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## sentix Economic Index: Germany's economy not a summer fairy tale

- The sentix overall economic index for the eurozone continues to fall in June to -17 points. Concerns about the economy are increasing. The situation values signal recessionary tendencies with a slump to -15.8 points. Expectations rise marginally to -18.3.
- The biggest problem child in the Eurozone remains Germany, which plummets dramatically in the sentix economic indices. The situation collapses to -22 points, expectations fall again slightly to -20.3 points. The overall index plunges to -21.1 points. All lows since Nov/Dec 2022.
- There are bright spots to report, especially from Japan. The country is benefiting from a weak currency in exports and further low interest rates. The overall economic index rises against the general trend to +2.1 points, the highest level since March 2022. In contrast, the rest of the region, led by China, weakens.

### Statistics

Poll from **1<sup>st</sup> Jun. to 3<sup>rd</sup> Jun. 2023**  
Survey participants: **1,197 investors**  
(**237** 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            | Stagnation |
| Switzerland      | Downturn  | Asia ex-Japan    | Upturn     |
| Austria          | Downturn  | Latin America    | Recession  |
| Eastern Europe   | Recession | 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: June 2023

| Euro Area             | Jan. 23 | Feb. 23 | Mar. 23 | Apr. 23 | May. 23 | Jun. 23 |
|-----------------------|---------|---------|---------|---------|---------|---------|
| <b>Overall index</b>  | -17.5   | -8.0    | -11.1   | -8.7    | -13.1   | -17.0   |
| <b>Headline Index</b> |         |         |         |         |         |         |
| - Current situation   | -19.3   | -10.0   | -9.3    | -4.3    | -7.0    | -15.8   |
| - Expectations        | -15.8   | -6.0    | -13.0   | -13.0   | -19.0   | -18.3   |



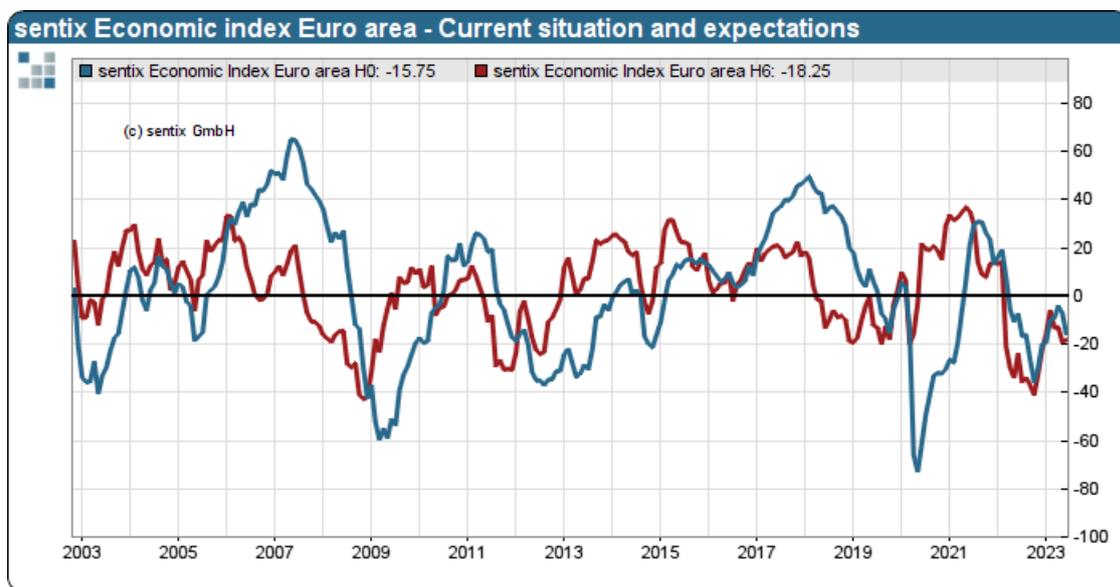
## Commentary on the survey results for June 2023

### Germany's economy not a summer fairy tale

The German economy is currently experiencing a downright crash. Instead of a spring revival, the recessionary forces are coming back with a vengeance. Above all, the situation indicators are plummeting, signalling that the downward forces are currently very present. This is also being felt by the rest of the eurozone. With the largest economy on such a difficult path, it should come as no surprise that investors are increasingly bearish on the rest of the eurozone. The June overall index for the Eurozone economy drops again to -17 points. Internationally, only Japan is showing a positive sign with an increase in the overall index against the general trend.

