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sentix Economic Index: Stagnation is not yet progress

- In September, the economic situation in Euroland remains tense. The sentix overall economic index remains weak at -11.1 points, although it rises by 2.6 points.
- This is due to a clear recovery of the expected values to -12.8. The assessment of the situation, on the other hand, is still falling to -9.5 points. The Euro zone thus remains close to a recession.
- There are also few positive reports from the other regions of the world. With the exception of Latin America, which is sliding deeper into recession, all overall indices are rising slightly. To date, however, this has only hid stagnation at a weak level and no real trend reversal.

Statistics

Poll running: **5-Sep to 7-Sep, 2019**

Survey participants: **920 investors**
(**240** of those are institutional investors)

Current economic regimes* of countries /regions in focus:

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

* 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: September 2019

Euro Area	Apr. 19	May. 19	Jun. 19	Jul. 19	Aug. 19	Sep. 19
Overall index	-0.3	5.3	-3.3	-5.8	-13.7	-11.1
Headline Index						
- Current situation	3.8	11.0	6.0	1.8	-7.3	-9.5
- Expectations	-4.3	-0.3	-12.3	-13.0	-20.0	-12.8

Lowest since 01.2015 4. decline in a row



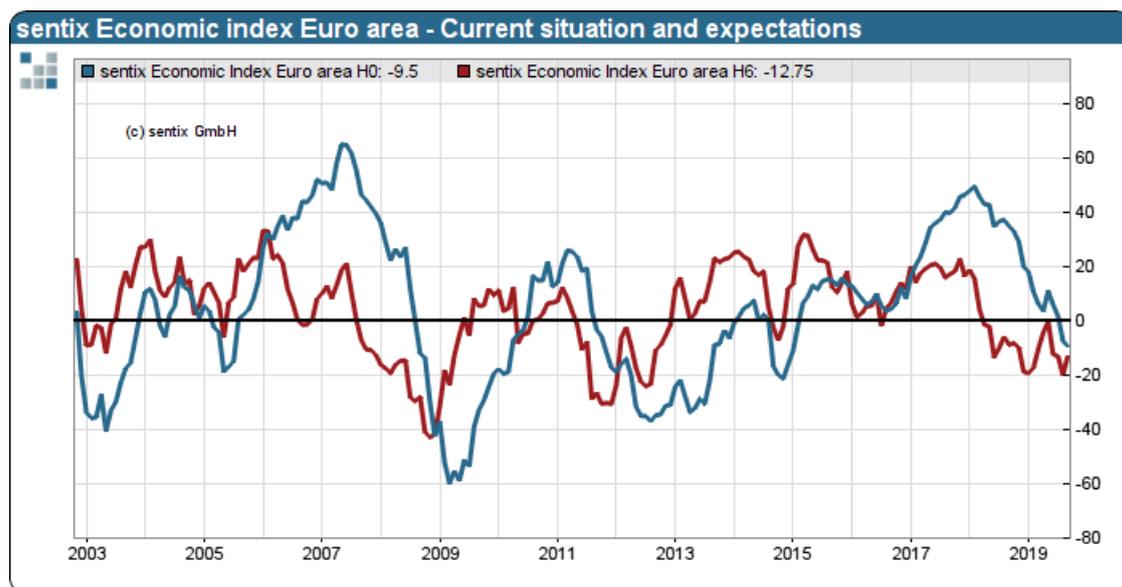
Commentary on the survey results for September 2019

Stagnation is not yet progress

The economic situation in Euroland remains tense. The sentix economic indices improved slightly in September to minus 11.1 points. However, a look at the situation values, which have slipped even deeper into the red, shows that the Euro zone is not far from a recession. In Germany, on the other hand, it must now be assumed that the economy will no longer grow. The expected values, which can recover more clearly, do give us some hope. But as long as these bear a negative sign, a trend reversal is not yet in sight.

Euro area: Shortly before the recession

The Euro-Zone economy is still on the brink of recession. The assessment of the situation by investors surveyed by sentix fell again in September to -9.5 points. This is not only the fourth decline in a row, but also the lowest level since January 2015. We expect a recession from -10 points. So, there is not much missing. It is also questionable whether a recession can be avoided. For even if the expected values have improved significantly to -12.8 points, they still bear a negative sign. A sustained turnaround would require positive expectations.



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

Nevertheless, the momentum in expectations is not as negative as in 2011 or even 2008. The question is only what can bring about a turnaround. Investors are focusing on two issues here: firstly, the trade dispute between the USA and China. After the bad experiences with US President Trump's tweets, however, hardly anyone is prepared to make an advance payment here.

What remains is the ECB, from which investors expect real wonders at the forthcoming meeting. The sentix barometer for central bank policy is +30 points. So, the expectations of Mario Draghi to deliver something big and effective are high. We'll see if he can deliver. For the financial markets, but even more for the real economy.



