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sentix economic index: the Euroland virus has begun to infect the globe

- The total index for Euroland has dropped for the fourth time in a row and falls by 0.7 points to an index level of -29.6 points. This level was last undercut in July 2009.
- Situational values have kept their negative level of the previous month at -35 points while 6-month expectations have dropped by 1.5 points and have reached a new annual low at -24.0 points.
- The Euroland virus has jumped ship: the weakness in Euroland has begun to infect other world regions. The drop is especially strong for the US economy, where the total index drops from -0.1 to -6.1. But the loser of the month is Germany with an index drop of 6.9 points.

Statistics

Survey time: **05.07.-07.07.2012**

survey participants: **865**

sentix indications for upcoming market events

Here, you can find valuable information on important upcoming market events and the expectations that can be derived from already published sentix data on these issues.

17.07.2012 - ZEW-index - decline for Euroland is moderate, but German economy is more and more under pressure

25.07.2012 - ifo-index - weak economic data "ante portas"

24.07.2012 - Euroland PMIs - enduring weakness

19.07.2012 - Phili-Fed-index - bitter disappointment is pre-programmed

Table of Results July 2012 for the Euroland economy

Euro area	Feb 12	Mar 12	Apr 12	May 12	Jun 12	Jul 12
Overall Index	-11.1	-8.2	-14.7	-24.5	-28.9	-29.6
Headline Index						
- Current situation	-15.8	-14.0	-20.0	-31.5	-35.0	-35.0
- Expectations	-6.3	-2.3	-9.3	-17.3	-22.5	-24.0



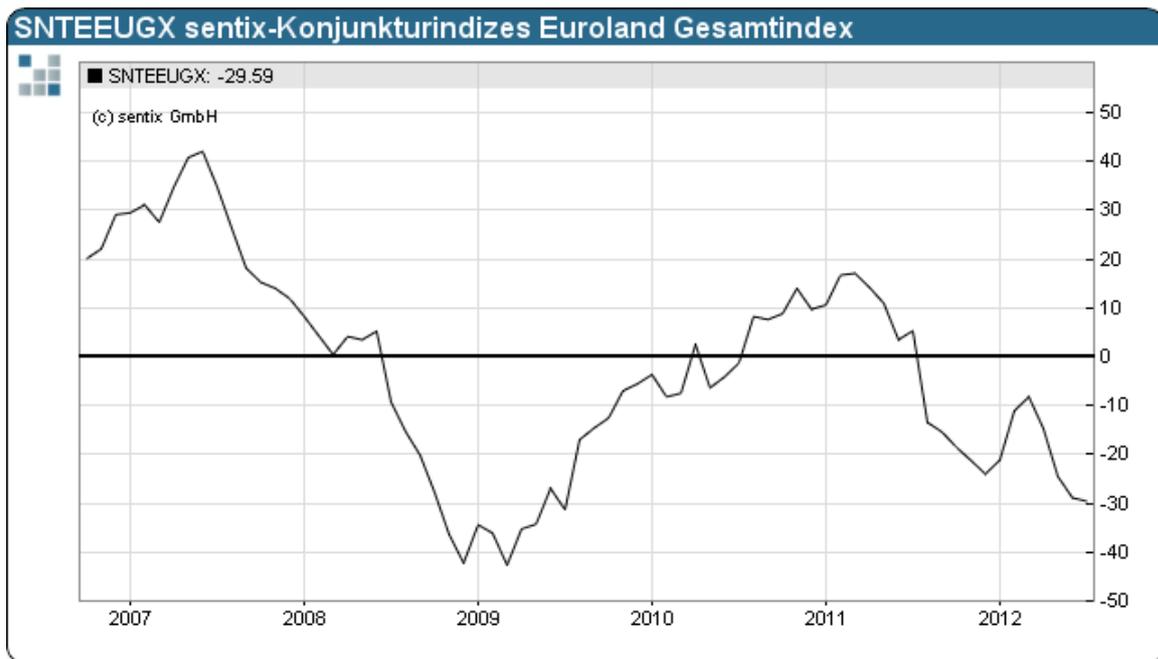
Commentary to the survey results of July 2012

The Euroland-Virus has infected the globe

The development we could already foresee in the sentix data of April / May has now come to fruition. The economic weakness in Euroland is infecting the globe. All total indices for the 6 most important world regions have dropped, especially the US economy. Germany suffers the most.

