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sentix Economic Index: Growth back in the euro zone

- In March, the **composite index** for the euro zone rises once more markedly. With 18.6 points it stands now its **highest level since August 2007!**
- The **German economy** continues to **boom**. The composite index (39.5 points) and its expectations component both reach **all-time highs**.
- In an international context it is only the **US** and **Latin America** which stand out slightly negatively. In contrast, the indices for **Eastern Europe** improve clearly, and **Austria** seems to benefit from that. The **Global Aggregate** remains in the boom area of our economy clock.

Statistics

Poll running: **05.03.-07.03.2015**

Survey participants: **1.025**

(of which institutional investors: **263**)

In which part of the economic cycle* are we?

Region / Land	Regime	Region / Land	Regime
Eurozone	strong upturn	USA	boom
Germany	boom	Japan	upturn
Switzerland	upturn	Asia ex Japan	boom
Austria	upturn	Latin America	stagnation
Eastern Europe	bottom building	Global Aggregate	boom

* The assessments are based on the two components of the composite indices which are investors' assessments of the current situation and investors' 6-month expectations. We have constructed a so-called "economy clock" out of these which shows us where in the cycle an economy currently stands (see also annotation on page 6).

Table of the March 2015 results for the euro-zone economy

Euro area	Oct 14	Nov 14	Dec 14	Jan 15	Feb 15	Mar 15	
Overall Index	-13.7	-11.9	-2.5	0.9	12.4	18.6	Highest since August 2007!
Headline Index							
- Current situation	-20.0	-21.3	-16.0	-11.0	-1.8	6.5	Highest since May 2014
- Expectations	-7.3	-2.0	12.0	13.5	27.5	31.5	Highest since February 2006



Commentary on the survey results for March 2015

Growth back in the euro zone

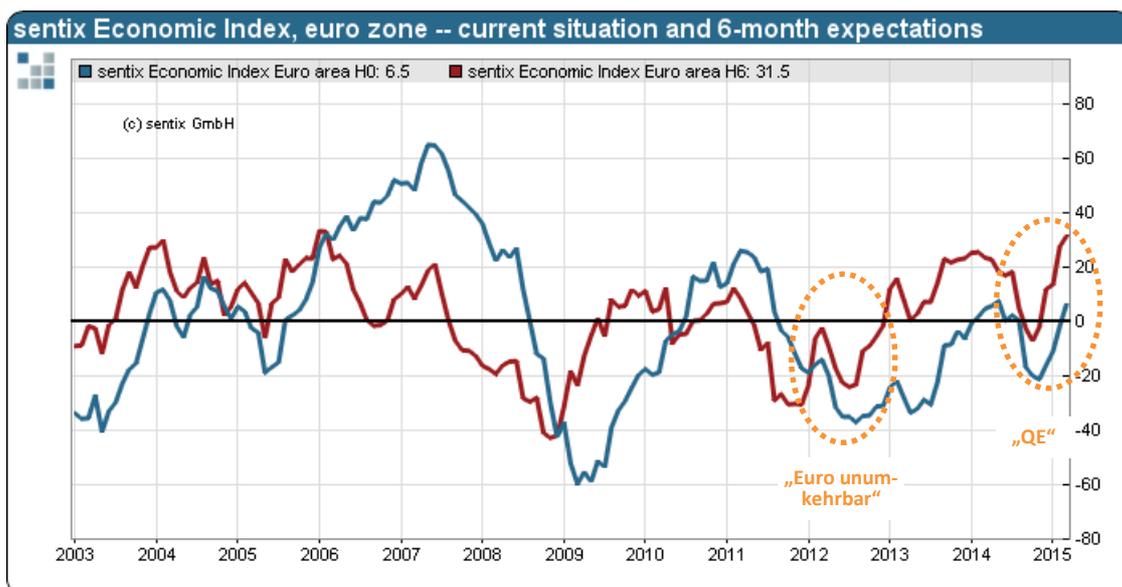
The euro-zone economy sends clear signals of strength. Investors' assessments of the current situation have climbed to their highest since May 2014. But what is even more important is the continued strong improvement of investors' 6-month expectations which show their highest reading since February 2006. This gives hope that this time the recovery is a more sustainable one enabling the euro zone to finally leave its recessionary tendencies behind. Germany remains the area's growth engine. On a global level, it is the US which shows some signs of slowing down, probably a result of the ever stronger US dollar.

Euro zone – Recession overcome

Has Mario Draghi managed the turnaround once more? The sentix Economic Index signals a **definite end of the recession for the euro zone**. The index for the assessment of the current situation is back in positive territory and, even more important, 6-month expectations continue to climb and reach a multi-year high. The combination of low oil prices and a weak euro help the euro-area economy with its comeback.

The over 1,000 investors in the current survey are not impressed by the ongoing rumours about a “**grexit**” (Greece leaving the euro). More significant from their perspective seem to be the measures of the central banks. The ECB starts its purchasing programme of government bonds today. Low yields and plenty of liquidity for banks and other companies have positive impacts on the economy.

The **sentix economic index** has now been rising continuously since October 2014 and has, once more, underscored its reputation as a **first mover**. **Now the index even signals a relatively strong upswing for the euro zone which many observers have not been expecting so far.** Mario Draghi, for his part, will hear it with a certain satisfaction.



sentix Economic Index, euro zone: **assessment of the current situation (blue)** and **expectations (red)**



Germany – all-time high, once more

Germany remains the growth engine of euro zone. Its economic shape could barely be better. The assessment of the current situation displays its highest reading since 2011, expectations stand on an all-time high: **this is what a boom looks like!** The ECB's policy which is mainly focused to revive the weaker south of the euro area, is a real accelerator for the German economy. While the country's export industry was already competitive at an exchange rate of 1.30 EUR-USD it is now even stronger at readings of around 1.10 EUR-USD.

