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sentix Economic Index: Spring recovery not yet in sight

- Also in February, we note a renewed decline of the sentix overall economic index for the Euro zone by 2.2 points to -3.7. The situation values, with their sixth decline as well, are primarily responsible for this.
- The situation in Germany is no different: the overall index and the current situation are declining for the fourth time. The loss of momentum remains remarkable.
- In the other regions of the world, there is also little positive to report. Even though the overall indices in the USA, Japan and other regions may even recover slightly. This is due to slightly improved expectations. But it is not yet possible to speak of a spring revival of the global economy.

Statistics

Poll running: **31-Jan to 2-Feb, 2019**

Survey participants: **1.004 investors**
(**274** of those are institutional investors)

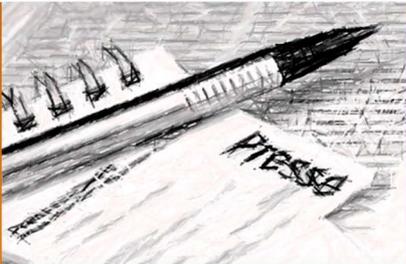
Current economic regimes* of countries /regions in focus:

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

* 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: February 2019

Euro Area	Sep. 18	Oct. 18	Nov. 18	Dec. 18	Jan. 19	Feb. 19		
Overall index	12.0	11.4	8.8	-0.3	-1.5	-3.7	Lowest since 11.2014	6. decline in a row
Headline Index								
- Current situation	35.0	33.0	29.3	20.0	18.0	10.8	Lowest since 12.2016	6. decline in a row
- Expectations	-8.8	-8.3	-9.8	-18.8	-19.3	-17.3		



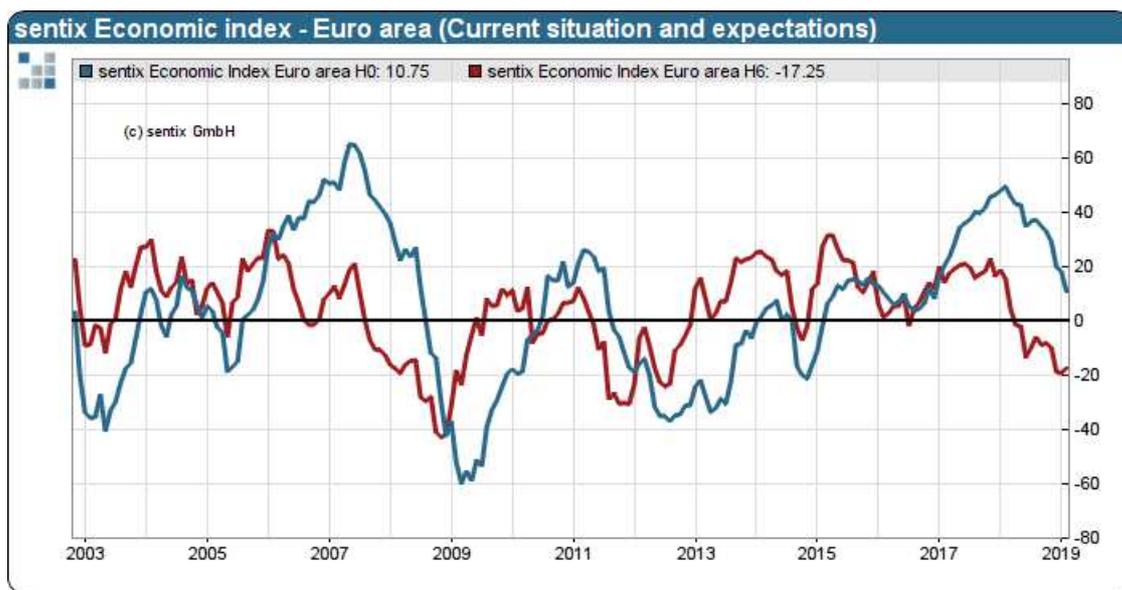
Commentary on the survey results for February 2019

Spring recovery not yet in sight

Even in February, the bad news for the economy in Euroland is not abating. The sentix economic index drops to only -3.7 points for the sixth time in a row. This is the lowest level since November 2014! The sentix indices are performing similarly to the recent ifo index: with slightly improved expectations, the situation values continue to collapse. Things are looking a little better internationally. The overall indices may improve slightly here. But this is not enough to proclaim a turnaround.

