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sentix Economic Index: Eastern Europe helps Austria

- **The upturn in the euro area stabilises.** The sentix composite index for the euro-zone economy remains almost unchanged at +19.6 points. In contrast, investors' economic assessments for **Germany** cool down for a second month in a row.
- **Outstanding is this month's improvement of the index for Austria** which rises by about nine to now +7.4 points. The further relaxation of the critical situation in Eastern Europe has helped here.
- Also worth of note is the worsening assessment of the US situation. **But, in turn, 6-month expectations for the US are back on the rise.** Furthermore, perspectives for the **world economy** (global aggregate) prove robust.

Statistics

Poll running: **29.04.-02.05.2015**
Survey participants: **1,003 investors**
(of which institutional investors: **241**)

In which part of the economic cycle* are we?

Region / Land	Regime	Region / Land	Regime
Eurozone	upturn	USA	boom
Germany	boom	Japan	upturn
Switzerland	upturn	Asia ex Japan	boom
Austria	upturn	Latin America	stabilisation
Eastern Europe	stabilisation	Global Aggregate	boom

* The assessments are based on the two components of the composite indices which are investors' assessments of the current situation and investors' 6-month expectations. We have constructed a so-called "economy clock" out of these which shows us where in the cycle an economy currently stands (see annotation on page 6).

Table of the **May 2015** results for the euro-zone economy

Euro area	Dec 14	Jan 15	Feb 15	Mar 15	Apr 15	May 15
Overall Index	-2.5	0.9	12.4	18.6	20.0	19.6
Headline Index						
- Current situation	-16.0	-11.0	-1.8	6.5	9.0	13.0
- Expectations	12.0	13.5	27.5	31.5	31.5	26.5

