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## sentix economic index: Happy New Year! Euroland caught up strongly

- The **composite index for Euroland** rises in January from -16.8 points to **-7.0 points**. This is its fifth rise in a row. The assessment of the 906 surveyed participants of the **current situation** as well as **expectations** for the next six months are once again better than before.
- The improvement is especially strong in **expectations**. These rise by 13.5 points to 12.0 points. This is the **highest value since February 2011** and the sixth increase in a row.
- **For the other countries and regions, the headline indices rise both for the current situation and for expectations.** Interestingly, the **US indicators** end relatively weak. All in all, the beginning of the year is very strong. Consequently, there are this time two things to celebrate: **"Happy New Year & Happy Birthday!"** – the **sentix-economic indices** are now **10 years old!**

### Statistics

Poll running: **03.01.-05.01.2013**

Survey participants: **906**

(of which institutional investors: **227**)

## 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!

22.01.2013 - **ZEW-economic expectations**: another strong rise, probably to around 25 points

24.01.2013 - **Flash-PMIs** (Euroland, China, USA): clearly up

25.01.2013 - **ifo business climate**: expectations rising strongly again, probably to over 100 points

01.02.2013 - **ISM-Index (USA), PMI China**: clearly up

## Table of the **January 2013** results for the euro zone economy

Euro area	Aug 12	Sep 12	Oct 12	Nov 12	Dec 12	Jan 13
<b>Overall Index</b>	-30.3	-23.2	-22.2	-18.8	-16.8	-7.0
<b>Headline Index</b>	<b>5x</b>					
- Current situation	-37.0	-34.8	-34.5	-31.3	-31.0	-24.3
- Expectations	-23.3	-10.8	-9.0	-5.5	-1.5	12.0
	<b>6x</b>					



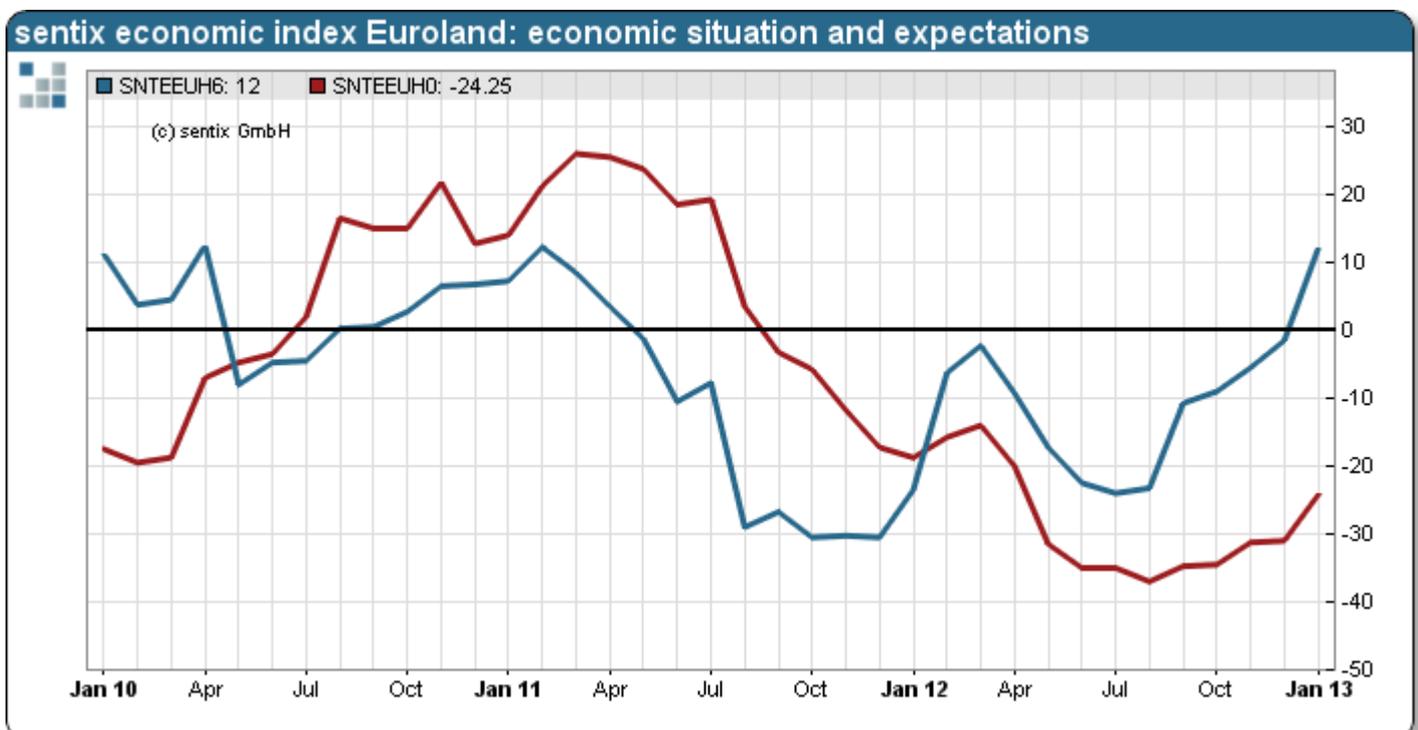
## Commentary on the survey results for January 2013