Germany	Oct 14	Nov 14	Dec 14	Jan 15	Feb 15	Mar 15	
Overall Index	5.4	9.8	19.6	26.6	35.0	39.5	All-time high
Headline Index							
- Current situation	19.5	19.1	23.9	33.1	42.4	49.9	Highest since July 2011
- Expectations	-7.8	1.0	15.3	20.3	27.8	29.5	All-time high

Global Aggregate – US suffer from strong dollar, Latin America in “lateral position”

The global aggregate remains stable and points to a continued robust growth of the world economy. Europe this month manages to overcompensate for the slight tiring of the US economy which has increasingly problems with its strong currency. The assessment of the current situation and 6-month expectations both fall slightly behind. Still, this is not a sign for a downturn, but a continued dollar appreciation could be a trigger for that.

Since December, the Japanese economy has been entering more solid grounds, even if the government might have expected more as a result of its ultra-loose policy mix.

The relative calm concerning the war-like situation in Ukraine has positive effects on the assessments of **Eastern Europe**. This, in turn, is beneficial for **Austria**. For **Switzerland**, January's recessionary signal is “corrected” to a downturn signal this month.

Problematic remain the assessments for **Latin America** which does not manage to escape from its current „lateral position“.

Global Aggregate	Oct 14	Nov 14	Dec 14	Jan 15	Feb 15	Mar 15	
Overall Index	6.1	9.7	12.8	13.9	15.9	18.1	Highest since January 2014
Headline Index							
- Current situation	11.3	13.2	13.2	14.1	16.9	19.6	Highest since May 2011
- Expectations	1.1	6.3	12.3	13.7	15.0	16.7	Highest since July 2014



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More tables

USA	Oct 14	Nov 14	Dec 14	Jan 15	Feb 15	Mar 15
Overall Index	21.0	27.1	29.4	31.4	29.4	28.8
Headline Index						
- Current situation	37.8	44.5	44.3	48.3	46.3	46.3
- Expectations	5.5	11.0	15.5	15.8	13.8	12.5

USA	Oct 14	Nov 14	Dec 14	Jan 15	Feb 15	Mar 15	
Overall Index	21.0	27.1	29.4	31.4	29.4	28.8	Highest since February 2014
Headline Index							
- Current situation	37.8	44.5	44.3	48.3	46.3	46.3	Highest since July 2014
- Expectations	5.5	11.0	15.5	15.8	13.8	12.5	Highest since January 2014

Asia ex Japan	Oct 14	Nov 14	Dec 14	Jan 15	Feb 15	Mar 15	
Overall Index	16.7	18.9	22.3	23.0	22.4	24.0	Highest since December 2013
Headline Index							
- Current situation	25.3	25.5	26.5	25.5	27.3	28.5	
- Expectations	8.5	12.5	18.3	20.5	17.8	19.5	

Switzerland	Oct 14	Nov 14	Dec 14	Jan 15	Feb 15	Mar 15
Overall Index	4.8	9.6	13.6	12.5	-17.1	-1.6
Headline Index						
- Current situation	16.0	21.7	29.7	40.8	1.3	13.1
- Expectations	-5.9	-1.8	-1.4	-12.5	-33.7	-15.4

Austria	Oct 14	Nov 14	Dec 14	Jan 15	Feb 15	Mar 15
Overall Index	-8.0	-10.3	-3.9	-1.2	-1.7	4.3
Headline Index						
- Current situation	-8.3	-9.8	-14.5	-12.3	-13.2	-2.7
- Expectations	-7.6	-10.7	7.4	10.6	10.6	11.6



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Eastern Europe	Oct 14	Nov 14	Dec 14	Jan 15	Feb 15	Mar 15	
Overall Index	-16.3	-12.2	-11.2	-13.4	-11.0	-6.6	Highest since July 2014
Headline Index							
- Current situation	-20.3	-17.8	-19.5	-25.5	-21.8	-17.8	
- Expectations	-12.3	-6.5	-2.5	-0.5	0.5	5.3	Highest since July 2014

Latin America	Oct 14	Nov 14	Dec 14	Jan 15	Feb 15	Mar 15	
Overall Index	-7.6	-7.2	-6.2	-6.9	-7.2	-7.8	Lowest since May 2009
Headline Index							
- Current situation	-10.3	-12.3	-15.0	-17.3	-16.5	-18.0	Lowest since May 2009
- Expectations	-5.0	-2.0	3.0	4.0	2.5	3.0	



Data availability

Bloomberg

FACTSET



Macrobond



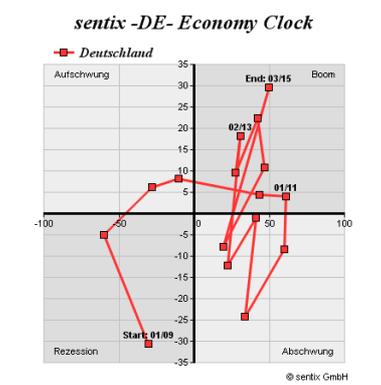
sentix 
expertise in behavioral finance

About sentix

On a weekly basis, almost 5.000 registered investors (of which over 1,000 are institutional investors) supply us with their market assessments. 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 13 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>



The idea of the „economy clock“

The sentix economy clock show the assessment of the current situation and investors' 6-month expectations in a x-y diagram. The assessment of the current situation is displayed on the x-axis and 6-month expectations on the y-axis. An upturn, for instance, is characterised by still negative readings for the assessment of the current situation but already positive values for investors' expectations. This is why the upturn area lies in the upper left part of the clock. The graph on the left hand side shows Germany starting in 2009 from a recession ending in 03/15 in a boom.



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