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sentix economic index: glimmers of hope

- 2012 began well, at least there were a few glimmers of hope: the sentix total index for Euroland improves by 2.9 index points to -21.1 points and rises back to the level of November 2011.
- The positive aspect of this is that the development is carried by economic expectations. These improve by 7 full index points to -23.50.
- The US economy continues to rise in investor graces and continues along the path of recovery of the past months in a dynamic way. The total index rises by 12 points to +5.6 and is positive for the first time since May 2011.

Statistics

Survey period: **05.01.-07.01.2012**

Participants: **884**

sentix indications for upcoming market events

At this point we will publish upcoming important market events and the expectations which can be derived from already published sentix data.

sentix – first mover advantage

12.01.2012 - OECD leading indicator: sideways; due to a significant leading of sentix indications recovery should be visible in 02 til 03/2012

17.01.2012 - ZEW-index - positive surprise probable: expectational components should improve significantly

22.-25.01.2012 - China PMI - PMI might jump again over 50

25.01.2012 - ifo index - current situation still in downtrend, expectations continue to rise: consequently a rising ifo-total index is expected

03.02.2011 - ISM-Manufacturing index - further increase, positive surprise

Table of January results 2012 for Euroland economy

Euro area	Aug 11	Sep 11	Oct 11	Nov 11	Dec 11	Jan 12
Overall Index	-13.5	-15.4	-18.5	-21.2	-24.0	-21.1
Headline Index						
- Current situation	3.5	-3.3	-5.8	-11.8	-17.3	-18.8
- Expectations	-29.0	-26.8	-30.5	-30.3	-30.5	-23.5

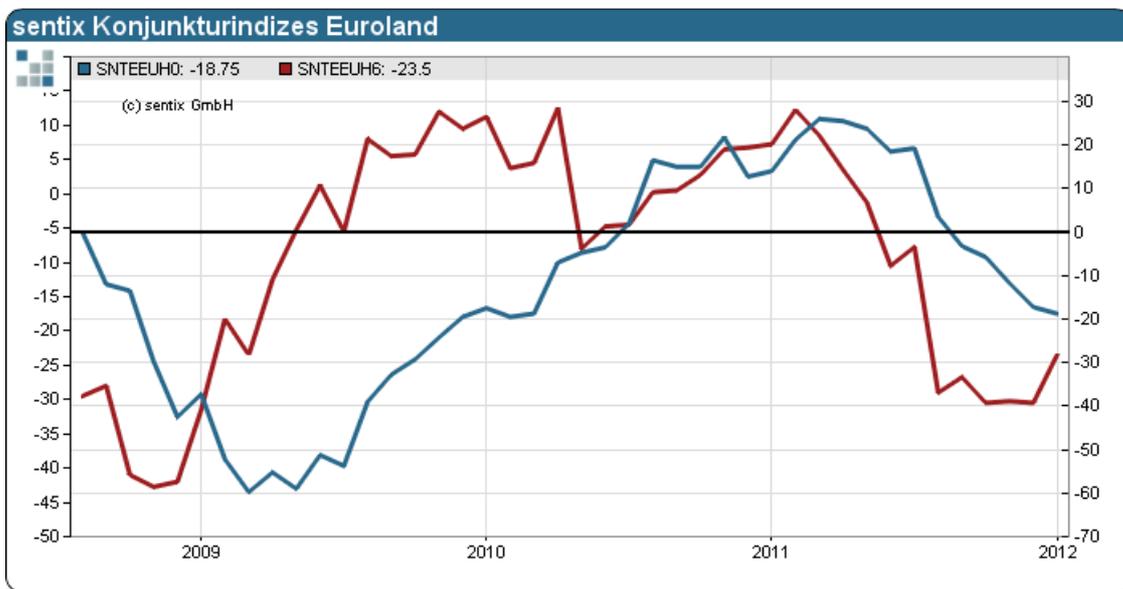


Commentary of survey results January 2012:

Glimmers of hope

After the stabilization attempts of the past two months, all 6 world regions were able to improve, now. It is good to see that, in general, economic expectations improve more clearly. In the USA, the total index finally climbs into positive territory again. The same can be said for the sentix Global Aggregate indices, after 5 months in hiding.

