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Patrick Hussy

CEFA, Managing director

patrick.hussy@sentix.de



sentix GmbH

Feldbergstraße 2, 65550 Limburg / Lahn

Tel. +49 (6021) 418 180, info@sentix.de

sentix economic index: Euroland is disconnecting negatively

- With a further drop of 2.7 points to -21.2 points (lowest value since 08.2009), the sentix economic index signals a continued weakening of the economic dynamic in Euroland.
- While expectations have been able to stabilize on a low level, current situation remains under pressure and documents that there is the risk of recession in Euroland.
- What makes November unique is that all other world regions were able to gain ground once again. Especially the USA, but also Asia ex Japan, were able to win back the ground they lost last month.

Statistics

Survey period: **03.11.-05.11.2011**

Participants: **908**

sentix indications for upcoming market events

At this point we will publish upcoming important market events and the expectations which can be derived from already published sentix data.

sentix – first mover advantage

07.11.2011 - CI-Indizes (JP) - Adequate negative expectations existing

15.11.2011 - ZEW-Index - Ongoing worsening of current situation, expectations stabile

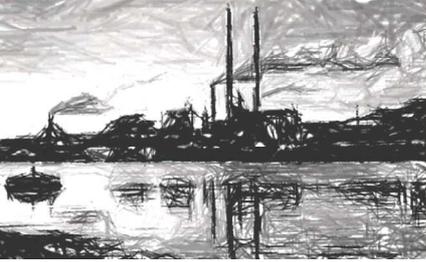
18.11.2011 - US Leading Ind. - Once more weak this month, stabilization in following month

24.11.2011 - ifo Index - disappointing current situation, economic expectations lightly steady

30.11.2011 - Chicago PMI - stabilization, positive surprise

Table of November results for Euroland economy

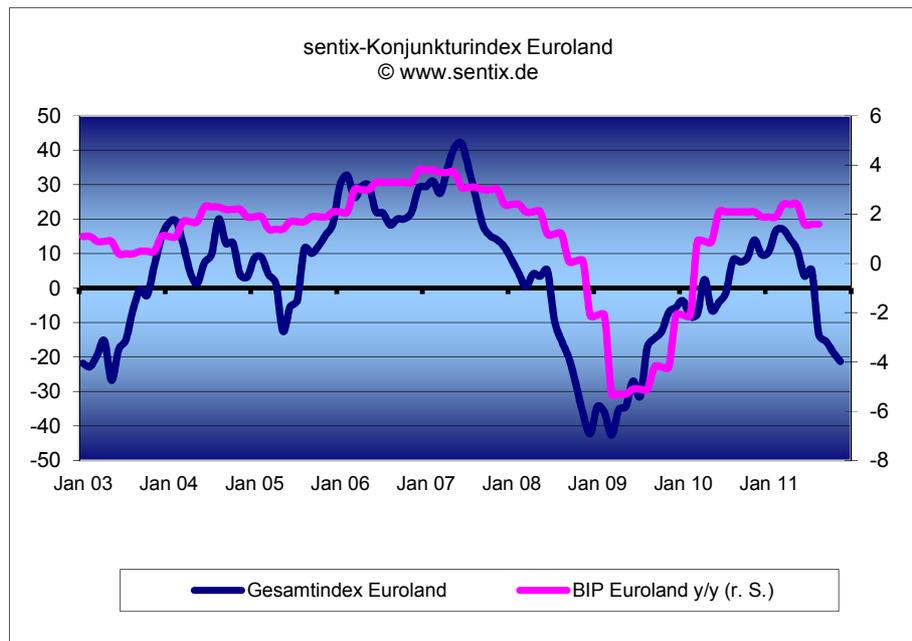
Euroland	Jun 11	Jul 11	Aug 11	Sep 11	Okt 11	Nov 11
Gesamtindex	3,5	5,3	-13,5	-15,4	-18,5	-21,2
Headline-Index						
Aktuelle Lage	18,50	19,25	3,50	-3,25	-5,75	-11,75
Erwartungen	-10,50	-7,75	-29,00	-26,75	-30,50	-30,25
Teilindex Private						
Aktuelle Lage	17,50	19,50	2,50	-2,00	-5,00	-8,50
Erwartungen	-6,50	-4,00	-26,00	-24,50	-27,00	-26,50
Teilindex Institutionelle						
Aktuelle Lage	19,50	19,00	4,50	-4,50	-6,50	-15,00
Erwartungen	-14,50	-11,50	-32,00	-29,00	-34,00	-34,00



Commentary to the survey results for November 2011:

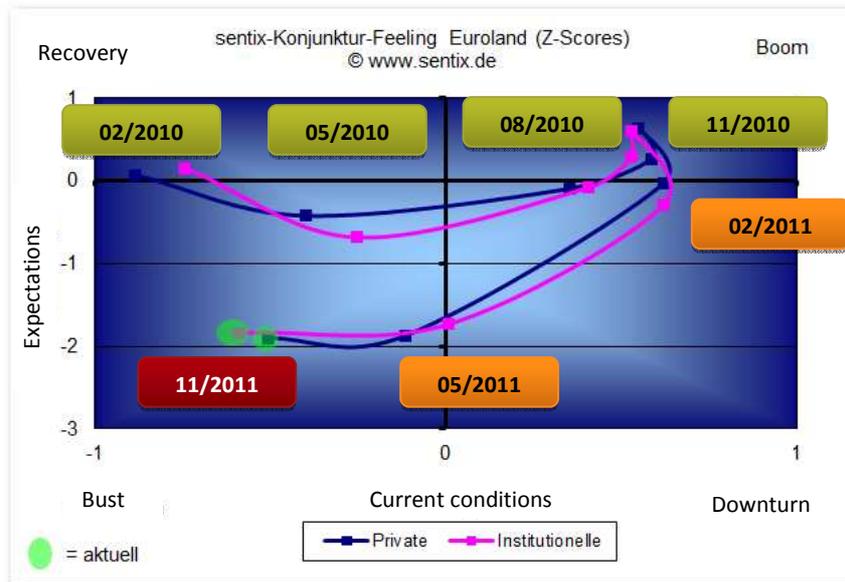
Euroland is disconnecting negatively

The global economy is able to stabilize itself, but Euroland cannot follow this basic tendency. This is the decisive message for November 2011 from the sentix eco-data collection for the important global economic regions. Even a stabilization of expectations for Euroland is not able to belie that, as they remain at this low level while the assessment of the current situation drops of clearly once more. Following this, the sentix total index for Euroland drops by 2.7 points to -21.2 index points while the USA is even able to gain 6.5 points in the total index.



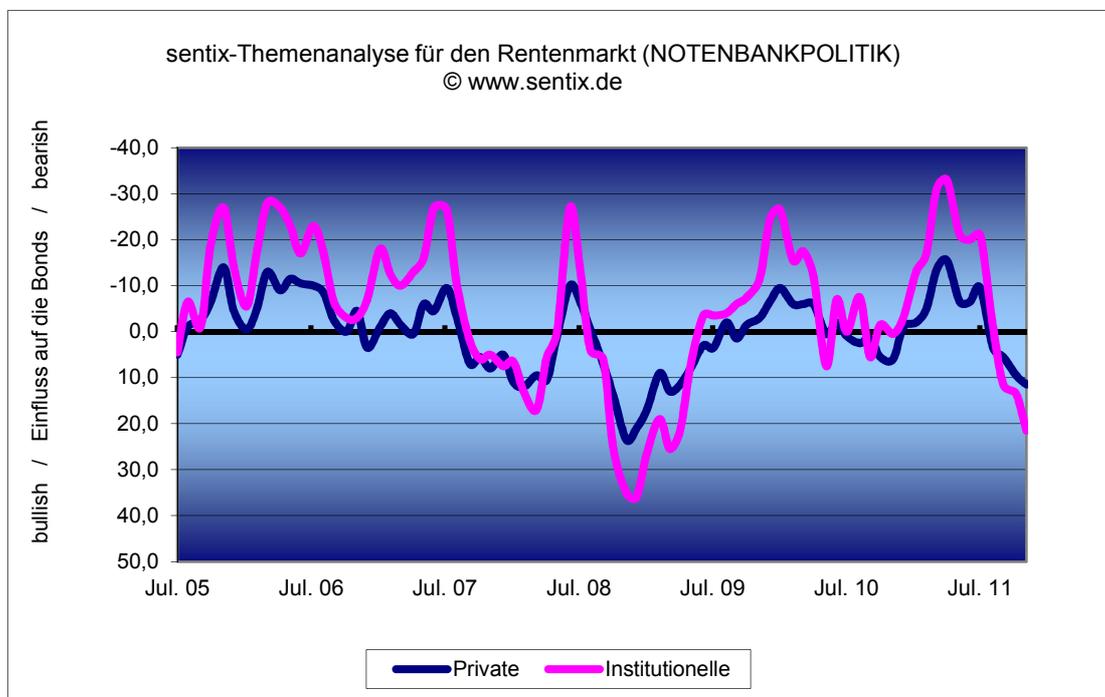
The trend of the past months has continued in the sentix economic index for Euroland in November. With a further minus of 2.7 points it reaches the lowest value since August 2009. With this, the investors surveyed by sentix are showing themselves just as disappointed by the continued debt crisis and weak equity courses as by the solutions presented by national banks and politics. The fear of a clear cooling off of the economy which has been pushing along economic expectations for the past half year is now slipping over to the current situation values. These fall by 6.0 points to an index value of 11.75 points.