Highest since July 2011



Commentary on the survey results for May 2015

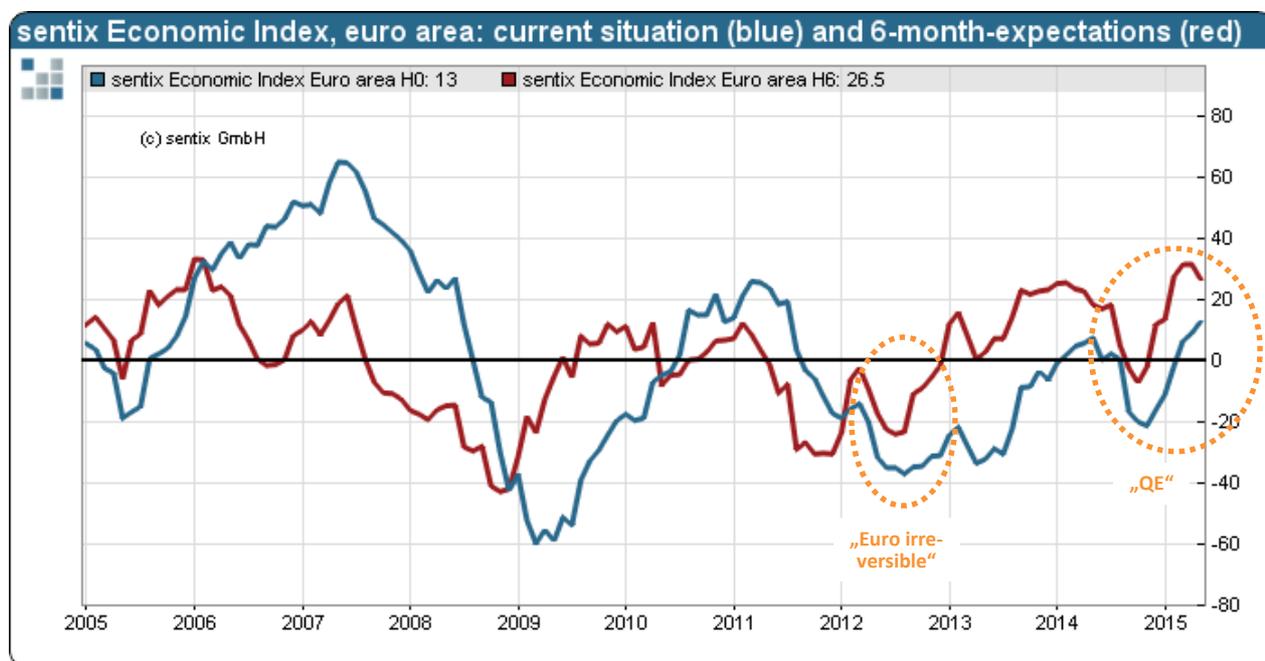
Eastern Europe helps Austria

In a particularly remarkable way the composite index for Austria rises this month. It signals that after a long period of weakness a recovery has returned to the country. An important reason for this should be the relaxation of the tensions in Ukraine. Austria benefits strongly from economic improvements in Eastern Europe as it has firm ties with the region. Apart from this, the upturn in the euro area stabilises. And while the assessment of the current US situation weakens, 6-month expectations for the United States are back on the rise!

Euroland – upturn stabilising

The composite index for the euro zone remains almost unchanged at +19.6 points in May (after 20.0 points in April). While investors correct their 6-month expectations (+26.5 after +31.5 points) they are visibly more upbeat on their assessment of the current situation (+13.0 after +9.0 points).

All in all, this development is a signal that the recovery in the currency union stabilises. An expectations bubble which might have been read into the data has quite obviously not materialised. If it had occurred then investors' assessments of the current situation would not have risen that strongly over the past months. Worth of note is also that the stabilisation of the recovery unfolds against the backdrop of a still unclear future for Greece.



sentix Economic Index, euro zone: assessment of the current situation (blue) and expectations (red)



Austria – suddenly back in recovery

Most outstanding is this month's increase of the overall index for Austria. The country's index jumps by almost nine to +7.4 points, the highest since August 2014. This happens while the index for the euro zone is only moving sideways. **With this, after months of weakness Austria is now back in a recovery mode!**

An important driver of this development should be the relaxation of the situation in Eastern Europe which has firm economic ties with Austria. Over the past weeks the conflict in the Ukraine has more and more drifted to the background, also in the media. As a result, investors' assessments on Eastern European economies have improved, too (see table on page 5). **The progressing stabilisation of these economies could soon also deliver a welcome nudge for the rest of Europe and even for the world economy.**

Austria	Dec 14	Jan 15	Feb 15	Mar 15	Apr 15	May 15	
Overall Index	-3.9	-1.2	-1.7	4.3	-1.3	7.4	Highest since August 2014
Headline Index							
- Current situation	-14.5	-12.3	-13.2	-2.7	-9.6	-1.8	Highest since August 2014
- Expectations	7.4	10.6	10.6	11.6	7.5	17.0	Highest since April 2014

Germany – another setback

Contrary to what investors perceive for Austria, the composite index for Germany falls for a second month in a row. The development is mainly driven by weaker 6-month expectations – a firmer euro and mixed signals for the US economy take their toll.

But a closer look at the global aggregate (see table on next page) reveals that perspectives for German exports barely budge: the composite index for world economy recedes only because of a somewhat weaker assessment of the current situation, but **global economic expectations remain robust.**

The reason for this healthy global outlook can be found in improving perspectives for Eastern Europe, Latin America and – primarily – for the US! While investors assess the current US situation markedly worse than last month, **6-month expectations have again gone up for the United States – definitely a good sign for the world economy!**

Germany	Dec 14	Jan 15	Feb 15	Mar 15	Apr 15	May 15	
Overall Index	19.6	26.6	35.0	39.5	31.4	28.2	
Headline Index							
- Current situation	23.9	33.1	42.4	49.9	40.8	39.4	
- Expectations	15.3	20.3	27.8	29.5	22.4	17.5	



