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sentix Economic Index: Lockdown-Blues

- The sentix overall economic index falls back again in December to 13.5 points, its lowest value since April 2021, due to the slump of more than 10 points in the assessment of the current situation. Expectations, on the other hand, remain stable.
- In Germany, too, the sentix overall index slumps again and falls to its lowest value since March 2021. This is the fifth decline in a row. The renewed far-reaching Corona restriction measures are weighing heavily on the situation!
- Global assessments of the situation are also declining moderately. However, the expectations remain largely stable or may even improve slightly. Our favoured scenario of a "mid-cycle slowdown" thus remains unchanged.

Statistics

Poll running: **02nd Dec. to 4th Dec. 2021**

Survey participants: **1,164 investors**
(249 of those are institutional investors)

Current economic regimes* of countries /regions in focus:

Region / country	Regime	Region / country	Regime
Eurozone	Slowdown	USA	Boom
Germany	Slowdown	Japan	Slowdown
Switzerland	Slowdown	Asia ex-Japan	Boom
Austria	Slowdown	Latin America	Stabilization
Eastern Europe	Stagnation	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: December 2021

Euro Area	Jul. 21	Aug. 21	Sep. 21	Oct. 21	Nov. 21	Dec. 21	
Overall index	29.8	22.2	19.6	16.9	18.3	13.5	Lowest since 04.2021
Headline Index							
- Current situation	29.8	30.8	30.8	26.3	23.5	13.3	Lowest since 05.2021 3. decline in a row
- Expectations	29.8	14.0	9.0	8.0	13.3	13.8	



Commentary on the survey results for December 2021

Lockdown-Blues

The global economy is still in a process of economic slowdown. This is proceeding in an orderly manner in most regions. The situation values are declining, while the medium-term expectations remain stable or even improve. This basically confirms our expectation that we are experiencing a "mid-cycle slowdown". The situation in Euroland, on the other hand, looks worse. The tighter lockdown measures, which have been taken above all in Germany and Austria, are dampening the assessments of the situation there considerably. A slowdown to the point of recession no longer seems out of the question. These lock-downs are hitting the economy harder than before.

Euro area: Recession not ruled out!

Hopes of an end to the economic slowdown, as we had outlined here in the previous two months, have been abruptly dampened by the latest sentix data. The lockdown measures taken above all in Germany and Austria are putting a considerable damper on current economic activity. The assessment of the economic situation sank by more than 10 points to 13.3 points. This is the lowest value since May 2021. In Austria, where a nationwide lockdown was imposed, the situation index plummeted by a whopping 31 points! Especially in the Alpine republic, the lockdown blues are spreading. This renewed intervention in the economy has had a surprisingly strong negative impact on economic development. The expectations index in Austria has fallen against the general trend to 7.3 points. Austria is thus threatened with recession.



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

For the Eurozone as a whole, the expectation values remain stable with an index of 13.8 points. So, our basic scenario of a "mid-cycle slowdown", i.e. a consolidation in the middle of a cycle, does not have to be abandoned yet. But the risks are increasing! It is also interesting that our thematic analysis reveals an increasingly negative influence of central bank policy. While a continued expansionary monetary policy is likely to fuel inflation in particular, a shift to a restrictive course would obviously be burdened by liquidity constraints. The ECB thus seems to be definitively "behind the curve". The risks for markets and the economy are increasing.



Germany: 2G chaos weighs on the economy

The tightening of the Corona measures and, in particular, the exclusion of customers from the retail sector by the 2G measures are weighing heavily on the situation in Germany. This lockdown has a stronger negative impact on the economy than the previous ones. The situation assessment falls by 11 points. A "technical" recession thus seems possible, but should not be taken lightly. Investors' expectations still remain stable.

Germany	Jul. 21	Aug. 21	Sep. 21	Oct. 21	Nov. 21	Dec. 21		
Overall index	33.8	25.7	20.9	20.0	19.7	14.4	Lowest since 03.2021	5. decline in a row
Headline Index								
- Current situation	37.8	38.5	36.0	31.0	24.8	13.8	Lowest since 04.2021	4. decline in a row
- Expectations	30.0	13.5	6.8	9.5	14.8	15.0	Highest since 07.2021	3. Increase in a row

US: Mid-cycle slowdown continues

The US economy remains comparatively robust. Although consumer sentiment has deteriorated considerably in recent months, this has so far had little impact on investors' assessment of the economy. The situation index fell again, for the fifth time in a row, by about 3 points, but remains at a high level of 34.3 points. Expectations even improved slightly to 14.5 points. For the USA, therefore, we are clearly sticking to our expectation that it is currently only a typical "dip" in the middle of an economic cycle.

