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sentix Economic Index: "We are also hurting ourselves"

- The sentix business cycle index continues to fall, reaching -22.6 points, its lowest level since June 2020. The situation and expectations alike slump by around 5 percentage points. The recession is becoming visible.
- Germany's economy minister is right: "We are also harming ourselves" and to a considerable extent. Economic expectations for Germany mark an all-time low and the situation index also falls for the third time in a row.
- The economic downturn is being felt all over the world. Also in the US, where the overall index falls for the sixth time in a row, reaching -2.9 points, the lowest level since September 2020. The corona lockdowns in China are weighing heavily on the Asian region. Here, the overall index falls by 10.1 points!

Statistics

Poll from **5th May to 7th Mai 2022**
Survey participants: **1,267 investors**
(**262** of those are institutional investors)

Current economic regimes* of countries /regions in focus:

Region / country	Regime	Region / country	Regime
Eurozone	Recession	USA	Downturn
Germany	Recession	Japan	Downturn
Switzerland	Downturn	Asia ex-Japan	Recession
Austria	Downturn	Latin America	Recession
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: **May 2022**

Euro Area	Dec. 21	Jan. 22	Feb. 22	Mar. 22	Apr. 22	May. 22		
Overall index	13.5	14.9	16.6	-7.0	-18.0	-22.6	Lowest since 06.2020	3. decline in a row
Headline Index								
- Current situation	13.3	16.3	19.3	7.8	-5.5	-10.5	Lowest since 03.2021	3. decline in a row
- Expectations	13.8	13.5	14.0	-20.8	-29.8	-34.0	Lowest since 12.2008	3. decline in a row



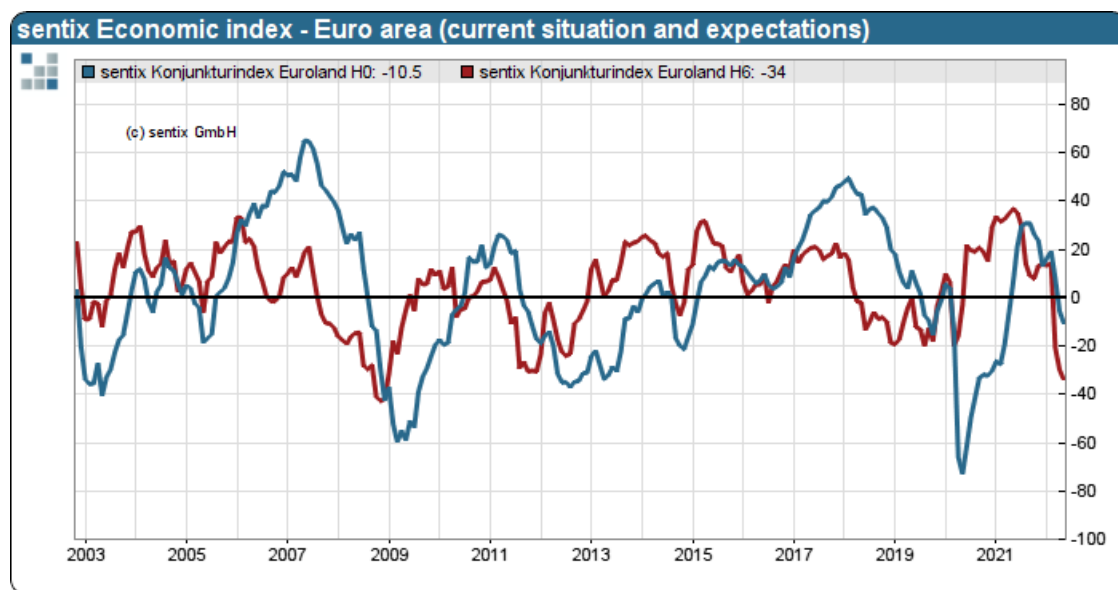
Commentary on the survey results for May 2022

"We are also harming ourselves"

War only knows victims. The traces of the Ukraine conflict are also becoming increasingly visible in the economy. The sanctions against Russia are having an effect, on enemies and friends alike. Last month, the "first mover" economic index clearly pointed the way towards recession. At the beginning of May, the downturn deepened further. Europe is hit particularly hard. The overall Eurozone index drops to -22.6 points. And for Germany we report an all-time low in economic expectations. In other words: it's coming thick and fast.

Euro area: The recession is becoming visible

The economic dimension of the Ukraine conflict is becoming increasingly precarious. The sentix overall economic index for the Eurozone fell in May for the third time in a row, reaching -22.6 points, the lowest value since June 2020. Situation and expectations values lost about 5 points in equal measure. Expectations are as low as they were last in December 2008, making it clear that the economic downturn is now taking on a dimension that is likely to lead to considerable distortions in equities, but also to an increase in risk provisions for banks. The chart below illustrates that only in the 2008 financial crisis were there similarly worrying economic data. Within two years, the Eurozone economy is experiencing its second crisis of significant proportions.



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

What makes the situation particularly difficult is that the central banks' hands are tied to a certain extent due to the clear inflation problems. A look at the sentix thematic barometers shows that only the weak economy is currently having a dampening effect on interest rates. Inflation, fiscal policy and also the expected restrictive central bank course are weighing on the development of interest rates. If recessionary developments now also become visibly apparent, risk managers all over the world will probably have their hands full.

The global economy is facing a "perfect storm".



