sentix

expertise in behavioral finance

A quick guide to the leading sentiment database

	Last	% Chg			% YTD
ARCELORMITTAL	11.067	-1.48%	-.545	N.A.	
DEUTSCHE BANK-RG	127.565	-1.5%	-16	3.7755	
GDF SUEZ	146.935	-1.54%	-42	1.8892	
ERICSSON LM-B	125.035	-1.68%	-735	1.0476	
TESCO PLC	177.75	-1.69%	-475	5.7624	
KONINKLIJKE PHIL	1411.55	-1.97%	-1.50	2.5237	
ROYAL DUTCH SH-A	123.595	-1.97%	-8.25	3.4540	
BG GROUP PLC	121.565	-2.07%	-475	2.9082	
VODAFONE GROUP	1027.5	-2.14%	-455	5.4514	
UNILEVER NV-CVA	135.65	-2.46%	-22.5	1.3069	
ING GROEP NV-CVA	121.94	-2.6%	-3.45	6.2694	
BARCLAYS PLC	15.777	-2.74%	-585	4.3263	
BNP PARIBAS	1291.25	-3.46%	-.163	N.A.	
SOC GENERALE	144.70	-4.03%	-10.45	0.9207	
NOKIA OYJ	134.145	-4.14%	-1.675	2.0867	
E.ON AG	18.52	-4.7%	-1.475	3.1930	
	125.305	-6.8%	-.42	N.A.	
			-1.845	5.5607	

sentix®
behavioral indices

FX

Ticker	Last	% Chg	% YTD
FX			
EUR			
JPY	11.2747	+1.00%	
EURJPY	192.54	-2.11%	-11.4168
EURGBP	↓117.96	-3.09%	.8128
EURCHF	↓86765	-1.93%	13.9533
EURNOK	11.4134	-.52%	3.0022
EURSEK	17.9555	-.52%	4.9816
BRL	↓9.7571	-1.04%	4.9594
THB	↓1.8431	+.53%	4.3164
ZAR	132.34	+.65%	-5.9619
GBP	↓7.7020	-.25%	3.2168
EURTHB	↓1.4692	+1.03%	-4.2454
	↑141.22	-.96%	-8.8745
COMMODITIES/BONDS		-1.23%	16.5326
GOLDS	↓1197.00	-.96%	
CL1	↓77.38	-.96%	9.303
HG1	↓311.05	+.35%	-4.508
DU1	↓109.610	+.23%	-5.201
OE1	↓119.670	-.06%	2.098
RX1	↓126.91	-.15%	4.981
UB1	↓106.90	-.08%	

Sentix Behavi...
Main

1) SNMS Market Sentiment
2) SNTS Sector Sentiment
3) SNPB Investors' Prefe...
4) SNTD Market Sentiment
5) SNEI Economic Indices
6) SNTF Sentiment on Asse...
7)
8) Data Compendium
9) Request for Data A...
10) About Sentix
Contact

Last	% Chg	% YTD
1931.74	-2.61%	+2.824
11647.63	-2.21%	-1.617
17567.10	-.16%	-7.708
2836.79	-2.07%	-19.516
840.59	-1.15%	
574.35	-1.42%	-.825
79.48	-1.55%	-11.924
.32	-2.11%	-6.515
2.56	-1.69%	-2.726
.01	-.73%	-9.659
19	-2.52%	-2.806
87	-.76%	-2.194
	-2.04%	-2.420
		-2.754
15	-3.24%	+1.170
	-3.20%	+.885
	-3.18%	+7.622
	-3.29%	+1.798
	-2.31%	-7.544
	-.28%	+.820
	-.25%	.970

Apr 2010
May 2010

Begriffe
News/Research

Welcome to the world of sentix

Dear client,

thank you very much for your interest in the sentix sentiment indices and our database products.

Investor psychology and behavioral finance plays a more and more important role in the financial markets. Analysts, traders and portfolio managers feel the need to consider investor sentiment in risk management, forecasting and asset allocation.

The sentix indices are designed to support you in this task. The specific attributes of the sentix indices, like speed, representativeness, completeness and reliability, make our database the world leader in investor sentiment data. With this brochure, we would like to give you an overview of our index products. We want to help you to become acquainted quickly with our indices and provide you with a pool of ideas for your trading, research and risk management.

We wish you an exciting journey with lots of insights.

Manfred Hübner   Patrick Hussy

Table of content

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The sentix story began with the first sentix survey in 2001. Manfred Hübner, founder of sentix, developed the concept of a continuous investor sentiment poll, covering a wide range of markets and themes. At that time, it was the first project of its kind in Europe. Another property of the sentix survey is that every investor interested can contribute to the survey. The calculation methods are transparent and active participation is rewarded by access to exclusive research and charts.

In 2007, the sentix GmbH was established and the professional marketing of the sentix database begun. The sentix GmbH has three business units: sentiment surveys and database, behavioral finance research and education.

In the meantime, more than 4.000 investors are registered for the surveys and every week almost 1.000 investors are taking part in the survey.


Active investors in the sentix surveys
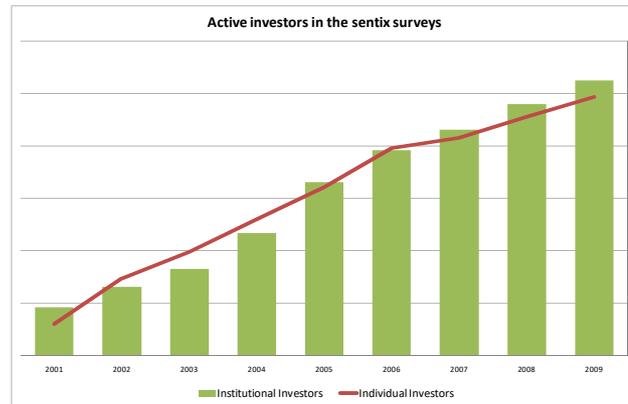
25% of all participants are institutional investors; amongst them are fund managers, traders, analysts and economists. Investors from more than 20 countries contribute to our database.

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The weekly sentix sentiment survey – How we get the data

Register

- Everyone can register to the sentix survey (free)

Survey

- Survey open every week (Fri./Sat.)
- Survey invitation by e-mail
- Easy web form (takes only 2-4 min. a week)

Results

- Indices and indicators will be published on Sunday evening
- Access to the commentary based on active participation
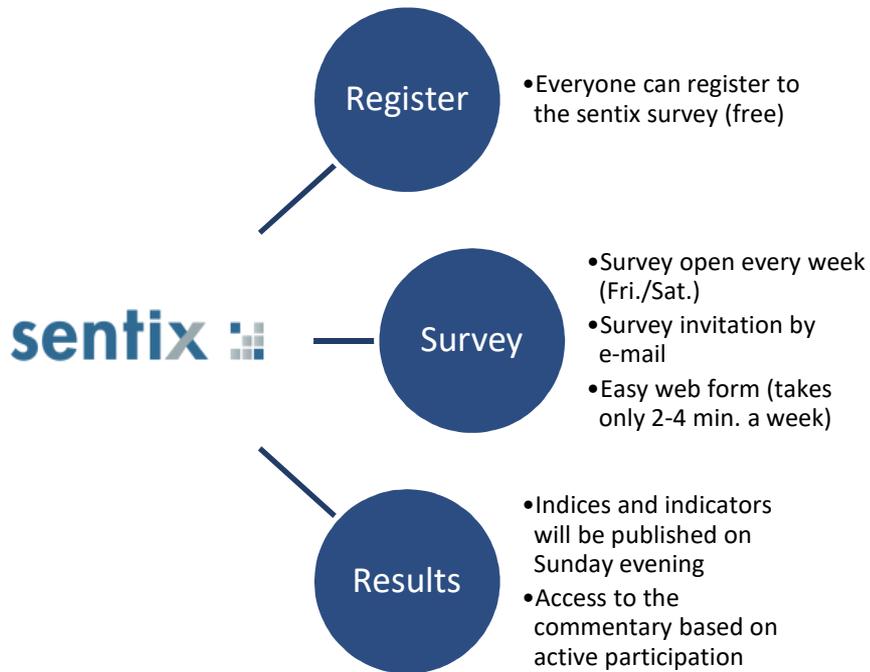
sentix ::

sentix ::

