



sentix economic indices: Clouds continue to get darker

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Surveyed participants	more than 3.200 European investors, amongst these 700 professionals
Time period	06/02/2011 to 06/04/2011; participants: 783 investors
sentix abstract	Largest independent provider of sentiment indices and behaviourally oriented data in Europe. The data provide deep insights into the expectations and positioning as well as investment preferences of investors.
Methodology & index details	The methodology of the sentix economic index and explanations to index construction can be found <u>attached</u>.

Results for Euroland (historical data set attached):

Euroland	Jan 11	Feb 11	Mar 11	Apr 11	May 11	Jun 11
Total index	10,6	16,7	17,1	14,2	10,9	3,5
Headline-Index						
Current situation	14,00	21,25	26,00	25,50	23,75	18,50
Economic expectations	7,25	12,25	8,50	3,50	-1,25	-10,50
Individual sub-index						
Current situation	15,00	21,00	26,50	22,00	23,00	17,50
Economic expectations	9,50	12,00	9,50	5,00	2,00	-6,50
Institutional sub-index						
Current situation	13,00	21,50	25,50	29,00	24,50	19,50
Economic expectations	5,00	12,50	7,50	2,00	-4,50	-14,50

Headlines for June results:

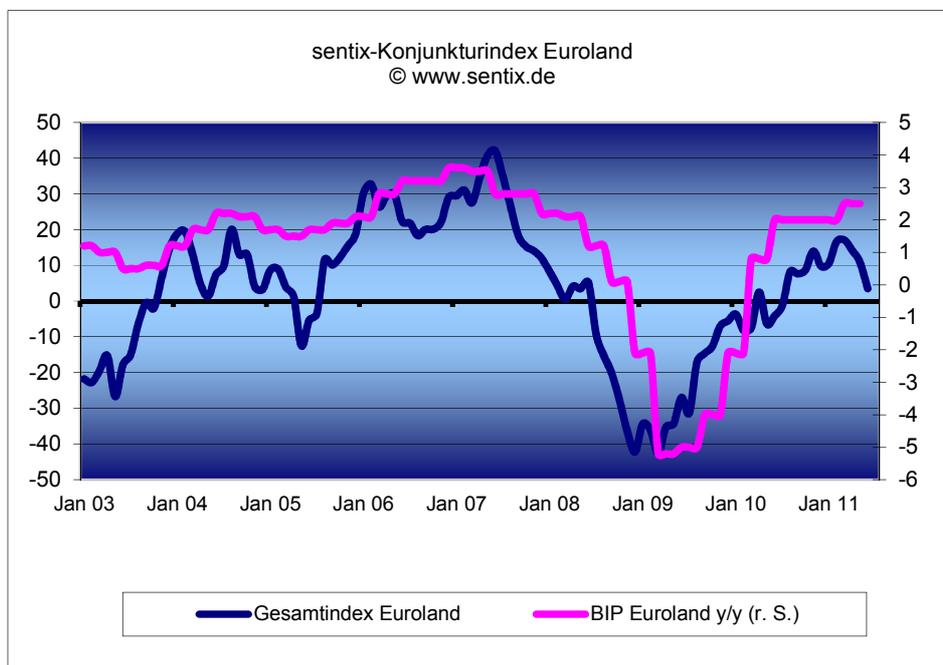
- **In June, the sentix total index for Euroland falls by 7.4 points to 3.5 index points and drops under the value of August 2010. With the third drop in a row, the zenith has definitely been left behind.**
- **Economic expectations led this development: a drop by 9.25 points led to an index value that was last undercut in April 2009. Current assessment continues to erode.**
- **The newest development is a global problem. Especially for the USA, as well as for Japan, we see a speedy cooling-off of the economy on the horizon.**
- **The sentix Global Aggregate drops markedly by 8.1 points to 3.0 index points. The global economic expectations are negative for the first time since July 2010.**