Germany: "We are also harming ourselves"

The German Minister of Economics, Habeck, knows what the considerable sanctions against Russia mean. There is much more at stake than just rising energy prices or an uncertain supply situation for individual products. A look at the sentix economic expectations for Germany shows the full drama. With a value of -32.8 points, expectations have sunk to an all-time low, even dwarfing the slump in 2008. The situation drops by only 2.5 points. The opening steps after the expiry of the Corona measures and the overhang in private savings in the last two years mean that the situation values are slumping more slowly than would otherwise be the case. But the direction is definitely the wrong one.

Germany	Dec. 21	Jan. 22	Feb. 22	Mar. 22	Apr. 22	May. 22		
Overall index	14.4	17.0	17.9	-5.2	-17.1	-20.5	Lowest since 05.2020	3. decline in a row
Headline Index								
- Current situation	13.8	19.0	20.0	10.0	-4.8	-7.3	Lowest since 03.2021	3. decline in a row
- Expectations	15.0	15.0	15.8	-19.3	-28.8	-32.8	Alltime Low!	3. decline in a row

US: Sixth consecutive decline

Although the US economy is clearly doing better than Europe's and the defence industry in particular is a big beneficiary of the current situation, the economic environment in the US is also deteriorating. The sentix overall index fell for the sixth time in a row to -2.9 points. Expectations have also fallen sharply again. The -21.8 points represent the lowest value since January 2019! Monetary policy is also having an additional negative impact in the USA. The second interest rate hike in the past week was certainly not the last. After the third rate hike, things usually got even more uncomfortable for equities in the past.

United States	Dec. 21	Jan. 22	Feb. 22	Mar. 22	Apr. 22	May. 22		
Overall index	24.2	23.3	22.1	11.9	6.1	-2.9	Lowest since 09.2020	6. decline in a row
Headline Index								
- Current situation	34.3	34.0	35.0	29.8	24.5	18.0	Lowest since 03.2021	3. decline in a row
- Expectations	14.5	13.0	10.0	-4.5	-10.8	-21.8	Lowest since 01.2019	5. decline in a row

Global Aggregate: China lockdown hurts

While most countries have largely or completely loosened their Corona restrictions in recent months, the Chinese government is imposing sharp lockdowns. After Shanghai, now Beijing. This has a double impact not only on China but on the entire global economy: via shortages of products and rising prices. No wonder, then, that the global aggregate, as well as the Asian indices, are suffering in tandem with the other world regions.

Global	Dec. 21	Jan. 22	Feb. 22	Mar. 22	Apr. 22	May. 22		
Overall index	15.1	16.9	17.0	1.0	-5.4	-13.3	Lowest since 06.2020	3. decline in a row
Headline Index								
- Current situation	15.1	17.1	19.5	11.3	3.6	-4.8	Lowest since 11.2020	3. decline in a row
- Expectations	15.1	16.7	14.6	-8.8	-14.1	-21.5	Lowest since 01.2009	4. decline in a row



Further result tables

Japan	Dec. 21	Jan. 22	Feb. 22	Mar. 22	Apr. 22	May. 22		
Overall index	14.6	17.5	16.0	4.9	-2.1	-9.8	Lowest since 07.2020	4. decline in a row
Headline Index								
- Current situation	14.5	17.8	18.5	14.5	7.8	1.0	Lowest since 02.2021	3. decline in a row
- Expectations	14.8	17.3	13.5	-4.3	-11.5	-20.0	Lowest since 03.2009	4. decline in a row
Asia ex Japan	Dec. 21	Jan. 22	Feb. 22	Mar. 22	Apr. 22	May. 22		
Overall index	18.5	21.7	21.4	8.5	0.5	-9.6	Lowest since 05.2020	4. decline in a row
Headline Index								
- Current situation	17.5	20.0	22.5	17.0	8.0	-4.8	Lowest since 10.2020	3. decline in a row
- Expectations	19.5	23.5	20.3	0.3	-6.8	-14.3	Lowest since 01.2009	4. decline in a row
Eastern Europe	Dec. 21	Jan. 22	Feb. 22	Mar. 22	Apr. 22	May. 22		
Overall index	2.4	3.3	3.4	-37.4	-36.0	-38.6	Lowest since 04.2020	
Headline Index								
- Current situation	-2.5	-1.0	0.3	-31.0	-37.3	-38.8	Lowest since 08.2020	3. decline in a row
- Expectations	7.5	7.8	6.5	-43.5	-34.8	-38.5		
Latin America	Dec. 21	Jan. 22	Feb. 22	Mar. 22	Apr. 22	May. 22		
Overall index	-6.6	-5.1	-1.4	-9.0	-9.8	-15.8	Lowest since 12.2020	3. decline in a row
Headline Index								
- Current situation	-17.3	-14.8	-8.5	-8.8	-8.0	-12.3		
- Expectations	4.8	5.0	6.0	-9.3	-11.5	-19.3	Lowest since 04.2020	3. decline in a row
Switzerland	Dec. 21	Jan. 22	Feb. 22	Mar. 22	Apr. 22	May. 22		
Overall index	17.8	28.8	29.1	6.1	12.4	2.2	Lowest since 11.2020	
Headline Index								
- Current situation	39.0	40.8	38.3	27.5	32.5	21.5	Lowest since 04.2021	
- Expectations	-1.5	17.5	20.3	-13.3	-6.0	-15.5	Lowest since 04.2020	
Austria	Dec. 21	Jan. 22	Feb. 22	Mar. 22	Apr. 22	May. 22		
Overall index	13.3	21.9	19.9	-5.6	-11.5	-15.0	Lowest since 05.2020	4. decline in a row
Headline Index								
- Current situation	19.5	30.0	29.3	16.0	4.8	12.5		
- Expectations	7.3	14.0	11.0	-25.0	-26.5	-39.0	Alltime Low!	4. decline in a row



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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