



Registration for the press distribution list and further information at www.sentix.co.uk



Manfred Hübner

CEFA, Managing Director

manfred.huebner@sentix.de

sentix 
expertise in behavioral finance

sentix GmbH
Wiesenhüttenstraße 17, 60329 Frankfurt am Main
Tel. +49 (69) 3487 961-0, info@sentix.de

sentix Economic Index: Dark memories of 2007

- In December, the sentix overall index for the economy in Euroland falls for the 4th time in a row to -0.3!
- Situation values and expectations are falling equally, even in individual countries such as Germany. The dynamics of the downturn are similar to those of the pre-crisis year 2007. Expectations, as weak as in August 2012, challenge the (monetary) policy.
- There are no rays of hope to be reported internationally. In all regions, including the USA, which is accustomed to success, the situation values and expectations collapsed. A further interest rate hike by the Fed or an intensification of the US-China trade dispute seems to be the last thing the global economy needs at the moment.

Statistics

Poll running: **6-Dec. to 8-Dec., 2018**
Survey participants: **1.076 investors**
(**287** of those are institutional investors)

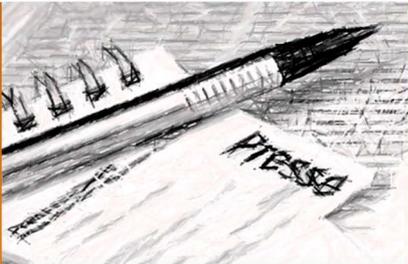
Current economic regimes* of countries /regions in focus:

| Region / country | Regime | Region / country | Regime |
|--|----------|---|-----------|
|  Eurozone | downturn |  USA | downturn |
|  Germany | downturn |  Japan | downturn |
|  Switzerland | downturn | Asia ex-Japan | slowdown |
|  Austria | slowdown | Latin America | recession |
| Eastern Europe | downturn | Global Aggregate | downturn |

* 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 Euro area economy: December 2018

| Euro Area | Jul. 18 | Aug. 18 | Sep. 18 | Oct. 18 | Nov. 18 | Dec. 18 | | |
|-----------------------|---------|---------|---------|---------|---------|---------|----------------------|---------------------|
| Overall index | 12.1 | 14.7 | 12.0 | 11.4 | 8.8 | -0.3 | Lowest since 12.2014 | 4. decline in a row |
| Headline Index | | | | | | | | |
| - Current situation | 36.8 | 37.3 | 35.0 | 33.0 | 29.3 | 20.0 | Lowest since 01.2017 | 4. decline in a row |
| - Expectations | -10.0 | -5.8 | -8.8 | -8.3 | -9.8 | -18.8 | Lowest since 08.2012 | |



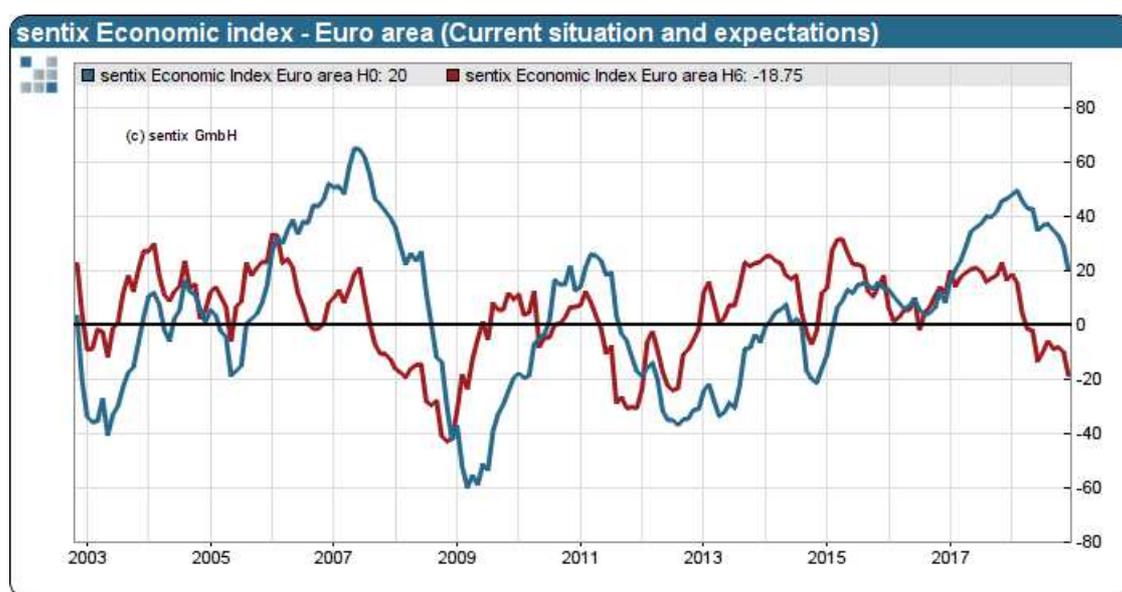
Commentary on the survey results for December 2018