### Euro area: In the wake of Germany's misery

The Eurozone economy continues to send weak signals at the beginning of June. The sentix overall economic index for the Eurozone fell again by 3.9 points to -17 points. The clear slump in the assessment of the economic situation is particularly striking. The corresponding index fell to -15.8 points (from -7). This raises the question of whether the recession has already begun in the Eurozone. A question that has already been answered for Germany. A look at the sentix data of the largest economy then clearly shows that the cause of the misery in Euroland is probably linked to the weakness of the German economy. It is of little help that expectations have improved slightly, as they remain negative at -18.3 points. This is certainly not yet a turnaround.



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

We measure a clear change in investors' inflation expectations. The corresponding barometer now stands at -6 points. A year ago it was -44.25 points. Thus, positive inflation surprises are on the horizon. However, investors do not yet expect this to mark the end of the restrictive central bank policy. And that, in turn, is probably another reason why we cannot report any optimism for the economy. There is currently no sustained positive impetus, neither in monetary terms nor from the international environment.



## Germany: A real disaster

German economic policy is currently a shambles. And the whole drama is now clearly visible in the sentix economic indices. The assessment of the situation by investors surveyed by sentix collapsed by 13 points to -22 points. Expectations remain weak, so that the overall index falls to -21.1 points. Thus, the values are again as weak as last winter, when worries about an electricity and energy crisis worried investors. No matter how hard the Federal Minister of Economics tries, the story he is writing is not a positive summer fairytale. Rather, it is a nightmare that is now clearly beginning to affect the entire Eurozone.

| Germany               | Jan. 23 | Feb. 23 | Mar. 23 | Apr. 23 | May. 23 | Jun. 23 |                         |
|-----------------------|---------|---------|---------|---------|---------|---------|-------------------------|
| <b>Overall index</b>  | -16.5   | -6.8    | -9.6    | -6.9    | -14.5   | -21.1   | Lowest since<br>11.2022 |
| <b>Headline Index</b> |         |         |         |         |         |         |                         |
| - Current situation   | -18.0   | -8.8    | -7.5    | -2.3    | -9.0    | -22.0   | Lowest since<br>11.2022 |
| - Expectations        | -15.0   | -4.8    | -11.8   | -11.5   | -19.8   | -20.3   | Lowest since<br>12.2022 |

## USA: Relatively tough

The US economy is proving to be tough and reasonably resilient despite high interest rates and restrictive monetary policy. The situation index is still marginally positive, while the expectations index has even risen slightly. In sum, the overall index rises slightly, but remains negative. The scenario of an economic downturn thus remains, but a fall into recession is not yet imminent.

| United States         | Jan. 23 | Feb. 23 | Mar. 23 | Apr. 23 | May. 23 | Jun. 23 |  |
|-----------------------|---------|---------|---------|---------|---------|---------|--|
| <b>Overall index</b>  | -3.5    | 3.6     | 1.1     | -2.3    | -6.5    | -3.7    |  |
| <b>Headline Index</b> |         |         |         |         |         |         |  |
| - Current situation   | 4.3     | 9.0     | 10.0    | 8.5     | 5.3     | 5.5     |  |
| - Expectations        | -11.0   | -1.8    | -7.5    | -12.5   | -17.5   | -12.5   |  |

## Japan: Unique position

The "Land of the Rising Sun" is bucking the trend and sending positive economic signals. The overall index rises to +2.1 points, the best value since March 2022. Situation and expectations values contribute to this. Japan seems to be benefiting not only from its insularity and its lower dependence on international economic and energy price trends. The weak yen (improved competitiveness) and still low interest rates are also likely to contribute.

| Japan                 | Jan. 23 | Feb. 23 | Mar. 23 | Apr. 23 | May. 23 | Jun. 23 |                          |
|-----------------------|---------|---------|---------|---------|---------|---------|--------------------------|
| <b>Overall index</b>  | -6.6    | -0.5    | -1.0    | -0.7    | -2.1    | 2.1     | Highest since<br>03.2022 |
| <b>Headline Index</b> |         |         |         |         |         |         |                          |
| - Current situation   | -5.3    | -1.0    | 1.0     | 3.5     | 3.0     | 7.5     | Highest since<br>04.2022 |
| - Expectations        | -8.0    | 0.0     | -3.0    | -4.8    | -7.0    | -3.3    |                          |



