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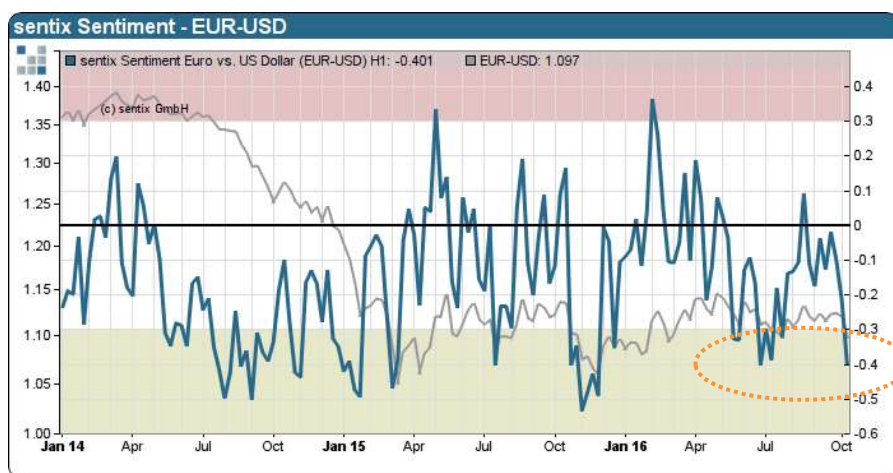
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## Question of adjustment

**Investors' opinion on the euro currency has fallen to the lowest level since "Brexit". Despite that comparable pessimistic sentiment readings point towards an immediate reversal, current portfolio setups do not fully support investors' sentiment, yet. Hence, in the next weeks, the euro should continue to show relative weakness.**

The Euro US-Dollar exchange rate has slipped in recent days due to iterative comments by US Fed officials maintaining the general willingness to tighten monetary policy further. As a consequence, the sentix Sentiment Index for the Euro US-Dollar exchange rate reached an extremely bearish realm. In comparison to the previous week, the sentiment indicator has fallen significantly by -0.4 points to the lowest level since June 2016 (refer to the chart, blue line). Such pessimistic situations are contrarian buy signals and historically followed by quick reversals. During such setups, worried investors have left the market. Selling pressure eases as more "bulls" quit the field.



The current circumstance, however, is somewhat unusual. The uncompleted process of portfolio rebalancing currently hampers a sentiment driven reversal. While investors' sentiment has already reached extremely bearish realm, investors' portfolios have not completely adjusted pro-USD, according to the positioning data provided by the CFTC CoT.

Hence, we expect that it might take up to two to three weeks before a balance between investors' portfolios and their sentiment level will be re-established. Afterwards, a sustainable reversal is possible.



## 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 13-October to 15-October-2016. 1207 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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