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sentix investor confidence: First mover up again

- The **composite index for the eurozone** moves up again in December and now stands at -16.8 points after -18.8 last month. It is its fourth increase in a row. The 909 surveyed investors display almost no change in their assessment of the current situation while their 6-months-expectations improve further. With the year ending, the expectations index has reached a high in 2012.
- Even more pronounced is the increase of the **6-months-expectations** for **Germany**. This sub-index returns into positive territory. And again, it is mainly institutional investors who drive this development – while private investors remain more cautious.
- The strongest improvement in expectations indices comes from **Japan**. That means that, all in all, also the indicators for the **global aggregate** go up, led – once more – by brighter expectations.

Statistics

Poll running: **06.12.-08.12.2012**

Survey participants: **909**
(of which institutional investors: **232**)

sentix indications for upcoming market events

Please find in this section valuable information on important upcoming market events and the expectations that can be derived from sentix data.

sentix – first mover advantage!

11.12.2012 - ZEW economic expectations:

after the fall in November, now a strong increase close to positive territory

14.12.2012 - Flash PMIs for China, the eurozone, and the US :

trending upwards

19.12.2012 - ifo business climate:

further improvements in business expectations

Table of the **December 2012** results for the euro zone economy

Euro area	Jul 12	Aug 12	Sep 12	Oct 12	Nov 12	Dec 12
Overall Index	-29.6	-30.3	-23.2	-22.2	-18.8	-16.8
Headline Index	4x					
- Current situation	-35.0	-37.0	-34.8	-34.5	-31.3	-31.0
- Expectations	-24.0	-23.3	-10.8	-9.0	-5.5	-1.5
	5x					



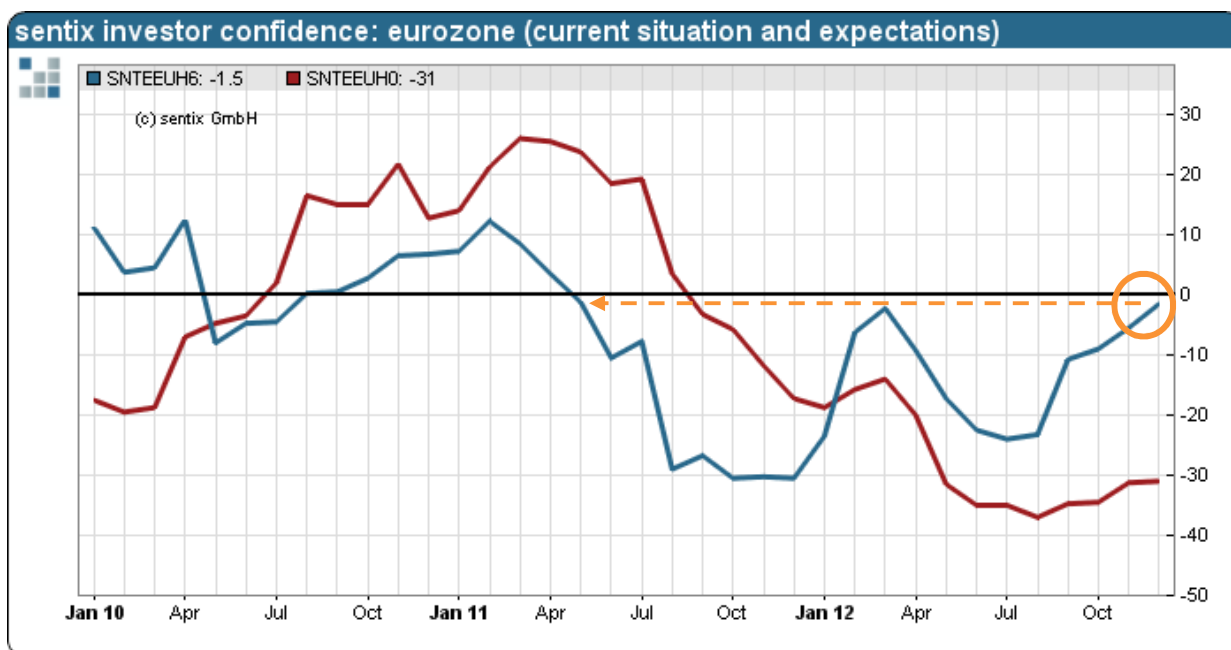
Commentary on the survey results for December 2012