2012 begins with a glimmer of hope. Economic expectations continue to rise. In Euroland, the expectational component improved by 7 points to -23 index points and rises over the value of August 2011. This is necessary, also, to avert a lasting recession in Euroland. The current situation drops again by 1.5 points against the current positive trend to -18.75. In sum this is a plus of 2.9 points for the total index in Euroland, which rises to the value of November 2011.



sentix economic indices: current situation (blue) and expectations (red)

It is conspicuous to see that investment professionals are clearly more negative than private investors. For the institutionals, the economic expectations improve by 5.5 points, for private investors, the rise is clearly better at 8.5 points. It seems that institutionals view the problems in their own field more strongly and also see further economic dynamite in the one or the other current development on the capital market.

Institutional investor						
- Current situation	4.5	-4.5	-6.5	-15.0	-23.0	-25.0
- Expectations	-32.0	-29.0	-34.0	-34.0	-33.0	-27.5
Individual investor						
- Current situation	2.5	-2.0	-5.0	-8.5	-11.5	-12.5
- Expectations	-26.0	-24.5	-27.0	-26.5	-28.0	-19.5



Germany continues to have tail wind

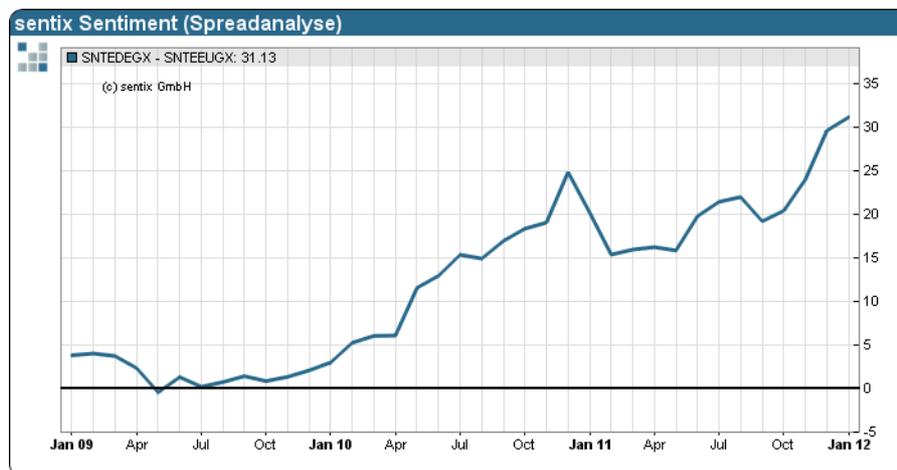
For Germany things continue to go upward. The total index rises by 4.4 index points to a value of 10.0 points. With this, the value of July 2011 has been reached, again. Germany remains the locomotive in Euroland and once more strengthens its “leader function”.



Total index Euroland (red) to total index Germany (blue)

Germany	Aug 11	Sep 11	Oct 11	Nov 11	Dec 11	Jan 12
Overall Index	8.5	3.8	1.9	2.8	5.6	10.0
Headline Index						
- Current situation	48.7	36.7	32.6	34.0	36.3	37.0
- Expectations	-25.1	-24.5	-24.8	-24.3	-21.0	-14.0

