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Dr. Sebastian Wanke

Senior Analyst

sebastian.wanke@sentix.de

sentix 
expertise in behavioral finance

sentix GmbH

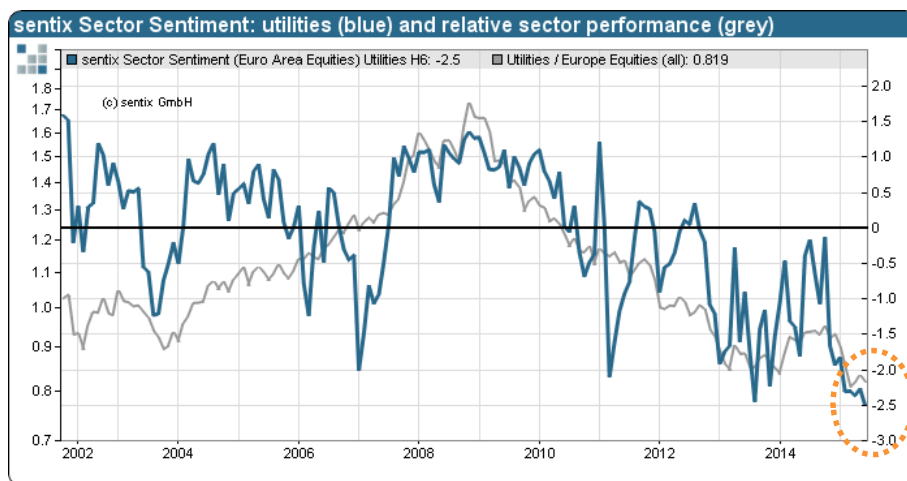
Wiesenhüttenstraße 17, 60329 Frankfurt am Main

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

Extremely bad sentiment for European utility shares

sentix Sector Sentiment for utilities falls to a sector-specific all-time low. Only once before since 2002 was the mood for a sector worse among investors. But in relation to the whole market European utility stocks' performance has stabilized since March. All in all, the signals point to a renewed contrarian opportunity.

In June – just after the G7 “climate” summit in Elmau, Germany –, sector sentiment for European utility stocks falls by 0.23 to only -2.50 standard deviations (see “Background” on page 2). This is an all-time low for the indicator whose history goes back to the year 2002. Only once during that period sentiment was worse among investors for a sector. That was for banks in May 2012, some weeks ahead of Mario Draghi declaring the euro for “irreversible”.



When investors have turned their backs at a sector in such an extreme way, this usually is a sign for a coming outperformance – for utilities this was the case in mid-2014 (see graph), for the aforementioned bank shares it happened in 2012, too. In addition, utility stocks' relative performance finds itself in a constructive phase of bottom building since March. If the sector is also going to outperform in absolute terms will depend on the critical level of 312 points for the Stoxx-600 sector future – a mark which is currently endangered by the significant weakness of German utilities.



Background

sentix Sector sentiment is a monthly survey being conducted since 2002 among individual and institutional investors as part of sentix Global Investor Survey. The survey is run around 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 normalised over all sectors and calculated as so-called z-scores. Z-scores are standard deviations from the mean of a given sample. A value of +1 for a sector sentiment means, for instance, that the expectations for the sector stand one standard deviation above the mean expectation for all sectors.

The current sentix Global Investor Survey was conducted from June 11th to June 13th, 2015. 980 individual and institutional investors took part in it.

About sentix

sentix is the pioneer and leading provider of sentiment analyses (behavioral 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 large 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 via Bloomberg. sentix clients thus are able to use sentix data almost in real time in order 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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