The sentix group – specialized in Behavioral Finance
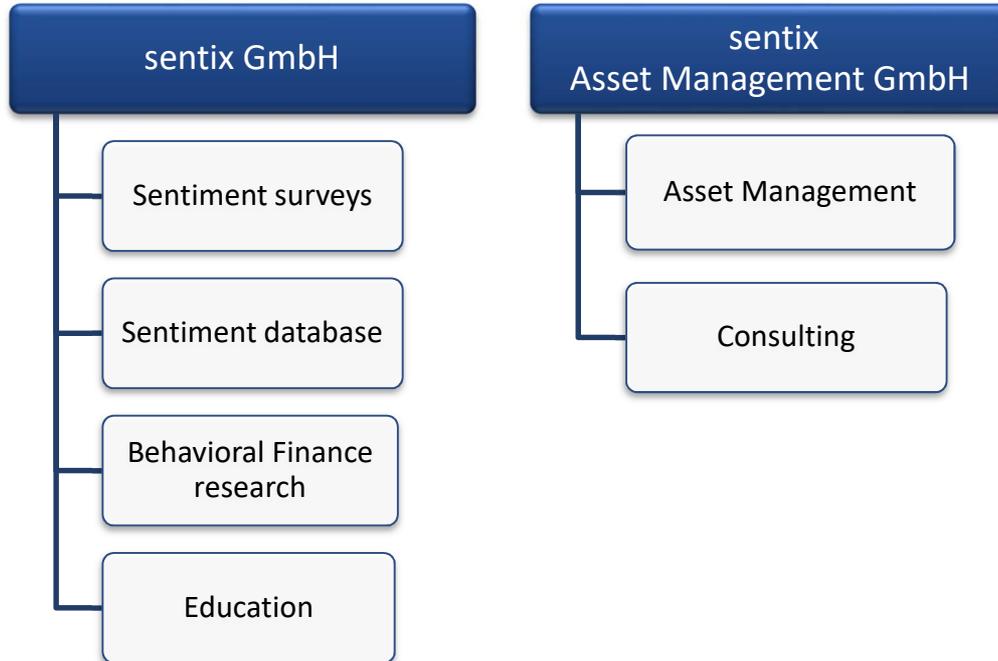
sentix

The sentix indicators

sentix calculates and publishes more than 400 different indices and indicators. Why so many? The first reason is that we provide sentiment indicators for many markets from one survey panel. This gives you the opportunity to compare sentiment and sentiment changes that occur due to new events between markets. This is only possible with a standardized source such as the sentix indices.

The second reason is that we survey different investor groups (individual investors and institutional investors) and publish their sentiment separately as well as a headline index.

Thirdly, we not only have market sentiment indicators, but also indicators about positioning, risk aversion, equity sectors, economic themes and more. This gives you new opportunities to analyze market sentiment, the perception of investors and investor behavior. With the sentix indices you can see not only that sentiment has changed, but also why.
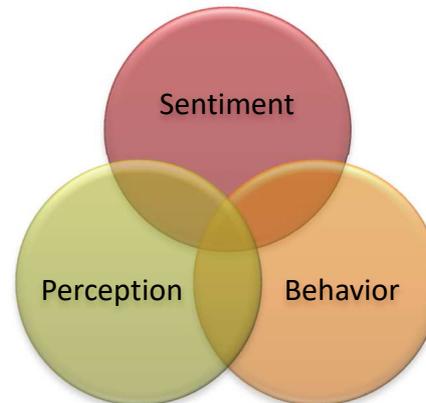
Overview of the sentix indicator universe

Equity Sectors   Investment Styles

Commodities   IPOs

Positioning

Equities

Interest Rates

Euro Break-up Index

Currencies / FX

Economic Trends   Topics & Themes

sentix

The sentix indicators

With this guide, we hope to give you brief introduction to the most important sentix indicators. We will show you how to read and interpret the signals from these indicators as well as how to incorporate the sentix indices into your investment process, research or trading.

The sentix indices are available in three distinct packages (SNMS, SNTS and SNPB on Bloomberg). We will describe the indicators according to these data packages.

SNMS
Market Sentiment
Strategic Bias
Neutrality Indices
Overconfidence I.

SNTS
Sector Sentiment

19 Equity sectors

SNPB
Styles
Positioning
Themes
Euro Break-up

sentix ⠶

SNMS – The basic package for all investors

With SNMS package, we offer a basic but complete package for all investors. The package contains market sentiment indicators and the Strategic Bias index for different markets:

- Equities (Germany, Europe, USA, Japan, China)
- Bonds (Bund Future, T-Bond-Future)
- Currencies (EUR-USD, USD-JPY, EUR-JPY)
- Commodities (Oil, Gold)

The package is completed by the sentix Neutrality indices, the Time Differentials and the sentix Overconfidence indices.

With the short-term and medium-term sentiment, you can analyze the markets tactically and strategically. The Neutrality indices help you to manage investment risks and the Overconfidence index warns you not to increase your exposure at the wrong time. The Time Differentials allow you to see whether a myopic bias is operating.

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SNTS – A must for all equity investors

The equity markets offer many opportunities for the investor, who is mindful. The sentix indices may help to identify the most interesting action points: when the crowd is wrong.

With the sentix sector sentiment you can observe the expectations of investors to 19 equity sectors. The index methodology follows the STOXX scheme and allows an easy integration with your other research tools.

```
                    SECTOR SENTIMENT

   Automobile          Consumer Services      Insurance
   Banks               Energy                 Media
   Basic Resources     Food & Beverage        Retail
   Cyclical Goods      Financial Services     Communication
   Chemicals           Healthcare             Technology
   Constructions       Industrials            Utilities


   1) Headline         2) Institutional       3) Individual
```

All sector sentiment data is published as a normalized Z-Score and allows direct comparison between the data series.

SNPB – Where is the money going to?

Is it enough to know the market sentiment? We think not. Sometimes, investors' exhibit bullish sentiment but investment restrictions do not allow them to buy. Behavioral finance anomalies like cognitive dissonance are only observable if you know the sentiment and exposure to the markets.

The SNPB data package consists of three sub-packages:

- **sentix Styles**
  This indicators show the risk aversion of investors and which market sectors investors prefer
- **sentix Positioning in equities and bonds**
  This indicators show the exposure of investors in the equity or bond markets
- **sentix indicators for bond markets**
  Do investors think the inflation theme will have a negative impact on bonds? Do they expect the yield curve to flatten? These are some questions you can answer with this group of indicators
- **sentix Euro Break-up Index**
  This indicator shows how likely investors rate the probability of a breakup of the euro area

The SNPB package gives you in-depth insights into the preferred segments and the thinking of investors and is an invaluable tool for your asset allocation.

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You are still missing some information?

You are right! The sentix database is not complete until you have seen the sentix Economic indices, famous in the markets for their "first mover advantage".

These indicators, covering economic assessment and expectations for six different world regions as well as a global aggregate index, are available for free on different professional platforms:

Bloomberg – Thomson Reuters – Global Insight HIS – CEIC Data – Factset – Macrobond

They are also included in every website data subscription you choose.

And last but not least, most databases give you access to the sentix asset classes sentiment, covering the expectations of investors for Real Estate, IPOs and commodities as an asset class.

See SNTX<GO> on your Bloomberg or http://www.sentix.co.uk for more information about these indicators.