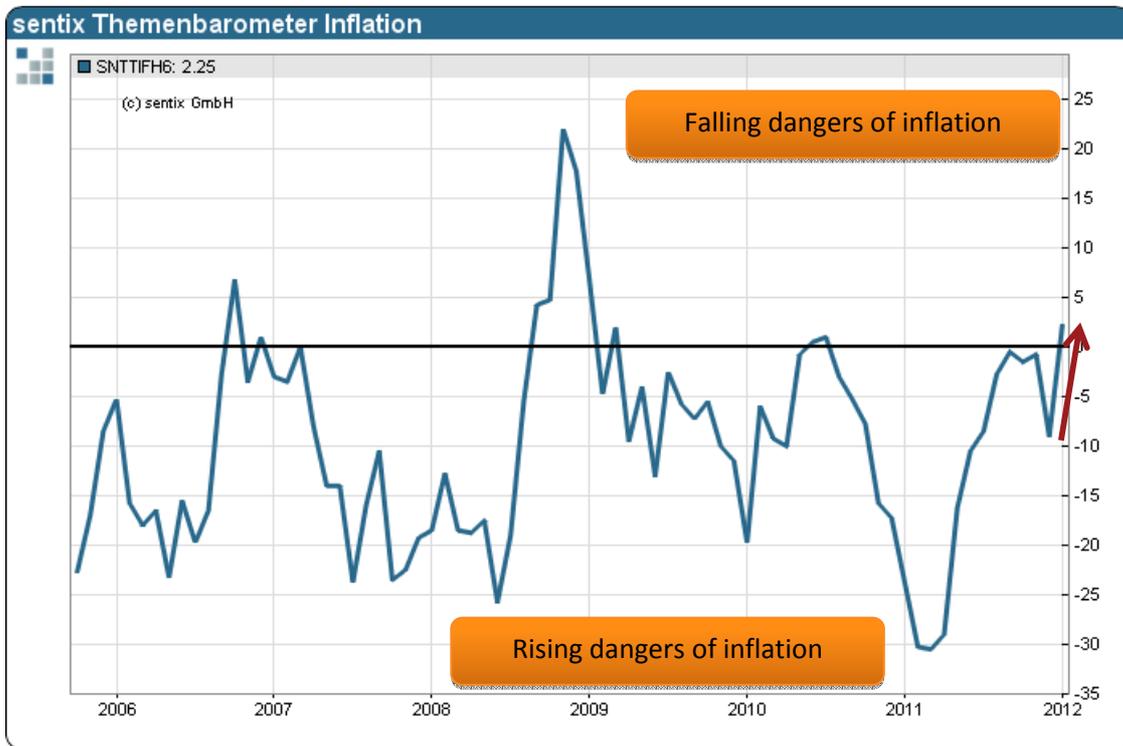
Considering the difference between the economic regions in Euroland to Germany, the difference rises to a new all-time high at 31.1 points. The gap between the individual nations increases further!





Inflation not a topic

It is positive to see that, at the same time, investors have less fear of the dangers of inflation. The topic barometer “inflation” has excellent prediction skills for the real price development in Euroland. Central banks should also have an easier time to continue to work expansively.



