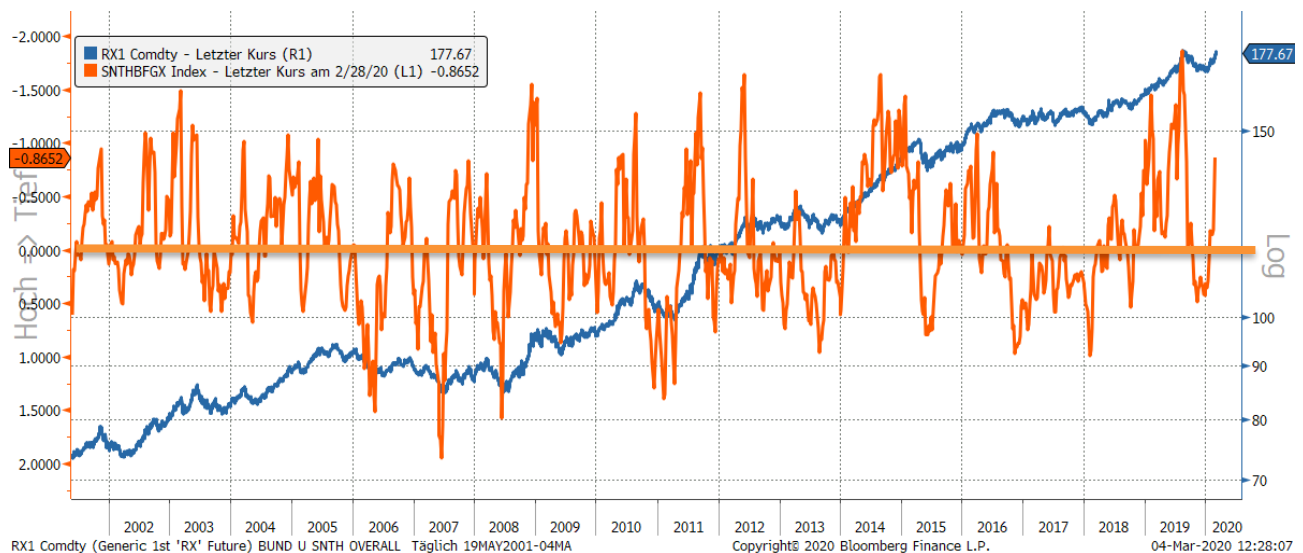
The sentix sentiment barometer for German government bonds has climbed to its highest level since August 2010. At that time, the bullish mood of investors marked a high point, which was followed by a correction phase lasting around 6 months.

But it is not only the mood for bonds that is extremely good. Investor positioning also shows that professional investors in particular have chosen a longer portfolio duration and thus hold more interest rate risks in their portfolios. Measured as a so-called Z-score, the positioning is above average at +1.35 standard deviations.

The fact that the overall risk measured in the sentix risk radar is not yet at such an extreme level as it was in July of last year, for example, is due to market indicators.



Overall, however, the sentix risk radar signals a significantly increased risk for long-term Bunds and it seems more than questionable whether it is worthwhile to purchase or hold this investment at an interest rate of -0.65% for a 10-year term.



sentix risk radar for Euro area bonds and Bund-Future (adj. endless contract)

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