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Dr. Sebastian Wanke

Senior Analyst

sebastian.wanke@sentix.de



sentix GmbH

Wiesenhüttenstraße 17, 60329 Frankfurt am Main

Tel. +49 (69) 3487 961-0, info@sentix.de

sentix Economic Index: Global momentum fades, but Japan takes off

- **For the second time in a row the composite index for the euro zone recedes.** It falls by 2.5 to now +17.1 points in June. The sentix indices nevertheless still signal an upturn for the currency area.
- **The German composite index even falls for the third consecutive month.** The stronger euro and higher long-term yields once more dampen investors' economic expectations.
- **Overall, momentum fades for the world economy.** This is shown by a further weakening in 6-month expectations for the Global Aggregate. On the **positive side**, **Japan** has to be mentioned for which investors become markedly more upbeat. Also, indices improve for the **US**.

Statistics

Poll running: **04.06.-06.06.2015**

Survey participants: **926 investors**

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

In which part of the economic cycle* are we?

Region / Land	Regime	Region / Land	Regime
Eurozone	upturn	USA	boom
Germany	boom	Japan	upturn
Switzerland	stagnation	Asia ex Japan	boom
Austria	stagnation	Latin America	stabilisation
Eastern Europe	stabilisation	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 annotation on page 6).

Table of the **June 2015** results for the euro-zone economy

Euro area	Jan 15	Feb 15	Mar 15	Apr 15	May 15	Jun 15
Overall Index	0.9	12.4	18.6	20.0	19.6	17.1
Headline Index						
- Current situation	-11.0	-1.8	6.5	9.0	13.0	11.8
- Expectations	13.5	27.5	31.5	31.5	26.5	22.5



Commentary on the survey results for June 2015

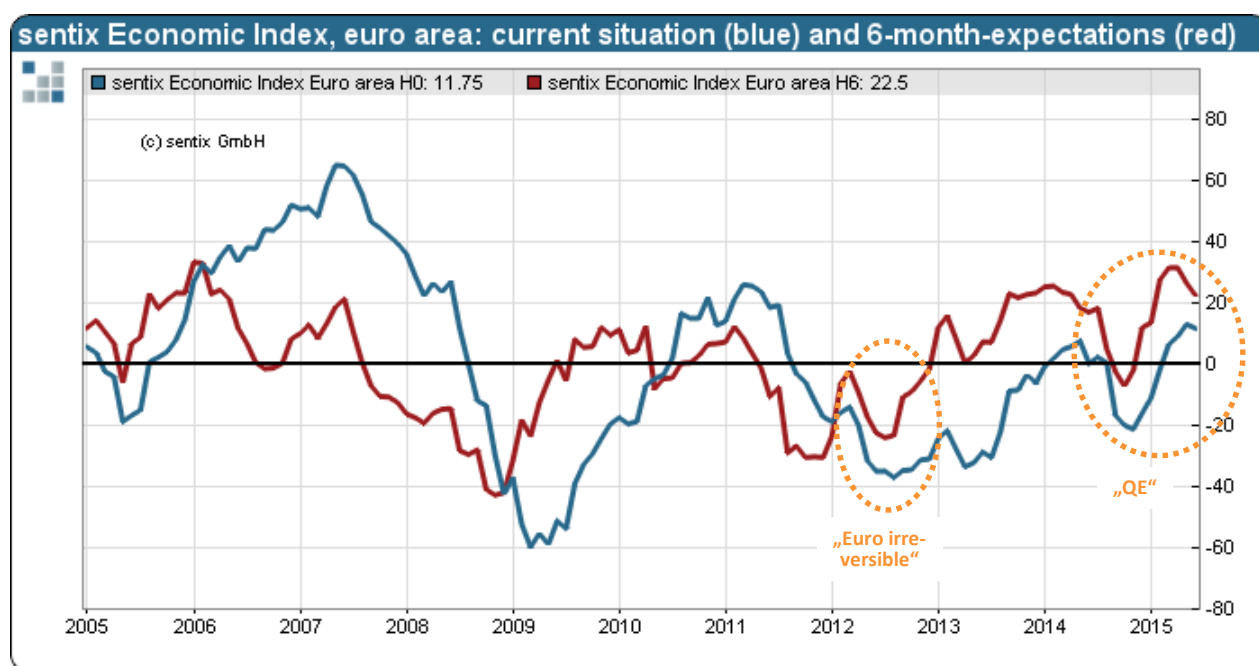
Global momentum fades, but Japan takes off

All in all, sentix Economic Indices point to lower dynamics in the world economy indicated by weaker 6-month expectations for the Global Aggregate. However, developments are rather heterogeneous among the regions: While investors trim back their expectations for the euro area and for Germany, they raise them for Japan and the US. And, at the same time, as a rate hike by the Fed this year becomes more probable, investors' perspectives for the emerging-markets regions get cloudy.

Euroland – assessments less upbeat, but upturn signal still valid

In June, the composite index for the euro zone recedes by 2.5 to now +17.1 points. For the second month running investors adjust their 6-month expectations to the downside (+22.5 after +26.5 points). Also, the assessment of the current situation recedes slightly (+11.8 after +13.0 points)

The sentix Economic Indices nevertheless still signal that the euro area is currently in an economic upturn. Against the backdrop of the still unresolved Greek situation, a stronger euro and higher long-term yields the correction in investors' judgments does not really come as a surprise. **And, the composite index as well as its components still display significantly higher readings than at the beginning of the year (see table on page 1)!**



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



Germany – normalising

For the third month in a row the composite index for Germany and its expectations component fall in June. Consequently, **economic momentum** now definitely is **slowing**. Investors interpret the current combination of a stronger euro, a fading global economic strength and higher long-term yields as a brake which primarily affects Germany: Since March the German composite index has lost 13 points while the same indicator for the euro zone has only slightly receded (see table on page 1).

