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sentix Economic Index: A very deep recession?!

- At the beginning of September, the economic situation in the Eurozone is clearly worse again. The sentix overall economic index falls by 6.6 points to -31.8 points. This is the lowest level since May 2020 and the recession is deepening.
- In Germany, too, the economic clouds are getting darker. While the assessment of the situation is weakening for the third time in a row, expectations are even sinking to an all-time low!
- At the global level, the scales are also clearly tipping towards recession. The overall global aggregate index is at its lowest level since May 2020, and the third consecutive decline in the Asian ex-Japan index is particularly notable and worrying. China is now also threatening to slide into stagnation.

Statistics

Poll from **2nd Sept. to 4th Sept. 2022**
Survey participants: **1,258 investors**
(**259** of those are institutional investors)

Current economic regimes* of countries /regions in focus:

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

* 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 2022

Euro Area	Apr. 22	May. 22	Jun. 22	Jul. 22	Aug. 22	Sep. 22	
Overall index	-18.0	-22.6	-15.8	-26.4	-25.2	-31.8	Lowest since 05.2020
Headline Index							
- Current situation	-5.5	-10.5	-7.3	-16.5	-16.3	-26.5	Lowest since 02.2021
- Expectations	-29.8	-34.0	-24.0	-35.8	-33.8	-37.0	Lowest since 12.2008



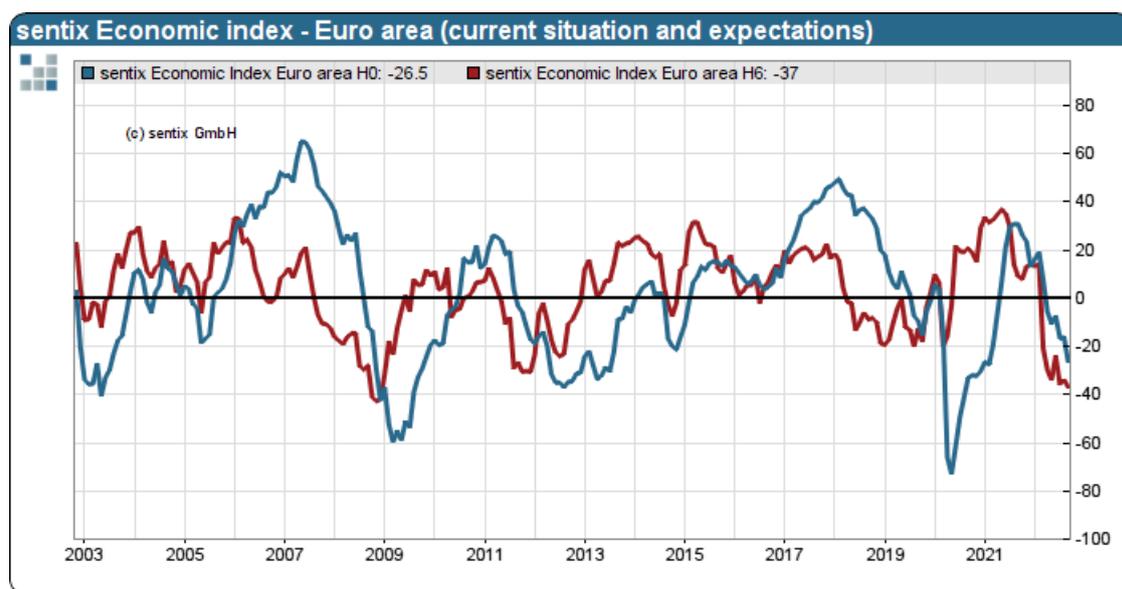
Commentary on the survey results for September 2022

A very deep recession?!

The general conditions for the global economy continued to deteriorate at the beginning of September. While in Europe the signs have been pointing to a considerable recession for some time, there are now increasing signs of a corresponding development at the global level. The sentix business cycle indices for all regions and countries under consideration are deteriorating. The third decline in the values for China is of particular importance. But the recessionary environment is also deepening in the Eurozone.

Euro area: Negative without precedent

The deterioration of the economic situation in the Eurozone now bears historically unique features. Never before in more than 20 years of history, with the exception of the financial crisis in 2008, have investors' assessments of the Eurozone economy been so weak - and at the same time expectations have been so low. At the beginning of September, the overall Eurozone index fell by 6.6 points to -31.8 points. This is the lowest value since May 2020, and the indicators slumped by more than 10 points to -26.5. Although this is "only" the lowest value since February 2021, it virtually confirms a stagnation of the Eurozone economy.



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

It is very likely that a significant recessionary trend has already set in. Economic expectations have also fallen again to -37 points. This value is the lowest since December 2008, when the financial crisis reached its peak after the bankruptcy of the Lehman Bank. In historical retrospect, it is clear that the extent of the current economic dislocation exceeds the collapse of tech stocks (2003), the euro crisis (2012) and even the collapse in the course of the Corona lockdowns (2020).

Although the collapse in 2020 was even sharper, the monetary policy response in the form of trillion-dollar money-printing programmes by central banks quickly led to a turnaround in economic expectations. There are no signs of this at present. Worse still, a look at the sentix thematic indices shows that investors cannot expect any help from either inflation or the central banks.



