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sentix Economic Index: Can it get any better?

- The recovery of the economy in the Eurozone continues to progress. The overall index rises for the fifth time in a row to 29.8 points. This is the best value since February 2018!
- The German economy also continues to present itself in boom-like condition. The situation rises for the 14th time in a row to 37.8 points. The overall index rises to 33.8 index points.
- Globally, too, the world economy continues to be in a strong recovery process. Even the crisis region of Latin America recorded a positive overall index for the first time again, rising to its best value since May 2018. Expectations values, on the other hand, seem to have passed their zenith everywhere. In the USA, expectations have fallen for the third time in a row to 27.5 points.

Statistics

Poll running: **1st July to 3rd July 2021**
Survey participants: **1,114 investors**
(256 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	Recovery
Eastern Europe	Boom	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 Euro area economy: July 2021

Euro Area	Feb. 21	Mar. 21	Apr. 21	May. 21	Jun. 21	Jul. 21		
Overall index	-0.2	5.0	13.1	21.0	28.1	29.8	Highest since 02.2018	5. increase in a row
Headline Index								
- Current situation	-27.5	-19.3	-6.5	6.3	21.3	29.8	Highest since 10.2018	5. increase in a row
- Expectations	31.5	32.5	34.8	36.8	35.3	29.8	Lowest since 12.2020	



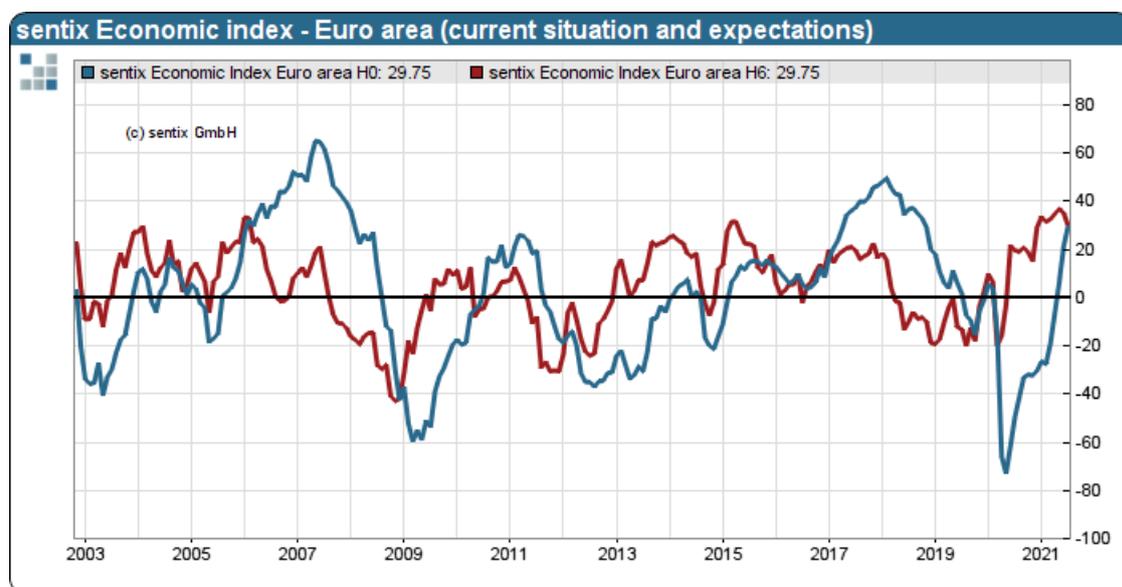
Commentary on the survey results for July 2021

Can it get any better?

The global economy is running at full speed. Even the crisis region of Latin America is back in positive territory for the first time since May 2018. Even if the recession has not yet been fully overcome there, things are booming everywhere. The global situation index rose for the 15th time in a row to 29.4 points. Can it get any better? In the short term, there are increasing signs of overstimulation. Expectations are starting to fall. This could contribute to higher stock market volatility over the summer.

Euro area: The best economy money can buy

Huge government investment, supported by continued expansionary monetary policy from the European Central Bank, has stabilised the Eurozone economy during the Corona lockdowns. This has particularly benefited the manufacturing sector over the past 12 months. With the removal of a large number of restrictions, the service and trade sectors are now following suit. The result is impressive: the situation assessment of investors surveyed by sentix reaches 29.8 points, the best value since October 2018. The sentix overall economic index for the eurozone also continues to rise in July, also reaching 29.8 points, the highest level since February 2018. Nevertheless, we are approaching a certain point of "maximum momentum" in the short term. Investors' expectations that this good situation can improve further, while still clearly positive, drop to 29.8 points. This is not a typing error. In fact, all index values (overall index, current situation, and expectations) actually stand at 29.8 points this month. For the economy as a whole, this is not yet a worrying decline. For the equity markets, on the other hand, which are very much focused on investor expectations, this development could contribute to increased market volatility. In 2006 and 2010, when we went through similar phases, interim stock market corrections of around 10% followed.



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

In this environment, the ECB remains in focus. So far, there is no sign of a turn away from the expansive monetary policy. However, the inflation barometer, which remains clearly in negative territory at -38.25, underscores the danger of further rising inflation rates in a globally increasingly synchronised, strong economic upswing.

