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sentix Economic Index: Third consecutive increase

- The sentix economic index for the euro zone improved in July for the third time in a row to -18.2 points. The situation values rise by 12 points, while expectations fall slightly.
- We also note the third improvement in a row for Germany. However, investors still expect that the corona losses will not be fully offset within a year.
- Internationally, the Asian region ex Japan and in Europe Austria and Switzerland are the best performers. In all three cases the overall indices are only slightly in the red. At the other end of the spectrum, the Latin America region is disappointing, as it can hardly improve. The USA is also improving only slightly.

Statistics

Poll running: **2-July to 4-July 2020**
Survey participants: **1,109 investors**
(**263** of those are institutional investors)

Current economic regimes* of countries /regions in focus:

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

* 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: July 2020

Euro Area	Feb. 20	Mar. 20	Apr. 20	May. 20	Jun. 20	Jul. 20	
Overall index	5.2	-17.1	-42.9	-41.8	-24.8	-18.2	3. increase in a row
Headline Index							
- Current situation	4.0	-14.3	-66.0	-73.0	-61.5	-49.5	
- Expectations	6.5	-20.0	-15.8	-3.0	21.8	19.5	



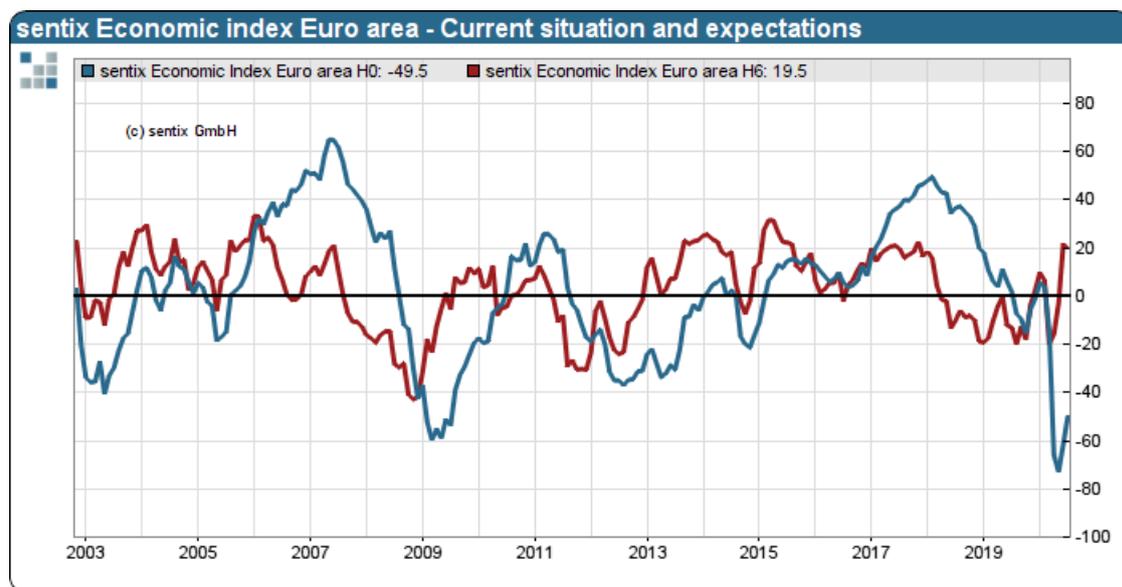
Commentary on the survey results for July 2020

Third consecutive increase

The sentix economic indices for the euro zone and many other regions improved in July for the third time in a row. The Euroland overall index rose by 6.6 points to -18.2 points. The biggest leap forward was made by the values for Switzerland. Here the overall index rises from -14.4 points to -1.6 points! Nevertheless, too much optimism seems out of place. On the one hand, expectations are falling slightly in almost all regions. On the other hand, investors continue to assume that the economic slump caused by the Corona crisis will not be offset within a year!

Euro area: Restrained joy

The process of economic recovery, which began with the opening steps following the almost complete standstill of the economy since the end of April, continued for the third consecutive month at the beginning of July. In earlier times, a three-fold increase in the sentix economic index would have been a clear sign of a new upturn. However, this time a more differentiated view must be taken. Let us first look at the facts: The situation values increase strongly by 12 points to -49.5 points. On the one hand, this is a noticeable improvement, on the other hand, the economy is still in contraction. The expectations are at +19.5 points. Thus, the recovery process should continue. However, the decline in expectations at the current point in time must be seen as a minor disappointment.



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

Behind this development is apparently the expectation of investors that the recovery after the "lock-down" will continue but will not lead to a complete "recovery" of the economy. In a special survey we again asked to what extent the corona-related economic losses will be compensated within a year. Once again, investors expressed the expectation that only around 60% of this will be the case in the eurozone.

