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sentix Economic Index: Loss of momentum continues

- Economic indicators for the Eurozone continue to lose momentum in October. At 16.9 points, the overall index falls for the third time in a row. Expectations drop for the fifth time in a row to only 8 points.
- For Germany, we get the first feedback after the Bundestag elections: The current assessment also slips by 5 points, while the expectations component is bucking the global loss of momentum and even manages to increase by 2.7 points.
- The signs for the global economy continue to point to "mid-cycle slowdown". The slowdown in growth in the middle of the cycle is progressing in the major economic regions - first and foremost in the USA. The Asia ex Japan region also continues to breathe a sigh of relief, where current and expected values are falling synchronously.

Statistics

Poll running: **30th Sep. to 2th Oct. 2021**
Survey participants: **1,067 investors**
(**240** of those are institutional investors)

Current economic regimes* of countries /regions in focus:

Region / country	Regime	Region / country	Regime
Eurozone	Upswing	USA	Upswing
Germany	Upswing	Japan	Upswing
Switzerland	Boom	Asia ex-Japan	Boom
Austria	Boom	Latin America	Stagnation
Eastern Europe	Recovery	Global Aggregate	Upswing

* 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: October 2021

Euro Area	May. 21	Jun. 21	Jul. 21	Aug. 21	Sep. 21	Oct. 21		
Overall index	21.0	28.1	29.8	22.2	19.6	16.9	Lowest since 04.2021	3. decline in a row
Headline Index								
- Current situation	6.3	21.3	29.8	30.8	30.8	26.3		
- Expectations	36.8	35.3	29.8	14.0	9.0	8.0	Lowest since 05.2020	5. decline in a row



Commentary on the survey results for October 2021

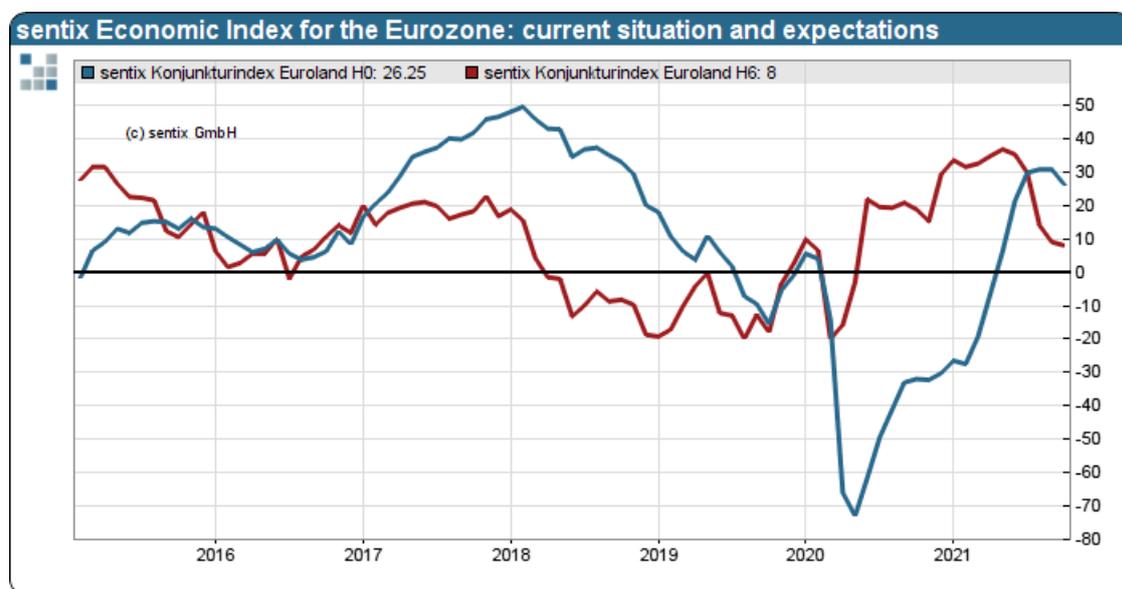
Loss of momentum continues

The momentum of the economic recovery in the Eurozone continues to slow down. At 16.9 points, the overall index is falling for the third time in a row. Expectations are dropping for the fifth time in a row to only 8 points. For Germany we get the first feedback after the Bundestag elections: The current assessment also slips by 5 points, while the expectations component is able to counter the global loss of momentum and even rises by 2.7 points. Overall, the signs for the global economy continue to point to a "mid-cycle slowdown". The slowdown in growth in the middle of the cycle is making headway in the major economic regions - first and foremost in the USA. The Asia ex Japan region also remains affected.

Euro area: Autumn revival fails to materialise for the time being

The economic recovery process continues to falter. The overall economic index for the euro area fell by 2.7 points in October to its lowest level since April 2021. This is the third decline in a row. The weakness had already been evident for some time in the expectations component. The expectations component fell for the fifth time in a row, dropping to 8 points, the same level as in May 2020. The continuing loss of momentum thus does not signal any autumn revival, which typically sets in at this time of year.

The answer to the question of whether this is a trend reversal or just a slowdown in growth remains open. The latter typically occurs in the middle phase of an economic recovery. So far, the criteria for a mere "mid-cycle slowdown" have still been met. It remains crucial that the expectations do not fall below the zero line. For then a stronger slump in economic output would be expected - a trend reversal would then be in the offing.



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

Indeed, one of the most important factors for the economic recovery so far is losing steam: a break in the monetary policy of major, important central banks is imminent. The corresponding sentix topic barometer falls back to -10 points, the lowest level since the end of 2018. Rising inflation data are putting increasing pressure on the monetary guardians to let the support measures expire or to reduce them completely.



