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sentix Economic Index: Things are looking up again!

- Economic indicators manage a turnaround in November. At 18.3 points, the overall index for the euro zone rises for the first time since July 2021, despite a further decline in the current situation. The improvement is due to a significant rise in expectations, which increased by 5.3 points.
- For Germany, the overall index stagnated once again, with the current situation values even dropping by a further 6.2 points. Fortunately, however, the expectations component increased by 5.3 points. The turnaround seems to have been achieved!
- This confirms our thesis for the global economy that the recent slowdown is a mid-cycle slowdown. Economic expectations are rising, especially in the USA, but also in Asia.

Statistics

Poll running: **04th Nov. to 6th Nov. 2021**
Survey participants: **1,095 investors**
(**258** of those are institutional investors)

Current economic regimes* of countries /regions in focus:

Region / country	Regime	Region / country	Regime
Eurozone	Boom	USA	Boom
Germany	Boom	Japan	Boom
Switzerland	Boom	Asia ex-Japan	Boom
Austria	Boom	Latin America	Stabilization
Eastern Europe	Slight 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 Euro area economy: November 2021

Euro Area	Jun. 21	Jul. 21	Aug. 21	Sep. 21	Oct. 21	Nov. 21
Overall index	28.1	29.8	22.2	19.6	16.9	18.3
Headline Index						
- Current situation	21.3	29.8	30.8	30.8	26.3	23.5
- Expectations	35.3	29.8	14.0	9.0	8.0	13.3

Lowest since
06.2021



Commentary on the survey results for November 2021

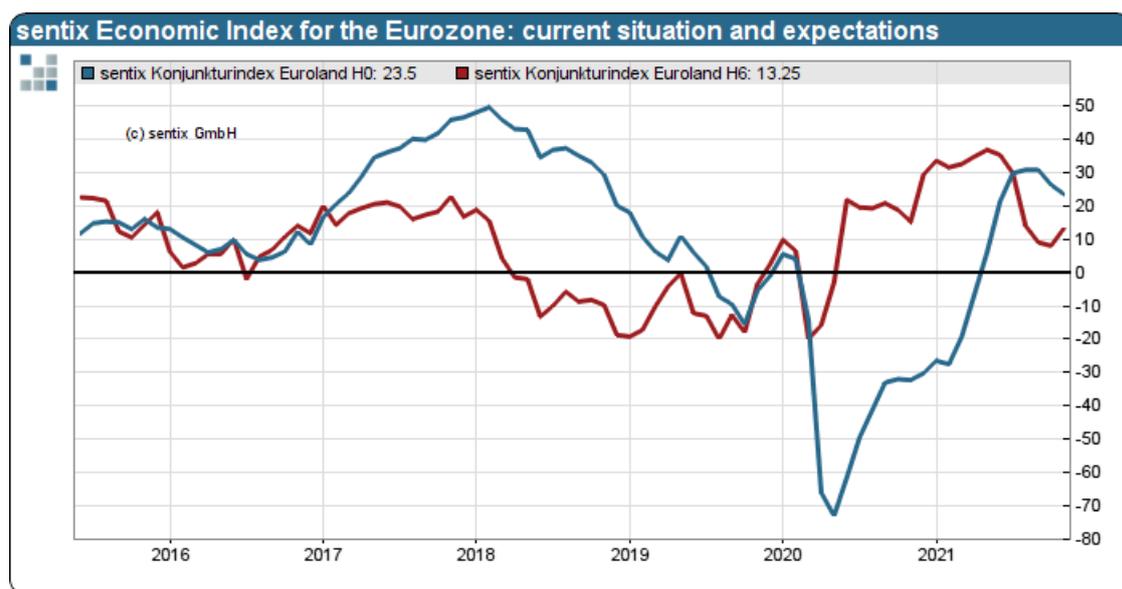
Things are looking up again!

The economic indicators manage a turnaround in the month of November. The overall index for the euro zone rises for the first time since July 2021, while the current situation indicators remain in a correction trend. On the other hand, the expectations figures increased by 5.3 points. For Germany, the overall index stagnates once again, with the assessment of the situation even dropping significantly by 6.2 points. Fortunately, the expectations component also increased by 5.3 points. Overall, this confirms our thesis for the global economy that the recent slowdown is a "mid-cycle slowdown". Economic expectations are rising sharply, especially in the USA, but also in Asia.

Euro area: The shoot is done

The economic slowdown is slowly coming to an end. With a significant increase of 5.3 points, the economic expectations of the first mover are turning upward for the first time after five consecutive declines. The current assessment is still "processing" the slowdown that has been evident for months and, with a discount of 2.8 points, has fallen to its lowest level since June 2021. Supply bottlenecks and high inflation are causing problems for companies and are having a certain braking effect. However, investors only expect a temporary burden and are therefore somewhat more confident about the next 6 months. The headline economic index for the euro zone is benefiting from the turnaround in expectations and is also up by 1.4 points. This means that the downward trend of the past few months has been broken, and the previously absent fall recovery is now taking place somewhat belatedly. The ECB's reactions so far also indicate that no major braking maneuvers are to be expected in the short term. The high inflation figures will be tolerated for the time being and not used as an opportunity to adopt a restrictive course.

