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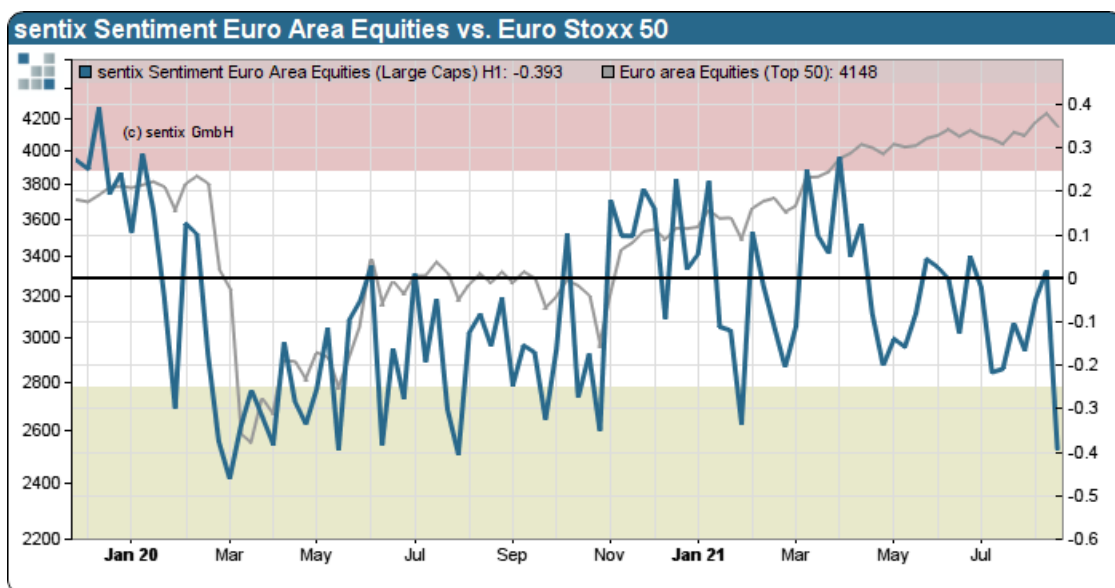
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sentix Equity Sentiment: Investors React Scared

A drop of around 2 percent in the European stock indices has left a clear mark on sentiment. Investors are reacting fearfully, and the sentiment barometer has plummeted to -41.5 percentage points within a week. The summer lethargy on the stock market has definitely been broken!

In the past week, the mood for shares in the Eurozone has plummeted: The sentiment barometer for the Euro Stoxx 50 reacted very strongly to the recent price weakness and lost 45 (!) percentage points within a week. This is the first significant deterioration in sentiment since the end of January 2021. Most recently, investors had shown little emotion. The lethargy on the stock markets was an extraordinary phenomenon in view of new all-time highs in the stock indices. Now investors are reacting in a frightened manner to a movement that does not appear to be so violent in percentage terms. Negative signals have been coming from Asia in particular. But the sharp decline in economic expectations has also caused investors concern recently. Now the mix seems to have unloaded. From a contrarian analysis point of view, such an extreme in sentiment encourages anti-cyclical buying. If one tests the sentix data history for a comparably negative sentiment, earnings prospects of 5.5% on average over the next 10 weeks are indicated.



sentix Sentiment Euro Area equities and Euro Stoxx 50

A second look at the dynamics of change, however, reveals another detail: a comparably strong break in sentiment points to a renewed pressure on prices in the next 2-3 stock market weeks. A comparable situation in investor behav-



our has only occurred three times in the 20-year sentix history. The average price loss was 3.1%. Consequently, the current sentiment data represent a burden for the markets in the short term and will only become an earnings driver in the next 6-8 weeks.

Background

831 private and 253 institutional investors participated in the current survey, which was conducted from 19 to 21 August 2021.

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 Behavioural Finance.



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