Germany: Boom

The economic opening steps in the service and trade sectors are also fuelling the economic situation assessment in Germany. With the 14th increase in a row, the situation climbs to its best value since November 2018. Although expectations in Germany also seem to have peaked, the overall index improves to 33.8 points.

Germany	Feb. 21	Mar. 21	Apr. 21	May. 21	Jun. 21	Jul. 21		
Overall index	8.6	11.9	20.0	26.1	32.9	33.8	Highest since 02.2018	5. increase in a row
Headline Index								
- Current situation	-15.5	-9.5	4.5	15.3	29.5	37.8	Highest since 11.2018	14. increase in a row
- Expectations	35.8	35.8	36.8	37.5	36.3	30.0	Lowest since 11.2020	

USA: Expectations continue to fall

The US eased Corona restrictions earlier than Europe. The reward is the seventh increase in the situation index to 51.3 points. This is also a best value since November 2018. However, the trees are not growing to the sky in the USA either. Expectations continue to lose momentum, falling for the third time in a row. At 27.5, however, there are still no signs of a serious threat to the economy, but it is a signal that should attract attention on the equity markets.

United States	Feb. 21	Mar. 21	Apr. 21	May. 21	Jun. 21	Jul. 21		
Overall index	18.0	25.5	38.6	40.1	39.9	39.1		
Headline Index								
- Current situation	-2.8	9.0	30.0	41.8	46.3	51.3	Highest since 11.2018	7. increase in a row
- Expectations	41.0	43.3	47.5	38.5	33.8	27.5	Lowest since 11.2020	3. decline in a row

Latin America: An end to the recessionary phase is approaching

The Latin American region has been suffering from economic weakness for several years, first created by political problems and later accentuated by Corona. Although the Corona crisis has by no means been pushed back in Brazil or Argentina, the economic situation is also improving there. With a value of 3.4 points, the overall index reaches a positive value again for the first time since May 2018. The situation still stands at -8.8 points, so the recession is not quite over yet. However, in view of the positive expectations, this should be possible.

Latin America	Feb. 21	Mar. 21	Apr. 21	May. 21	Jun. 21	Jul. 21		
Overall index	-13.2	-10.2	-9.0	-5.1	-0.7	3.4	Highest since 05.2018	5. increase in a row
Headline Index								
- Current situation	-39.8	-35.0	-31.8	-26.8	-18.8	-8.8	Highest since 05.2019	5. increase in a row
- Expectations	17.8	18.3	16.8	19.3	19.3	16.3	Lowest since 12.2020	

Further result tables

Japan	Feb. 21	Mar. 21	Apr. 21	May. 21	Jun. 21	Jul. 21		
Overall index	16.1	20.0	25.5	25.2	26.1	25.7		
Headline Index								
- Current situation	-1.8	5.0	15.3	17.8	21.8	26.8	Highest since 11.2018	6. increase in a row
- Expectations	35.5	36.0	36.3	33.0	30.5	24.8	Lowest since 11.2020	3. decline in a row
Asia ex Japan	Feb. 21	Mar. 21	Apr. 21	May. 21	Jun. 21	Jul. 21		
Overall index	33.1	33.5	37.6	36.0	34.1	33.1		3. decline in a row
Headline Index								
- Current situation	24.0	26.0	33.8	37.0	36.0	37.8	Highest since 06.2018	3. decline in a row
- Expectations	42.5	41.3	41.5	35.0	32.3	28.5	Lowest since 10.2020	3. decline in a row
Eastern Europe	Feb. 21	Mar. 21	Apr. 21	May. 21	Jun. 21	Jul. 21		
Overall index	-2.7	-0.3	4.6	9.5	14.9	16.6	Highest since 02.2018	5. increase in a row
Headline Index								
- Current situation	-27.0	-22.0	-14.0	-6.3	4.8	12.0	Highest since 11.2018	5. increase in a row
- Expectations	25.0	24.0	25.0	26.5	25.5	21.3	Lowest since 12.2020	
Global	Feb. 21	Mar. 21	Apr. 21	May. 21	Jun. 21	Jul. 21		
Overall index	17.5	20.5	26.8	28.3	29.3	29.4	Highest since 02.2018	15. increase in a row
Headline Index								
- Current situation	0.0	5.5	16.3	23.0	27.5	32.2	Highest since 08.2018	14. increase in a row
- Expectations	36.5	36.5	37.7	33.7	31.1	26.6	Lowest since 11.2020	3. decline in a row
Switzerland	Feb. 21	Mar. 21	Apr. 21	May. 21	Jun. 21	Jul. 21		
Overall index	18.2	19.8	24.6	30.4	35.5	36.2	Highest since 01.2011	8. increase in a row
Headline Index								
- Current situation	-5.8	4.5	10.5	35.5	39.3	44.8	Highest since 11.2018	5. increase in a row
- Expectations	45.0	36.3	39.8	25.5	31.8	28.0		
Austria	Feb. 21	Mar. 21	Apr. 21	May. 21	Jun. 21	Jul. 21		
Overall index	-1.2	8.5	18.1	34.0	44.7	45.4	Highest since 02.2018	5. increase in a row
Headline Index								
- Current situation	-32.0	-22.0	-7.0	15.0	49.5	56.0	Highest since 10.2018	5. increase in a row
- Expectations	35.3	44.3	46.5	54.8	40.0	35.3	Lowest since 11.2020	



Data availability

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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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