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sentix Economic Index: The situation in Euroland continues to grow

- The Euro area economy continues to grow. For the fourth time in a row, the current situation assessment has risen: to its highest level since January 2008 at 28,8 points.
- The Euro area therefore emancipates itself somewhat from the global tendencies as the assessment of the other world regions is by no means clear. A noticeable drop in expectations is measurable for the US economy.
- But Eastern Europe and Latin America are also hard to reconcile into a stable growth environment.

Statistics

Poll running: **April 6th to 8th, 2017**
Survey participants: **1,035 investors**
(**259** of those are institutional investors)

Current economic regimes* of countries /regions in focus:

Region / country	Regime	Region / country	Regime
Eurozone	boom	USA	upturn
Germany	boom	Japan	upturn
Switzerland	boom	Asia ex-Japan	boom
Austria	boom	Latin America	upturn
Eastern Europe	Slight upturn	Global Aggregate	boom

* The regimes – ranging from recession to boom – are derived from the sentix Economic Indices according to the principle of the “economy clock” (see annotation on penultimate page). They reflect investors’ perceptions of different economies. These perceptions are the basis for investors’ behaviour, i.e. their asset allocation, and are thus relevant for financial markets. They are historically close to actual economic activities but need not necessarily be identical.

Results for the Eurozone economy: April 2017

Euro area	Nov 16	Dec 16	Jan 17	Feb 17	Mar 17	Apr 17	
Overall Index	13.1	10.0	18.2	17.4	20.7	23.9	Highest value since 08-2007
Headline Index							
- Current situation	12.3	8.3	16.5	20.5	23.8	28.8	Highest value since 01-2008
- Expectations	14.0	11.8	20.0	14.3	17.8	19.3	



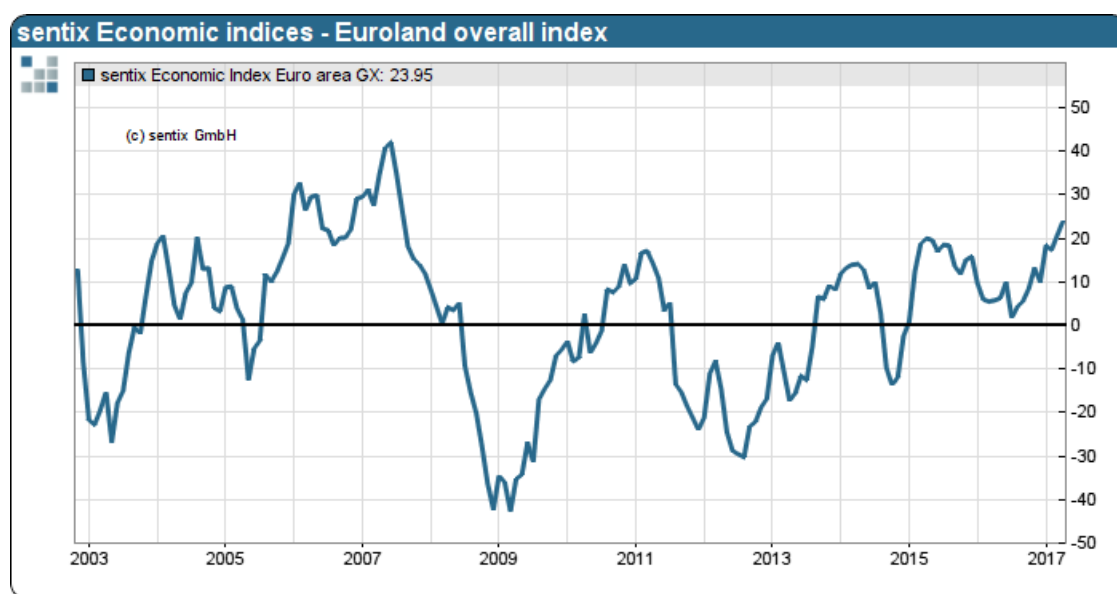
Commentary on the survey results for April 2017

The situation in Euroland continues to grow

The euro area is making further economic progress. The assessment of the economic situation by professional and private investors questioned by sentix is exceptionally good. Prior to the important presidential elections in France, the Euroland economy's current situation index has risen to its highest level since January 2008. Expectations are also rising slightly. The Eurozone thus stands out positively from other global regions.

Euro area emancipation

Who would have expected such an economic strength of the Eurozone a year ago? Probably few. But in between the recovery process solidifies appreciably. This can be seen not only in the positive labor market data of individual euro countries, but also in the investor's present situation assessment: with 28.8 points, this rises for the fourth time in a row to the highest value since January 2008. Also, economic expectations advance to 19.3 points. The latter is quite surprising, because on a global scale, this is by no means the rule. The Eurozone can thus emancipate itself in this respect.



sentix Economic Index for the Eurozone: **overall index**

In this context, investors are increasingly looking to the ECB. The statement by Mario Draghi, that he sees no reason for a change of the monetary policy, appears against the background of this robust economic assessment barely understandable. This position is understandable with a view to the inflation risks, which are estimated by investors to be lower than last due to the relatively stable oil prices.