First mover up again

The composite index for the eurozone goes up to -16.8 points from -18.8 last month. This is its fourth increase in a row. The 909 surveyed investors display almost no change in their assessment of the current situation while their 6-months-expectations improve further. With the year ending, the expectations index has reached its highest reading in 2012. Outstanding increases in the economic expectations sub-indices are registered for Germany and for Japan. It is, once more, mainly institutional investors who are behind these developments.

The increase of the composite index for the eurozone by exactly two points to -16.8 is again chiefly due to an improvement in its expectations component. This index climbs to its highest reading since May 2011. In figures: The expectations index rises by four points to now -1.5, and has almost reached positive territory. That means that there are now almost as many optimists for the future developments in the eurozone economy as there are pessimists. But: The usually faster moving institutional investors' expectations index has already become positive last month and has gone up again, this time by four points to +6.0.

As in the past months, the main reason behind the improvements in expectations should have been the measures adopted by the European Central Bank during summer. However, that the clear commitment to an "irreversible" euro has fundamentally changed the game is still not in all investors heads. Especially private investors do not seem to be entirely convinced yet. But over the last weeks signs that the economy has turned round have become more numerous, and some of the prevailing doubts could be cast aside. Following the indications of our sentix data, the Purchasing Manager Indices for manufacturing have gone up in November on a global level, and for Germany its most important early indicator, the ifo business climate, has brightened, too. That these developments took place is all the more noteworthy as we have still not passed the US fiscal cliff.



sentix-investor confidence: eurozone (current situation, red, and expectations, blue)



Germany – Expectations back in positive territory

Funny Germans: While investors see the economic situation in the eurozone more or less unchanged in December, they judge the current state of the German economy as being worse off than last month. The corresponding index falls by two points to 24.2. The “Ger-Mania” we could observe over the last quarters is still reflected in these figures. And while here a certain normalisation process now works its way through the investors’ assessments, economic expectations are clearly on the rise again. In December they are back in positive territory for the first time since March. That means that there are again more optimists than pessimists. And still it is the institutional investors who lead this development. Private investors are a little more cautious. But: They follow suit!

This month’s increase of sentix economic expectations of institutional investors amounts to very strong 12.8 points (since July: +32,8 points, see table below). Consequently, the closely correlated **ZEW economic expectations** index should go up strongly, too. Bearing in mind that the ZEW index lags the corresponding sentix index for Germany by more than one month (see our paper “sentix-Konjunkturerwartungen: More than a first mover”), we think the following is plausible: On Tuesday, when the December ZEW is due, the indicator should make up for lost ground after its fall last month and on top of that rise close to positive numbers. This would be a clear positive surprise as the current Bloomberg consensus estimate stands at only -11.5 points (after -15.7 points in November). Another strong increase should then follow in January – at least this is what our current data tells us. Unfortunately, the first ZEW figures for the coming year will not be published until January 22nd.

Concerning the ifo business climate it is the private investors’ expectations for Germany which give the best future indication, namely for the – from a financial markets player’s point of view – more important **ifo business expectations**. As the sentix expectations of private investors have continuously gone up over the past months, including this December, we think that ifo business expectations will also brighten in the next ifo polls.