Dark memories of 2007

At the end of 2018, the sentix economic indices awaken gloomy memories of the pre-crisis year 2007. The overall economic index for the euro zone falls for the fourth time in a row to -0.4, the lowest value since December 2014. Both the situation and expectations collapse. Looking at the international environment, there is practically no glimmer of hope, as even the hitherto strong US stocks are falling significantly. Now the (monetary) policy is called for!

Euro area: Roll backwards

In December, sentix economic expectations fell to their lowest level since August 2012: -18.8 points. This is doubly remarkable. On the one hand, the sheer downward momentum that the economy is currently offering is impressive. With the exception of a small summer rest, things are already going downhill all year round. On the other hand, August 2012 marks the beginning of the economic catch-up phase since the peak of the euro crisis. At that time Mario Draghi expressed himself in his famous speech ("whatever it takes") and started his monetary offensive.

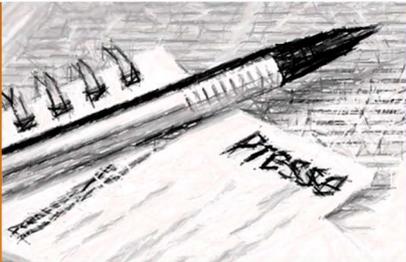


sentix Economic Index for the Eurozone: **current situation** and **expectations**

While the ECB is preparing for the end of the billion-dollar government bond purchases, the economy is slimming down at a considerable pace, again challenging politicians and central banks. Whether trade disputes, the Italian crisis, unrest in France and Belgium or Brexit: it's coming from all corners at the moment.

The momentum of the current downturn is in many respects similar to that of 2007, and banks, especially in Europe, appear to be in a similarly precarious position. Historic lows in Deutsche Bank shares and price losses of almost 30% in the Euroland Bank Index since the beginning of the year speak a clear, worrying language.

There could be scope for a change in the monetary policy stance on the part of inflation. The fall in oil prices is likely to be reflected in gasoline prices in the coming weeks and subsequently in the inflation rate. The ECB must take advantage of this to re-establish the safety net for the economy.



Germany: Breath-taking loss of momentum

In recent years, the German economy has been spoiled for success. However, the country, which is heavily dependent on exports, is suffering from increasing burdens on the international economy. It is not yet clear whether there will be US tariffs for the car industry, but the weak Chinese car sales are even more important. The Brexit uncertainty is also increasing again instead of decreasing. In addition, there are homemade problems such as the impending driving bans for diesel cars or the weakness of the current government coalition. And even the only financial soundness could be called into question by a new banking crisis surrounding Deutsche Bank.

| Germany | Jul. 18 | Aug. 18 | Sep. 18 | Oct. 18 | Nov. 18 | Dec. 18 | |
|-----------------------|---------|---------|---------|---------|---------|---------|-------------------------|
| Overall index | 16.2 | 20.4 | 18.1 | 20.0 | 15.6 | 7.2 | Lowest since 10.2014 |
| Headline Index | | | | | | | |
| - Current situation | 51.3 | 54.8 | 51.8 | 53.0 | 47.0 | 36.3 | Lowest since 09.2016 |
| - Expectations | -14.0 | -9.3 | -11.0 | -8.8 | -11.8 | -18.3 | Lowest since 08.2012 |

USA: The zenith is passed

For months now, investors interviewed by sentix have been doubting whether the US economy will be able to save its high pace into the new year. US President Trump's tax cuts have fuelled the economy considerably in 2018. But this is a one-off effect. In addition, it is becoming increasingly apparent that the trade disputes initiated by Trump are damaging to all parties involved - and that interim "peace signals" are hardly being taken seriously either by political opponents or by the markets. The nimbus is wobbling.

| United States | Jul. 18 | Aug. 18 | Sep. 18 | Oct. 18 | Nov. 18 | Dec. 18 | |
|-----------------------|---------|---------|---------|---------|---------|---------|-------------------------|
| Overall index | 18.6 | 25.6 | 23.6 | 25.3 | 21.4 | 11.0 | Lowest since 05.2016 |
| Headline Index | | | | | | | |
| - Current situation | 53.8 | 62.8 | 63.3 | 66.5 | 61.5 | 49.8 | Lowest since 11.2017 |
| - Expectations | -11.8 | -6.3 | -10.0 | -9.5 | -12.5 | -21.8 | Lowest since 08.2011 |

Global Aggregate: Where are the bearer of hopes?

