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sentix Economic Index: Current situation in the Eurozone improves

- The sentix headline index for the Eurozone experiences a slight setback in February (-0.8 points). In contrast, the current situation value increases 4 points and has reached the highest value since May 2011.
- Investors' expectations retreat for all world regions as the first acts of the new US President causes caution among the investment community.
- Nevertheless, investors positively review the current situation of the US economy. In comparison to other world regions, expectations for the US economy fall the most in February. The bullying US-President is a serious threat.

Statistics

Poll running: **02 to 04-February-2017**

Survey participants: **1107 investors**

(**293** of those are institutional investors)

Current economic regimes* of countries /regions in focus:

Region / country	Regime	Region / country	Regime
 Eurozone	boom	 USA	boom
 Germany	boom	 Japan	boom
 Switzerland	boom	Asia ex-Japan	boom
 Austria	boom	Latin America	upturn
Eastern Europe	upturn	Global Aggregate	boom

* 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 penultimate 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.

Results for the Eurozone economy: February 2017

Euro area	Sep 16	Oct 16	Nov 16	Dec 16	Jan 17	Feb 17
Overall Index	5.6	8.5	13.1	10.0	18.2	17.4
Headline Index						
- Current situation	4.5	6.3	12.3	8.3	16.5	20.5
- Expectations	6.8	10.8	14.0	11.8	20.0	14.3

Highest value since 05-2011



Commentary on the survey results for February 2017

Current situation in the Eurozone improves

The sentix headline index for the Eurozone experiences a slight setback in February (-0.8 points MoM). In contrast, the current situation value increases 4 points and has reached the highest value since May 2011. Investors' expectations retreat for all world regions as the first acts of the new US President causes caution among the investment community. Nevertheless, investors positively review the current situation of the US economy. The current situation value for the US remains fairly stable at 45 points. In comparison to other world regions, expectations for the US economy fall the most in February (-8.7 points MoM). The bullying US-President is a serious threat.

The Eurozone – the situation improves

Investors' review on the economic development of the Eurozone continues to brighten in comparison to previous months. The roughly 1100 institutional and retail investors testify headwinds for the Eurozone as the current situation value increases 4 points to reach the highest level since May 2011. Both the central bank and politicians have reasons to cheer as the Eurozone rides on top of the global recovery wave which has started in Spring 2016 as the Emerging Markets started to rebound. The development of the overall index for the Eurozone, however, disappoints in February. The overall index has fallen 0.8 points to 17.4 points as investors' expectations got hit by President Trump's ongoing "Twitter raid" and presidential decrees. The expectation index slides back to 14.3 points, a minus of 5.7 points MoM. Nevertheless, we urge the reader not to over-interpret this month's setback of our expectation component. The latest values are still well ahead of the euphoria in our December 2016 readings.



sentix Economic Index for the Eurozone: **current situation** and **expectations**

In addition to the robust review of the Eurozone economy, investors express a similar point of view on the German economy. Investors' economic assessment of the current situation increases another 1 point in comparison to the previous month. Given the achieved absolute current situation level, a remarkable testimony. However, expectations have fallen 4.3 points causing the headline index to decline (-1.8 points).



Germany	Sep 16	Oct 16	Nov 16	Dec 16	Jan 17	Feb 17
Overall Index	19.5	27.7	29.2	27.8	33.1	31.3
Headline Index						
- Current situation	34.3	45.5	47.8	45.8	52.5	53.5
- Expectations	5.7	11.3	12.0	11.3	15.3	11.0

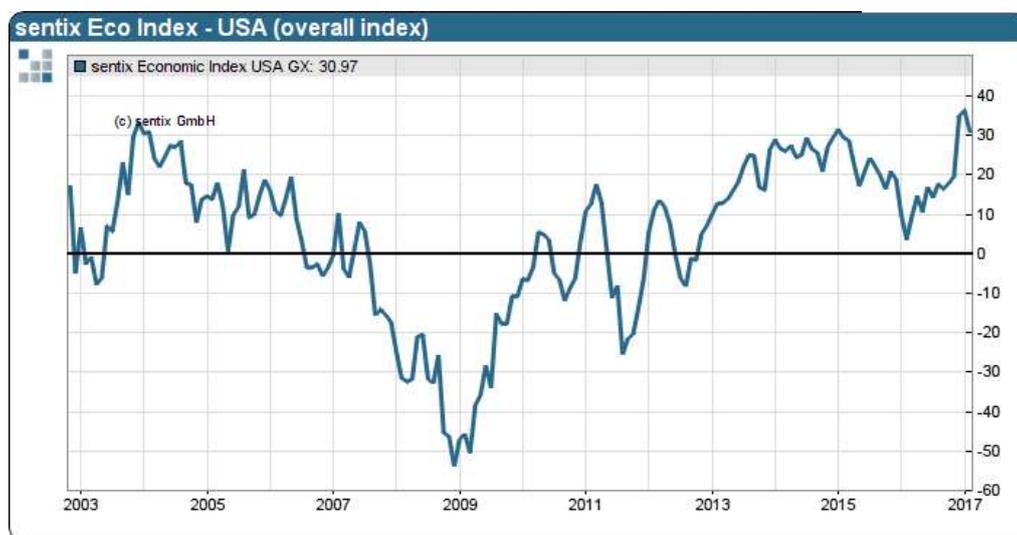
Highest value since 07-2011

The United States – America first

The sentix Economic Indices for the US economy are in full retreat. Despite that investors still provide an excellent review of the current situation of the US economy (45 points), their expectations over the next six months take a nose dive (-8.7 points MoM). Has investors' expectations bubble on Trump now burst? Based on our sentix economic indicators, it is too early to draw a conclusion. Investors clearly perceive the latest action by President Trump counterproductive for growth. At the same time, investors thoroughly study the implementations of the first presidential actions. Resistance against the blunt way of President Trump to express his opinions and policies is already forming within the judicative. A glimmer of hope.

