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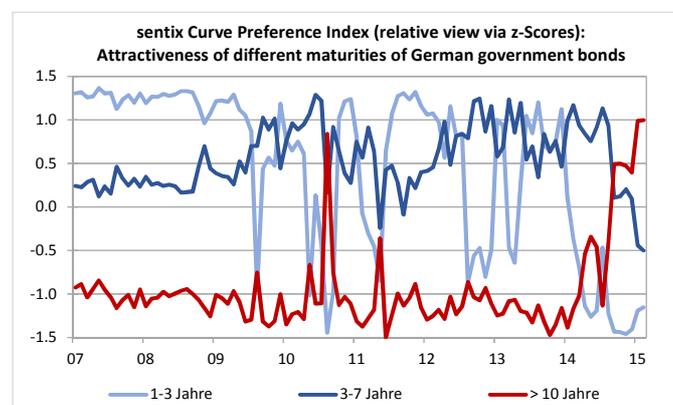
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Desperate investors: long-term bonds as popular as never before

Record-low yields drive investors into ever longer maturities of German government bonds. This situation is mirrored by the sentix Curve Preference Index: While investors' dislike of mid-term bonds has reached a new extreme, market participants now find bonds with maturities of more than 10 years as attractive as never before – although their yields have touched new all-time lows, too. This shows how desperate bond investors' are in the current low-yield environment.

The sentix Curve Preference Indices – which were polled via the latest sentix Global Investor Survey – show a remarkable development: **bond investors' preferences for mid-term bonds (3 to 7 years) are on an all-time low** since their inception in 2006 (see graph, dark blue line). **At the same time, investors have never before found German government bonds with maturities of over 10 years more attractive than currently**, at least in relative terms (see graph, red line).



This development is irritating as large parts of German government bonds with longer maturities already yield less than 1%. But it is the negative yields which have chased investors first out of short-term bonds (maturities between 1 and 3 years, see graph, light blue line) and now also out of bonds with maturities between 3 and 7 years (see graph, dark blue line). Consequently, long-term bonds are now relatively most attractive.

But the despair of bond investors is not only reflected by the high popularity of low-yielding long-term bonds. It is also stressed by **rising economic expectations** of market participants which usually lead to a steepening of the yield curve, making bonds with longer maturities rather unattractive. **Consequently, many investors who now act according their current curve preferences could soon be caught on the wrong foot!**



Background

The unique indicator family of the sentix Curve Preference Index comprises time series about investors' expectations regarding the developments of different segments of the yield curve of German government bonds. They are primarily an additional tool for the better understanding of investors' perceived bond market dynamics. Furthermore, they can be used as directional indicators for the German bond market. The indices are surveyed on a monthly basis, around the fourth Friday of each month since 2006 and published on the following Monday morning.

The current survey was conducted from February 26th to February 28st, 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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