Germany: Election effect "light"

In Germany, the loss of momentum is somewhat less pronounced. The overall index drops only slightly by 0.9 points, the Expectations index even sends a small signal of hope with a plus of 2.7 points. This can be seen as the first reaction after the Bundestag elections, now that the "spectre" of a possible red-red-green coalition government is off the table. Such a political constellation would have been a blow to many stock market players. At the same time, a prolonged stalemate in the coalition negotiations is likely to have a counterproductive effect. The political camps are therefore well advised to start/finish the upcoming negotiations quickly in order to counteract the braking effects on the economy.

Germany	May. 21	Jun. 21	Jul. 21	Aug. 21	Sep. 21	Oct. 21		
Overall index	26.1	32.9	33.8	25.7	20.9	20.0	Lowest since 03.2021	3. decline in a row
Headline Index								
- Current situation	15.3	29.5	37.8	38.5	36.0	31.0		
- Expectations	37.5	36.3	30.0	13.5	6.8	9.5		

US: No improvement

The global economic trend also remains depressed. The sentix overall economic index for the USA fell for the fifth time in a row to 25.7 points. This is not only the lowest value since February 2021, but also a decline of around 18.8 points from the peak value in May 2021. Meanwhile, the current assessment is also on the decline. Expectations remain positive, but do not yet show any signs of recovery.

United States	May. 21	Jun. 21	Jul. 21	Aug. 21	Sep. 21	Oct. 21		
Overall index	40.1	39.9	39.1	30.1	25.7	21.3	Lowest since 02.2021	5. decline in a row
Headline Index								
- Current situation	41.8	46.3	51.3	48.5	45.3	37.5	Lowest since 04.2021	3. decline in a row
- Expectations	38.5	33.8	27.5	13.0	7.8	6.3	Lowest since 05.2020	6. decline in a row

Asia ex Japan: Leadership role

The Asian region continues to be in a cooling phase. The overall index for the region falls for the sixth time in a row to 15.7 points. This is the lowest value since October 2020. At 19.5 points, the assessment of the current situation is also declining significantly and is now well below the top values of the spring. The economic region of Asia ex Japan could take a leading role in the recovery. After all, the slowdown started there first.

Asia ex Japan	May. 21	Jun. 21	Jul. 21	Aug. 21	Sep. 21	Oct. 21		
Overall index	36.0	34.1	33.1	23.3	19.8	15.7	Lowest since 10.2020	6. decline in a row
Headline Index								
- Current situation	37.0	36.0	37.8	30.5	24.8	19.5	Lowest since 01.2021	3. decline in a row
- Expectations	35.0	32.3	28.5	16.3	15.0	12.0	Lowest since 05.2020	6. decline in a row



Further result tables

Japan	May. 21	Jun. 21	Jul. 21	Aug. 21	Sep. 21	Oct. 21		
Overall index	25.2	26.1	25.7	18.4	16.7	15.4	Lowest since 01.2021	4. decline in a row
Headline Index								
- Current situation	17.8	21.8	26.8	24.3	23.0	22.8		3. decline in a row
- Expectations	33.0	30.5	24.8	12.8	10.5	8.3	Lowest since 05.2020	6. decline in a row
Eastern Europe								
	May. 21	Jun. 21	Jul. 21	Aug. 21	Sep. 21	Oct. 21		
Overall index	9.5	14.9	16.6	10.6	8.4	6.2	Lowest since 04.2021	3. decline in a row
Headline Index								
- Current situation	-6.3	4.8	12.0	11.8	10.8	7.8		3. decline in a row
- Expectations	26.5	25.5	21.3	9.5	6.0	4.8	Lowest since 05.2020	5. decline in a row
Latin America								
	May. 21	Jun. 21	Jul. 21	Aug. 21	Sep. 21	Oct. 21		
Overall index	-5.1	-0.7	3.4	-3.0	-3.3	-4.6		3. decline in a row
Headline Index								
- Current situation	-26.8	-18.8	-8.8	-10.0	-8.5	-10.8		
- Expectations	19.3	19.3	16.3	4.3	2.0	1.8	Lowest since 08.2020	4. decline in a row
Global								
	May. 21	Jun. 21	Jul. 21	Aug. 21	Sep. 21	Oct. 21		
Overall index	28.3	29.3	29.4	20.8	17.8	14.4	Lowest since 12.2020	3. decline in a row
Headline Index								
- Current situation	23.0	27.5	32.2	28.4	25.3	20.4	Lowest since 04.2021	3. decline in a row
- Expectations	33.7	31.1	26.6	13.5	10.6	8.6	Lowest since 05.2020	6. decline in a row
Switzerland								
	May. 21	Jun. 21	Jul. 21	Aug. 21	Sep. 21	Oct. 21		
Overall index	30.4	35.5	36.2	33.9	31.9	29.1	Lowest since 04.2021	3. decline in a row
Headline Index								
- Current situation	35.5	39.3	44.8	46.3	44.8	45.3		
- Expectations	25.5	31.8	28.0	22.3	19.8	14.0	Lowest since 11.2020	4. decline in a row
Austria								
	May. 21	Jun. 21	Jul. 21	Aug. 21	Sep. 21	Oct. 21		
Overall index	34.0	44.7	45.4	34.0	41.5	25.0	Lowest since 04.2021	
Headline Index								
- Current situation	15.0	49.5	56.0	45.0	63.0	44.5		
- Expectations	54.8	40.0	35.3	23.5	21.8	7.0	Lowest since 04.2020	5. decline in a row



Data availability

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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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