How to read the subsequent charts

The charts in the following section show several sentix indices and depending market prices. sentix supports its data clients with chart templates for the Bloomberg system, but this does not cover all possibilities you have. If you want to re-create the charts shown in this little book, you may find the necessary ticker symbols for the sentix indicators and other data series shown in each graph:

```
SX5R Index / GR10TRT Index (R1)  17.3316
SNTEEUH6 Index - Letzt.Kurs (L1) -8.00
SNTEEUH0 Index - Letzt.Kurs (R2) -4.75
```
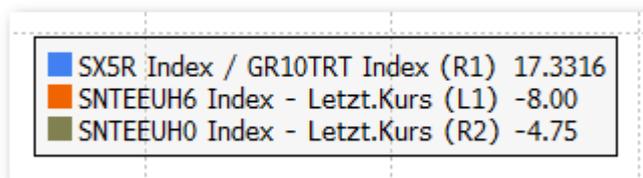
The ticker symbols are the same on your Bloomberg machine as if you download the data from our data website http://www.sentix.co.uk. The first four characters represent the index group (SNTE for the economic indices), the next two chars stand for the market / region (EU = Euro Area) and the last 2 for the investor group and the horizon (H6 = Headline, medium-term = 6 month). For details please download our Data Compendium from our website or from your Bloomberg.

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sentix Market sentiment

You may be familiar with sentiment indicators from other sources, like Bull-Bear indices, Put-Call ratios or the Commitment of Traders reports. Then you know that sentiment fluctuates between optimism and pessimism in a cyclical fashion. You find the same behavior with the short-term sentix sentiment indicators. Why use the sentix indicators? It's because you get the sentiment data for twelve markets from one source. And this sentiment information is only one (!) trading day old when you receive it!

Additionally to the short-term sentiment, you get a medium-term sentiment, reflecting the expectations of investors on the medium-term. We call this series the "Strategic bias".

This Strategic bias behaves completely different than short-term sentiment, as medium-term expectations are not only driven by price and emotions, but also by valuation.

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How to use the sentix indicators in research and asset allocation

sentix sentiment for US equities vs. S&P 500 and US equity Put Call ratio
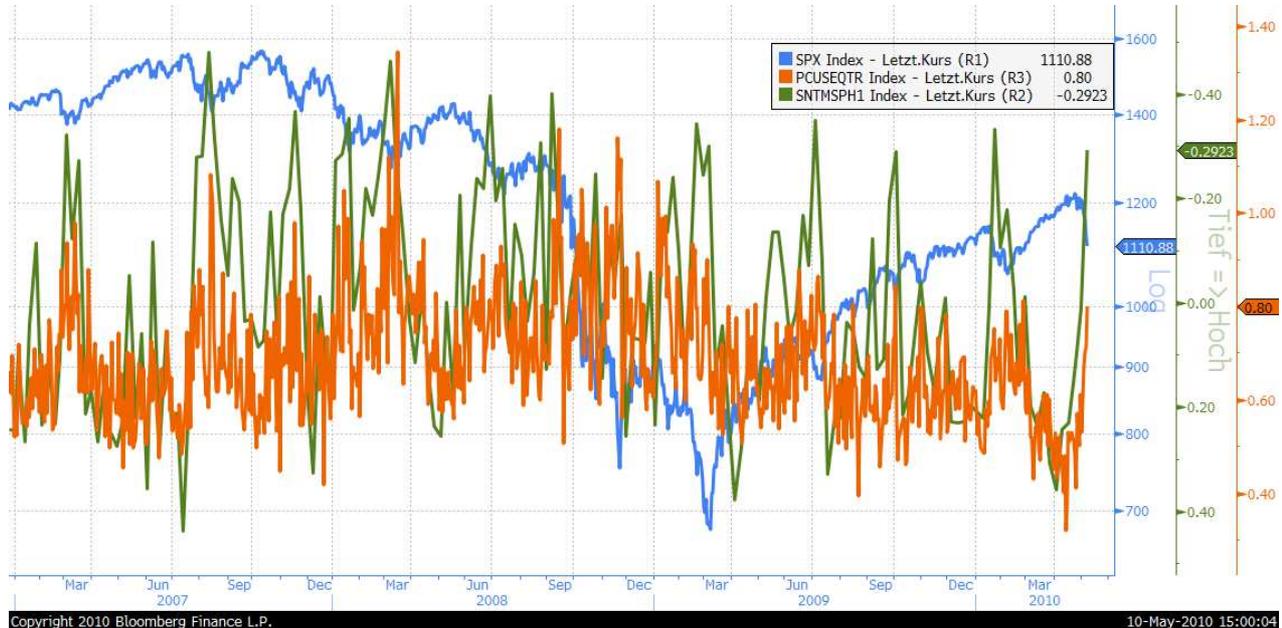
S&P 500, **sentix Sentiment**, **US Put-Call-Ratio**

There is a correlation between the sentix indices and the PCR, but the real extremes are better visible in the sentix indices. The reduced indicator volatility helps to find lasting action points.

sentix ⠸

sentix sentiment EUR-USD vs. EUR-USD spot and COT large speculator sub-index
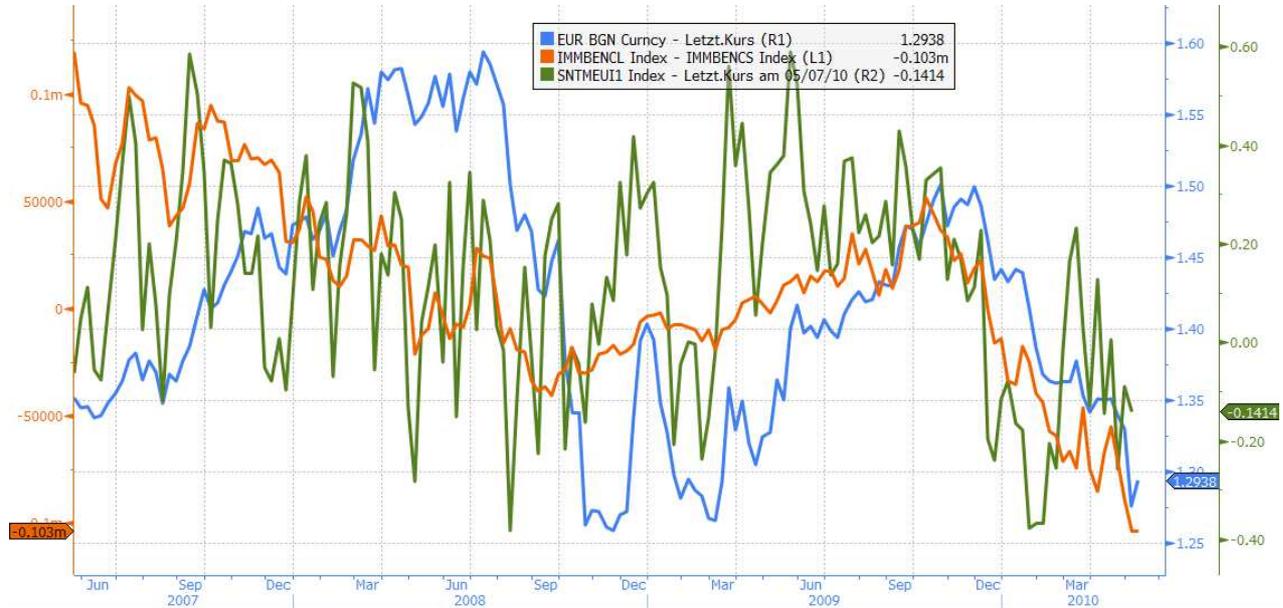
EUR-USD, **sentix sentiment (short-term) of institutional investors**, **COT net position**

The COT data and the sentix sentiment together better describe the sentiment and positioning risks than the COT data alone can.

