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## sentix Economic Index: Third decline in a row

- The recovery of current assessment in the Eurozone continues. Valuations are reaching levels last surpassed in October 2018.
- However, the expectations component loses significantly by 15.8 points, marking the third decline in a row. The overall index slips by 7.6 points.
- The German economy also continues to present itself in boom-like condition. The assessment of the current situation rose for the 15th time in a row to 38.5 points. The expectations component suffers similarly strongly.
- The global economy is also shifting down a gear in the current boom. Here it is not only the expectations values that characterise the loss of momentum, but also the current assessment, which are more clearly in retreat. The pronounced weakness in the Asia ex Japan region also contributes to this.

### Statistics

Poll running: **5<sup>th</sup> to 7<sup>th</sup> August 2021**  
Survey participants: **1,070 investors**  
(**219** 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	Stagnation
Eastern Europe	Recovery	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: August 2021

Euro Area	Mar. 21	Apr. 21	May. 21	Jun. 21	Jul. 21	Aug. 21
Overall index	5.0	13.1	21.0	28.1	29.8	22.2
Headline Index						
- Current situation	-19.3	-6.5	6.3	21.3	29.8	30.8
- Expectations	32.5	34.8	36.8	35.3	29.8	14.0

Highest since  
10.2018  
Lowest since  
05.2020  
6. increase in a row  
3. decline in a row



## Commentary on the survey results for August 2021

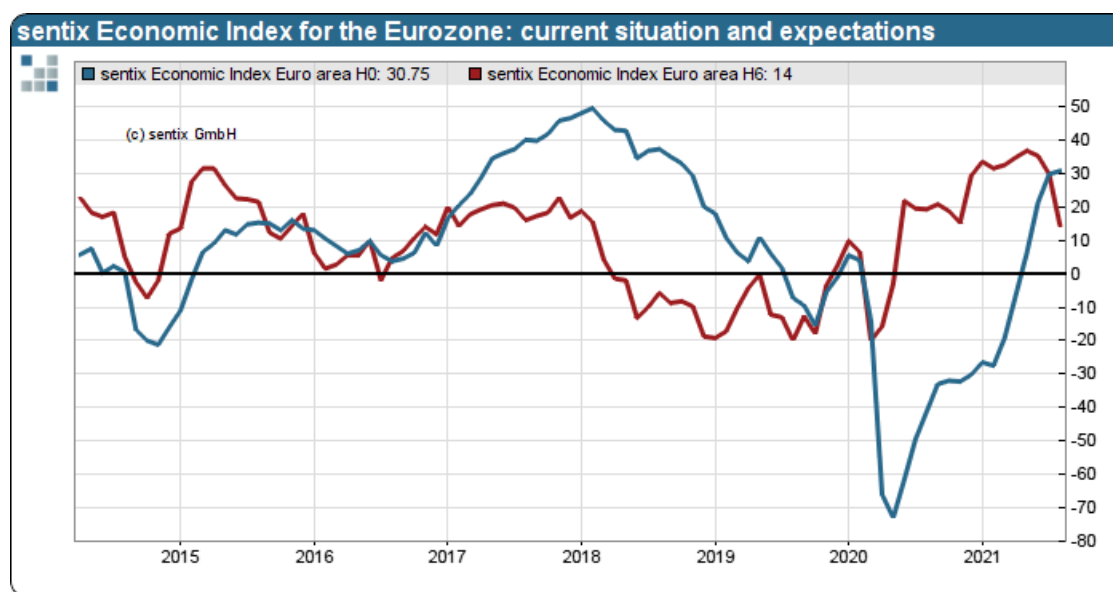
### Third decline in a row

The global economy is running at full speed, but momentum is weakening. The slowdown in the Asia ex Japan region is also contributing to this. In the Eurozone, the recovery of the current economic situation continues. At 30.8 points, the assessment reached its highest level since October 2018. However, here, too, the expectations component lost a significant 15.8 points, marking the third decline in a row. The rule of a three-point decline should be taken seriously. As a result, the overall index for the Eurozone drops by 7.6 points. Germany's economy continues to be in boom-like shape. It rises for the 15th time in a row to 38.5 points. The expectations component halves.

### Euro area: Expectation component sends warning

The Eurozone economy is booming, but the pace is slowing noticeably. The enormous investments of the states, supported by a persistently expansive monetary policy of the European Central Bank, are driving economic activity in the Eurozone and have prevented anything worse from happening, despite the Corona lockdowns. The sentix surveyed investors' assessment of the current situation is rewarding this improvement and, at 30.8 points, has reached its best value since October 2018. However, the sentix overall economic index for the Eurozone is coming to an end and is now suffering a larger discount of 7.6 points. This is due to the significant losses in the expectations component. A decline of 15.8 points in this sub-component is de facto more of a halving and thus already represents the third decline in a row. Since its high in May, the 6-month expectations index has already lost 22.8 points.

Economists traditionally recognise a trend reversal in a threefold decline. Accordingly, this decline should not be dismissed as a mere loss of momentum, but should be understood as a warning sign. As the "first mover" among the leading indicators, these developments herald significant declines in other leading indicators. The development is therefore likely to contribute to increased market volatility in the coming weeks. 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



## Germany: Significant loss of momentum

What is true for the Eurozone is also visible for the German economy: the assessment of the current situation is excellent and continues to climb, but the downturn in the expectations component is more than severe at -16.5 points. Here, too, we are recording the third decline in a row. Fears are growing that new lockdowns could loom from autumn onwards with rising infection figures and could once again weigh on the economy. The 15th consecutive increase in the situation assessment is thus becoming a marginal note. The loss of momentum for Germany is clear!

