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sentix Economic Index: Ukraine crisis causes economy to slump drastically

- The economy in the euro zone is slumping dramatically due to the war in Ukraine. The current economic situation dropped by a whopping 11.5 points to +7.8 points. Expectations erode by -34.75 points, the largest drop in the 20-year history of the sentix economic index.
- The picture in Germany is similar. Current conditions and expectations are plummeting. The overall index falls by 23.1 points to -5.2. The Eastern Europe region falls into a deep recession.
- The US economy is also hit by the crisis shock, albeit not quite as hard. The overall index fell by 10.2 points to 11.9. After all, we are measuring the third consecutive decline in expectations there as well. On a positive note, the U.S. sentiment index remains at 29.8 points and so far only points to an economic slowdown. The Asian economic region is also in the wake of the global downward trend.

Statistics

Poll from **03rd March to 5th March 2022**
Survey participants: **1,216 investors**
(**252** of those are institutional investors)

Current economic regimes* of countries /regions in focus:

Region / country	Regime	Region / country	Regime
Eurozone	Downturn	USA	Cooling down
Germany	Downturn	Japan	Downturn
Switzerland	Downturn	Asia ex-Japan	Cooling down
Austria	Downturn	Latin America	Downturn
Eastern Europe	Recession	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: March 2022

Euro Area	Oct. 21	Nov. 21	Dec. 21	Jan. 22	Feb. 22	Mar. 22	
Overall index	16.9	18.3	13.5	14.9	16.6	-7.0	Lowest since 11.2020
Headline Index							
- Current situation	26.3	23.5	13.3	16.3	19.3	7.8	Lowest since 05.2021
- Expectations	8.0	13.3	13.8	13.5	14.0	-20.8	Lowest since 08.2012



Commentary on the survey results for March 2022

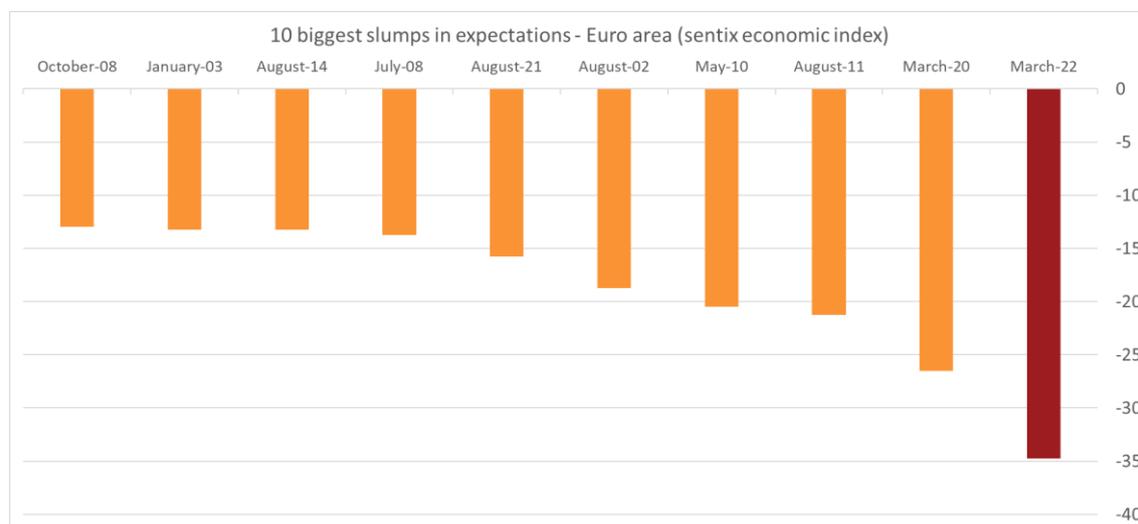
Ukraine crisis causes economy to slump drastically

The economy in the eurozone slumps dramatically due to the Ukraine crisis. The overall index falls to its lowest value since November 2020, with expectations eroding particularly sharply by -34.75 points. This has never happened before in the 20-year history of the sentix economic index! The picture in Germany is also comparable. The Eastern European region suffers particularly strongly and falls into a deep recession. The US economy is also being hit by the crisis shock, although not quite as hard. On the positive side, the economic situation there remains at 29.8 points and so far only indicates an economic slowdown. The Asian economic region is also in the wake of the global downward trend.