Nevertheless, it is certain, that until now the blunt style of governing has not hurt the US as well as the global economy. President Trump will soon have to realise that his rhetoric and actions can cause good and harm. "America first" – means that the US economy does not only benefit but also suffers from adverse developments, first. Therefore, we interpret the latest drop in our sentix economic expectation index as a warning for President Trump.

USA	Sep 16	Oct 16	Nov 16	Dec 16	Jan 17	Feb 17
Overall Index	16.5	17.8	19.6	35.0	36.3	31.0
Headline Index						
- Current situation	29.3	30.0	32.8	42.5	46.5	45.0
- Expectations	4.5	6.3	7.3	27.8	26.5	17.8



sentix Economic Index for the USA: overall index



Global growth remains robust, expectations recede

The tendency of receding economic expectations spills over to the other world regions. For instance, the current situation value for the Japanese economy gains 2.7 points while investors' expectations retreat at the same time.

Japan	Sep 16	Oct 16	Nov 16	Dec 16	Jan 17	Feb 17
Overall Index	-4.8	-1.3	1.3	9.0	14.7	13.2
Headline Index						
- Current situation	-10.3	-6.8	-3.0	5.8	13.3	16.0
- Expectations	0.8	4.3	5.8	12.3	16.3	10.5

Highest value since 07-2015

As result, investors' expectations for the global economy experience a setback. Expectations based on the prospective developments of the next six month fall 6 points in February. The protectionist rhetoric and agenda of the incoming US administration cast a shadow on global economic development. But for now, the current situation increases 1.4 points and reaches the highest level in six years.

Global Aggregate	Sep 16	Oct 16	Nov 16	Dec 16	Jan 17	Feb 17
Overall Index	9.1	11.6	14.8	17.9	21.2	18.9
Headline Index						
- Current situation	10.3	12.5	16.9	17.8	22.4	23.8
- Expectations	7.9	10.7	12.9	18.0	20.0	14.0

Highest value since 04-2011



More tables

Switzerland	Sep 16	Oct 16	Nov 16	Dec 16	Jan 17	Feb 17
Overall Index	10.8	18.7	13.6	15.4	20.9	18.1
Headline Index						
- Current situation	18.9	25.0	15.8	20.5	23.8	29.0
- Expectations	2.9	12.5	11.5	10.5	18.0	7.8

Austria	Sep 16	Oct 16	Nov 16	Dec 16	Jan 17	Feb 17
Overall Index	3.4	6.2	3.3	6.2	21.2	19.4
Headline Index						
- Current situation	2.2	3.3	3.3	6.0	20.5	19.0
- Expectations	4.5	9.3	3.3	6.5	22.0	19.8

Asia ex Japan	Sep 16	Oct 16	Nov 16	Dec 16	Jan 17	Feb 17
Overall Index	16.4	19.7	22.4	20.6	21.7	19.8
Headline Index						
- Current situation	18.0	21.5	25.5	23.0	24.5	25.8
- Expectations	14.8	18.0	19.3	18.3	19.0	14.0

Eastern Europe	Sep 16	Oct 16	Nov 16	Dec 16	Jan 17	Feb 17
Overall Index	-2.9	-1.6	2.2	1.8	7.1	5.1
Headline Index						
- Current situation	-10.0	-8.5	-4.8	-6.5	0.0	0.5
- Expectations	4.5	5.5	9.5	10.5	14.5	9.8

Latin America	Sep 16	Oct 16	Nov 16	Dec 16	Jan 17	Feb 17
Overall Index	-9.1	-6.0	0.8	-5.0	-2.6	-0.6
Headline Index						
- Current situation	-23.8	-21.5	-13.3	-21.3	-16.5	-10.8
- Expectations	6.8	10.8	16.0	12.8	12.3	10.0



Data availability

Bloomberg

FACTSET

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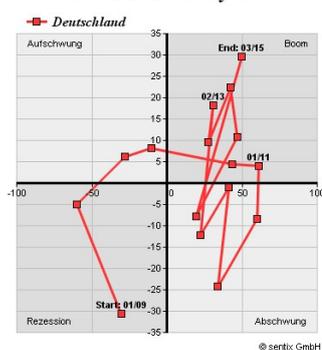
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Sentix is recognised in the industry as one of the leading experts in market sentiment and Behavioral Finance data. Among our clients are big fund managements groups as well as banks and independent fiduciaries. The data products are derived from the sentix Global Investor survey, to which more than 5.000 investors from 20+ countries contribute.

Background, methodology and more

See <http://economics.sentix.de>

sentix -DE- Economy Clock



The idea of the „economy clock“

The sentix economy clock shows the assessment of the current situation and investors' 6-month expectations in an x-y diagram. The evaluation 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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