Comments and Charts

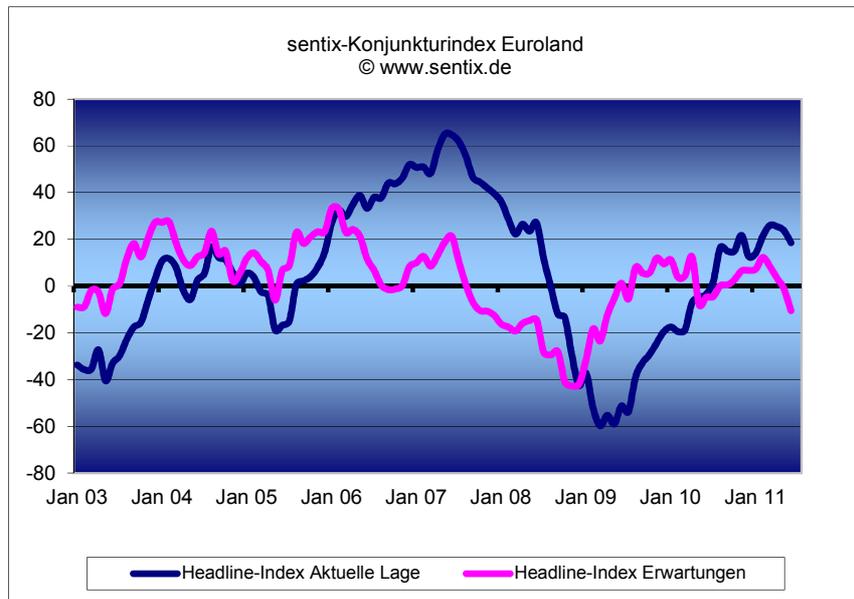
The clouds in the economic sky continue to get darker

With a minus of 7.4 points, the sentix economic index for Euroland drops for the third time in a row and is only slightly above the zero line with an index value of 3.50 points. Especially the clear drop in economic expectations should have wiped away the last doubts about a resilient cooling-off of the economy in Euroland, after the sentix data had already pointed to the 'zenith in economic expectations' two months ago. The sub-index describing the 6-month perspectives for the economy from an investor point of view drops to a value that was last undercut in April 2009 (!). Further indicators such as the ZEW index, consumer sentiment or the ifo economic expectations are starting to weaken, also. With the sentix values, their tendencies should be strengthened further. The implications for the upcoming GDP-data are therefore negative. This can be seen in the following chart which shows the sentix total index for Euroland and economic activity in Euroland.



Stress factor

Die stress factors are quickly uncovered: the continued solvency discussion regarding individual Euro-states dampens the atmosphere just as the high prices of certain commodities – most importantly the price of oil. The last price correction was not able to change much on this front, as oil prices have already risen once again. Also, the continuously growing economic scepticism can be read from the drops in yield of long government bonds. This process is moving diametrically to the restrictive course of the ECB. It should only be a question of time before the equity market moves into the same mode and punishes economically sensitive individual papers.



The "first mover" doesn't only see the dark clouds for Euroland. Especially the economic perspectives for Japan and the USA are worrying.

Japan's nosedive continues

After the earthquake and the repercussions of the nuclear catastrophe in Fukushima, economic expectations for Japan continue to drop into a bottomless hole. With an index value of -36 points, investors link a deep recession expectation to this country. The sub-index drops to the level of December 2009, when the country was just tying painfully to free itself of the economic and financial crisis. In the wake of this dark economic forecast, the current situation has penetrated the zero line. Only the economic situation in the USA is seen as even more negative in the global context by investors.

Japan	Jan 11	Feb 11	Mar 11	Apr 11	May 11	Jun 11
Total index	7,3	6,2	6,1	-17,7	-14,7	-19,0
Headline-Index						
Current situation	4,00	3,25	4,75	-26,50	-30,50	-36,00
Economic expectations	10,75	9,25	7,50	-8,50	2,50	-0,25