This means that there has been no improvement in the long-term outlook for investors over the past four weeks. The falling expectations are thus a sign that there is a danger that the "upswing" could run out of steam as early as the summer.



Germany: Three rises and still not out of the woods

In Germany, too, the sentix economic index improved for the third time in a row to -10.5 points. However, at -40.8 points, the current situation values remain in the deep red range here as well. The investors surveyed by sentix believe that within one year only around 65% of the slump in economic output can be made up. The government's extensive economic stimulus package has not left a particularly positive impression on investors in this regard.

Germany	Feb. 20	Mar. 20	Apr. 20	May. 20	Jun. 20	Jul. 20	
Overall index	4.5	-16.9	-36.0	-35.3	-17.2	-10.5	3. increase in a row
Headline Index							
- Current situation	4.3	-13.3	-59.3	-66.0	-53.0	-40.8	
- Expectations	4.8	-20.5	-9.0	2.5	27.3	25.5	

USA: Still below average

The USA has lost its special, positive dynamic in economic development, which we so often emphasized before Corona, during the Corona crisis. Although the overall index is also rising in the USA for the third time in a row, the situation values remain just as weak at -43 points as in Europe, for example. A critical factor here is the decline in the expectation values. At -8.3 points to +13 points, this is the largest decline of all the regions covered by sentix. Investors are obviously very concerned about the "second wave".

United States	Feb. 20	Mar. 20	Apr. 20	May. 20	Jun. 20	Jul. 20	
Overall index	20.3	0.2	-39.1	-36.8	-22.3	-17.1	3. increase in a row
Headline Index							
- Current situation	38.3	17.8	-59.0	-66.8	-57.3	-43.0	
- Expectations	3.8	-16.0	-16.5	0.0	21.3	13.0	

Latin America: Disaster

The economic situation in South America remains disastrous. This region has been the weakest in the international context since mid-2018 and has been in a permanent crisis ever since. The corona pandemic has deepened the recession. The current data and again negative expectations underline that nothing will change so quickly.

Latin America	Feb. 20	Mar. 20	Apr. 20	May. 20	Jun. 20	Jul. 20	
Overall index	-6.9	-20.4	-45.5	-47.3	-38.5	-38.3	
Headline Index							
- Current situation	-14.5	-22.5	-65.0	-74.8	-71.3	-67.3	
- Expectations	1.0	-18.3	-23.3	-13.8	2.5	-3.0	



Further result tables

Japan	Feb. 20	Mar. 20	Apr. 20	May. 20	Jun. 20	Jul. 20
Overall index	7.0	-17.5	-30.5	-31.7	-17.0	-11.4
Headline Index						
- Current situation	8.5	-16.8	-50.5	-59.5	-49.0	-37.0
- Expectations	5.5	-18.3	-7.8	1.5	21.8	18.3

Asia ex Japan	Feb. 20	Mar. 20	Apr. 20	May. 20	Jun. 20	Jul. 20
Overall index	7.1	-13.5	-21.8	-22.6	-8.9	-2.5
Headline Index						
- Current situation	6.8	-14.5	-41.3	-50.0	-39.0	-26.8
- Expectations	7.5	-12.5	0.0	9.8	26.8	25.3

Eastern Europe	Feb. 20	Mar. 20	Apr. 20	May. 20	Jun. 20	Jul. 20
Overall index	5.5	-12.9	-38.6	-37.2	-22.6	-18.8
Headline Index						
- Current situation	5.3	-10.8	-58.5	-65.0	-54.8	-46.0
- Expectations	5.8	-15.0	-16.0	-3.8	16.8	13.3

3. increase in a row

Global	Feb. 20	Mar. 20	Apr. 20	May. 20	Jun. 20	Jul. 20
Overall index	8.1	-12.0	-32.2	-32.0	-17.9	-12.5
Headline Index						
- Current situation	10.5	-8.8	-52.3	-60.5	-50.4	-38.9
- Expectations	5.8	-15.3	-9.3	2.4	21.7	18.2

3. increase in a row

Switzerland	Feb. 20	Mar. 20	Apr. 20	May. 20	Jun. 20	Jul. 20
Overall index	14.0	-9.4	-32.9	-35.1	-14.4	-1.6
Headline Index						
- Current situation	27.0	-6.0	-46.0	-56.8	-43.3	-14.8
- Expectations	1.8	-12.8	-18.8	-10.3	19.8	12.5

Austria	Feb. 20	Mar. 20	Apr. 20	May. 20	Jun. 20	Jul. 20
Overall index	20.2	-3.0	-37.3	-24.9	-12.8	-3.9
Headline Index						
- Current situation	28.0	11.5	-63.8	-55.3	-46.0	-34.0
- Expectations	12.8	-16.5	-5.8	11.8	27.5	31.8

3. increase in a row

3. increase in a row

Highest since
10.2017

4. Increase in a row



Data availability

Bloomberg L.P.

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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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