## Further result tables

| Asia ex Japan         | Jan. 23 | Feb. 23 | Mar. 23 | Apr. 23 | May. 23 | Jun. 23 |   |
|-----------------------|---------|---------|---------|---------|---------|---------|---|
| <b>Overall index</b>  | 1.4     | 11.7    | 11.5    | 11.1    | 8.3     | 3.7     | 4. decline in a row                         |
| <b>Headline Index</b> |         |         |         |         |         |         |   |
| - Current situation   | -4.3    | 7.5     | 12.3    | 14.8    | 13.5    | 6.3     |   |
| - Expectations        | 7.3     | 16.0    | 10.8    | 7.5     | 3.3     | 1.3     | Lowest since 12.2022<br>4. decline in a row |

| Eastern Europe        | Jan. 23 | Feb. 23 | Mar. 23 | Apr. 23 | May. 23 | Jun. 23 |
|-----------------------|---------|---------|---------|---------|---------|---------|
| <b>Overall index</b>  | -27.6   | -21.6   | -24.1   | -19.8   | -21.4   | -23.6   |
| <b>Headline Index</b> |         |         |         |         |         |         |
| - Current situation   | -36.8   | -31.0   | -31.3   | -25.8   | -24.8   | -29.5   |
| - Expectations        | -18.0   | -11.8   | -16.8   | -13.8   | -18.0   | -17.5   |

| Latin America         | Jan. 23 | Feb. 23 | Mar. 23 | Apr. 23 | May. 23 | Jun. 23 |                     |
|-----------------------|---------|---------|---------|---------|---------|---------|---------------------|
| <b>Overall index</b>  | -16.9   | -8.6    | -10.4   | -11.5   | -13.0   | -13.1   | 4. decline in a row |
| <b>Headline Index</b> |         |         |         |         |         |         |                     |
| - Current situation   | -23.8   | -15.3   | -13.8   | -13.8   | -14.3   | -16.0   |                     |
| - Expectations        | -9.8    | -1.8    | -7.0    | -9.3    | -11.8   | -10.3   |                     |

| Global                | Jan. 23 | Feb. 23 | Mar. 23 | Apr. 23 | May. 23 | Jun. 23 |                     |
|-----------------------|---------|---------|---------|---------|---------|---------|---------------------|
| <b>Overall index</b>  | -7.2    | 1.6     | 0.1     | 0.0     | -3.0    | -5.0    | 4. decline in a row |
| <b>Headline Index</b> |         |         |         |         |         |         |                     |
| - Current situation   | -9.8    | -1.0    | 1.5     | 3.7     | 2.1     | -2.6    |                     |
| - Expectations        | -4.5    | 4.2     | -1.3    | -3.6    | -8.0    | -7.4    |                     |

| Switzerland           | Jan. 23 | Feb. 23 | Mar. 23 | Apr. 23 | May. 23 | Jun. 23 |                       |
|-----------------------|---------|---------|---------|---------|---------|---------|-----------------------|
| <b>Overall index</b>  | 2.9     | 7.2     | 4.2     | -1.2    | -4.6    | 1.8     |                       |
| <b>Headline Index</b> |         |         |         |         |         |         |                       |
| - Current situation   | 21.0    | 17.0    | 18.5    | 17.3    | 14.5    | 21.0    | Highest since 05.2022 |
| - Expectations        | -13.8   | -2.3    | -9.3    | -18.0   | -22.0   | -15.8   |                       |

| Austria               | Jan. 23 | Feb. 23 | Mar. 23 | Apr. 23 | May. 23 | Jun. 23 |
|-----------------------|---------|---------|---------|---------|---------|---------|
| <b>Overall index</b>  | -20.5   | -11.3   | -7.4    | -3.1    | -5.3    | -8.3    |
| <b>Headline Index</b> |         |         |         |         |         |         |
| - Current situation   | -19.5   | -11.3   | 3.5     | 7.0     | 5.3     | -5.0    |
| - Expectations        | -21.5   | -11.3   | -17.8   | -12.8   | -15.3   | -11.5   |



## 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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