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sentix Economic Index: US economic slowdown - America first!

- The situation in the Eurozone is getting better and better. For the sixth time in a row, present valuations climb to their highest level since January 2008. Expectations remain positive.
- Germany is even better: the current situation is showing an all-time high at 66.8 points.
- While the US president praises his deeds, investors are increasingly mistrusting. Expectations have been negative for the first time since March 2016! The US economy is therefore cooling off, even if the all-time highs on the stock market convey different.

Statistics

Poll running: **June 1st to 3rd, 2017**

Survey participants: **953 investors**

(**261** of those are institutional investors)

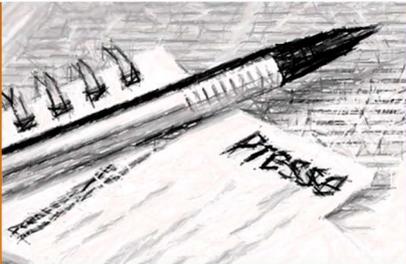
Current economic regimes* of countries /regions in focus:

Region / country	Regime	Region / country	Regime
Eurozone	boom	USA	cooling
Germany	boom	Japan	boom
Switzerland	upturn	Asia ex-Japan	boom
Austria	boom	Latin America	stabilisation
Eastern Europe	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: June 2017

Euro area	Jan 17	Feb 17	Mar 17	Apr 17	May 17	Jun 17	
Overall Index	18.2	17.4	20.7	23.9	27.4	28.4	Highest value since 07-2007
Headline Index							
- Current situation	16.5	20.5	23.8	28.8	34.5	36.0	Highest value since 01-2008
- Expectations	20.0	14.3	17.8	19.3	20.5	21.0	Highest value since 08-2015



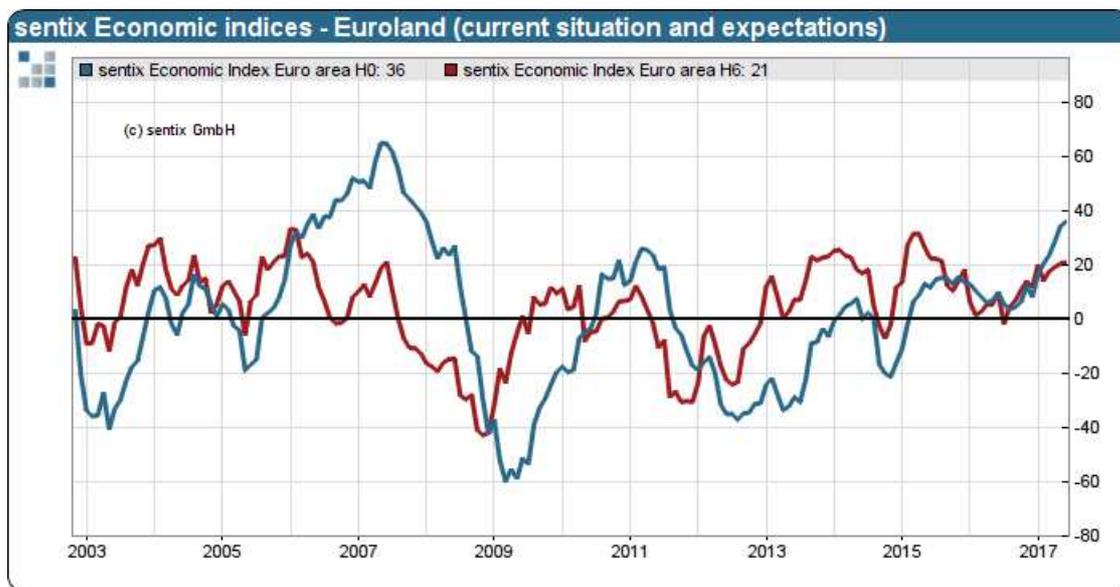
Commentary on the survey results for June 2017

US economic slowdown - America first!

The economy in Euroland continues to show its friendly side. The situation for the Eurozone is rising for the sixth time (!) in a row and reaches the highest level since January 2008 with 36 points. In Germany, the economy is in even better shape. Here, the situation assessment reaches 66.8 points the highest since the start of the sentix data collection in 2009. Despite this very good assessment of the situation, the expectations remain stable. This is surprising, because from sentix investor's point of view, the world's largest economy is weakening!