sentix ⠏

sentix sentiment Bund Future vs. Bund-Future
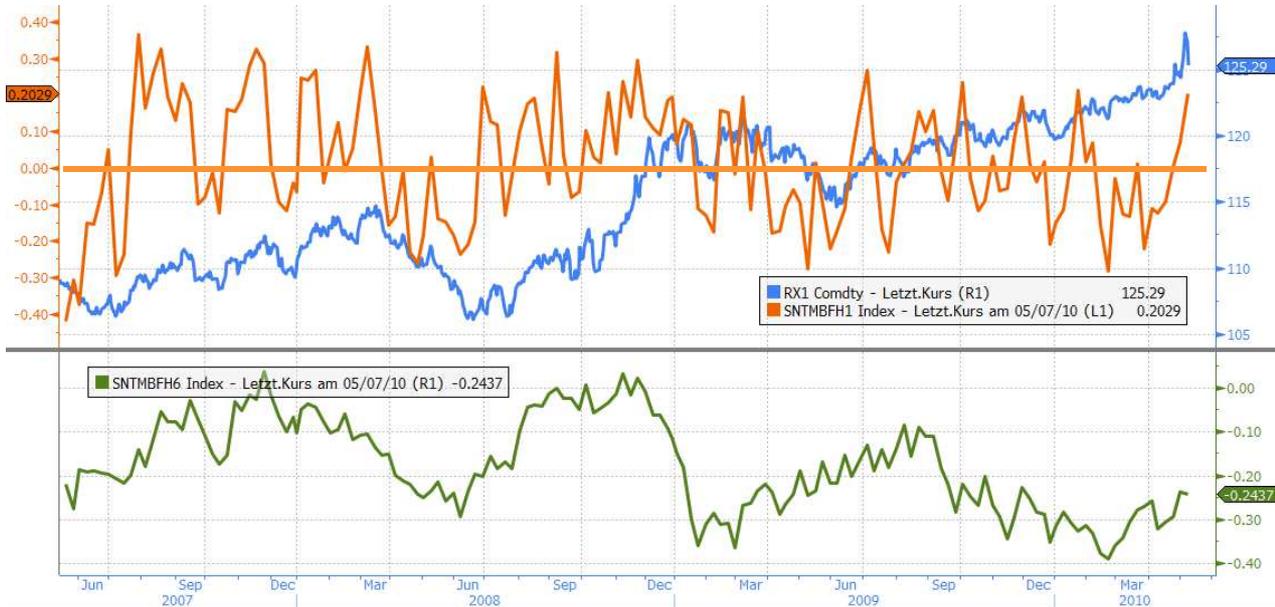
Bund-Future, **sentix sentiment short-term**, **sentix Strategic bias**

The sentix sentiment indices provide sentiment information where no other indicators are available.

sentix ⸬

sentix Economic indicators – "first mover advantage"

Why do the sentix economic indicators have the "first mover advantage"? Because we do not waste time. It takes only one trading day from surveying investors to publishing data. Other surveys take much longer to collect data, calculate the numbers and write the reports to publish.

The sentix indices are the first economic indices in Europe published for each month. For example, the sentix indices are published about 10 days before the ZEW and up to 3 weeks before the ifo index. Our Japan economic index has a lead of up to three months over the Tankan index.

But you don't have to cut back in quality, as the sentix survey panel is of high quality with over 700 institutional investors contributing to the data.

The information you get is complete, as you get the assessment from the investors for different world regions as well as a global aggregate. Furthermore, you can compare this information directly with our market sentiment data published on a weekly basis, as the data comes from the same group of investors.

This makes it easy to see if a change in the economic expectations has had an impact on the sentiment of equities or bonds or the other way around.

sentix Economic expectations for Euroland vs. ifo index and ZEW

sentix Economic index Euroland (expectations), ifo expectations index, ZEW expectations

There is a high correlation with other well known indicators but a meaningful advantage in time for the sentix Economic indices.

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How to use the sentix indicators in research and asset allocation

sentix Economic expectations for Japan vs. Tankan
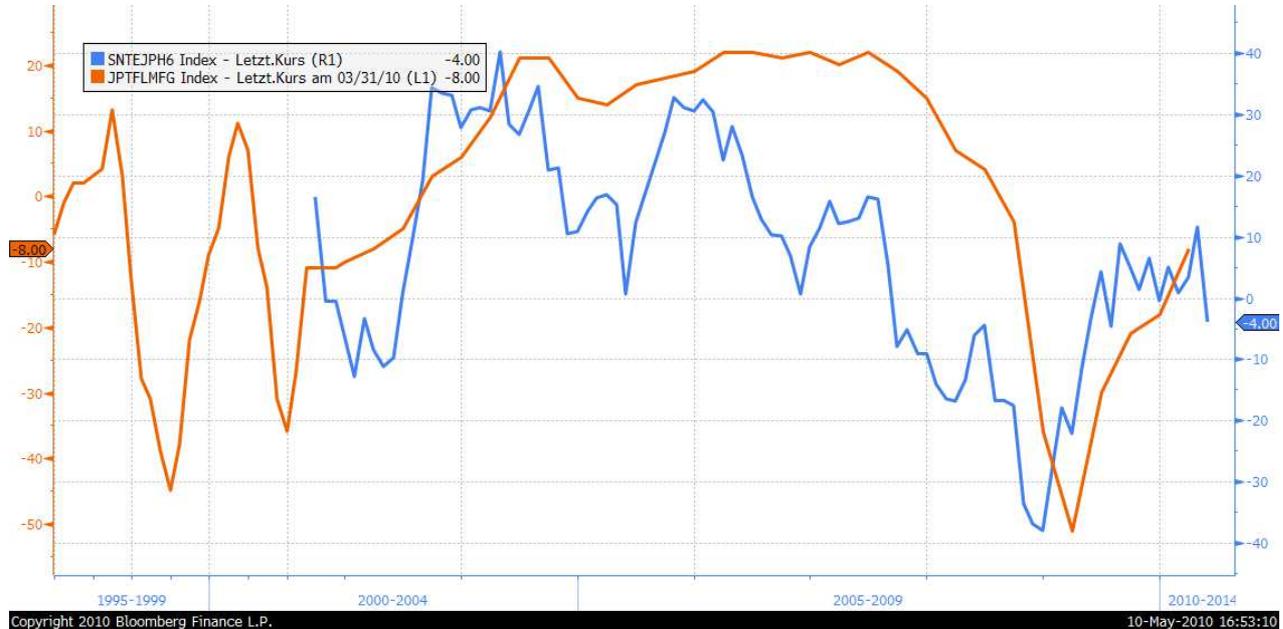
sentix Economic index (expectations) for Japan and the **Tankan index**

The high quality panel of investors not only provides excellent data for the Euro area, but also for the other regions like Japan.

sentix ⠃

How to use the sentix indicators in research and asset allocation

sentix Economic indices and the Stock-Bond ratio in Euroland

SX5R Index / GR10TRT Index am 05/07/10 (R1)	15.9839
SNTEEUH6 Index – Letzt.Kurs (L1)	-8.00
SNTEEUH0 Index – Letzt.Kurs (R2)	-4.75

Copyright 2010 Bloomberg Finance L.P.   10-May-2010 16:55:15
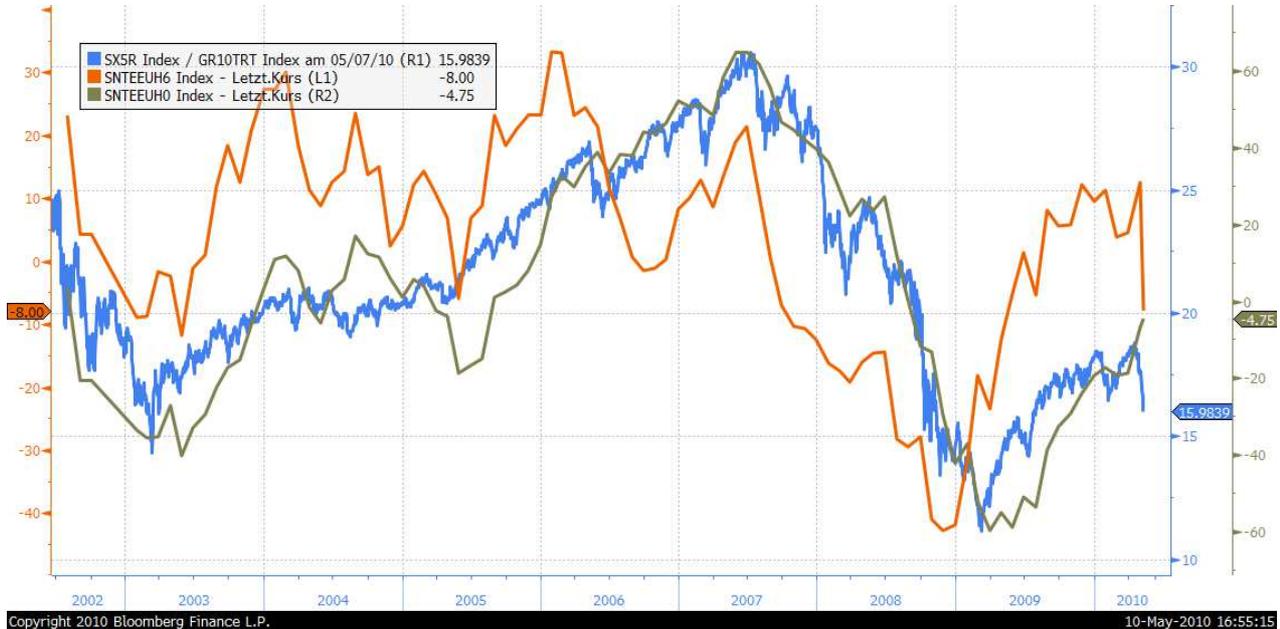
sentix Economic indices Euroland (current assessment, expectations) and Stock-Bond ratio

Use the sentix-Economic indices as strategic indicators whether to invest in equities or bonds. Please note that the economic expectations have a meaningful lead over the Stock-Bond ratio.