Germany	Jul 12	Aug 12	Sep 12	Oct 12	Nov 12	Dec 12
Overall Index	2.2	1.3	4.4	6.4	9.4	13.0
Headline Index						
- Current situation	29.4	25.2	22.4	23.2	26.2	24.2
- Expectations	-21.8	-20.0	-12.2	-9.2	-6.1	2.4
Institutional investor						
- Current situation	33.8	26.8	23.6	26.1	29.1	24.7
- Expectations	-24.4	-21.5	-8.3	-9.6	-4.4	8.4
Individual investor						
- Current situation	25.0	23.7	21.2	20.4	23.4	23.7
- Expectations	-19.2	-18.5	-16.0	-8.8	-7.8	-3.6

+32,8
+15,6



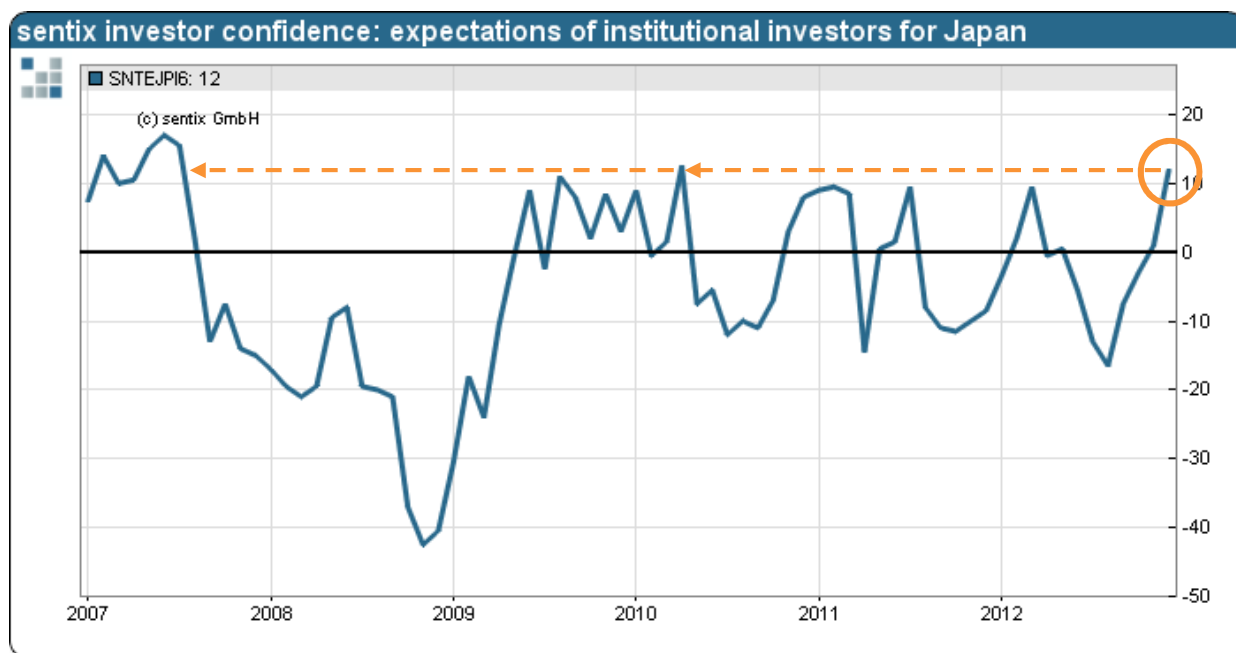
Japan – Perspectives brighten strongly

A closer look this month warrants Japan: Here the expectations index climbs by almost ten points, the strongest December increase of any headline expectations index within the sentix universe. The region closest to Japan, “Asia ex Japan” including heavyweight China, last month was the top performer. This month these positive developments seem to have spread to Japan. In addition, investors probably see the weaker yen as a long-awaited and welcome relief for the Japanese economy.

For Japan the expectations index comes back into positive territory, too, and reaches a level last seen in March. But the institutional investors’ expectations go up much faster. The corresponding index rises to its highest reading since April 2010. And if it were not for this single month, one would have to compare the current value with those from summer 2007 (see below).