The upturn in the Eurozone remains strong

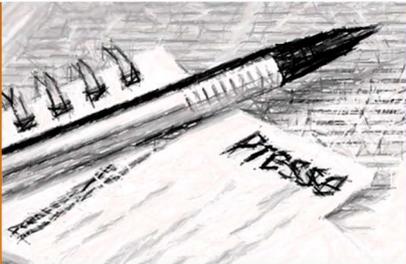
This week, Mario Draghi will be knocking himself on the shoulder again at the ECB's meeting: "everything is done right", the economy in the Eurozone is gaining momentum. In June, however, the assessment of the current situation and the expectation improved. The situation index has climbed to its highest level since January 2008 and underlines the fact that it is not just the volatile expectations, but increasingly hard data that bear the upswing in the Eurozone. The overall index climbs even to the highest value since July 2007, ie to a value before the start of the hot phase of the financial crisis. Even in unemployment statistics, the upturn has now begun, with improvements in nearly all euro countries. But even if Mario Draghi is satisfied with the results of his extremely expansive monetary policy, the actual rethinking of this position is still difficult. Just why?



sentix Economic Index for the Eurozone: **current situation** and **expectations**

Investors would not be surprised at all (the topic barometer banknote policy has been negative for months), especially since the Eurozone as a whole no longer needs the current emergency interest rates. Only Italy and Greece still need such monetary support. Perhaps Draghi would have to clarify whether he is oriented on the average, the weakest or only on his home country.

The good condition of the economy in the Eurozone would probably allow a move away from the current interest rate regime - and investors would also welcome the easing of the ECB's staple.



Germany: Alltime high

Since 2009 sentix has also determined the economic data for Germany. And since then the current situation assessment of the investors was never better: Germany unified boom country. Despite the very high present values, the expectation values remain in the positive range, an end of the economic season is not yet in sight for the investors.

Germany	Jan 17	Feb 17	Mar 17	Apr 17	May 17	Jun 17
Overall Index	33.1	31.3	34.1	35.3	36.9	39.2
Headline Index						
- Current situation	52.5	53.5	56.8	59.0	61.3	66.8
- Expectations	15.3	11.0	13.5	13.8	14.8	14.5

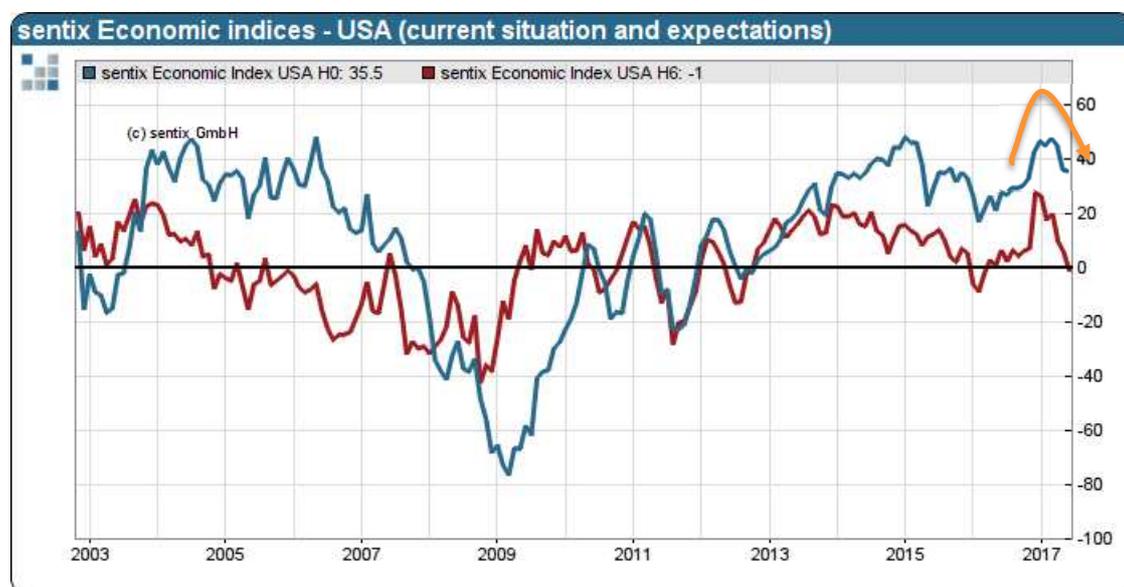
Highest value since 03-2015

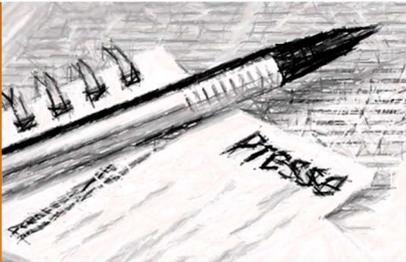
Alltime High

US economic slowdown - America first!