Problem case USA – third act

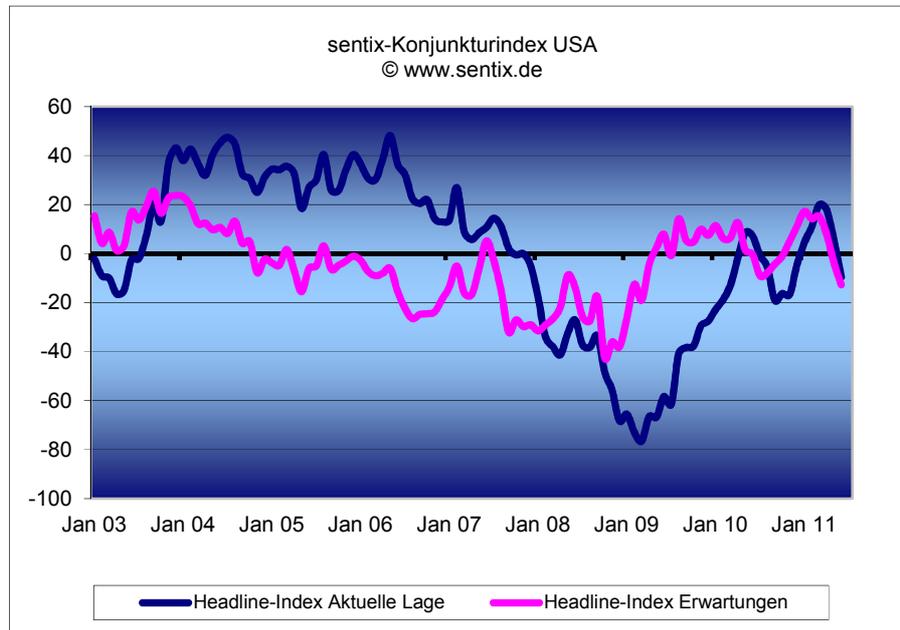
The USA is a special problem case. The roots lie in the USA's deep debt. Investors ask themselves how the next economic impulse can actually be supported by the state, considering that the federal bank's room to manoeuvre is also seen to be limited. It seems that investors see the end of the FED's 'quantitative easing' as a strong economic risk. According to sentix participants, a sustainable upturn in the economy of the USA is not on the table.

The weakness which was pointed out in the sentix data over the past 3 months shows itself at different points, now, also: whether purchasing managers' index, incoming orders or the data from the US labour market, the same problems can be found across the board.

We cannot assume that the end of the weakness phase will come about soon. The sentix total index drops by a further 11.90 points in June to -11.10 points, accompanied by strong drops in the current



assessment (drop by 15 points!) and in the expectational component (drop by 9 points). The USA is has choppy waters ahead.

