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sentix Economic Index: The west follows the emerging markets

- The sentix Economic Indices on the Eurozone are lower again for October. Both, **economic expectations** as well as current situation values **have dropped**.
- Economic expectations for Germany are lower – the current situation values approach the zero-line alarmingly fast (1.8 points).
- The Eurozone headline index sinks to 11.7 points from previously 13.6 points, the lowest reading since January.** The values for the USA are in decline. All index components edge down as economic expectations decline to +2.3 points. The only glimmers of hope are the emerging markets as values stabilise at low levels.

Statistics

Poll running: **01.10.-03.10.2015**

Survey participants: **995 investors**

(of which institutional investors: **258**)

In which economic regime* are we?

Region / Land	Regime	Region / Land	Regime
Eurozone	upturn	USA	slight upturn
Germany	cooling	Japan	downturn
Switzerland	slight upturn	Asia ex Japan	stagnation
Austria	stabilisation	Latin America	recession
Eastern Europe	downturn	Global Aggregate	slowing upturn

* 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 next 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.

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

Euro area	May 15	Jun 15	Jul 15	Aug 15	Sep 15	Oct 15	
Overall Index	19.6	17.1	18.5	18.4	13.6	11.7	Lowest since February 2015
Headline Index							
- Current situation	13.0	11.8	14.8	15.3	15.0	13.0	
- Expectations	26.5	22.5	22.3	21.5	12.3	10.5	Lowest since December 2014



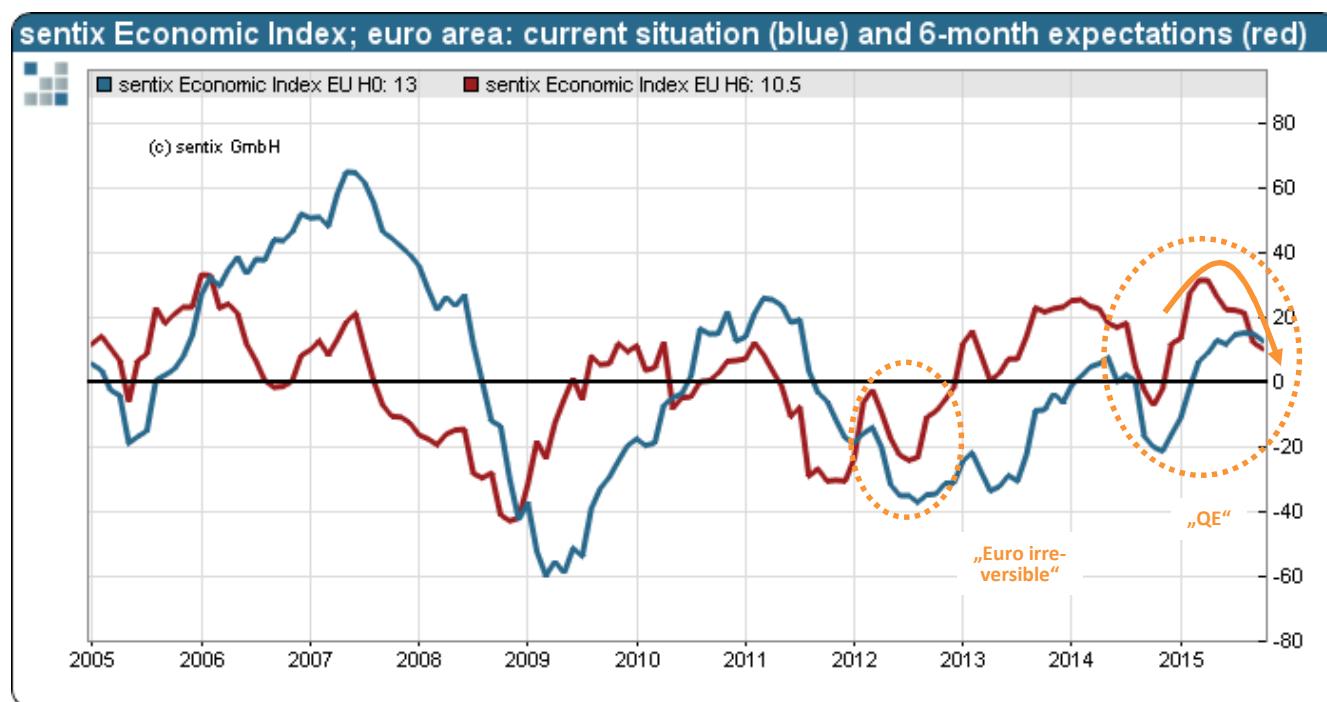
Commentary on the survey results for October 2015

The west follows the emerging markets

October has not brought the desired relief for strained economic expectations yet. The western economies follow emerging markets' negative parameters. The Eurozone, Germany, the US as well as Japan show lower values for all components of the sentix Economic Index. The only glimmers of hope are the emerging markets, as for now they successfully halted the state of free-fall. Investors observe a stabilising process but on low levels across emerging markets. Asia ex Japan, Eastern Europe and Latin America benefit as economic expectations brighten up.

The Eurozone – continue trending downwards

Despite QE and tailwinds due to weaker currency and lower commodity prices, components of the sentix Economic Index for the Eurozone continue to fall. The current situation value slides by 2 points to only 13 points even though economic figures recently robust developments. Apparently, investors have expected more dynamic impulses for the Eurozone. Of more concern is the development of economic expectations. Eurozone expectations are down by 1.8 points and highlight the lowest readings since December 2014. Hence, QE euphoria has nearly vanished completely. The October figures of the sentix Economic Index depict another note of exclamation; even highlighting a dissonance to the latest ifo and PMI figures. The last time a similar divergence was observable was in 2007 as investment professionals had focussed more on the looming financial crisis in comparison to the rest of the economy. Implications were clearly visible a few month later.