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sentix ⠿

How to use the sentix indicators in research and asset allocation

sentix US economic expectations gap and bond market dynamics

SNTEUSH6 Index – SNTEUSH0 Index am 05/11/10 (R1) 14.50
USGG10YR Index – USGG2YR Index (L1)   2.657

Copyright 2010 Bloomberg Finance L.P.   11-May-2010 11:37:20

sentix US economic expectations gap (expectations minus current cond.) versus US 10-2 yield spread

Understand and predict yield curve dynamics with the sentix Economic indices, including the advantage of getting this data earlier than other economic indicators! Check where investment risks are.

sentix ⁚⁝

sentix Overconfidence index

The sentix Overconfidence indices are the only ones not directly investigated by survey. These indicators are calculated from prices and price dynamics. The idea behind this is as follows: if a market trend is stable, investors get the impression that the game is easy. Think of a game where you suppose a random distribution and after some round of playing you recognize that the distribution is skewed towards heads or tails.

If people have the impression that the coin toss is not randomly distributed they start to bet higher stakes in the game. They have "understood" the game and may increase their portfolio risks. The sentix Overconfidence indices visualize exactly that process.

The range of the indicator is normalized between +13 and -13. Readings above +7 or below -7 indicate a high probability that the distribution of the "market coin toss" will be recognized by investors as a skewed distribution and overconfidence may have been established.

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How to use the sentix indicators in research and asset allocation

sentix Overconfidence index for EUR-USD
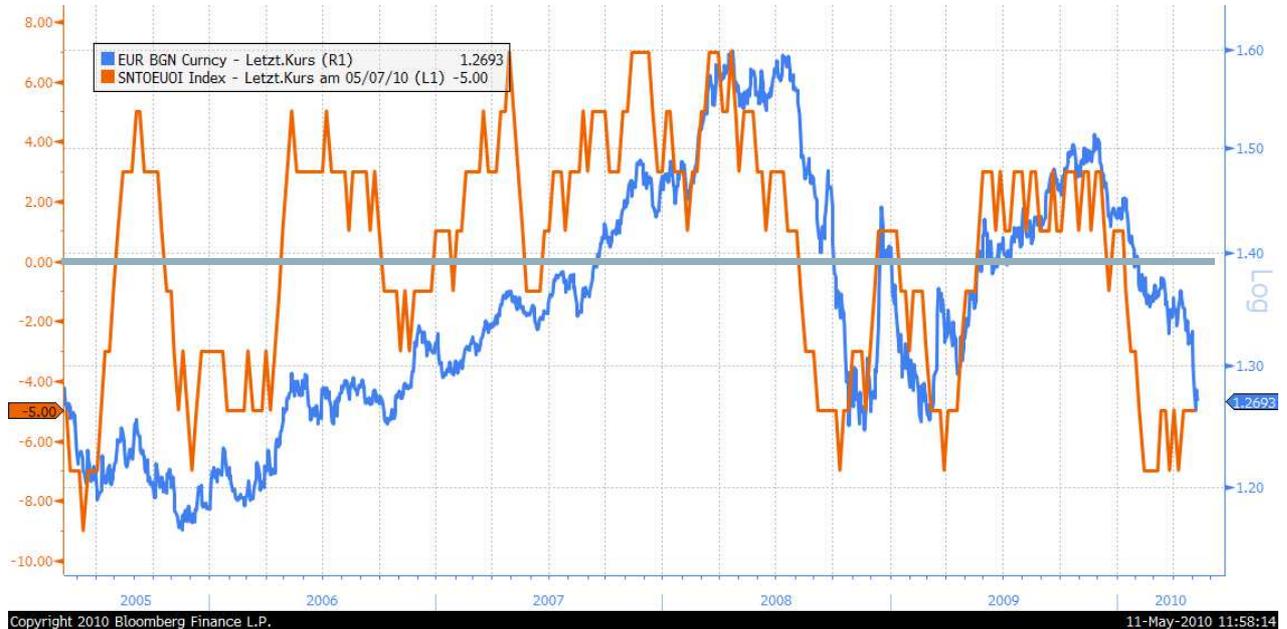
sentix Overconfidence index EUR-USD and **EUR-USD**

See the difference between this indicator and a classical momentum indicator. The sentix Overconfidence index is not the same as momentum!

sentix ::

How to use the sentix indicators in research and asset allocation

sentix Overconfidence index for Chinese equities

| SHSN300 Index - Letzt.Kurs (R1) | 2800.8169 |
| SNTOCSOI Index - Letzt.Kurs am 05/07/10 (L1) | -4.00 |

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sentix Overconfidence index Chinese equities and **CSI300-Index**

The Chinese equity markets have longer lasting trends and therefore the levels of extreme overconfidence have to be adjusted to +/- 8 or +/- 9.

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sentix Sector sentiment

The sector sentiment allows you to see which equity sectors are in the favor of the investors. The data is published as a normalized Z-Score, so the different sentiment values can be compared directly.

Headline Index	AU	BA	CO	CH	EN	FI	BR	RE	IG	CG	ME	FB	HC	TE	TL
Automobiles		0.02	-0.79	-1.93	-2.35	-0.10	-2.19	-0.29	-1.67	-0.43	-0.41	-1.66	-2.21	-1.01	-2.72
Banks	-0.02		-0.80	-1.95	-2.37	-0.11	-2.21	-0.31	-1.69	-0.45	-0.43	-1.67	-2.23	-1.02	-2.74
Construction	0.79	0.80		-1.15	-1.56	0.69	-1.40	0.49	-0.89	0.36	0.37	-0.87	-1.42	-0.22	-1.94
Chemicals	1.93	1.95	1.15		-0.41	1.84	-0.26	1.64	0.26	1.50	1.52	0.28	-0.28	0.93	-0.79
Energy	2.35	2.37	1.56	0.41		2.25	0.16	2.05	0.67	1.92	1.94	0.69	0.14	1.34	-0.37
Financial Services	0.10	0.11	-0.69	-1.84	-2.25		-2.09	-0.20	-1.58	-0.33	-0.32	-1.56	-2.11	-0.91	-2.63
Basic Resources	2.19	2.21	1.40	0.26	-0.16	2.09		1.89	0.51	1.76	1.78	0.53	-0.02	1.18	-0.53
Retail	0.29	0.31	-0.49	-1.64	-2.05	0.20	-1.89		-1.38	-0.14	-0.12	-1.36	-1.92	-0.71	-2.43
Industrial Goods	1.67	1.69	0.89	-0.26	-0.67	1.58	-0.51	1.38		1.24	1.26	0.02	-0.54	0.67	-1.05
Consumer Goods	0.43	0.45	-0.36	-1.50	-1.92	0.33	-1.76	0.14	-1.24		0.02	-1.23	-1.78	-0.58	-2.29
Media	0.41	0.43	-0.37	-1.52	-1.94	0.32	-1.78	0.12	-1.26	-0.02		-1.24	-1.80	-0.59	-2.31
Food & Beverage	1.66	1.67	0.87	-0.28	-0.69	1.56	-0.53	1.36	-0.02	1.23	1.24		-0.55	0.65	-1.07
Healthcare	2.21	2.23	1.42	0.28	-0.14	2.11	0.02	1.92	0.54	1.78	1.80	0.55		1.20	-0.51
Telecom	1.01	1.02	0.22	-0.93	-1.34	0.91	-1.18	0.71	-0.67	0.58	0.59	-0.65	-1.20		-1.72
Technology	2.72	2.74	1.94	0.79	0.37	2.63	0.53	2.43	1.05	2.29	2.31	1.07	0.51	1.72	
Travel & Leisure	-0.53	-0.51	-1.32	-2.47	-2.88	-0.63	-2.72	-0.83	-2.21	-0.96	-0.95	-2.19	-2.74	-1.54	-3.26
Utilities	1.46	1.48	0.68	-0.47	-0.89	1.37	-0.73	1.17	-0.21	1.03	1.05	-0.19	-0.75	0.46	0.32
Insurance	0.14	0.16	-0.65	-1.80	-2.21	0.04	-2.05	-0.16	-1.54	-0.29	-0.27	-1.52	-2.07	-0.87	-2.07

sentix Sector sentiment (spread between sectors; extreme optimism, excessive pessimism)