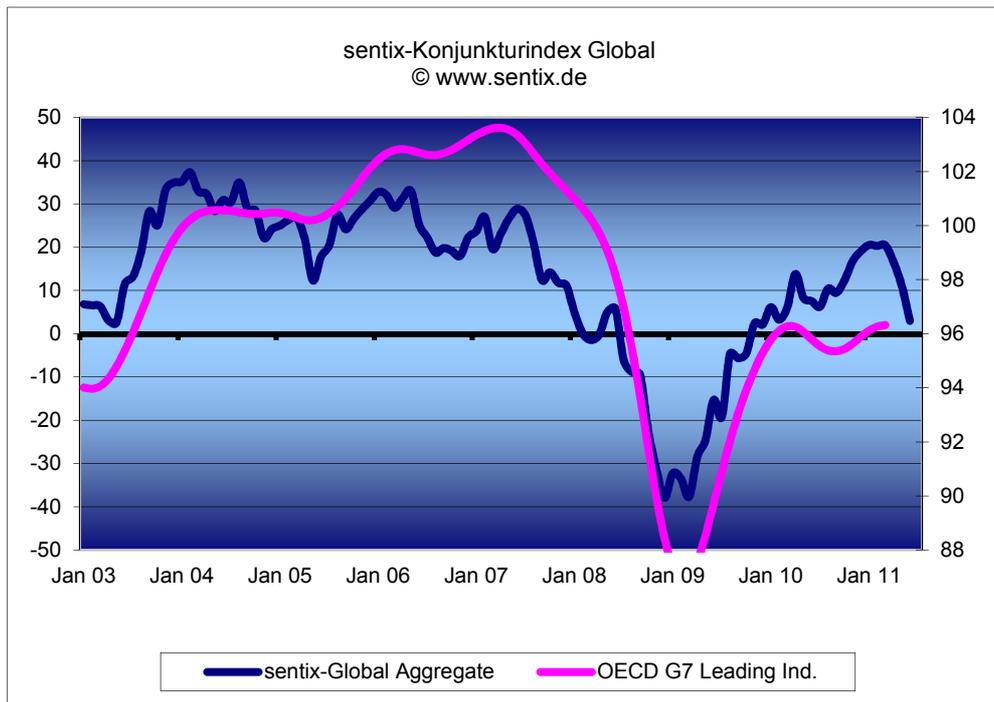


USA	Jan 11	Feb 11	Mar 11	Apr 11	May 11	Jun 11
Total index	10,8	12,6	17,6	12,9	0,8	-11,1
Headline-Index						
Current situation	4,50	11,00	20,00	18,00	5,50	-9,50
Economic expectations	17,25	14,25	15,25	8,00	-3,75	-12,75
Individual sub-index						
Current situation	2,00	10,00	18,50	16,00	7,50	-7,00
Economic expectations	15,50	14,50	16,50	11,00	2,00	-8,50
Institutional sub-index						
Current situation	7,00	12,00	21,50	20,00	3,50	-12,00
Economic expectations	19,00	14,00	14,00	5,00	-9,50	-17,00

The OECD Leading Indicator will drop

The "Global Aggregate Index" has already heralded the development: the OECD Leading Indicator will fall back more strongly! With a drop of 8.10 points, the positive economic situation has also turned on a global scale. The Emerging Markets are continuing to lose momentum, the change in the total index for Eastern Europe is especially poignant with -17.3 points. With this, the seminal regions of the Emerging Markets are not able to buffer the economic weakness in the 'established' world regions.

Global Aggregate	Jan 11	Feb 11	Mar 11	Apr 11	May 11	Jun 11
Total index	20,5	20,3	20,4	16,6	11,1	3,0
Headline-Index						
Current situation	27,9	29,9	32,4	27,2	22,8	12,4
Economic expectations	13,4	11,0	9,1	6,4	0,0	-6,0



Data availability:

sentix economic index Euroland	Bloomberg Page: SNEI	Data stream	Ecwin
Total Index	SNTEEUGX		
Headline-Index current situation	SNTEEUH0	EMSXESN.R	ew:emu04991
Headline-Index expectations	SNTEEUH6	EMSXESF.R	ew:emu04992

Further information on index history, index calculation and about sentix can be found on the following pages.



Methodology of the sentix-economic indices

The **sentix-economic index** is a monthly survey of more than **3.200** (status of January 2011, value can change over time due to rise in numbers of participants) individual and institutional financial market participants on their assessment of the economic situation and further economic expectations over a time period of six months in – all in all – six regions. The following questions are surveyed:

Current situation: How do you assess the economy (measured according to the growth in GDP) in the following regions: Euroland, USA, Japan, Asia ex Japan, eastern Europe, Latin America. The possible answers are: very good, good, neutral, bad, very bad.

Expectational component: Starting from the current situation, will the economy (measured according to the growth in GDP) over the coming 6 months...: strongly improve, improve, remain the same, deteriorate, strongly deteriorate.

All in all, the sentix economic index is composed of 36 different indicators. For both individual and institutional investor groups, a situational and an expectational component are published for all six countries / regions. (**24 partial indicators**) Also, the respective situational and expectational components for each country are summarized in the so-called headline indices in which the answers of private and institutional investors are given the same weight, independent of the amount of answers given in each investor group.

6 world regions with 6 partial indexes: therefore, six indicators are available for each region. Two partial indicators, respectively, for the situational and the expectational component, divided into private and institutional investors, and the combined headline index.

Global aggregate: Of these 6 world regions, sentix calculates the sentix Global Aggregate H6 (expectations) and H0 (current situation). The weight of each region is dependent on its stake in global GDP.

Total indexes: For comparability with other leading indicators, (e.g. ifo) sentix calculates the partial indexes `current situation` and `expectational component` into a total index using the calculation methodology of the ifo business climate.

Calculation: The individual partial indicators are calculated as qualitative diffusion indicators and can fluctuate between -100 (very bad or strongly deteriorating) and +100 (very good or strongly improving). The neutral point is, in any case, at 0. For the current situation, this leads to an economic assessment that is neither positive nor negative. For the expectational component, however, a value of zero means an unchanged situation in comparison to the current situation.