Euro area: Dramatic slump

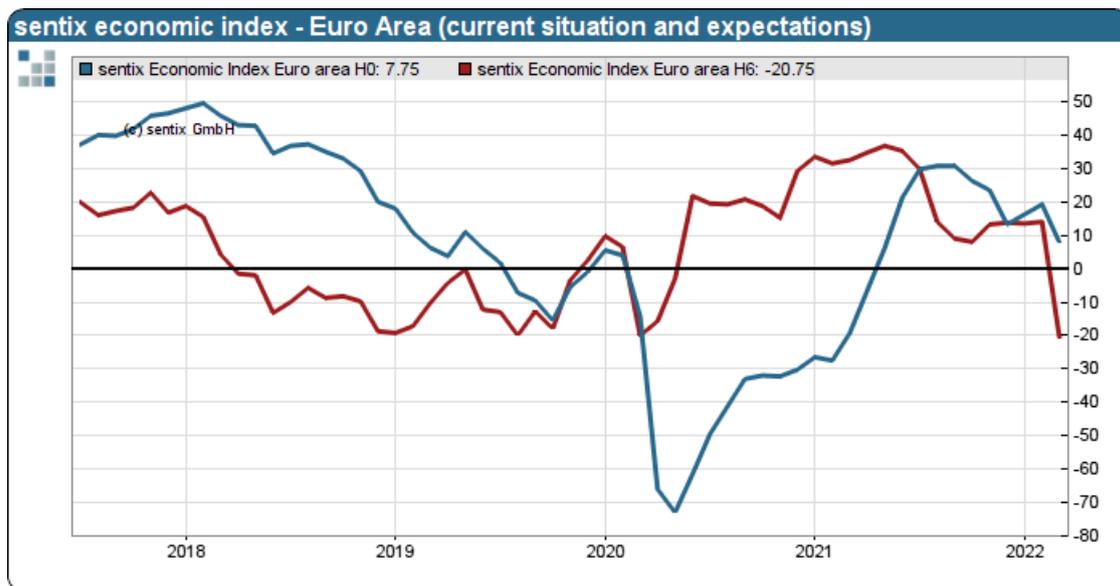
Rarely has the excitement for the latest data on the sentix economic index been as high as it is today. After all, the sentix index is considered the earliest leading indicator on the market and very quickly shows the trends in economic activity.

The first economic indication after the Russian invasion of Ukraine has it all: The economy in Euroland collapses dramatically in the month of March! The assessment of the economic situation decreased by 11.5 points and the expectations decreased by 34.75 points, which is more than ever before in the history of sentix. Even the Corona pandemic or the banking crisis had not led to such a sharp drop in the future outlook!



10 strongest monthly changes in the expectations component of the sentix Euro Area Economic Index

The more than 1,200 investors surveyed by sentix see a far greater adverse impact on the eurozone economy than was generally expected so far. The slump is far more dynamic than the 2% annual turnover that German companies, for example, achieve in Russia would suggest. Rather, there is a fear that the sharp rise in energy costs and the high price pressure on food will continue to fuel inflation, and that the central banks' room for maneuver is therefore limited this time. This is indicated by the sentix Inflation Barometer, which reached a new all-time record in March. This highlights the dilemma in which the ECB finds itself. Inflation trends make fresh stimulus almost impossible. In the best-case scenario, the announced, more restrictive course could be canceled or postponed far into the distance.



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

Germany: Punch in the belly

After the economy in Germany has recently recovered slightly, it has suffered a severe setback as a result of the Russian invasion of Ukraine and the accompanying sanctions. The Germans' dependence on Russian energy is immense, and the geographical proximity to the crisis region is also causing fears among the population to soar. Dealing with the influx of refugees is also likely to pose a major challenge for the EU, but also for Germany. The currently still good situation is melting like butter in the sun, with expectations pointing sharply downwards to -19.3 points.

Germany

	Oct. 21	Nov. 21	Dec. 21	Jan. 22	Feb. 22	Mar. 22	
Overall index	20.0	19.7	14.4	17.0	17.9	-5.2	Lowest since 07.2020
Headline Index							
- Current situation	31.0	24.8	13.8	19.0	20.0	10.0	Lowest since 04.2021
- Expectations	9.5	14.8	15.0	15.0	15.8	-19.3	Lowest since 03.2020

Eastern Europe: Deep recession

The Eastern Europe region has been hit hardest by the economic slump. This is easy to understand for Russia's economy. But Poland, the Czech Republic and the Baltic states are also likely to be hit hard economically. The expectations component falls below the level of the 2008 crisis and marks a new all-time low!