Euro area: Slump in situation values

Remarkable about the February data for the Eurozone is the sharp drop in the situation values. These fell by 7.2 points to 10.8 points, the lowest level since December 2016. Although this is still not a recession, at the current edge the growth forces seem to be weakening dangerously quickly and strongly. Even the long-standing growth locomotive Germany has not been running smoothly for a long time. Here, too, the overall index fell to 3.1 points for the fourth time in succession, its lowest level since August 2012.

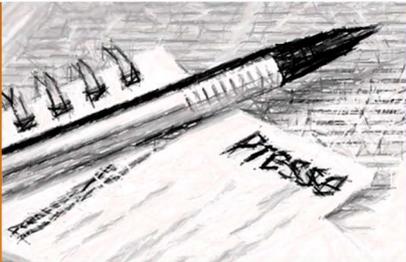


sentix Economic Index for the Eurozone: **current situation** and **expectations**

A major reason for this development is likely to lie more and more in the approaching Brexit. The economy now has to deal with the contingency plans in view of the unresolved political situation. Many companies exposed to UK-EU trade are currently not aiming for growth; they would probably be satisfied with stable business in the coming months. However, with a view to the second half of the year, the majority of investors have not yet assumed that the Euro zone economy will slide into recession on a sustained basis.

Instead, investors are increasingly turning their attention to the central banks. Here investors now sense potential for certain easing measures, especially by the US Federal Reserve. In addition to the theme index for the economy, the sub-indices for inflation and central bank policy are now also slightly up.

Even though there is somewhat more reason for hope on the interest side, in view of the problems with the economic situation values, the recent media statement "Interest rates good, everything good" does not seem appropriate.



Germany: Economic growth continues to slow down

The economic locomotive of recent years for Euroland, the German economy, continues to lose momentum. The situation values lose a whopping 9 points and are at 25.8 points, their lowest level since December 2014. The German export model is under pressure in view of the approaching Brexit and the problems in the Chinese sales market, which is important for the German car industry. In this environment, it is very surprising what discussions and decisions the German government is taking.

Germany	Sep. 18	Oct. 18	Nov. 18	Dec. 18	Jan. 19	Feb. 19		
Overall index	18.1	20.0	15.6	7.2	6.1	3.1	Lowest since 08.2012	4. decline in a row
Headline Index								
- Current situation	51.8	53.0	47.0	36.3	34.8	25.8	Lowest since 12.2014	4. decline in a row
- Expectations	-11.0	-8.8	-11.8	-18.3	-19.0	-17.3		

USA: Still relatively robust

The partial "shutdown" of the US administration has been lifted for the time being. Nevertheless, there has also been a noticeable loss of momentum in the USA, as the fourth decline in the situation values underscores. Nevertheless, the US economy is relatively robust by international standards. However, the main stress factors have not yet been finally clarified. The US-China trade dispute is awaiting lasting peace and the issue of a shutdown is likely to be back on the agenda from mid-February. From March 1st, when the US debt ceiling becomes active again, this dispute could even intensify.