United States	Jul. 21	Aug. 21	Sep. 21	Oct. 21	Nov. 21	Dec. 21		
Overall index	39.1	30.1	25.7	21.3	25.3	24.2		
Headline Index								
- Current situation	51.3	48.5	45.3	37.5	37.3	34.3	Lowest since 04.2021	5. decline in a row
- Expectations	27.5	13.0	7.8	6.3	14.0	14.5	Highest since 07.2021	

Asia ex Japan: Leading indicator

The Asia ex Japan region is likely to provide the best indication of how the global economy will fare. Here, too, the sentix sentiment indicators are declining again. At 17.5 points, the corresponding index is at its lowest level since November 2020. On the positive side, expectations have increased to 19.5 points. The surprisingly positive data from Korea probably also contributed to this. Exports there have improved significantly. This is a possible indication that the congestion in global supply chains is losing influence.

Asia ex Japan	Jul. 21	Aug. 21	Sep. 21	Oct. 21	Nov. 21	Dec. 21		
Overall index	33.1	23.3	19.8	15.7	19.6	18.5		
Headline Index								
- Current situation	37.8	30.5	24.8	19.5	20.8	17.5	Lowest since 11.2020	
- Expectations	28.5	16.3	15.0	12.0	18.5	19.5	Highest since 07.2021	



Further result tables

Japan	Jul. 21	Aug. 21	Sep. 21	Oct. 21	Nov. 21	Dec. 21	
Overall index	25.7	18.4	16.7	15.4	17.1	14.6	Lowest since 01.2021
Headline Index							
- Current situation	26.8	24.3	23.0	22.8	20.5	14.5	Lowest since 03.2021 5. decline in a row
- Expectations	24.8	12.8	10.5	8.3	13.8	14.8	Highest since 07.2021
Eastern Europe	Jul. 21	Aug. 21	Sep. 21	Oct. 21	Nov. 21	Dec. 21	
Overall index	16.6	10.6	8.4	6.2	6.9	2.4	Lowest since 03.2021
Headline Index							
- Current situation	12.0	11.8	10.8	7.8	5.8	-2.5	Lowest since 05.2021 5. decline in a row
- Expectations	21.3	9.5	6.0	4.8	8.0	7.5	
Latin America	Jul. 21	Aug. 21	Sep. 21	Oct. 21	Nov. 21	Dec. 21	
Overall index	3.4	-3.0	-3.3	-4.6	-4.6	-6.6	Lowest since 04.2021 5. decline in a row
Headline Index							
- Current situation	-8.8	-10.0	-8.5	-10.8	-11.3	-17.3	Lowest since 06.2021 3. decline in a row
- Expectations	16.3	4.3	2.0	1.8	2.3	4.8	Highest since 07.2021
Global	Jul. 21	Aug. 21	Sep. 21	Oct. 21	Nov. 21	Dec. 21	
Overall index	29.4	20.8	17.8	14.4	17.2	15.1	
Headline Index							
- Current situation	32.2	28.4	25.3	20.4	20.1	15.1	Lowest since 03.2021 5. decline in a row
- Expectations	26.6	13.5	10.6	8.6	14.3	15.1	Highest since 07.2021
Switzerland	Jul. 21	Aug. 21	Sep. 21	Oct. 21	Nov. 21	Dec. 21	
Overall index	36.2	33.9	31.9	29.1	28.0	17.8	Lowest since 01.2021 5. decline in a row
Headline Index							
- Current situation	44.8	46.3	44.8	45.3	41.8	39.0	Lowest since 05.2021
- Expectations	28.0	22.3	19.8	14.0	15.0	-1.5	Lowest since 05.2020
Austria	Jul. 21	Aug. 21	Sep. 21	Oct. 21	Nov. 21	Dec. 21	
Overall index	45.4	34.0	41.5	25.0	30.2	13.3	Lowest since 03.2021
Headline Index							
- Current situation	56.0	45.0	63.0	44.5	50.5	19.5	Lowest since 05.2021
- Expectations	35.3	23.5	21.8	7.0	11.5	7.3	



Data availability

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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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