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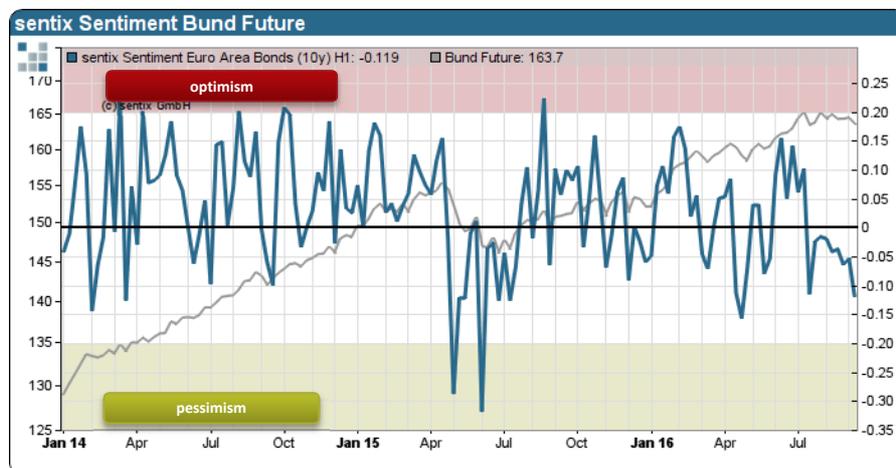
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## Little fear despite disappointment

Investors sentiment towards German government long bonds chills. EZB's preliminary decision not to expand monetary policy disappoints investors. However, fear among market participants such as in April/May 2015 is not present, yet.

The latest sentix Sentiment Index for German Government bonds has fallen -0.07 and hit with **-0.12 index points the lowest value since April**. The **weak sentiment** reflects surging disappointment among market participants as **the EZB adopts a more cautious policy**. Hence, the ECB has rejected investors inflated demand for an ever looser monetary policy, at least for now. Nonetheless, since last week, investors are aware again that the ultra-loose monetary policy will not remain in force forever. Demand for hedging as well as outright bond sales has caused markets to tumble. For the first time since the outcome of the "Brexit" referendum, yields on German 10-year government bonds have turned positive.



However, since the reaction of investors to the EZB press conference is **not driven by fear**, as in April/May 2015, and the **sentix Sentiment** for European Bonds has **not reached extreme parameters** yet (refer to chart – green zone), hedging demand has not peaked, yet. Consequently, investors should **expect a further market correction in German Bunds**.



## Background

The **sentix Sentiment** indices, which capture investors' 1-month expectations for a broad range of financial markets, are calculated on a weekly basis since 2001 as part of the sentix Global Investor Survey. The sentix sentiment reflects human emotions – between greed and fear – of market participants. Negative sentiment extremes are usually a straight indication for rising prices. High optimism, in contrast, may be a warning signal for an upcoming market consolidation. A sentiment divergence mostly indicates more important turning points.

The latest sentix Global Investor Survey was conducted from 08-September to 10-September-2016. 1101 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 Behavioral Finance.



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