Most recently, economic expectations suggested that we are dealing with a "mid-cycle slowdown" in the latest declines, which is merely a breather in the major cycle, followed by an economic revival. This thesis seems to be confirmed by the November data. The threat of an economic turnaround is thus off the table.



sentix Economic Index for the Eurozone: current situation and expectations



Germany: Recovery started

In the November data, Germany's assessment of the current economic situation again fell sharply, with the situation component dropping by a whopping 6.2 points. As an automotive country, the supply bottlenecks in the chip industry are having a significant impact. This is also causing stagnation in the overall index, which is thus trading water. Fortunately, investors are more confident about the future. Following the turnaround in expectations in the previous month (positive election effect), future prospects have risen for the second time in succession. With an improvement of 5.3 points, the "first mover" is paving the way for an incipient economic revival in the fourth quarter of 2021 and in the first months of the new year 2022. Other leading indicators are likely to follow the sentix trend in the coming weeks and will also indicate a turnaround.

Germany	Jun. 21	Jul. 21	Aug. 21	Sep. 21	Oct. 21	Nov. 21		
Overall index	32.9	33.8	25.7	20.9	20.0	19.7	Lowest since 03.2021	4. decline in a row
Headline Index								
- Current situation	29.5	37.8	38.5	36.0	31.0	24.8	Lowest since 05.2021	3. decline in a row
- Expectations	36.3	30.0	13.5	6.8	9.5	14.8		

US: Turn around accomplished

The indicated turnaround in Europe can also be observed in other regions. The sentix overall economic index for the U.S. rises for the first time since five consecutive declines to 25.3 points. The current economic situation remains at the previous month's level, while the expectations index has risen dynamically by 7.7 points, also signaling a revival of the U.S. economy. The tapering of the U.S. Federal Reserve is therefore not perceived as a threat.

United States	Jun. 21	Jul. 21	Aug. 21	Sep. 21	Oct. 21	Nov. 21		
Overall index	39.9	39.1	30.1	25.7	21.3	25.3		
Headline Index								
- Current situation	46.3	51.3	48.5	45.3	37.5	37.3	Lowest since 04.2021	
- Expectations	33.8	27.5	13.0	7.8	6.3	14.0		

Asia ex Japan: It gets better

The Asian region also manages a turnaround via the expectations component, which is up 6.5 points. The overall index for the region rises by 3.9 points, ending the cooling phase after six setbacks in a row. Developments in the economic region of Asia ex Japan currently play a special role in the overall assessment of the global economy, as this is where the deterioration first began and therefore serves as a signal for the other regions of the world.

Asia ex Japan	Jun. 21	Jul. 21	Aug. 21	Sep. 21	Oct. 21	Nov. 21		
Overall index	34.1	33.1	23.3	19.8	15.7	19.6		
Headline Index								
- Current situation	36.0	37.8	30.5	24.8	19.5	20.8		
- Expectations	32.3	28.5	16.3	15.0	12.0	18.5		



Further result tables

Japan	Jun. 21	Jul. 21	Aug. 21	Sep. 21	Oct. 21	Nov. 21		
Overall index	26.1	25.7	18.4	16.7	15.4	17.1		
Headline Index								
- Current situation	21.8	26.8	24.3	23.0	22.8	20.5	Lowest since 05.2021	4. decline in a row
- Expectations	30.5	24.8	12.8	10.5	8.3	13.8		
Eastern Europe	Jun. 21	Jul. 21	Aug. 21	Sep. 21	Oct. 21	Nov. 21		
Overall index	14.9	16.6	10.6	8.4	6.2	6.9		
Headline Index								
- Current situation	4.8	12.0	11.8	10.8	7.8	5.8	Lowest since 06.2021	4. decline in a row
- Expectations	25.5	21.3	9.5	6.0	4.8	8.0		
Latin America	Jun. 21	Jul. 21	Aug. 21	Sep. 21	Oct. 21	Nov. 21		
Overall index	-0.7	3.4	-3.0	-3.3	-4.6	-4.6	Lowest since 05.2021	4. decline in a row
Headline Index								
- Current situation	-18.8	-8.8	-10.0	-8.5	-10.8	-11.3	Lowest since 06.2021	
- Expectations	19.3	16.3	4.3	2.0	1.8	2.3		
Global	Jun. 21	Jul. 21	Aug. 21	Sep. 21	Oct. 21	Nov. 21		
Overall index	29.3	29.4	20.8	17.8	14.4	17.2		
Headline Index								
- Current situation	27.5	32.2	28.4	25.3	20.4	20.1	Lowest since 04.2021	4. decline in a row
- Expectations	31.1	26.6	13.5	10.6	8.6	14.3		
Switzerland	Jun. 21	Jul. 21	Aug. 21	Sep. 21	Oct. 21	Nov. 21		
Overall index	35.5	36.2	33.9	31.9	29.1	28.0	Lowest since 04.2021	4. decline in a row
Headline Index								
- Current situation	39.3	44.8	46.3	44.8	45.3	41.8	Lowest since 06.2021	
- Expectations	31.8	28.0	22.3	19.8	14.0	15.0		
Austria	Jun. 21	Jul. 21	Aug. 21	Sep. 21	Oct. 21	Nov. 21		
Overall index	44.7	45.4	34.0	41.5	25.0	30.2		
Headline Index								
- Current situation	49.5	56.0	45.0	63.0	44.5	50.5		
- Expectations	40.0	35.3	23.5	21.8	7.0	11.5		



Data availability

Bloomberg L.P.

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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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