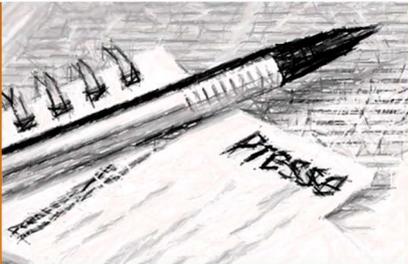
Looking at the other world regions considered by sentix, it is noticeable that there is currently no region that really seems suitable as a bearer of hope. This is most likely to be the case in Latin America, but even it is still in a recession and is at best sending the first signs of stabilisation. Otherwise, situation and expectation values are clearly collapsing everywhere. The impression that we are on the eve of a serious economic problem is therefore obvious.

| Global | Jul. 18 | Aug. 18 | Sep. 18 | Oct. 18 | Nov. 18 | Dec. 18 | |
|-----------------------|---------|---------|---------|---------|---------|---------|-------------------------|
| Overall index | 11.2 | 15.2 | 10.7 | 12.8 | 11.1 | 4.4 | Lowest since 07.2016 |
| Headline Index | | | | | | | |
| - Current situation | 32.8 | 35.5 | 30.4 | 31.7 | 29.5 | 23.5 | Lowest since 01.2017 |
| - Expectations | -8.4 | -3.3 | -7.3 | -4.6 | -5.9 | -13.0 | Lowest since 11.2011 |



Further result tables

| Japan | Jul. 18 | Aug. 18 | Sep. 18 | Oct. 18 | Nov. 18 | Dec. 18 | |
|-----------------------|---------|---------|---------|---------|---------|---------|--|
| Overall index | 10.9 | 13.2 | 12.3 | 17.9 | 13.5 | 3.9 | Lowest since 11.2016 |
| Headline Index | | | | | | | |
| - Current situation | 30.5 | 30.3 | 30.8 | 37.0 | 32.0 | 22.3 | Lowest since 05.2017 |
| - Expectations | -7.0 | -2.5 | -4.8 | 0.3 | -3.5 | -13.0 | Lowest since 08.2012 |
| Asia ex Japan | | | | | | | |
| Overall index | 12.4 | 16.1 | 11.9 | 13.9 | 12.5 | 7.9 | Lowest since 05.2016 |
| Headline Index | | | | | | | |
| - Current situation | 33.3 | 34.8 | 28.5 | 29.3 | 27.8 | 24.3 | Lowest since 12.2016 |
| - Expectations | -6.5 | -1.0 | -3.5 | -0.5 | -1.8 | -7.3 | Lowest since 01.2016 |
| Eastern Europe | | | | | | | |
| Overall index | 4.9 | 8.2 | 1.4 | 3.3 | 3.3 | -3.5 | Lowest since 08.2016 |
| Headline Index | | | | | | | |
| - Current situation | 18.8 | 20.5 | 13.0 | 13.3 | 13.0 | 6.8 | Lowest since 04.2017 |
| - Expectations | -8.0 | -3.5 | -9.5 | -6.3 | -6.0 | -13.3 | Lowest since 12.2011 |
| Latin America | | | | | | | |
| Overall index | -6.9 | -3.9 | -19.0 | -12.9 | -10.2 | -12.4 | |
| Headline Index | | | | | | | |
| - Current situation | -4.8 | -3.8 | -21.0 | -17.3 | -14.3 | -13.0 | 3. increase in a row |
| - Expectations | -9.0 | -4.0 | -17.0 | -8.5 | -6.0 | -11.8 | |
| Switzerland | | | | | | | |
| Overall index | 25.5 | 24.4 | 21.7 | 19.6 | 16.9 | 9.7 | Lowest since 08.2016 5. decline in a row |
| Headline Index | | | | | | | |
| - Current situation | 44.8 | 49.5 | 49.5 | 50.8 | 49.3 | 35.3 | Lowest since 06.2017 |
| - Expectations | 7.8 | 1.8 | -3.0 | -7.8 | -11.3 | -13.0 | Lowest since 03.2015 5. decline in a row |
| Austria | | | | | | | |
| Overall index | 32.0 | 33.8 | 34.0 | 32.3 | 21.0 | 19.3 | Lowest since 12.2016 3. decline in a row |
| Headline Index | | | | | | | |
| - Current situation | 60.0 | 53.0 | 64.5 | 58.3 | 52.0 | 45.8 | Lowest since 06.2017 3. decline in a row |
| - Expectations | 7.0 | 15.0 | 7.0 | 9.0 | -6.3 | -4.3 | |



Data availability

Bloomberg L.P.