Survey: The survey is internet-based and conducted on the Friday and Saturday before the respective publication date. In general, the index is published on Monday after the first Friday in the month at 10:30 a.m., securing that the results are available promptly. Indicators are not seasonally adjusted or revised.

Time series: Data has been surveyed regularly on a monthly basis since February 2003.

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Appendix – Extract of the data history of Headline Eurozone Indices since 2007

Total Index Eurozone		Headline Indices of current assessment / expectations Eurozone			
Jan 07	29,5	Jan 07	50,75	10,00	
Feb 07	31,1	Feb 07	51,00	12,75	
Mrz 07	27,5	Mrz 07	48,25	8,50	
Apr 07	34,7	Apr 07	58,25	13,25	
Mai 07	40,8	Mai 07	65,00	18,75	
Jun 07	42,0	Jun 07	64,75	21,25	
Jul 07	34,7	Jul 07	61,75	10,50	
Aug 07	26,3	Aug 07	55,50	0,50	
Sep 07	18,1	Sep 07	46,50	-7,00	
Okt 07	15,3	Okt 07	44,50	-10,50	
Nov 07	14,0	Nov 07	42,00	-10,75	
Dez 07	11,9	Dez 07	39,50	-12,50	
Jan 08	8,2	Jan 08	36,00	-16,25	
Feb 08	4,3	Feb 08	28,75	-17,50	
Mrz 08	0,4	Mrz 08	22,25	-19,25	
Apr 08	4,1	Apr 08	26,50	-16,00	
Mai 08	3,5	Mai 08	23,50	-14,75	
Jun 08	5,2	Jun 08	27,00	-14,50	
Jul 08	-9,3	Jul 08	11,75	-28,25	
Aug 08	-15,3	Aug 08	0,00	-29,50	
Sep 08	-20,2	Sep 08	-12,00	-28,00	
Okt 08	-27,8	Okt 08	-13,50	-41,00	
Nov 08	-36,4	Nov 08	-29,75	-42,75	
Dez 08	-42,3	Dez 08	-42,50	-42,00	
Jan 09	-34,4	Jan 09	-37,25	-31,50	
Feb 09	-36,1	Feb 09	-52,25	-18,25	
Mrz 09	-42,7	Mrz 09	-59,75	-23,50	
Apr 09	-35,3	Apr 09	-55,25	-12,50	
Mai 09	-34,3	Mai 09	-59,00	-5,25	
Jun 09	-27,0	Jun 09	-51,25	1,25	
Jul 09	-31,3	Jul 09	-53,75	-5,50	
Aug 09	-17,0	Aug 09	-39,00	8,00	
Sep 09	-14,6	Sep 09	-32,75	5,50	
Okt 09	-12,6	Okt 09	-29,25	5,75	
Nov 09	-7,0	Nov 09	-24,25	12,00	
Dez 09	-5,5	Dez 09	-19,50	9,50	
Jan 10	-3,7	Jan 10	-17,50	11,25	
Feb 10	-8,2	Feb 10	-19,50	3,75	
Mrz 10	-7,5	Mrz 10	-18,75	4,50	
Apr 10	2,5	Apr 10	-7,00	12,50	
Mai 10	-6,4	Mai 10	-4,75	-8,00	
Jun 10	-4,1	Jun 10	-3,50	-4,75	
Jul 10	-1,3	Jul 10	2,00	-4,50	
Aug 10	8,2	Aug 10	16,50	0,25	
Sep 10	7,6	Sep 10	15,00	0,50	
Okt 10	8,8	Okt 10	15,00	2,75	
Nov 10	14,0	Nov 10	21,75	6,50	
Dez 10	9,7	Dez 10	12,75	6,75	
Jan 11	10,6	Jan 11	14,00	7,25	
Feb 11	16,7	Feb 11	21,25	12,25	
Mrz 11	17,1	Mrz 11	26,00	8,50	
Apr 11	14,2	Apr 11	25,50	3,50	
Mai 11	10,9	Mai 11	23,75	-1,25	
Jun 11	3,5	Jun 11	18,50	-10,50	

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