### Happy New Year! Euroland catches up strongly

The composite index for Euroland shows a strong improvement in January and rises for the fifth time in a row. The rise in economic expectations is especially pronounced, rising to the highest value since February 2011. Both the assessments of the current situation and expectations of other countries and regions all point upward. The US values end comparatively weak. All in all, the beginning of the year is very strong. Thus, we celebrate both the start of the new year and the 10<sup>th</sup> birthday of the sentix economic index!

In January, the **composite index for Euroland** rose from -16.8 to now **-7.0 points**. Both the **assessment of the current situation and the expectations components improve**. The rise in **expectations** is especially pronounced. Here, the index rises by 13.5 points and is now clearly in the positive zone at 12.0 points. Amongst the 906 survey participants there is now a clear majority of economic optimists for the coming 6 months.

That the improvement of the indices for the euro zone is this strong is **on the one hand** due to the many, smaller **positive news around Euroland**: **Greece** had its first positive headlines in a long time with a successful buying back of debt and an upgrading (!) of its credit rating by Standard & Poor's; in **Spain**, unemployment dropped (!) unexpectedly in December; **Ireland** was able to report a better (!) than expected budget deficit and in **Germany**, the country on which the hopes of a euro zone recovery lie, the labour market proved very robust, and the ifo business climate is once again on the rise. **On the other hand**, the **USA** were able to fend off a plunge over the fiscal cliff, but in what disappointing manner! This can be found in the respective economic indices. **In fact, in January, the rises in the euro zone indices for the assessment of the current situation and the expectations (and with that also of the composite index) are the strongest of all surveyed countries and regions.**



sentix economic index Euroland: **current situation** (red) and **expectations** (blue)



## Germany – private investors are also coming out of hiding

For **Germany**, the **composite index** improves in January by 4.7 to 17.7 points. The rise in expectations is once again stronger, with almost seven points, to now 9.3, but the **economic situation** is also clearing up after the drop last month: it rises to +26.5 points. In comparison: the economic situation for the euro zone is still in the red at -24.3. **It remains remarkable that with the change of the year, private investors have finally dropped their pessimism, too:** the economic expectations of private investors rose by 7.6 points and therefore more strongly than those of the institutionals. It lands in the positive zone at +4.0 points. With this, there are also more optimists than pessimists amongst private investors concerning the condition of the German economy over the next six months.

In the eyes of investors, Germany therefore takes over the role of economic locomotive in Euroland. An already strong domestic demand is now once again supported by exports, with the economies in China, Japan and the USA picking up pace (see for this also the respective sentix economic indices on the following pages)

What do the sentix German indices mean for the **other German sentiment indicators**? The **ZEW economic expectations will continue to rise strongly**, in January probably to a value of around +25 points. If one takes into consideration the sentix economic expectations of institutionals in Germany, even higher readings might be possible. We must take into consideration, however, that the ZEW economic expectations (currently) are lagging the sentix index by about a month (see our paper “sentix economic expectations: more than a first mover”). Concerning the **ifo business climate**, the economic expectations of private investors give us a better hint, namely via the more important expectational component of the ifo index (see our blog entry at [www.sentix.de](http://www.sentix.de): “The better ifo prognosis”). As the sentix results of private investors in the past months have risen continually, and sometimes strongly, the **ifo business climate** should continue to improve in January, probably to **over 100 points**.

