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A second Brexit result?

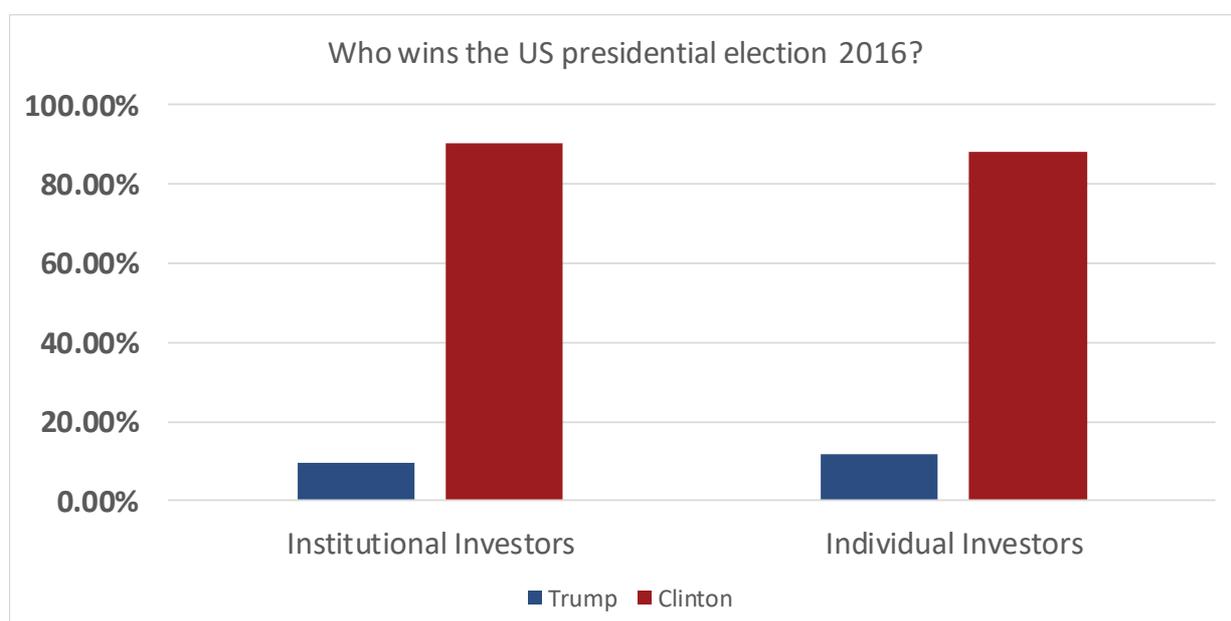
In a special survey, we interviewed more than 1,000 investors for their opinion on the forthcoming US presidential elections. From the point of view of investors, the choice seems to be running. Around 90% expect a victory from Democratic candidate Hillary Clinton. This clear vote goes beyond the current state of the so-called "prediction markets", ie the vote of the bookmakers. Is the story of the Brexit repeating itself?

In June 2016, the British voted for the withdrawal from the EU. Neither the official polls nor the bookmakers had the "Brexit" on the screen. Even harder it hit the investors, which at the end of May were sure that it does not come to a "Brexit". 90% of investors reported in a sentix survey, they do not believe in a "Brexit".

Now, with the US presidential elections, another important political event is in house. For this reason, we conducted a special survey on the subject, as was the case at the end of May for Brexit. We asked three questions to the investors.

Who wins the 2016 US presidential election?