United States	Sep. 18	Oct. 18	Nov. 18	Dec. 18	Jan. 19	Feb. 19		
Overall index	23.6	25.3	21.4	11.0	6.6	7.4		
Headline Index								
- Current situation	63.3	66.5	61.5	49.8	42.3	37.3	Lowest since 09.2017	4. decline in a row
- Expectations	-10.0	-9.5	-12.5	-21.8	-23.8	-18.8		

Japan: Question marks remain

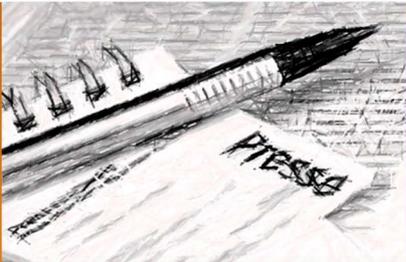
In contrast to the official statistics, which have to undergo an extensive revision, the sentix business cycle indices have never had to be revised. The unadorned look they allow at the Japanese economy is particularly valuable in times of state-orchestrated fake news. Interestingly, the overall index rose slightly at the beginning of February, although the current situation in Japan is also falling for the fourth time in a row. The momentum flattens somewhat, but the cooling is still progressing.

Japan	Sep. 18	Oct. 18	Nov. 18	Dec. 18	Jan. 19	Feb. 19		
Overall index	12.3	17.9	13.5	3.9	1.7	4.1		
Headline Index								
- Current situation	30.8	37.0	32.0	22.3	20.0	17.0	Lowest since 02.2017	4. decline in a row
- Expectations	-4.8	0.3	-3.5	-13.0	-15.0	-8.0		



Further result tables

Asia ex Japan	Sep. 18	Oct. 18	Nov. 18	Dec. 18	Jan. 19	Feb. 19	
Overall index	11.9	13.9	12.5	7.9	5.4	9.9	
Headline Index							
- Current situation	28.5	29.3	27.8	24.3	20.5	22.3	
- Expectations	-3.5	-0.5	-1.8	-7.3	-8.8	-1.8	
Eastern Europe	Sep. 18	Oct. 18	Nov. 18	Dec. 18	Jan. 19	Feb. 19	
Overall index	1.4	3.3	3.3	-3.5	-3.0	-2.2	
Headline Index							
- Current situation	13.0	13.3	13.0	6.8	7.8	6.3	Lowest since 04.2017
- Expectations	-9.5	-6.3	-6.0	-13.3	-13.3	-10.3	
Latin America	Sep. 18	Oct. 18	Nov. 18	Dec. 18	Jan. 19	Feb. 19	
Overall index	-19.0	-12.9	-10.2	-12.4	-8.3	-6.8	Highest since 08.2018
Headline Index							
- Current situation	-21.0	-17.3	-14.3	-13.0	-8.8	-8.5	Highest since 08.2018 5. increase in a row
- Expectations	-17.0	-8.5	-6.0	-11.8	-7.8	-5.0	Highest since 08.2018
Global	Sep. 18	Oct. 18	Nov. 18	Dec. 18	Jan. 19	Feb. 19	
Overall index	10.7	12.8	11.1	4.4	2.6	4.7	
Headline Index							
- Current situation	30.4	31.7	29.5	23.5	20.5	18.9	Lowest since 12.2016 4. decline in a row
- Expectations	-7.3	-4.6	-5.9	-13.0	-13.8	-8.7	
Switzerland	Sep. 18	Oct. 18	Nov. 18	Dec. 18	Jan. 19	Feb. 19	
Overall index	21.7	19.6	16.9	9.7	4.5	6.3	
Headline Index							
- Current situation	49.5	50.8	49.3	35.3	30.8	31.3	
- Expectations	-3.0	-7.8	-11.3	-13.0	-18.8	-16.0	
Austria	Sep. 18	Oct. 18	Nov. 18	Dec. 18	Jan. 19	Feb. 19	
Overall index	34.0	32.3	21.0	19.3	21.4	13.8	Lowest since 12.2016
Headline Index							
- Current situation	64.5	58.3	52.0	45.8	47.0	35.3	Lowest since 03.2017
- Expectations	7.0	9.0	-6.3	-4.3	-1.5	-5.8	



Data availability

Bloomberg L.P.

FACTSET



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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>



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