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



The USA – moving staircase downwards

Is Mrs. Yellen aware of the issues the US economy is facing? Is that the reason for her cautiousness not to raise interest rates at the recent FED meeting? Investors are becoming more sensible towards worries about economic expectations. The sentix Economic Index for the USA falls by 3.4 points to 16.4 points in October. Especially economic expectations over the next 6 months are reasons to worry. Expectation readings of only 3.3 points not only reflect the November 2012 level but also a level close to zero mark. At such a level, the proportion of optimistic versus pessimistic views about economic expectations tended to twist around in the past. As result, a tendency develops that emerging markets' weaknesses leave their marks on the rest of the world economy.

USA	May 15	Jun 15	Jul 15	Aug 15	Sep 15	Oct 15	
Overall Index	17.2	20.8	24.4	22.1	19.8	16.4	Lowest since Nov 2013
Headline Index							
- Current situation	23.0	29.5	35.3	35.0	36.8	31.5	
- Expectations	11.5	12.5	14.0	10.0	4.0	2.3	Lowest since Nov. 2012

A global tendency – the weakness-virus has jumped over

It must not be surprising that the **headline index of the sentix Global Aggregate Economic Index continues to fall** – albeit only modestly. As Germany, the engine for most of Europe's growth stutters, and Japan, despite tremendous efforts by central bankers, again slides into recession mode, the **sentix Global Aggregate Economic Index is strait down for the 7th time in a row!** At least, emerging markets, the epi-centre of current global pessimism, sent glimmers of hope: **Asia ex Japan, Eastern Europe as well as Latin America indicate better economic expectations** to come and ignite investors' phantasies that the worst is over for those regions. In case the US cancels the planned interest rate lift, a consequently weaker US-dollar could stimulate shaken emerging markets.

Global Aggregate	May 15	Jun 15	Jul 15	Aug 15	Sep 15	Oct 15	
Overall Index	15.0	14.6	14.2	10.0	3.3	3.0	Lowest since Nov. 2012
Headline Index							
- Current situation	14.6	16.2	16.1	11.5	6.7	4.4	Lowest since Dez. 2012
- Expectations	15.4	13.1	12.4	8.4	0.1	1.7	



More tables

Germany	May 15	Jun 15	Jul 15	Aug 15	Sep 15	Oct 15	
Overall Index	28.2	26.8	26.8	25.7	20.6	17.8	Lowest since December 2014
Headline Index							
- Current situation	39.4	40.3	39.1	39.5	37.9	35.1	Lowest since January 2015
- Expectations	17.5	14.1	15.1	12.7	4.4	1.8	Lowest since November 2014

Austria	May 15	Jun 15	Jul 15	Aug 15	Sep 15	Oct 15
Overall Index	7.4	1.8	-0.9	13.6	-5.1	6.7
Headline Index						
- Current situation	-1.8	3.6	-0.1	7.0	-3.1	-4.8
- Expectations	17.0	0.0	-1.7	20.3	-7.0	18.9

Switzerland	May 15	Jun 15	Jul 15	Aug 15	Sep 15	Oct 15
Overall Index	6.9	-4.8	-2.2	1.3	7.7	5.5
Headline Index						
- Current situation	8.7	-6.6	0.7	-3.0	7.6	5.4
- Expectations	5.1	-3.0	-5.0	5.7	7.8	5.6

Japan	May 15	Jun 15	Jul 15	Aug 15	Sep 15	Oct 15
Overall Index	8.7	13.4	14.1	11.6	1.1	-2.5
Headline Index						
- Current situation	8.0	15.3	17.3	14.8	4.0	-2.5
- Expectations	9.5	11.5	11.0	8.5	-1.8	-2.5

Asia ex Japan	May 15	Jun 15	Jul 15	Aug 15	Sep 15	Oct 15
Overall Index	22.8	19.4	15.0	6.1	-4.3	-0.4
Headline Index						
- Current situation	27.0	24.8	19.0	6.5	-4.0	-2.5
- Expectations	18.8	14.3	11.0	5.8	-4.5	1.8



Press release

sentix Economic Index

05th October 2015

Eastern Europe	May 15	Jun 15	Jul 15	Aug 15	Sep 15	Oct 15
Overall Index	-2.0	-3.0	-5.1	-5.9	-13.0	-12.7
Headline Index						
- Current situation	-12.3	-11.0	-13.3	-12.8	-18.3	-20.3
- Expectations	8.8	5.3	3.5	1.3	-7.5	-4.8

Latin America	May 15	Jun 15	Jul 15	Aug 15	Sep 15	Oct 15
Overall Index	-6.5	-8.4	-10.0	-18.9	-25.7	-26.2
Headline Index						
- Current situation	-17.5	-17.5	-21.5	-30.0	-38.8	-42.5
- Expectations	5.3	1.3	2.3	-7.1	-11.5	-8.3



Data availability

Bloomberg

FACTSET

 **THOMSON REUTERS**

CEIC | A Euromoney
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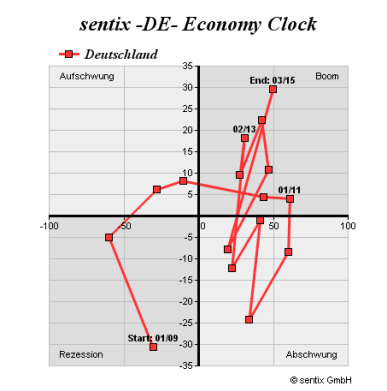
sentix 
expertise in behavioral finance

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 shows 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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