More tables

Global Aggregate	Dec 14	Jan 15	Feb 15	Mar 15	Apr 15	May 15
Overall Index	12.8	13.9	15.9	18.1	16.6	15.0
Headline Index						
- Current situation	13.2	14.1	16.9	19.6	17.4	14.6
- Expectations	12.3	13.7	15.0	16.7	15.8	15.4

USA	Dec 14	Jan 15	Feb 15	Mar 15	Apr 15	May 15
Overall Index	29.4	31.4	29.4	28.8	22.6	17.2
Headline Index						
- Current situation	44.3	48.3	46.3	46.3	38.0	23.0
- Expectations	15.5	15.8	13.8	12.5	8.3	11.5

Lowest since Nov. 2013

Lowest since Dec. 2013

Japan	Dec 14	Jan 15	Feb 15	Mar 15	Apr 15	May 15
Overall Index	-0.5	0.3	5.8	11.7	10.9	8.7
Headline Index						
- Current situation	-7.8	-7.5	1.0	9.3	9.0	8.0
- Expectations	7.0	8.5	10.8	14.3	12.8	9.5

Asia ex Japan	Dec 14	Jan 15	Feb 15	Mar 15	Apr 15	May 15
Overall Index	22.3	23.0	22.4	24.0	23.0	22.8
Headline Index						
- Current situation	26.5	25.5	27.3	28.5	26.5	27.0
- Expectations	18.3	20.5	17.8	19.5	19.5	18.8

Switzerland	Dec 14	Jan 15	Feb 15	Mar 15	Apr 15	May 15
Overall Index	13.6	12.5	-17.1	-1.6	7.9	6.9
Headline Index						
- Current situation	29.7	40.8	1.3	13.1	13.3	8.7
- Expectations	-1.4	-12.5	-33.7	-15.4	2.6	5.1

Highest since July 2014



Press release sentix Economic Index

04th May 2015

Eastern Europe	Dec 14	Jan 15	Feb 15	Mar 15	Apr 15	May 15	
Overall Index	-11.2	-13.4	-11.0	-6.6	-3.9	-2.0	Highest since July 2014
Headline Index							
- Current situation	-19.5	-25.5	-21.8	-17.8	-15.5	-12.3	Highest since July 2014
- Expectations	-2.5	-0.5	0.5	5.3	8.5	8.8	Highest since July 2014

Latin America	Dec 14	Jan 15	Feb 15	Mar 15	Apr 15	May 15	
Overall Index	-6.2	-6.9	-7.2	-7.8	-8.1	-6.5	
Headline Index							
- Current situation	-15.0	-17.3	-16.5	-18.0	-19.3	-17.5	
- Expectations	3.0	4.0	2.5	3.0	3.8	5.3	Highest since Sept. 2014



Data availability

Bloomberg

FACTSET



Macrobond



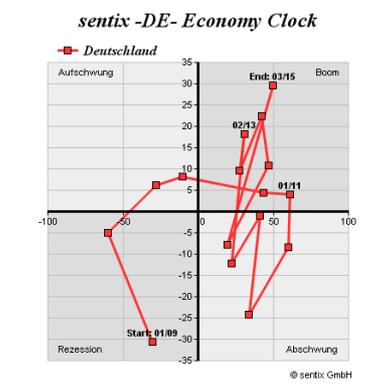
sentix 
expertise in behavioral finance

About sentix

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Background, methodology and more

See <http://economics.sentix.de>



The idea of the „economy clock“

The sentix economy clock show the assessment of the current situation and investors' 6-month expectations in a x-y diagram. The assessment of the current situation is displayed on the x-axis and 6-month expectations on the y-axis. An upturn, for instance, is characterised by still negative readings for the assessment of the current situation but already positive values for investors' expectations. This is why the upturn area lies in the upper left part of the clock. The graph on the left hand side shows Germany starting in 2009 from a recession ending in 03/15 in a boom.



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