Because all the data comes from the same panel, developments in the sector sentiment can be easily analyzed in conjunction with the market sentiment, economic trends or other sentix data.

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How to use the sentix indicators in research and asset allocation

sentix Sector sentiment Utilities

sentix Sector sentiment Utilities and **relative strength Utilities versus STOXX 600**

The single sector sentiment can be compared with the relative performance or the absolute performance of the sector.

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How to use the sentix indicators in research and asset allocation

sentix Sector sentiment spread Industrials vs. Healthcare

sentix Sector sentiment spread and rel. performance Industrials vs. Healthcare

Spread charts are an invaluable tool in your asset allocation process. Some interesting spreads are Industrials vs. Healthcare or Energy vs. Basic Resources.

sentix ⸬

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sentix Styles

The sentix Styles indicator family is a very interesting and diverse compilation. The main goal of these indicators is to see which market segments are in investor favor. Sometimes, investors are mildly bearish and not to heavily invested in equities. But does that mean that the markets are in a safe environment?

The Styles indices may show that investors indeed behave very aggressive, preferring Small Caps over Large Caps and Emerging Markets over Developed Markets.

Or that they prefer a shortened time horizon and pro-cyclical strategies instead of contrarian strategies.

You see, these indicators can be used in many ways.

sentix

sentix Styles Small Cap vs. Large Caps (Small Cap bias)

| SCXP Index / LCXP Index (R1) | 0.5864 |
| SNTISLH0 Index - Letzt.Kurs am 06/30/10 (L1) -30.50 | |

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sentix Styles Small Caps vs. Large Caps and **rel. Performance STOXX Small vs. STOXX Large**

Observe how investors react to relative and absolute price trends and if certain segments come in and out of favor.

sentix :

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How to use the sentix indicators in research and asset allocation

sentix Styles Emerging Markets equities

sentix Styles Emerging Markets equities and **MSCI Emerging Markets**

Do you know any other source providing you with an Emerging Markets sentiment? All data is from one panel, calculated by transparent methods and can be used together.

sentix ⋮

sentix Positioning in equities or bonds

Where is all the money going? Are investors loaded with equities? Or is benchmark thinking dominating the behavior of institutional investors?

sentix provides you with positioning data on equities and bonds. The data is available for individual investors (equities only) and institutional investors.

You not only receive the averages, but also sub-indices showing how many professionals are short or heavily overinvested. With that data you can get an idea of what market developments could have the most severe impact on investor portfolios.

• Averages • Short-Investment ratio • Overinvestment ratio • Neutrality ratio **Equities**

• EU und US markets • Averages • Overinvestment ratio **Bonds**

sentix Positioning in equities and STOXX 600

sentix Positioning in equities (institutional investors) and STOXX 600

Institutional investor investment behavior is cyclical. Window dressing behavior at the end of a year and the subsequent performance of the equity market is also noteworthy (e.g. 2004, 2010).

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How to use the sentix indicators in research and asset allocation

sentix Positioning in bonds and Bund-Future

sentix Positioning in bonds (institutional investors) and Bund-Future

The positioning data reflects the pro-cyclical (regular) behavior of investors as well as their denial to accept a trend (2010).

Other interesting sentix indicators

There is much more for you to discover. Other indicators in the sentix database cover the following areas:

- **Shape of the yield curve**
  Steepener or flattener - that is the question!
- **Preferred maturities in the bond market**
  People are invested, but what is their maturity profile?
- **Thematic indicators for bond market research**
  Which topics are driving the bond markets?
- **Relative market sentiment**
  Another useful indicator set for asset allocation.
- **Time differentials**
  Are investors myopic?
- **sentix Euro Break-up Index**
  Allows you to monitor developments in the Euro periphery bond markets in a new way.

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sentix Themes for bond investors (sub-index inflation)

ECCPEMUY Index - Letzt.Kurs am 03/31/10 (R1)   1.40
SNTTIFH6 Index - Letzt.Kurs (R2)   -0.75

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sentix Theme barometer Inflation and **EU CPI yoy**

Investors surveyed by sentix are good forecasters for future inflation trends. See the massive lead of the sentix barometer for the EU CPI.

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How to use the sentix indicators in research and asset allocation

sentix Themes for bond investors (sub-index fiscal policy)

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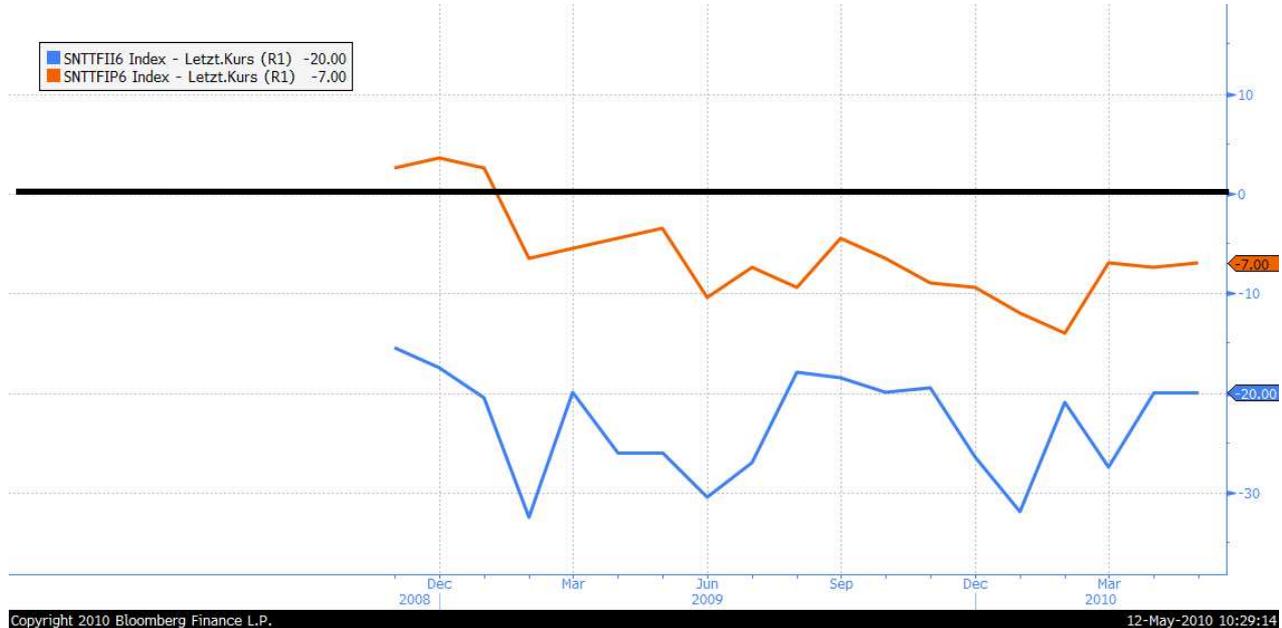
sentix Theme barometer Fiscal Policy (individual investors, institutional investors)

See how worried investors really are about fiscal policy trends. The data series started in 2008, just in
time to see that institutional investors are clearly negative on that theme.