FACTSET



Macrobond



HAVER ANALYTICS®

sentix 
expertise in behavioral finance

About sentix

sentix is the pioneer and leading provider of sentiment analyses (behavioural finance) in Europe. Since 2001 sentix surveys on a weekly basis around 5.000 investors from over 20 countries (comprising over 1.000 institutional and almost 4.000 individual investors) about their expectations for financial markets as well as for economic developments and their portfolio actions. The sentix survey results are representative of a broadly diversified group of investors.

sentix surveys offer the rare combination of a vast number of participants, high quality and an outstanding speed with which information is gathered and passed on. All sentix indices are regularly accessible for sentix data clients just about one day after the close of each poll – via the sentix website or Bloomberg. sentix clients thus can use sentix data almost in real time to further improve performance.

sentix GmbH was founded in 2001 and today represents the basis for all the services the sentix group offers to its clients in the field of Behavioural Finance.

Background, methodology and more

Current reports and documentation: <https://www.sentix.de/index.php/en/sentix-Economic-News/>

Charts and tables: <https://www.sentix.de/index.php/en/sentix-Economic-Factsheets/economy-at-a-glance.html>



Disclaimer

Important information concerning liability, compliance, protection of investors and copyright

This information is meant only for distribution in countries in which law permits this.

This analysis is for information purposes only and (i) does not constitute or form part of any offer for sale or subscription of or solicitation of any offer to buy or subscribe for any financial, money market or investment instrument or any security, (ii) is neither intended as such an offer for sale or subscription of or solicitation of an offer to buy or subscribe for any financial, money market or investment instrument or any security nor (iii) as an advertisement thereof. The investment possibilities discussed in this report may not be suitable for certain investors depending on their specific investment objectives and time horizon or in the context of their overall financial situation. The investments discussed may fluctuate in price or value. Investors may get back less than they invested.

Changes in rates of exchange may hurt the value of investments. Furthermore, past performance is not necessarily indicative of future results. In particular, the risks associated with an investment in the financial, money market or investment instrument or security under discussion are not explained in their entirety.

We assume no liability for the information contained in this analysis. The analysis is no substitute for personal investment consultation. Even by the depicted opportunities and risks, investors must individually assess – by their personal investment strategies, the financial, legal and fiscal situation - whether an investment in the financial instruments depicted here is sensible for them. As this document is in no way a direct investment recommendation, this document or parts of it should not be used as the basis for any conclusion of the contract or any commitment to obligations of any kind. Investors are asked to contact the investment analysts of their banks for individual investment advice and other individual explanations and advice.

Neither the sentix GmbH nor any of its managing directors, employees or other persons assumes liability for losses or damages caused in connection with the use of this document or its contents.

The sentiment analysis is made available via the internet to those sentix participants of which is assumed that they do not base their investment decisions inappropriately by this analysis.

Statements or conclusions made through data or services do not include warrants or guarantees for the future market- or price changes. The opinions and assessments expressed therein can change without prior notice.

The sentix GmbH explicitly points out that both the sentix GmbH, its legal agents as well as their employees (in the following: the Involved) regularly conduct transactions in equity and other financial instruments which the data and services refer to. They do this both in their names and for their accounts as well as in the name and accounts of third parties. Should the Involved have been involved in an emission of instruments for the finance markets in the past 12 months, this is separately indicated at the corresponding place.

All rights of use for this analysis, its data and services are the property of the sentix GmbH and are copyrighted. The sentix GmbH reserves its right to inflict penalties for the unauthorised usage of data and services, especially unauthorised commercial use. Reproduction or subsequent processing of website elements, analyses, data or services in electronic, written or another form is prohibited without prior consent by the sentix GmbH. Analyses that are only available in the secure customer area may be quoted, neither in full nor in part. An exception to this are analyses, data or services which have been posted by the sentix GmbH via the press mailing list or which have been presented in another form for public propagation.

This analysis may not – either in full or in part, regardless of underlying intent – be forwarded, reproduced or published.

„sentix“ is a registered trademark of sentix Holding GmbH.

DAX, TecDAX, Xetra und Eurex have registered trademarks of the Deutsche Börse AG. Dow Jones EURO STOXX 50 is a registered trademark of the STOXX Limited. Other names of products and companies which may be mentioned on this site could also be protected or be registered trademarks of other companies.

ANALYST DECLARATION

Neither in the past, present or future is the remuneration of the author linked – either directly or indirectly – to his or her recommendations or views expressed in this context.