But the bond market investors should not cheer too early. Investors do not let loose the expectations of a more restrictive course for the monetary policy, because Mario Draghi might perhaps rethink his attitude with regard to these sentix indicators.



Germany's economy is threatening to overheat

The strength of Euroland, not least also fired by an extremely expansive central bank policy, is not without a trace of the strongest national economy of Euroland. On the contrary: the current situation assessment is approaching the 60-point mark, absolute boom level. Expectations remain stable, which again underlines the fact that the German economy is doing well - but overheating is now threatening.

Germany	Nov 16	Dec 16	Jan 17	Feb 17	Mar 17	Apr 17	
Overall Index	29.2	27.8	33.1	31.3	34.1	35.3	Highest value since 03-2015
Headline Index							
- Current situation	47.8	45.8	52.5	53.5	56.8	59.0	Highest value since 07-2015
- Expectations	12.0	11.3	15.3	11.0	13.5	13.8	Highest value since 07-2011

Expectations in the US and Japan decline

A surprise in this month is the sharp drop in US economic expectations. While Trump is trying to make "America great again" with his verbal acrobatics, Euroland and Asia seem to be clearly better at present than the US economy. The president is talking a lot here, but the messages are getting less and less attractive among investors. Trump becomes a prospective killer. For the global economy, this is, of course, not a helpful message in the face of the importance of the US economy.

USA	Nov 16	Dec 16	Jan 17	Feb 17	Mar 17	Apr 17
Overall Index	19.6	35.0	36.3	31.0	33.6	26.7
Headline Index						
- Current situation	32.8	42.5	46.5	45.0	47.8	45.0
- Expectations	7.3	27.8	26.5	17.8	20.3	9.6

The Japanese economy also continues to fluctuate between stimulus and disappointment. The recent rise in the yen immediately dampens investors' expectations, which underlines the fragility of the Japanese economy.

Japan	Nov 16	Dec 16	Jan 17	Feb 17	Mar 17	Apr 17
Overall Index	1.3	9.0	14.7	13.2	17.0	14.1
Headline Index						
- Current situation	-3.0	5.8	13.3	16.0	18.8	19.3
- Expectations	5.8	12.3	16.3	10.5	15.3	9.0



Further result tables

Switzerland	Nov 16	Dec 16	Jan 17	Feb 17	Mar 17	Apr 17
Overall Index	13.6	15.4	20.9	18.1	19.3	28.1
Headline Index						
- Current situation	15.8	20.5	23.8	29.0	24.8	39.0
- Expectations	11.5	10.5	18.0	7.8	14.0	17.8
Austria	Nov 16	Dec 16	Jan 17	Feb 17	Mar 17	Apr 17
Overall Index	3.3	6.2	21.2	19.4	20.6	29.2
Asia ex Japan	Nov 16	Dec 16	Jan 17	Feb 17	Mar 17	Apr 17
Overall Index	22.4	20.6	21.7	19.8	24.6	24.8
Headline Index						
- Current situation	25.5	23.0	24.5	25.8	29.5	31.5
- Expectations	19.3	18.3	19.0	14.0	19.8	18.3
Eastern Europe	Nov 16	Dec 16	Jan 17	Feb 17	Mar 17	Apr 17
Overall Index	2.2	1.8	7.1	5.1	8.8	7.6
Headline Index						
- Current situation	-4.8	-6.5	0.0	0.5	4.0	5.5
- Expectations	9.5	10.5	14.5	9.8	13.8	9.8
Latin America	Nov 16	Dec 16	Jan 17	Feb 17	Mar 17	Apr 17
Overall Index	0.8	-5.0	-2.6	-0.6	3.2	0.1
Headline Index						
- Current situation	-13.3	-21.3	-16.5	-10.8	-7.5	-9.8
- Expectations	16.0	12.8	12.3	10.0	14.5	10.5
Global Aggregate	Nov 16	Dec 16	Jan 17	Feb 17	Mar 17	Apr 17
Overall Index	14.8	17.9	21.2	18.9	22.6	20.8



Data availability

Bloomberg

FACTSET



Macrobond



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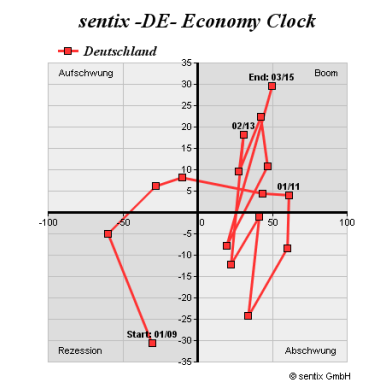
About sentix

The sentix GmbH is an independent research institute based in Frankfurt/Main, Germany. Founded in 2001, sentix provides analysts and investors, as well as the media and officials, with information about investors' preferences and their estimates and expectations about markets and economic trends.

Sentix is recognised in the industry as one of the leading experts in market sentiment and Behavioral Finance data. Among our clients are big fund managements groups as well as banks and independent fiduciaries. The data products are derived from the sentix Global Investor survey, to which more than 5.000 investors from 20+ countries contribute.

Background, methodology and more

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



The idea of the „economy clock“

The sentix economy clock shows the assessment of the current situation and investors' 6-month expectations in an x-y diagram. The evaluation 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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