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How to use the sentix indicators in research and asset allocation

sentix Curve expectations
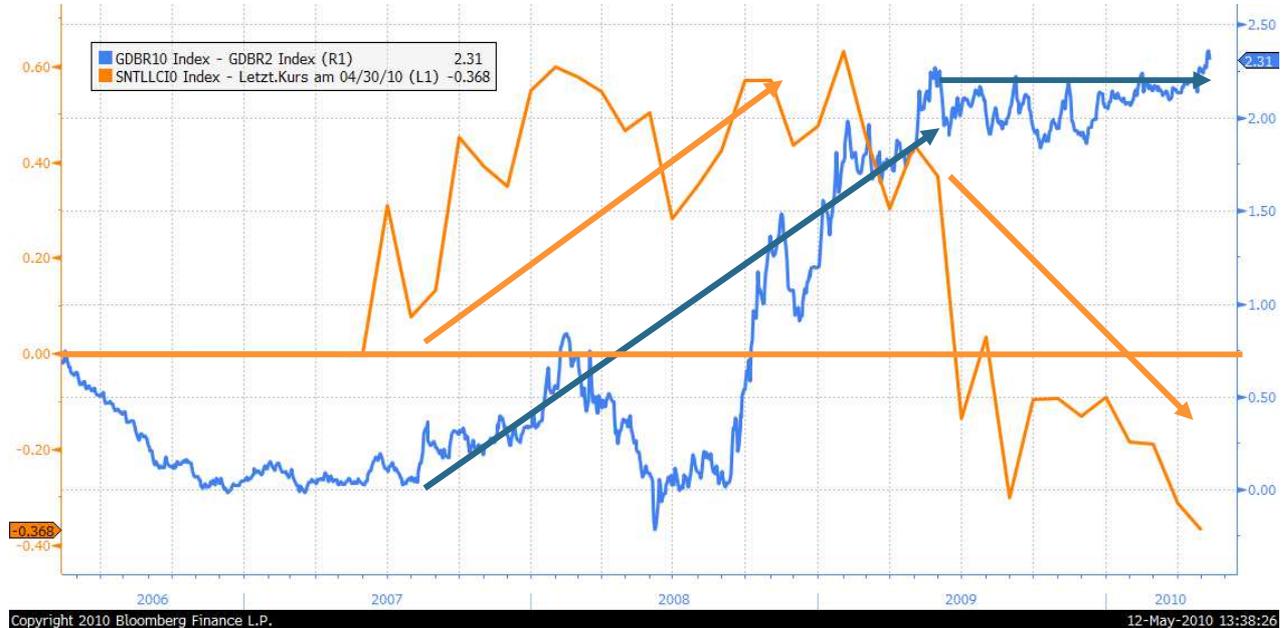
sentix Curve expectations (positive value = steepening bias) and 10-2 Bund spread

From mid-2009 onwards, investors expected the yield curve to flatten and they positioned themselves accordingly. That led to a denial of the bullish bond trend and massive underperformance.

sentix Euro Break-up Index

Legend within chart:
- SEBIEUH0 Index - Letzt.Kurs am 3/31/14 (R1) 10.8600
- SEBIPTH0 Index - Letzt.Kurs am 3/31/14 (R2) 0.5442
- GSPT10YR Index - GDBR10 Index (R2) 2.1130

SEBIEUH0 Index (sentix Euro Break-up Index Overall Index Headline) EBI EU U PT U   Copyright© 2014 Bloomberg Finance L.P.   14-May-2014 11:19:53

sentix Euro Break-up Index (Overall and Portugal) and Yield gap Bunds vs. Portuguese bonds

The EBI shows it very clear what impact the speech of Mario Draghi in 2012 had on the faith of investors.

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Sentiment analysis and risk management

The biggest losses in the markets occur if investors bet on a "sure" trade or are surprised by an unexpected development. Herding, selective perception, anchoring bias, disposition effect – these are the scientific names for errors investors make and cost them a fortune.

If you want to control your investment risks, you have to do two things:

1. You have to know yourself to prevent behavioral errors and to establish a framework that minimizes the impact of certain behavioral finance anomalies and biases
2. You have to observe the behavior of other investors to see if their behavior points to increased investment risks or investment opportunities.

With the second task, we can help you with our database products, our research and consulting activities. The sentix indices allow you to see whether investors are irritated or complacent. And you can identify dangerous polarizations in the sentiment as well as portfolios slanted towards a "sure" market trend.

Identify contrarian ideas for your investment activities. But to be a contrarian does not necessary mean fighting a trend. In most cases it means to follow a trend because other investors are in a state of denial.

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sentix Neutrality indices

These indicators are part of the sentix Market sentiment package (SNMS).

The Neutrality indices measure the percentage of investors who are neutral and therefore neither bullish nor bearish. This can imply two things: the investor expects a sideways trend or is irritated and cannot decide what market direction to expect.

A high neutrality measure points to a polarization of investors expecting a sideways move or to a polarization of irritated investors. In both cases, the indicator suggests to you to expect the market to move instead of the market to stay calm. Or in other words: volatility may rise.

If the neutrality of investors is low, the majority expects the market to move and / or only few investors expect the market to consolidate or to change direction. Therefore, a low neutrality index points towards lower volatility, the forming of a congestion zone or a trend change.

Low Neutrality = investors' understand the market, move is exhausted = volatility to fall

High Neutrality = high irritation or complacency in a sideways move = volatility to rise

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Specific indicators for risk management

sentix Neutrality indices EUR-USD short-term
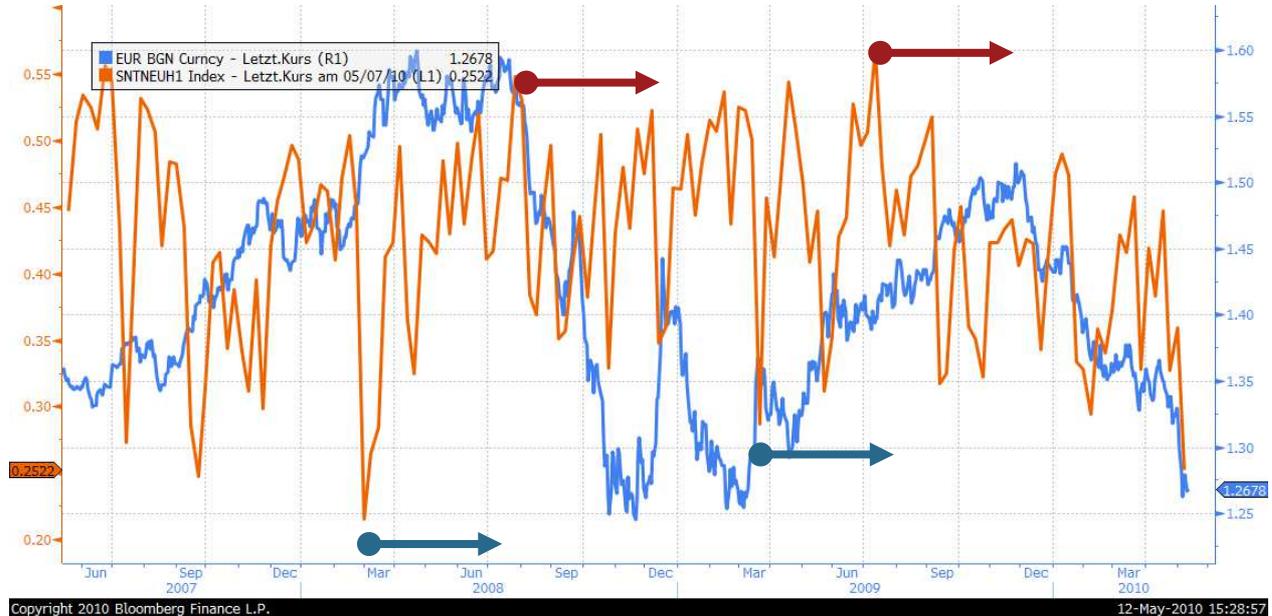
sentix Neutrality index EUR-USD short-term and **EUR-USD** (volatility to rise ➡ , volatility to fall ➡)

Extreme values in the neutrality index point to interesting times in the market. Future volatility is statistically affected by the "neutrality" of investors.