While the current US president praises himself for the still good data from the US economy, in particular the wealth effects on the stock markets, investors see the situation in the United States increasingly with mixed feelings. On the one hand, the situation gives a robust impression, but the investors do not have much more confidence in the future of the US economy. As in the beginning of 2016, the expectations turn negative again. "Fake News", Trump would probably say. Serious doubts we would call it!

USA	Jan 17	Feb 17	Mar 17	Apr 17	May 17	Jun 17
Overall Index	36.3	31.0	33.6	26.7	20.4	16.5
Headline Index						
- Current situation	46.5	45.0	47.8	45.0	36.0	35.5
- Expectations	26.5	17.8	20.5	9.6	5.6	-1.0





Further result tables

Switzerland	Jan 17	Feb 17	Mar 17	Apr 17	May 17	Jun 17
Overall Index	20.9	18.1	19.3	28.1	29.0	18.6

Austria	Jan 17	Feb 17	Mar 17	Apr 17	May 17	Jun 17
Overall Index	21.2	19.4	20.6	29.2	29.0	39.7

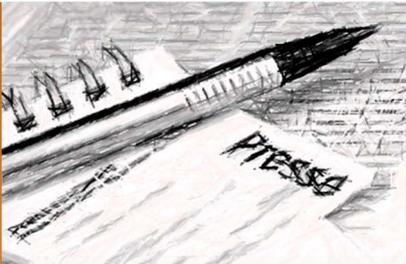
Japan	Jan 17	Feb 17	Mar 17	Apr 17	May 17	Jun 17
Overall Index	14.7	13.2	17.0	14.1	15.2	18.6
Headline Index						
- Current situation	13.3	16.0	18.8	19.3	20.0	26.8
- Expectations	16.3	10.5	15.3	9.0	10.5	10.8

Asia ex Japan	Jan 17	Feb 17	Mar 17	Apr 17	May 17	Jun 17
Overall Index	21.7	19.8	24.6	24.8	22.9	25.4
Headline Index						
- Current situation	24.5	25.8	29.5	31.5	30.5	33.5
- Expectations	19.0	14.0	19.8	18.3	15.5	17.5

Eastern Europe	Jan 17	Feb 17	Mar 17	Apr 17	May 17	Jun 17
Overall Index	7.1	5.1	8.8	7.6	9.5	11.6

Latin America	Jan 17	Feb 17	Mar 17	Apr 17	May 17	Jun 17
Overall Index	-2.6	-0.6	3.2	0.1	-0.7	-2.8
Headline Index						
- Current situation	-16.5	-10.8	-7.5	-9.8	-9.8	-13.5
- Expectations	12.3	10.0	14.5	10.5	8.8	8.5

Global Aggregate	Jan 17	Feb 17	Mar 17	Apr 17	May 17	Jun 17
Overall Index	21.2	18.9	22.6	20.8	19.3	19.6
Headline Index						
- Current situation	22.4	23.8	27.1	27.8	26.5	28.0
- Expectations	20.0	14.0	18.2	14.0	12.4	11.5



Data availability

Bloomberg

FACTSET



Macrobond



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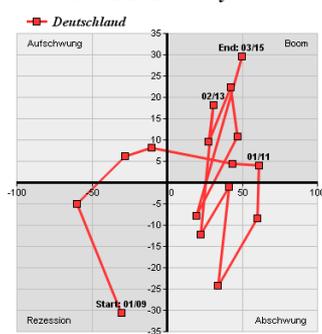
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Background, methodology and more

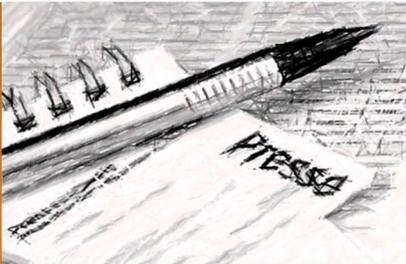
See <http://economics.sentix.de>

sentix -DE- Economy Clock



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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