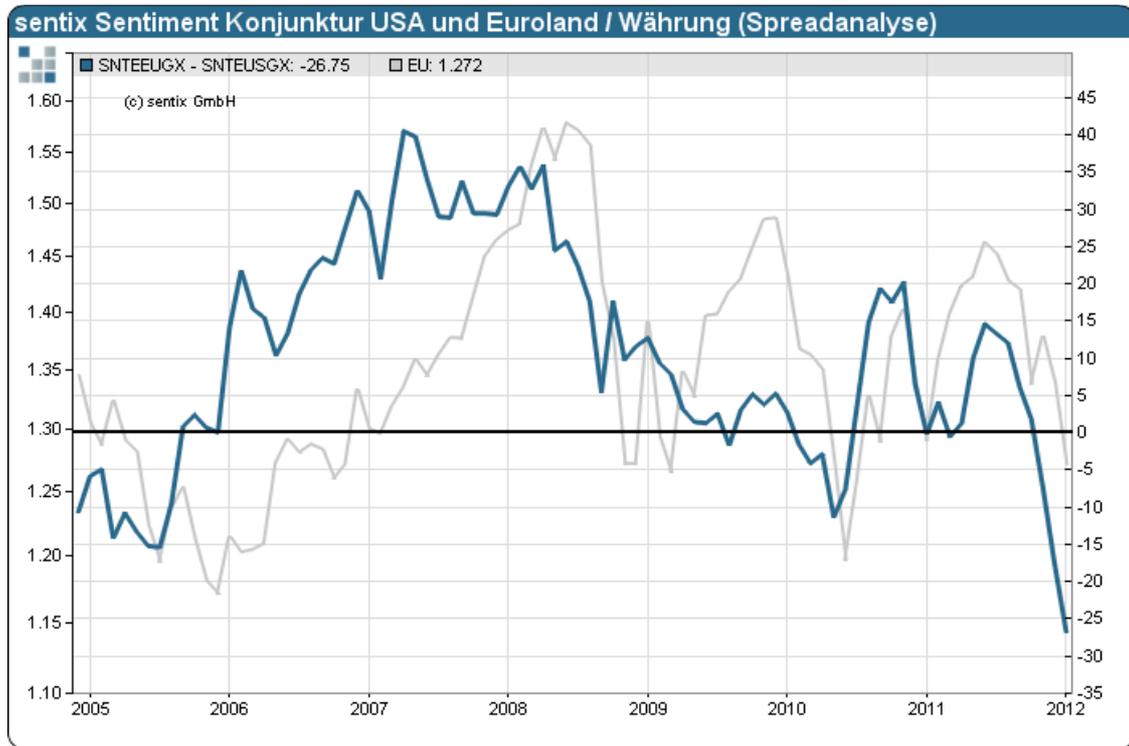
sentix topic barometer Inflation

USA is the high flyer of the past months

It is especially positive to see the tendency of the US economy. The US total index rises by 12 index points to +5.6 points and hits a value that was last surpassed in April 2011. Since the low in August at -25.5 points, the sentix total index for the USA has risen by 31.1 points! Both sub-components are developing well, with a plus of 12.3 points (current situation) and 11.8 points (expectations).

USA	Aug 11	Sep 11	Oct 11	Nov 11	Dec 11	Jan 12
Overall Index	-25.5	-21.5	-20.4	-13.9	-6.4	5.6
Headline Index						
- Current situation	-22.5	-22.8	-21.0	-13.5	-3.8	8.5
- Expectations	-28.5	-20.3	-19.8	-14.3	-9.0	2.8

This development - clearly different to the development in Euroland - can also be explained well in the latest weakness in the EUR-USD exchange rate (or: Dollar strength). If one calculates the difference between the two economic regions, telling conclusions can be drawn for the development of EUR/USD. This continues to be a burden for the Euro.



Spread analysis sentix economic total index Euroland to USA (blue) and EUR/USD (grey)

sentix Global Aggregate with turnaround

As the individual world regions are showing glimmers of hope, the sentix Global Aggregate Index profits accordingly. It is able to add 9.1 points and closes at +1.8 points – for the first time since July 2011, in the positive zone. The same can be said for Japan, Asia and Latin America. The only exception is the Eastern European region. Here, investors remain weary. The quarrels between Hungary and the IWF as well as the political situation in Russia leave their mark.

Global aggregate	Aug 11	Sep 11	Oct 11	Nov 11	Dec 11	Jan 12
Overall Index	-5.0	-4.4	-6.7	-3.7	-7.3	1.8
Headline Index						
- Current situation	9.8	6.3	4.6	7.3	-1.8	9.2
- Expectations	-18.8	-14.6	-17.4	-14.1	-12.6	-5.3

Due to sentix' head start, the positive presetting for the world economy will only be measurable in the OECD leading Indicator in the February-March data.



Data availability

Bloomberg

FACTSET



sentix 
expertise in behavioral finance



About sentix

On a weekly basis, more than 3.200 registered investors (of which more than 700 are institutionals) supply us with their market assessment. Out of this data, sentix calculates sentiment indexes, which mirror the sentiment of equity markets (DAX, EuroSTOXX 50, Nikkei 225, S&P 500), bond markets (Bund-Future, US-Treasury-Future) and currencies (EUR/USD, USD/YEN). These sentiment indexes are setting the standard, held in high regard by many renowned financial players and are used by investment professionals in their analyses and investment processes. A history of more than seven years and the simple access to data via reputable data providers as well as a website document the outstanding position of sentix as the leading independent sentiment data base.

Background and methodology

See <http://konjunktur.sentix.de>



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