Germany	Mar. 21	Apr. 21	May. 21	Jun. 21	Jul. 21	Aug. 21		
<b>Overall index</b>	11.9	20.0	26.1	32.9	33.8	25.7		
<b>Headline Index</b>								
- Current situation	-9.5	4.5	15.3	29.5	37.8	38.5	Highest since 11.2018	15. increase in a row
- Expectations	35.8	36.8	37.5	36.3	30.0	13.5	Lowest since 05.2020	3. decline in a row

## US: Expectations continue to decline

Currently, US policymakers are reaping the rewards of their expansionary monetary and fiscal policies. Labour market data are strong and the economic recovery is progressing well. Consequently, the assessment of the current situation remains excellent, despite a small decline to a still strong 48.5 points. However, the boom in the US has already passed its zenith. The US economy has advanced further in the cycle, the opening steps came much earlier than in Europe. Thus, the end of the impulse could also become visible earlier. We are already recording the 4th consecutive decline in the expectations component. Since the April 2021 high, the subcomponent has already fallen by an impressive 34.5 points. The signal is also likely to attract attention on the stock markets.

United States	Mar. 21	Apr. 21	May. 21	Jun. 21	Jul. 21	Aug. 21		
<b>Overall index</b>	25.5	38.6	40.1	39.9	39.1	30.1	Lowest since 03.2021	3. decline in a row
<b>Headline Index</b>								
- Current situation	9.0	30.0	41.8	46.3	51.3	48.5		
- Expectations	43.3	47.5	38.5	33.8	27.5	13.0	Lowest since 05.2020	4. decline in a row

## Global: Asia ex Japan weighed down

The global economy shifts down a gear. The global economic slowdown is visible in the weakness of the expectations components of all economic regions. The Asia ex Japan region is already lagging behind. Here, the situation in China has been causing investors greater concern for some time. The overall index there fell by 9.8 points, marking the fourth setback in a row. Consequently, the sentix Global Aggregate is down 8.6 points to its lowest value since March 2021.

Global	Mar. 21	Apr. 21	May. 21	Jun. 21	Jul. 21	Aug. 21		
<b>Overall index</b>	20.5	26.8	28.3	29.3	29.4	20.8	Lowest since 03.2021	
<b>Headline Index</b>								
- Current situation	5.5	16.3	23.0	27.5	32.2	28.4		
- Expectations	36.5	37.7	33.7	31.1	26.6	13.5	Lowest since 05.2020	4. decline in a row



### Further result tables

Japan	Mar. 21	Apr. 21	May. 21	Jun. 21	Jul. 21	Aug. 21		
<b>Overall index</b>	20.0	25.5	25.2	26.1	25.7	18.4	Lowest since 02.2021	
<b>Headline Index</b>								
- Current situation	5.0	15.3	17.8	21.8	26.8	24.3		
- Expectations	36.0	36.3	33.0	30.5	24.8	12.8	Lowest since 05.2020	4. decline in a row
<b>Asia ex Japan</b>	Mar. 21	Apr. 21	May. 21	Jun. 21	Jul. 21	Aug. 21		
<b>Overall index</b>	33.5	37.6	36.0	34.1	33.1	23.3	Lowest since 11.2020	4. decline in a row
<b>Headline Index</b>								
- Current situation	26.0	33.8	37.0	36.0	37.8	30.5	Lowest since 03.2021	
- Expectations	41.3	41.5	35.0	32.3	28.5	16.3	Lowest since 05.2020	4. decline in a row
<b>Eastern Europe</b>	Mar. 21	Apr. 21	May. 21	Jun. 21	Jul. 21	Aug. 21		
<b>Overall index</b>	-0.3	4.6	9.5	14.9	16.6	10.6		
<b>Headline Index</b>								
- Current situation	-22.0	-14.0	-6.3	4.8	12.0	11.8		
- Expectations	24.0	25.0	26.5	25.5	21.3	9.5	Lowest since 05.2020	3. decline in a row
<b>Latin America</b>	Mar. 21	Apr. 21	May. 21	Jun. 21	Jul. 21	Aug. 21		
<b>Overall index</b>	-10.2	-9.0	-5.1	-0.7	3.4	-3.0		
<b>Headline Index</b>								
- Current situation	-35.0	-31.8	-26.8	-18.8	-8.8	-10.0		
- Expectations	18.3	16.8	19.3	19.3	16.3	4.3	Lowest since 10.2020	
<b>Switzerland</b>	Mar. 21	Apr. 21	May. 21	Jun. 21	Jul. 21	Aug. 21		
<b>Overall index</b>	19.8	24.6	30.4	35.5	36.2	33.9		
<b>Headline Index</b>								
- Current situation	4.5	10.5	35.5	39.3	44.8	46.3	Highest since 11.2018	6. increase in a row
- Expectations	36.3	39.8	25.5	31.8	28.0	22.3	Lowest since 11.2020	
<b>Austria</b>	Mar. 21	Apr. 21	May. 21	Jun. 21	Jul. 21	Aug. 21		
<b>Overall index</b>	8.5	18.1	34.0	44.7	45.4	34.0		
<b>Headline Index</b>								
- Current situation	-22.0	-7.0	15.0	49.5	56.0	45.0		
- Expectations	44.3	46.5	54.8	40.0	35.3	23.5	Lowest since 11.2020	3. decline in a row



# Press release sentix Economic Index

09. August 2021



## 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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