Germany: All-time low in economic expectations

How deep the economic crisis in the Eurozone is, or threatens to become, is unfortunately easy to see from the largest economy. Not only have we seen a considerable decline in the assessment of the economic situation, but we even have to report a further slump in economic expectations to -36 points. The latter is an all-time low! This shows the full drama of the current crisis: the situation is already bad, but investors are not yet seeing any sustainable light at the end of the tunnel. The real economy will hardly resist this trend.

Germany	Apr. 22	May. 22	Jun. 22	Jul. 22	Aug. 22	Sep. 22		
Overall index	-17.1	-20.5	-12.8	-24.2	-24.4	-29.9	Lowest since 05.2020	3. decline in a row
Headline Index								
- Current situation	-4.8	-7.3	-2.0	-13.0	-14.8	-23.5	Lowest since 08.2020	3. decline in a row
- Expectations	-28.8	-32.8	-23.0	-34.8	-33.5	-36.0	Alltime Low!	

USA: On the brink

The US economy, currently still the most robust in the world, is also still on the brink of collapse. The situation indicators are again sinking to the zero-point level, signalling a critical loss of momentum. In the USA, too, the expectations values continue to deteriorate, albeit to a less dramatic extent to -22.5 points. Nevertheless, the US economy is also still in downturn mode and, in view of the announced further monetary tightening by the Federal Reserve, the risks also dominate in the USA.

United States	Apr. 22	May. 22	Jun. 22	Jul. 22	Aug. 22	Sep. 22		
Overall index	6.1	-2.9	-1.0	-13.5	-6.0	-10.8		
Headline Index								
- Current situation	24.5	18.0	17.0	1.0	8.0	1.8		
- Expectations	-10.8	-21.8	-17.5	-27.0	-19.0	-22.5		

Global aggregate: Without growth engine

The weakness of economic activity in all regions of the world causes the overall index to fall to -18.7 points in September. This is the lowest value since May 2020. The situation scores fall by 7.1 points, expectations by 4.4 points. At -23.7 points, the global expectations index is at its lowest level since January 2009. Behind this problematic development from a global perspective, the significant deterioration in the data for the Asia ex Japan region stands out in particular. Without China, the world is ultimately left without a growth engine.

Global	Apr. 22	May. 22	Jun. 22	Jul. 22	Aug. 22	Sep. 22		
Overall index	-5.4	-13.3	-7.9	-14.5	-13.0	-18.7	Lowest since 05.2020	
Headline Index								
- Current situation	3.6	-4.8	-2.5	-8.5	-6.5	-13.6	Lowest since 10.2020	
- Expectations	-14.1	-21.5	-13.2	-20.3	-19.3	-23.7	Lowest since 01.2009	



Further result tables

Japan	Apr. 22	May. 22	Jun. 22	Jul. 22	Aug. 22	Sep. 22		
Overall index	-2.1	-9.8	-5.7	-13.4	-9.4	-13.2		
Headline Index								
- Current situation	7.8	1.0	4.0	-5.8	-0.8	-6.5	Lowest since 11.2020	
- Expectations	-11.5	-20.0	-15.0	-20.8	-17.8	-19.8		
Asia ex Japan	Apr. 22	May. 22	Jun. 22	Jul. 22	Aug. 22	Sep. 22		
Overall index	0.5	-9.6	-2.6	-5.5	-6.4	-13.0	Lowest since 05.2020	3. decline in a row
Headline Index								
- Current situation	8.0	-4.8	-1.5	-1.8	-1.3	-8.8	Lowest since 09.2020	
- Expectations	-6.8	-14.3	-3.8	-9.3	-11.5	-17.3	Lowest since 01.2009	3. decline in a row
Eastern Europe	Apr. 22	May. 22	Jun. 22	Jul. 22	Aug. 22	Sep. 22		
Overall index	-36.0	-38.6	-31.1	-35.6	-34.4	-38.1		
Headline Index								
- Current situation	-37.3	-38.8	-33.5	-37.8	-36.5	-40.8	Lowest since 08.2020	
- Expectations	-34.8	-38.5	-28.8	-33.5	-32.3	-35.5		
Latin America	Apr. 22	May. 22	Jun. 22	Jul. 22	Aug. 22	Sep. 22		
Overall index	-9.8	-15.8	-14.4	-20.5	-21.0	-25.9	Lowest since 10.2020	3. decline in a row
Headline Index								
- Current situation	-8.0	-12.3	-13.5	-19.8	-19.8	-25.8	Lowest since 05.2021	
- Expectations	-11.5	-19.3	-15.3	-21.3	-22.3	-26.0	Lowest since 12.2008	3. decline in a row
Switzerland	Apr. 22	May. 22	Jun. 22	Jul. 22	Aug. 22	Sep. 22		
Overall index	12.4	2.2	-0.4	-10.5	-8.3	-13.9	Lowest since 06.2020	
Headline Index								
- Current situation	32.5	21.5	14.0	6.8	15.0	8.3		
- Expectations	-6.0	-15.5	-13.8	-26.3	-29.0	-33.8	Lowest since 08.2011	3. decline in a row
Austria	Apr. 22	May. 22	Jun. 22	Jul. 22	Aug. 22	Sep. 22		
Overall index	-11.5	-15.0	-0.5	-16.3	-7.2	-15.6		
Headline Index								
- Current situation	4.8	12.5	16.3	4.3	8.3	4.3	Lowest since 04.2021	
- Expectations	-26.5	-39.0	-16.0	-34.8	-21.5	-33.5		



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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