Germany	Jan 15	Feb 15	Mar 15	Apr 15	May 15	Jun 15
Overall Index	26.6	35.0	39.5	31.4	28.2	26.8
Headline Index						
- Current situation	33.1	42.4	49.9	40.8	39.4	40.3
- Expectations	20.3	27.8	29.5	22.4	17.5	14.1

Lowest since November 2014

Global Aggregate – momentum fades, but Japan takes off

The composite index for the global aggregate remains almost unchanged (14.6 after 15.0 points). But a closer look at the details reveals that dynamics are fading at a world-wide level: **The global 6-month expectations recede for the third consecutive month and now show their lowest reading this year.**

Weighing on the global index is investors' weakening assessments for the **emerging-markets regions**. Especially for Asia ex Japan (including China) investors trim back mainly their expectations. But also the indices for Eastern Europe and Latin America deteriorate this month.

One reason for this is the better perception of the developments in the **US economy** which make a coming **rate hike by the US Fed** more likely. This would be a burden for the emerging-markets economies – the IMF has pointed that out just recently.

An even more pronounced improvement can be observed for Nippon this month (see table next page): **The composite index for Japan climbs by 4.7 to 13.4 points, and now stands at its highest level since January 2014.** Investors obviously honor the recent economic data which – against the trend – were strong. In addition, market participants seem to count on positive currency effects as the yen has weakened significantly over the past weeks.

Global Aggregate	Jan 15	Feb 15	Mar 15	Apr 15	May 15	Jun 15
Overall Index	13.9	15.9	18.1	16.6	15.0	14.6
Headline Index						
- Current situation	14.1	16.9	19.6	17.4	14.6	16.2
- Expectations	13.7	15.0	16.7	15.8	15.4	13.1

Lowest since December 2014



More tables

Japan	Jan 15	Feb 15	Mar 15	Apr 15	May 15	Jun 15	
Overall Index	0.3	5.8	11.7	10.9	8.7	13.4	Highest since January 2014
Headline Index							
- Current situation	-7.5	1.0	9.3	9.0	8.0	15.3	Highest since February 2014
- Expectations	8.5	10.8	14.3	12.8	9.5	11.5	

USA	Jan 15	Feb 15	Mar 15	Apr 15	May 15	Jun 15	
Overall Index	31.4	29.4	28.8	22.6	17.2	20.8	
Headline Index							
- Current situation	48.3	46.3	46.3	38.0	23.0	29.5	
- Expectations	15.8	13.8	12.5	8.3	11.5	12.5	

Asia ex Japan	Jan 15	Feb 15	Mar 15	Apr 15	May 15	Jun 15	
Overall Index	23.0	22.4	24.0	23.0	22.8	19.4	Lowest since November 2014
Headline Index							
- Current situation	25.5	27.3	28.5	26.5	27.0	24.8	
- Expectations	20.5	17.8	19.5	19.5	18.8	14.3	Lowest since November 2014

Eastern Europe	Jan 15	Feb 15	Mar 15	Apr 15	May 15	Jun 15	
Overall Index	-13.4	-11.0	-6.6	-3.9	-2.0	-3.0	
Headline Index							
- Current situation	-25.5	-21.8	-17.8	-15.5	-12.3	-11.0	Highest since July 2014
- Expectations	-0.5	0.5	5.3	8.5	8.8	5.3	

Latin America	Jan 15	Feb 15	Mar 15	Apr 15	May 15	Jun 15	
Overall Index	-6.9	-7.2	-7.8	-8.1	-6.5	-8.4	Lowest since May 2009
Headline Index							
- Current situation	-17.3	-16.5	-18.0	-19.3	-17.5	-17.5	
- Expectations	4.0	2.5	3.0	3.8	5.3	1.3	Lowest since November 2014



Press release sentix Economic Index

08th June 2015

Switzerland	Jan 15	Feb 15	Mar 15	Apr 15	May 15	Jun 15	
Overall Index	12.5	-17.1	-1.6	7.9	6.9	-4.8	
Headline Index							
- Current situation	40.8	1.3	13.1	13.3	8.7	-6.6	Lowest since December 2014
- Expectations	-12.5	-33.7	-15.4	2.6	5.1	-3.0	

Austria	Jan 15	Feb 15	Mar 15	Apr 15	May 15	Jun 15	
Overall Index	-1.2	-1.7	4.3	-1.3	7.4	1.8	
Headline Index							
- Current situation	-12.3	-13.2	-2.7	-9.6	-1.8	3.6	Highest since August 2014
- Expectations	10.6	10.6	11.6	7.5	17.0	0.0	Lowest since November 2014



Data availability

Bloomberg

FACTSET



Macrobond



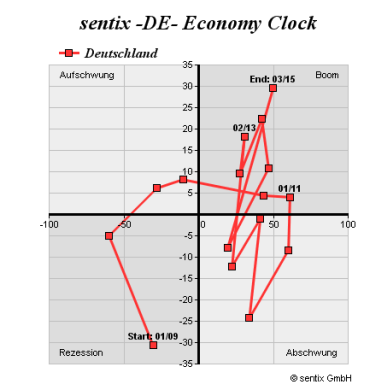
sentix 
expertise in behavioral finance

About sentix

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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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