Eastern Europe

	Oct. 21	Nov. 21	Dec. 21	Jan. 22	Feb. 22	Mar. 22	
Overall index	6.2	6.9	2.4	3.3	3.4	-37.4	Lowest since 04.2020
Headline Index							
- Current situation	7.8	5.8	-2.5	-1.0	0.3	-31.0	Lowest since 11.2020
- Expectations	4.8	8.0	7.5	7.8	6.5	-43.5	Alltime Low!



sentix economic index - Eastern Europe (Expectations)

US: Better, but not good

The overall index for economic activity in the USA is holding up somewhat better at +11.9. Nevertheless, the expectations component fell for the third time in a row to -4.5 points, indicating a certain cooling of the economy there as well. The moderate growth path in the USA is in danger of being stalled, especially as the Fed has not yet sent any signals that it is retreating from its restrictive course.

United States

Oct. 21 Nov. 21 Dec. 21 Jan. 22 Feb. 22 Mar. 22

	Oct. 21	Nov. 21	Dec. 21	Jan. 22	Feb. 22	Mar. 22		
Overall index	21.3	25.3	24.2	23.3	22.1	11.9	Lowest since 01.2021	4. decline in a row
Headline Index								
- Current situation	37.5	37.3	34.3	34.0	35.0	29.8	Lowest since 03.2021	
- Expectations	6.3	14.0	14.5	13.0	10.0	-4.5	Lowest since 04.2020	3. decline in a row

Asia ex Japan: Also affected

Asia is also affected by the gravity of the economic slump. While the signs of recovery were particularly promising here recently, the pendulum is swinging down there too, albeit less strongly. One thing is certain: The global economy is now under new stress.

Asia ex Japan

Oct. 21 Nov. 21 Dec. 21 Jan. 22 Feb. 22 Mar. 22

	Oct. 21	Nov. 21	Dec. 21	Jan. 22	Feb. 22	Mar. 22		
Overall index	15.7	19.6	18.5	21.7	21.4	8.5	Lowest since 09.2020	
Headline Index								
- Current situation	19.5	20.8	17.5	20.0	22.5	17.0	Lowest since 11.2020	
- Expectations	12.0	18.5	19.5	23.5	20.3	0.3	Lowest since 04.2020	



Further result tables

Japan	Oct. 21	Nov. 21	Dec. 21	Jan. 22	Feb. 22	Mar. 22	
Overall index	15.4	17.1	14.6	17.5	16.0	4.9	Lowest since 10.2020
Headline Index							
- Current situation	22.8	20.5	14.5	17.8	18.5	14.5	Lowest since 03.2021
- Expectations	8.3	13.8	14.8	17.3	13.5	-4.3	Lowest since 04.2020

Latin America	Oct. 21	Nov. 21	Dec. 21	Jan. 22	Feb. 22	Mar. 22	
Overall index	-4.6	-4.6	-6.6	-5.1	-1.4	-9.0	Lowest since 04.2021
Headline Index							
- Current situation	-10.8	-11.3	-17.3	-14.8	-8.5	-8.8	Lowest since 05.2020
- Expectations	1.8	2.3	4.8	5.0	6.0	-9.3	

Global	Oct. 21	Nov. 21	Dec. 21	Jan. 22	Feb. 22	Mar. 22	
Overall index	14.4	17.2	15.1	16.9	17.0	1.0	Lowest since 10.2020
Headline Index							
- Current situation	20.4	20.1	15.1	17.1	19.5	11.3	Lowest since 03.2021
- Expectations	8.6	14.3	15.1	16.7	14.6	-8.8	Lowest since 04.2020

Switzerland	Oct. 21	Nov. 21	Dec. 21	Jan. 22	Feb. 22	Mar. 22	
Overall index	29.1	28.0	17.8	28.8	29.1	6.1	Lowest since 11.2020
Headline Index							
- Current situation	45.3	41.8	39.0	40.8	38.3	27.5	Lowest since 04.2021
- Expectations	14.0	15.0	-1.5	17.5	20.3	-13.3	Lowest since 04.2020

Austria	Oct. 21	Nov. 21	Dec. 21	Jan. 22	Feb. 22	Mar. 22	
Overall index	25.0	30.2	13.3	21.9	19.9	-5.6	Lowest since 11.2020
Headline Index							
- Current situation	44.5	50.5	19.5	30.0	29.3	16.0	Lowest since 05.2021
- Expectations	7.0	11.5	7.3	14.0	11.0	-25.0	Alltime Low!



Data availability

Bloomberg L.P.

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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>



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