Germany	Aug 12	Sep 12	Oct 12	Nov 12	Dec 12	Jan 13
<b>Overall Index</b>	1.3	4.4	6.4	9.4	13.0	17.7
<b>Headline Index</b>						
- Current situation	25.2	22.4	23.2	26.2	24.2	26.5
- Expectations	-20.0	-12.2	-9.2	-6.1	2.4	9.3
<b>Institutional investor</b>						
- Current situation	26.8	23.6	26.1	29.1	24.7	24.3
- Expectations	-21.5	-8.3	-9.6	-4.4	8.4	14.6
<b>Individual investor</b>						
- Current situation	23.7	21.2	20.4	23.4	23.7	28.6
- Expectations	-18.5	-16.0	-8.8	-7.8	-3.6	4.0

+39,0

+23,2



## Asia ex Japan – China pulling forward

Since last summer, expectations and, later, the economic situation for **China** have risen strongly. **In January, the economic expectations rise once again by a strong 7.5 points and now hit the highest value since October 2004 at 28.5 points!** Here, on the one hand, the economic measures of the second half of 2012 and the hopes resting in the new Chinese political leaders that will take over power in March supported the development. At the same time, the strong increase of Chinese domestic stock prices (CSI 300) will have assured the survey participants in their positive stance towards China.

Asia ex Japan	Aug 12	Sep 12	Oct 12	Nov 12	Dec 12	Jan 13
<b>Overall Index</b>	10.8	12.1	13.2	21.9	26.3	32.7
<b>Headline Index</b>						
- Current situation	25.0	20.5	19.5	27.5	31.8	37.0
- Expectations	-2.5	4.0	7.0	16.5	21.0	28.5

+7,5

## Japan – continuing on the upward trend

The global economic recovery and especially the weak Yen, which has received new momentum after the change in government in Japan, have supported the Japanese economy: composite, situational and expectational indices rise, here, too. The rise in this month's expectations index is only overshadowed by that of the euro zone. **For the next six months, institutional investors are as optimistic as they were last in May 2006 (!).** For a closer look at Japan, see the **sentix annual road map**, which can be ordered at [www.sentix.de](http://www.sentix.de).

Japan	Aug 12	Sep 12	Oct 12	Nov 12	Dec 12	Jan 13
<b>Overall Index</b>	-13.8	-14.9	-13.5	-11.7	-4.3	0.5
<b>Headline Index</b>						
- Current situation	-12.5	-20.0	-20.3	-20.3	-15.0	-12.8
- Expectations	-15.0	-9.8	-6.5	-2.8	7.0	14.8

+7,8



## USA – relief and disappointment after overcoming the fiscal cliff

In January, the composite index for the US continues to improve, but with a rise of only almost three points, it remains behind the indices of all other countries and regions in the sentix survey. In this development, we can see the relief and disappointment – concerning the overcoming of the fiscal cliff. Investors are relieved that a fall over the fiscal cliff was averted. But they are disappointed by the way in which the American tax compromise came about, as well as with the compromise itself. In sentix investor confidence, the US fall back relatively. **Especially the euro zone is able to gain massive ground in January. In an international comparison, the old continent is obviously not doing so badly!**

USA	Aug 12	Sep 12	Oct 12	Nov 12	Dec 12	Jan 13
<b>Overall Index</b>	-8.3	-1.3	-1.5	5.0	7.1	10.0
<b>Headline Index</b>						
- Current situation	-4.0	-0.5	-1.8	3.0	5.0	6.3
- Expectations	-12.5	-2.0	-1.3	7.0	9.3	13.8

## Global – recovery on its way

The improvements in all indices in all countries and regions have inevitably led to an improvement of the indices in the global aggregate. The global composite index rises strongly by 5.6 to 14.1 points, the highest reading since August 2011. Expectations rise more strongly than the assessment of the economic situation. These reach a level we last saw in May 2011. Our conclusion: **“Happy New Year!” - recovery is on its way!**

Global aggregate	Aug 12	Sep 12	Oct 12	Nov 12	Dec 12	Jan 13
<b>Overall Index</b>	-5.6	-1.4	-0.6	6.2	8.5	14.1
<b>Headline Index</b>						
- Current situation	-0.1	-0.8	-1.2	5.4	5.9	9.8
- Expectations	-11.0	-2.0	0.0	7.0	11.0	18.6



## Further data and charts

<b>Eastern Europe</b>	Aug 12	Sep 12	Oct 12	Nov 12	Dec 12	Jan 13
<b>Overall Index</b>	-7.1	-2.6	-0.5	5.3	6.0	10.8
<b>Headline Index</b>						
- Current situation	-1.0	-2.0	-0.5	5.3	3.5	6.8
- Expectations	-13.0	-3.3	-0.5	5.3	8.5	15.0

<b>Latin America</b>	Aug 12	Sep 12	Oct 12	Nov 12	Dec 12	Jan 13
<b>Overall Index</b>	4.3	8.4	9.7	14.7	15.4	20.0
<b>Headline Index</b>						
- Current situation	13.8	13.3	14.3	18.5	17.0	19.8
- Expectations	-4.8	3.8	5.3	11.0	13.8	20.3



## 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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