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sentix Risk aversion indicators

These indicators are part of the sentix Preferences & Behavior package (SNPB).

Many risk aversion indicators are derived from market prices, like implied volatility, credit spreads or yield gaps.

The sentix risk aversion indicators are derived from the interest of investors in certain asset classes or market segments. An investor investing in emerging markets seems to have a lower aversion to risk as an investor looking for an investment in developed countries. These preferences are reflected in the sentix Styles indicators. From that data, we calculate several risk aversion indices.

The sentix risk aversion indices are a complementary product to market price based risk aversion indices.

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Specific indicators for risk management

sentix Risk attitude index of Individual Investors

SX5E Index - Letzt.Kurs (R1)	2759.25
SNTIRZP0 Index - Letzt.Kurs am 04/30/10 (R2)	1.8814

Low attitude towards risk

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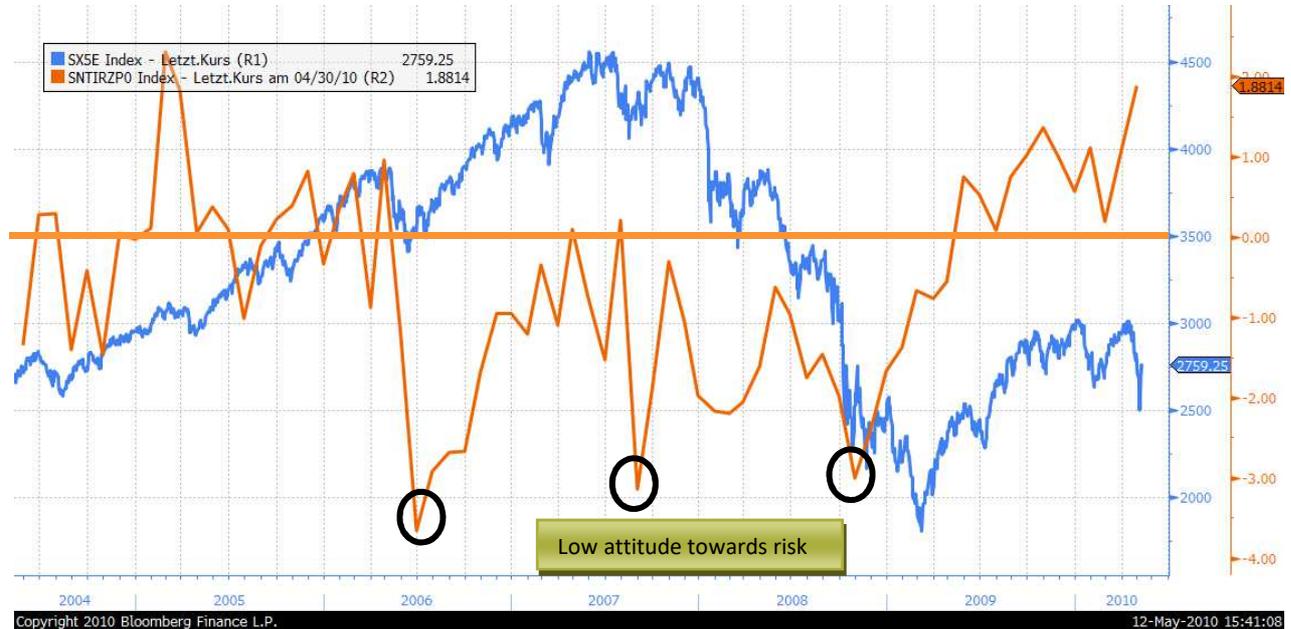
sentix Risk attitude index (high = risky behavior) and EuroSTOXX 50

Despite the fact that market prices may fluctuate wildly as does implied volatility, the attitude towards risk behaves more steadily.

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Notices

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If you have any comments or suggestions feel free to contact us. We would also like to answer you any questions you have.

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behavioral indices

Apr 2010 · 26 27 28 29 30 · 03 04 May 2010 05 06 07

124.00
-0.15m
-0.1m
527753.00

Stocks panel:

				ARCELORMITTAL			N.A.
179.04	-.3 %	-.024	6.1144	DEUTSCHE BANK-RG	1067	-1.46%	-548
115.63	-.22%	-.24	5.1905	GDF SUEZ	127.565	-1.5 %	-16	3.7755
120.21	-.1 %	-.035	6.9772	ERICSSON LM-B	146.905	-1.54%	-42	1.8892
115.68	-.08%	-.02	N.A.	TESCO PLC	126.035	-1.68%	-735	1.0476
12040.5	-.07%	-.01	7.2327	KONINKLIKE PHIL	177.75	-1.69%	-475	5.7624
12.605	-.07%	-1.5	5.4141	ROYAL DUTCH SH-A	1411.55	-1.97%	-1.50	2.5237
1046.80	-.38%	-.035	7.4374	BG GROUP PLC	123.595	-1.97%	-6.25	3.4540
1564.40	-.42%	-.198	6.0118	VODAFONE GROUP	121.565	-2.07%	-475	2.9082
11174.5	-.46%	-2.60	8.7265	UNILEVER NV-CVA	11027.5	-2.14%	-455	5.4514
18.287	-.47%	-5.5	5.8380	ING GROEP NV-CVA	1135.65	-2.46%	-22.5	1.3069
17.953	-.68%	-.057	5.0336	BARCLAYS PLC	121.94	-2.6 %	-3.45	6.2694
164.8	-.71%	-.057	7.4908	BNP PARIBAS	15.777	-2.74%	-163	4.3263
149.97	-.72%	-1.2	3.6145	SOC GENERALE	1291.25	-3.46%	-10.45	N.A.
18.757	-.75%	-.38	N.A.	NOKIA OYJ	144.70	-4.03%	-1.675	0.9207
	-.83%	-.073	8.7887	E.ON AG	134.145	-4.14%	-1.675	2.0667
					16.52	-4.7 %	-1.475	3.1930
					125.305	-6.8 %	-.42	N.A.
							-1.645	5.5607

FX panel:

Ticker	Last	% Chg	% YTD
FX			
EUR	↑1.2747	+1.00%	
JPY	192.54		-11.4168
EURJPY	↓117.96	-2.11%	.8128
EURGBP	↓.86765	-3.09%	13.9533
EURCHF	11.4134	-1.93%	3.0022
EURNOK	17.9555	-.52%	4.9816
EURSEK	↓9.7571	-1.04%	4.9594
BRL	↓1.8431	+.53%	4.3164
THB	132.34	+.65%	-5.9619
ZAR	↓7.7020	-.25%	3.2168
GBP	↓1.4692	+1.03%	-4.2454
EURTHB	141.22	-.96%	-8.8745
COMMODITIES/BONDS		-1.23%	16.5326
GOLDS			
CL1	↓1197.00	-.96%	9.303
HG1	↓77.38	+.35%	-4.508
DU1	↓311.05	+.23%	-5.201
OE1	↓109.610	-.06%	2.098
RX1	↓119.670	-.15%	4.981
UB1	↓126.91	-.08%	6.077

Left panel:

% Chg	% YTD
-2.61%	+2.824
-2.21%	-1.617
-.16%	-7.708
-2.07%	-19.516
-1.15%	-.825
-1.42%	-11.924
-1.55%	-6.515
-2.11%	-2.726
-1.69%	-9.659
-.73%	-2.806
-2.52%	-2.194
-.76%	-2.420
2.04%	-2.754
24%	+1.170
20%	+.885
18%	+7.622
15%	+1.798
	-7.544
.820	
.970	

Right menu:

Sentix Behavioral
Main Menu

1) SNMS Market Sentiment
2) SNTS Sector Sentiment
3) SNPB Investors' Preferen...
4) SNTD Market Sentiment (De...
5) SNEI Economic Indices (SN...
6) SNTF Sentiment on Asset Cl...
7) Data Compendium
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BN 14:14 Suzuki Metal Indust...