This means that we have to grapple intensively with the idea of an upcoming recession on a European level, as the measured index values are in the recession-quadrants of the sentix Eco-Clock.



Central bank policy is assessed as expansive

Investors in Euroland hope for the ECB, whose interest rate policy is assessed as expansive and, with this, as supportive of the economy. The expectations started in June 2011 and strengthened this month once more. With the surprising interest rate drop of the new Central Bank's chief Draghi, the ECB has taken a first step. But the room to manoeuvre when it comes to interest rates is naturally limited.



We can draw new hope, especially from the global economy, which have been able to set much more positive signals against the European tendency.



sentix Global Aggregate gains ground

A glance at the global growth perspectives gives us a glimmer of hope. Especially the US economy is assessed much more positively in a monthly comparison. The total index is able to gain 6.5 points, there, carried by an improvement in the current situation (+7.50 points) and a rise in 6-month expectations (+6.0 points). This is the highest value since August and gives us confidence that the USA can get back on track, economically.

USA	Jun 11	Jul 11	Aug 11	Sep 11	Okt 11	Nov 11
Gesamtindex	-11,1	-8,0	-25,5	-21,5	-20,4	-13,9
Headline-Index						
Aktuelle Lage	-9,50	-8,00	-22,50	-22,75	-21,00	-13,50
Erwartungen	-12,75	-8,00	-28,50	-20,25	-19,75	-14,25
Teilindex Private						
Aktuelle Lage	-7,00	-6,50	-23,00	-20,50	-19,00	-12,00
Erwartungen	-8,50	-5,50	-25,50	-20,00	-18,50	-13,50
Teilindex Institutionelle						
Aktuelle Lage	-12,00	-9,50	-22,00	-25,00	-23,00	-15,00
Erwartungen	-17,00	-10,50	-31,50	-20,50	-21,00	-15,00

Even if we shouldn't give the definitive all-clear with these numbers, at least the negative trend of the past months has been stopped. Other regions also show improvement. While the Japanese economy remains on its level, the emerging markets – Latin America and Asia ex Japan especially – are able to gain ground.

Lateinamerika	Jun 11	Jul 11	Aug 11	Sep 11	Okt 11	Nov 11
Gesamtindex	15,9	17,6	7,1	7,6	4,4	9,2
Headline-Index						
Aktuelle Lage	35,75	38,25	29,75	25,75	23,75	27,25
Erwartungen	-2,25	-1,25	-13,25	-9,00	-13,25	-7,50

Asien ex Japan	Jun 11	Jul 11	Aug 11	Sep 11	Okt 11	Nov 11
Gesamtindex	17,9	21,8	13,4	13,7	9,2	13,1
Headline-Index						
Aktuelle Lage	38,50	44,25	39,75	35,00	31,00	35,25
Erwartungen	-1,00	1,50	-10,00	-5,75	-10,50	-7,00

In sum, the sentix Global Aggregate is able to gain 3.0 points to an index value of -3.70 points. This indicator has a high prognostic quality for the OECD Leading Indicator, so that we expect positive surprises from this side in the course of the month.

Globales Aggregat	Jun 11	Jul 11	Aug 11	Sep 11	Okt 11	Nov 11
Gesamtindex	4,1	7,8	-5,0	-4,4	-6,7	-3,7
Headline-Index						
Aktuelle Lage	14,7	18,7	9,8	6,3	4,6	7,3
Erwartungen	-6,0	-2,5	-18,8	-14,6	-17,4	-14,1



Data availability

Bloomberg

FACTSET



sentix 
expertise in behavioral finance



About sentix

On a weekly basis, more than 3.400 registered investors (of which more than 700 are institutionals) supply us with their market assessment. Out of this data, sentix calculates sentiment indexes, which mirror the sentiment of equity markets (DAX, EuroSTOXX 50, Nikkei 225, S&P 500), bond markets (Bund-Future, US-Treasury-Future) and currencies (EUR/USD, USD/YEN). These sentiment indexes are setting the standard, held in high regard by many renowned financial players and are used by investment professionals in their analyses and investment processes. A history of more than seven years and the simple access to data via reputable data providers as well as a website document the outstanding position of sentix as the leading independent sentiment data base.

Background and methodology

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



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