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## sentix Economic Index: Emerging markets on a downward trend







- The sentix overall index for the economy in the Euro zone fell from 14.7 to 12.0 points in September.
- The weakness of the emerging markets, especially in Asia and Latin America, is weighing on economic assessments. But also home-made European problems.
- The US economy is still doing extremely well in an international comparison, but other regions are now suffering considerably from the constant, conflict-enhancing rhetoric of US President Trump, under a strong US dollar and local issues. Latin America is highly exposed.

### Statistics

Poll running: **6-Sep. to 8-Sep., 2018**

Survey participants: **1.090 investors**  
(267 of those are institutional investors)

## Current economic regimes\* of countries /regions in focus:

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

\* 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 Euro area economy: September 2018

Euro Area	Apr. 18	May. 18	Jun. 18	Jul. 18	Aug. 18	Sep. 18
Overall index	19.6	19.2	9.3	12.1	14.7	12.0
Headline Index						
- Current situation	43.0	42.8	34.5	36.8	37.3	35.0
- Expectations	-1.5	-2.0	-13.3	-10.0	-5.8	-8.8



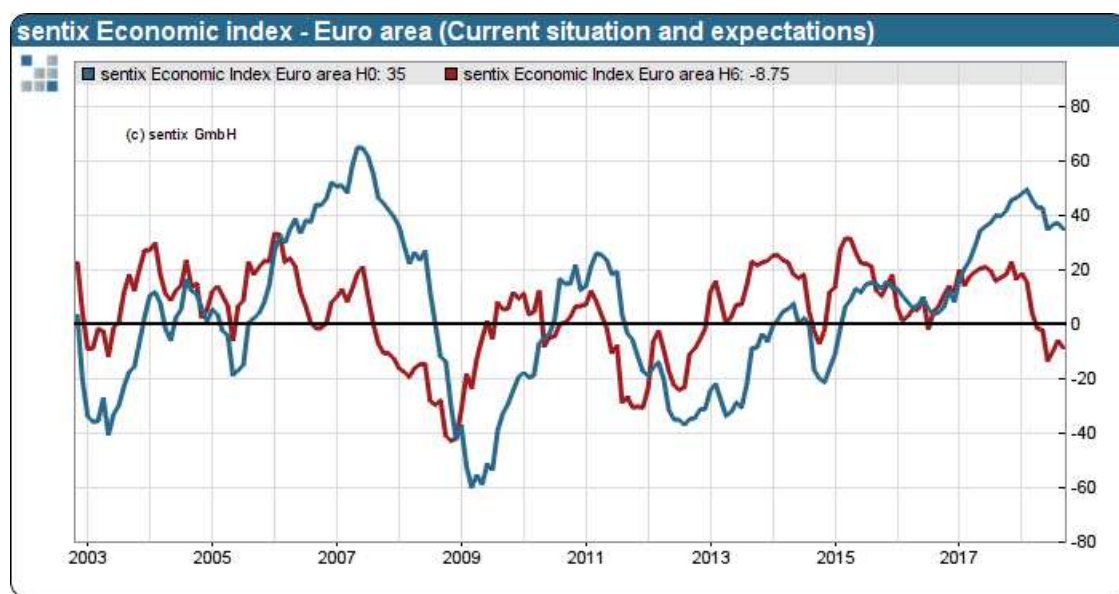
## Commentary on the survey results for September 2018

### Emerging markets on a downward trend

In the last two months, investors have hoped that the economic downturn will be short-lived. This hope was largely lost at the beginning of September. From the perspective of the more than 1,000 investors surveyed by sentix, the economic sky darkens significantly, especially above all above the emerging markets. And this also has an impact on the developed markets.

### Euro area: International trends weigh on the economy

The sentix economic index for the Euro zone falls from 14.7 to 12.0 points at the beginning of September - and thus more strongly than economists surveyed by Bloomberg had expected for this month. The situation and expectations are falling at the same rate, putting the recovery trend in the index into perspective over the past two months. Two developments are particularly noticeable in the search for the causes. One is the weakness in the international arena. Economic expectations for the emerging regions in Asia and Latin America are losing a great deal and are thus also weighing on the prospects in the developed industrial nations. Due to the solid US dollar and political crises, the emerging markets are in the crossfire.



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

But there are also enough problems in Europe itself, especially at the political level. These may not (yet) stop the recovery tendencies in the Euro zone economy on their own. However, the external, international catalyst, which is also intensified by the trade dispute between the USA and almost the rest of the world, is now having a noticeable negative impact.

Despite these grey clouds in the economic sky, investors do not expect central banks to leave their increasingly restrictive course. The thematic index for central bank policy remains almost unchanged at -19. This is also due to the fact that inflation remains a negative topic for investors, although it is surprising that the corresponding thematic index has risen from -31 to -24, i.e. the inflation risks - despite the surprisingly strong wage increases in the USA - have fallen somewhat.



## Germany: If it is too good for the donkey, he goes dancing on the ice

In view of the increasingly adverse international environment, one can only wonder about Germany. In a feeling of economic strength, Germany is banning cars of its citizens, damaging one industrial sector after another (automobiles, banks) as a result of ongoing discussions, and engaging in an escalating conflict in the area of migration that is likely to dampen the mood in the end. It is therefore almost surprising that economic expectations are only falling by 2.3 points. But the harbingers of a downturn are unmistakable.