Japan	Jul 12	Aug 12	Sep 12	Oct 12	Nov 12	Dec 12
Overall Index	-10.8	-13.8	-14.9	-13.5	-11.7	-4.3
Headline Index						
- Current situation	-8.8	-12.5	-20.0	-20.3	-20.3	-15.0
- Expectations	-12.8	-15.0	-9.8	-6.5	-2.8	7.0

+9,8



sentix investor confidence: Japan (economic expectations of institutional investors)



USA – Fiscal cliff still hampers a bit

After the strong increase of the sentix composite index for the US last month now follows a moderate movement in December. The assessment of the current situation, probably also due to the good labour market report on Friday, and the expectations index both climb higher as the year's end approaches. One has to keep in mind that we are still not past the US fiscal cliff. If politicians find a compromise here, then the US index would probably move up more strongly in the months ahead.

USA	Jul 12	Aug 12	Sep 12	Oct 12	Nov 12	Dec 12
Overall Index	-6.1	-8.3	-1.3	-1.5	5.0	7.1
Headline Index						
- Current situation	0.8	-4.0	-0.5	-1.8	3.0	5.0
- Expectations	-12.8	-12.5	-2.0	-1.3	7.0	9.3

Global aggregate – Positive news for the world economy

As almost exclusively positive developments were registered in the different countries and regions surveyed by sentix, the global aggregate index also rises – the assessment of the current situation just a little, the expectations index significantly. The composite index has thus reached a level where it last stood in April, expectations have gone up to their highest reading since February 2011. Merry Christmas!

Global aggregate	Jul 12	Aug 12	Sep 12	Oct 12	Nov 12	Dec 12
Overall Index	-4.9	-5.6	-1.4	-0.6	6.2	8.5
Headline Index						
- Current situation	2.0	-0.1	-0.8	-1.2	5.4	5.9
- Expectations	-11.6	-11.0	-2.0	0.0	7.0	11.0



Further data and charts

Asia ex Japan	Jul 12	Aug 12	Sep 12	Oct 12	Nov 12	Dec 12
Overall Index	9.8	10.8	12.1	13.2	21.9	26.3
Headline Index						
- Current situation	24.5	25.0	20.5	19.5	27.5	31.8
- Expectations	-4.0	-2.5	4.0	7.0	16.5	21.0

Eastern Europe	Jul 12	Aug 12	Sep 12	Oct 12	Nov 12	Dec 12
Overall Index	-6.6	-7.1	-2.6	-0.5	5.3	6.0
Headline Index						
- Current situation	0.3	-1.0	-2.0	-0.5	5.3	3.5
- Expectations	-13.3	-13.0	-3.3	-0.5	5.3	8.5

Latin America	Jul 12	Aug 12	Sep 12	Oct 12	Nov 12	Dec 12
Overall Index	4.6	4.3	8.4	9.7	14.7	15.4
Headline Index						
- Current situation	16.3	13.8	13.3	14.3	18.5	17.0
- Expectations	-6.5	-4.8	3.8	5.3	11.0	13.8



Data availability

Bloomberg

FACTSET



Macrobond



sentix 
expertise in behavioral finance

About sentix

On a weekly basis, almost 4.000 registered investors (of which about 900 are institutionals) supply us with their market assessment. Out of this data, sentix calculates sentiment indexes, which mirror the sentiment of equity markets (DAX, EuroSTOXX 50, Nikkei 225, S&P 500), bond markets (Bund-Future, US-Treasury-Future) and currencies (EUR/USD, USD/YEN). These sentiment indexes are setting the standard, held in high regard by many renowned financial players and are used by investment professionals in their analyses and investment processes. A history of more than eleven years and the simple access to data via reputable data providers as well as a website document the outstanding position of sentix as the leading independent sentiment data base.

Background, methodology and more

See <http://economics.sentix.de>



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