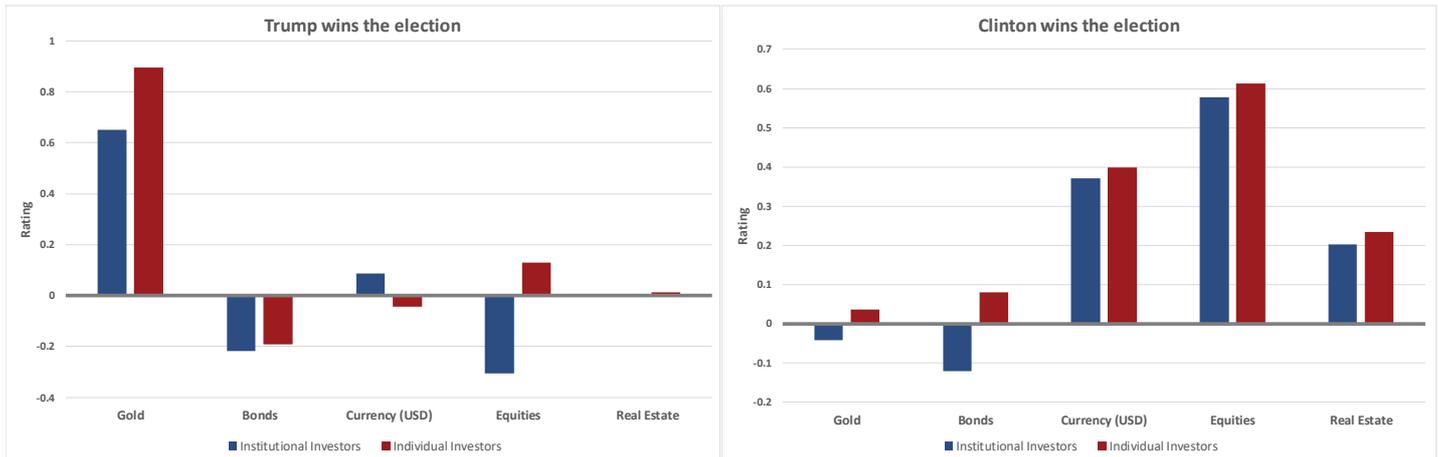
The investors questioned by sentix have made the choice. **About 90% expect a victory from Democratic candidate Hillary Clinton!** Trump has only chances of an outsider. For the bookmakers, the rate is currently 80:20 for Clinton (see <https://www.predictit.org/Market/1234/Who-will-win-the-2016-US-presidential-election>).





How does the choice affect the investment classes?

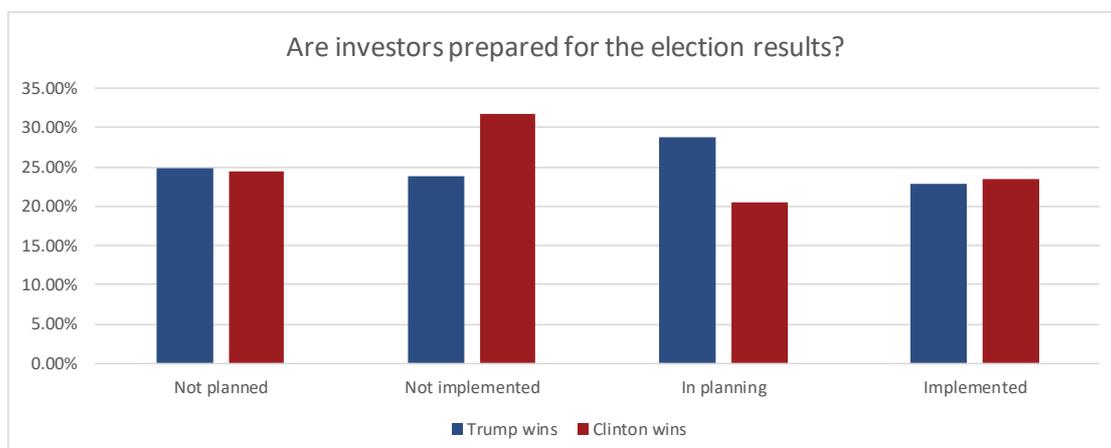
In our second question, we wanted to know with which market expectations the election decision is connected. The following graphs show how different investment classes could develop from the investor's point of view in the election victory of Trump or Clinton:



The charts show that from the point of view of the investors it makes a big difference, who is entering the White House. Except for gold, Trump cannot positively influence any asset class, not even real estate. Equities are likely to suffer from the uncertainty of a President Trump from the perspective of the investment professionals. In the event of a Clinton victory, investors expect positive effects on equities, the US dollar and the real estate market. Bonds appear unattractive from the investor's point of view in both outcomes.

Are the portfolios of the investors already positioned on the election results?

One problem with the "Brexit" decision was that investors were a long time too sure even when the polls were still head-to-head on the eve of the election day. That led to hedging pressures and hit the markets. Are investors better prepared this time?



Less than 25% of the investors have already implemented the expected winnings to the portfolio. The positive thing is that investors, who are reckoned with Clinton, are still too reluctant to implement the bullish scenario. While the opinions on the asset classes are polarized, the investors are reluctant to make the decision. **Therefore, we expect the election to have big effects on the markets in the next days and weeks!**



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 20-October to 22-October-2016. 1,030 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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