Germany: In the recession

Germany made it. Since January 2018, when the situation values marked an all-time high of +72.25 points, this index has fallen by more than 80 points to currently -10.5 points. A boom has turned into a recession and so far there is little evidence that Germany can return to growth by its own efforts. German politicians are more concerned with climate and tax increases than with measures to promote growth. It is solely due to the vague hope for a solution to the trade dispute that expectations in Germany have also improved somewhat to -15 points. So far it is still too little.

Germany	Apr. 19	May. 19	Jun. 19	Jul. 19	Aug. 19	Sep. 19	
Overall index	2.1	7.9	-0.7	-4.8	-13.7	-12.8	
Headline Index							
- Current situation	10.5	18.3	13.5	7.0	-5.5	-10.5	Lowest since 03.2010 4. decline in a row
- Expectations	-6.0	-2.0	-14.0	-16.0	-21.5	-15.0	

USA: Still relatively resilient

Even if one has the feeling that US President Donald Trump is currently doing everything in his power to dampen the growth prospects for the US economy, the US economy remains relatively resilient. Although the situation values are also declining here, they are still at +25.8 points on expansive terrain. Nevertheless, Trump should be cautious not to push his hand any further. The USA is also in a weakening phase and while the service sector is still supporting, US consumer confidence indices show that this will not remain so for much longer if there is no change in the economic policy environment.

United States	Apr. 19	May. 19	Jun. 19	Jul. 19	Aug. 19	Sep. 19	
Overall index	11.8	17.7	6.5	7.0	4.9	5.5	
Headline Index							
- Current situation	33.3	43.3	31.8	29.5	30.0	25.8	Lowest since 05.2016
- Expectations	-7.8	-5.3	-16.0	-13.3	-17.5	-13.0	

Latin America: Deeper into recession

Latin America has for some time been the weakest link in the global economic chain. From the investors' point of view, the renewed intensification of the debt crisis in Argentina and the Amazon forest fires in Brazil have further exacerbated the region's economic weakness. The overall index falls to -19.2 points, the situation values to -23 points. Memories of 2015 / 2016 are awakening.

Latin America	Apr. 19	May. 19	Jun. 19	Jul. 19	Aug. 19	Sep. 19	
Overall index	-3.8	-3.4	-9.3	-6.6	-11.3	-19.2	Lowest since 03.2016
Headline Index							
- Current situation	-9.0	-7.5	-9.8	-9.0	-10.5	-23.0	Lowest since 09.2016
- Expectations	1.5	0.8	-8.8	-4.3	-12.0	-15.3	Lowest since 09.2018



Further result tables

Japan	Apr. 19	May. 19	Jun. 19	Jul. 19	Aug. 19	Sep. 19	
Overall index	4.8	9.0	2.2	1.4	-5.4	-3.0	
Headline Index							
- Current situation	10.8	16.5	11.3	11.3	3.3	2.8	Lowest since 11.2016
- Expectations	-1.0	1.8	-6.5	-8.0	-13.8	-8.5	
Asia ex Japan							
Overall index	16.5	21.1	8.2	9.3	1.6	2.9	
Headline Index							
- Current situation	24.0	30.5	19.8	19.3	12.8	10.0	Lowest since 07.2016 4. decline in a row
- Expectations	9.3	12.0	-2.8	-0.3	-9.0	-4.0	
Eastern Europe							
Overall index	1.9	5.6	-0.9	-1.0	-7.6	-5.4	
Headline Index							
- Current situation	4.3	9.0	5.8	3.3	-0.5	-2.3	Lowest since 12.2016 4. decline in a row
- Expectations	-0.5	2.3	-7.3	-5.3	-14.5	-8.5	
Global							
Overall index	9.4	14.0	3.6	3.9	-2.3	-1.6	
Headline Index							
- Current situation	17.3	23.9	15.6	14.2	9.3	5.7	Lowest since 05.2016 4. decline in a row
- Expectations	1.9	4.4	-7.8	-5.8	-13.3	-8.7	
Switzerland							
Overall index	15.9	13.9	19.9	9.1	3.6	5.0	
Headline Index							
- Current situation	23.5	28.0	37.3	28.0	24.0	21.3	Lowest since 12.2016 3. decline in a row
- Expectations	8.5	0.8	3.8	-8.3	-15.0	-10.0	
Austria							
Overall index	23.3	25.2	3.8	15.2	13.0	11.5	
Headline Index							
- Current situation	37.5	36.3	28.0	24.8	25.8	23.8	Lowest since 02.2017
- Expectations	10.0	14.8	-17.8	6.0	1.0	0.0	



Data availability

Bloomberg L.P.

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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>



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