Title of the paper:
Sentiment Indices on Financial Markets: What Do they Measure?

Evaluation
The paper is acceptable with substantial revisions

COMMENTS AND SUGGESTIONS

Summary
After a critical review of the literature about the concept of sentiment data in economics and finance, in this paper the author proposes a procedure for the analysis of weekly data from the Sentix survey. The author bases his analysis on two hypotheses:
- short term sentiment has higher variance and shorter autocorrelation than long term sentiment;
- investor’s behaviour is conditioned mainly by two feelings that develop and act differently in her/his mind: mood (long term feeling) and emotion (short term feeling).

General comment
My comments attain to the statistical aspects of the paper, while I prefer not to comment on the economics and psychological aspects. Generally speaking, the quantitative analysis should be improved.

Major Essential Revisions
1) the use of factor analysis for extracting latent dimensions from a correlation structure is a good idea, but:
   a) as the author specifies in a footnote (on page 19), it’s an exploratory method, i.e. its results can’t be generalized to the population, so using them to confirm (or reject) a priori knowledge is inappropriate, and
   b) in this case, results of factor analysis are obvious given the correlation analysis in table 3, that already shows the presence in the data of two latent factors strictly related to short and long term sentiment respectively.

2) Several times the author justifies his methodological choices with unsuitable arguments, such as the lack of software resources for running appropriate testing.
3) as the author himself specifies, his results do not provide useful information to investors using sentiment data. Maybe the analysis might lead to more interesting results if a confirmatory approach is used, such as a latent variables model, and if new variables are included in the analysis, as well as relationships between factors.

Minor revisions

The English should be checked for typing errors and some fluency problems.

Suggested changes:

1. the author should give a more detailed description of data;
2. I suggest to add the significance levels for correlation coefficient in table 2;
3. the author should specify why do tests results in Appendix A refer to 1-99, 100-300, 301-415 periods;
4. in tables 9, 10 and 11 in Appendix A the last two cells in the last row must shift on the right (I suppose they are confidence interval limits);
5. on pag. 13, the author says: “The value of partial autocorrelation is usually two...”, does he mean the order of partial autocorrelation?
6. results of t-tests and variance ratio tests in Appendix A could be reorganized in order to avoid the duplication of all descriptive statistics;
7. the normality analysis (page 21) is not clear. Also, it leads to trivial conclusions, e.g. the (well known) asymmetry of stock market indices.