Germany	Apr. 18	May. 18	Jun. 18	Jul. 18	Aug. 18	Sep. 18
Overall index	24.4	23.5	18.5	16.2	20.4	18.1
Headline Index						
- Current situation	62.0	59.8	56.3	51.3	54.8	51.8
- Expectations	-7.8	-7.8	-13.8	-14.0	-9.3	-11.0

## Asia ex Japan: Uncertainty over trade dispute weighs on the economy

The attentive observer has increasing difficulties in determining exactly how many goods from China have already been or will be subject to customs duties by US President Trump. Almost daily, new tweets with numbers, announcements and pull-backs reach the public. In return, the Chinese are announcing countermeasures. The danger is that this development will slip and trade between the two countries will suffer serious damage. In any case, investors already see a considerable burden on the Chinese economy. The sentix economic index for Asia ex Japan falls sharply from 16.1 to 11.9 points, the lowest value since 2016.

Asia ex Japan	Apr. 18	May. 18	Jun. 18	Jul. 18	Aug. 18	Sep. 18	
Overall index	21.9	22.7	20.6	12.4	16.1	11.9	Lowest since 07.2016
Headline Index							
- Current situation	43.3	42.3	38.5	33.3	34.8	28.5	Lowest since 02.2017
- Expectations	2.5	4.8	4.0	-6.5	-1.0	-3.5	

## Latin America: Recession again

In the discussion about the Turkish crisis and the US-China trade dispute, the deep economic crisis on the South American continent is almost out of sight. Venezuela in hyperinflation. Argentina in a new currency crisis. And Brazil, too, plagued by corruption and violence, is falling back into another recession. The slump of the sentix economic index for Latin America from -3.9 to -19 (!) reflects exactly this!

Latin America	Apr. 18	May. 18	Jun. 18	Jul. 18	Aug. 18	Sep. 18	
Overall index	8.1	7.1	-4.5	-6.9	-3.9	-19.0	Lowest since 03.2016
Headline Index							
- Current situation	12.3	11.8	-1.5	-4.8	-3.8	-21.0	Lowest since 12.2016
- Expectations	4.0	2.5	-7.5	-9.0	-4.0	-17.0	Lowest since 03.2009



## Further result tables

United States	Apr. 18	May. 18	Jun. 18	Jul. 18	Aug. 18	Sep. 18		
Overall index	19.8	22.1	20.3	18.6	25.6	23.6		
Headline Index								
- Current situation	52.0	52.8	50.8	53.8	62.8	63.3	Alltime High!	3. increase in a row
- Expectations	-8.3	-4.8	-6.5	-11.8	-6.3	-10.0		

Japan	Apr. 18	May. 18	Jun. 18	Jul. 18	Aug. 18	Sep. 18
Overall index	18.3	17.3	14.3	10.9	13.2	12.3
Headline Index						
- Current situation	38.5	36.8	32.0	30.5	30.3	30.8
- Expectations	-0.3	-0.5	-2.0	-7.0	-2.5	-4.8

Latin America	Apr. 18	May. 18	Jun. 18	Jul. 18	Aug. 18	Sep. 18		
Overall index	8.1	7.1	-4.5	-6.9	-3.9	-19.0	Lowest since 03.2016	
Headline Index								
- Current situation	12.3	11.8	-1.5	-4.8	-3.8	-21.0	Lowest since 12.2016	
- Expectations	4.0	2.5	-7.5	-9.0	-4.0	-17.0	Lowest since 03.2009	

Global	Apr. 18	May. 18	Jun. 18	Jul. 18	Aug. 18	Sep. 18		
Overall index	18.8	19.4	15.0	11.2	15.2	10.7	Lowest since 09.2016	
Headline Index								
- Current situation	40.9	40.3	34.4	32.8	35.5	30.4	Lowest since 08.2017	
- Expectations	-1.3	0.3	-2.7	-8.4	-3.3	-7.3		

Switzerland	Apr. 18	May. 18	Jun. 18	Jul. 18	Aug. 18	Sep. 18
Overall index	27.0	23.5	16.9	25.5	24.4	21.7
Headline Index						
- Current situation	48.3	43.8	47.5	44.8	49.5	49.5
- Expectations	7.5	5.0	-10.0	7.8	1.8	-3.0

Austria	Apr. 18	May. 18	Jun. 18	Jul. 18	Aug. 18	Sep. 18		
Overall index	44.8	41.7	38.1	32.0	33.8	34.0		
Headline Index								
- Current situation	64.0	67.0	64.0	60.0	53.0	64.5		
- Expectations	27.0	18.8	14.8	7.0	16.0	7.0	Lowest since 12.2016	



## Data availability

**Bloomberg L.P.**

**FACTSET**



**Macrobond**



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expertise in behavioral finance

## About sentix

sentix is the pioneer and leading provider of sentiment analyses (behavioural finance) in Europe. Since 2001 sentix surveys on a weekly basis around 5.000 investors from over 20 countries (comprising over 1.000 institutional and almost 4.000 individual investors) about their expectations for financial markets as well as for economic developments and their portfolio actions. The sentix survey results are representative of a broadly diversified group of investors.

sentix surveys offer the rare combination of a vast number of participants, high quality and an outstanding speed with which information is gathered and passed on. All sentix indices are regularly accessible for sentix data clients just about one day after the close of each poll – via the sentix website or Bloomberg. sentix clients thus can use sentix data almost in real time to further improve performance.

sentix GmbH was founded in 2001 and today represents the basis for all the services the sentix group offers to its clients in the field of Behavioural Finance.

## Background, methodology and more

Current reports and documentation: <https://www.sentix.de/index.php/en/sentix-Economic-News/>

Charts and tables: <https://www.sentix.de/index.php/en/sentix-Economic-Factsheets/economy-at-a-glance.html>





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