Since April the sentix economic index has been presenting us with disappointing numbers. In July, the total index for Euroland drops again and hits a level at -29.6 points that was last undercut in July 2009. The economic expectations even hit an annual low at -24.0 points, while economic situation confirms its negative level of the previous month at -35.0 points.

In the past months, investors have recognized that the crisis with its symptoms cannot simply be 'liquidated away' and that the rest of the world is not immune to the problems of the southern Europeans. The political decisions made on the EU level make no difference to this extent. Even the measures decided upon by a number of central banks a few days ago are seen as sign of weakness. That which showed itself over the past weeks in the sentix data can consequently be seen in the economic situation: trust in the union currency is eroding and the equity markets are suffering more and more from a loss of faith. Politicians, central banks and the economy are in a predicament.



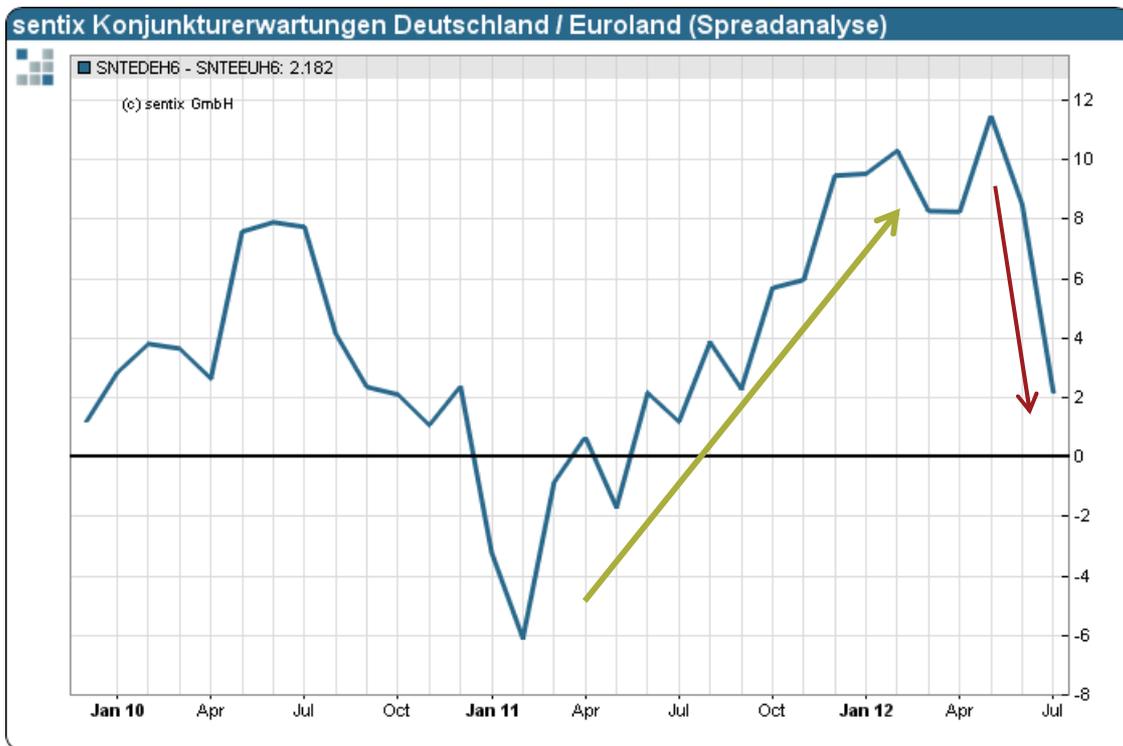
sentix economic index Euroland (total index)

The fourth drop in a row in the Euroland index has not remained the only consequence for the global economy. For a long time, investors had hoped that above and beyond all, the strong German economy would be able to disconnect. But a good dose of realism has set in, here. The total index for Germany has lost 6.9 points. Especially the economic expectations have slumped. A minus of 7.8 points shows that Europe's economic locomotive is in for a rather more dynamic cooling off than the current consensus wants to admit.



Germany	Feb 12	Mar 12	Apr 12	May 12	Jun 12	Jul 12
Overall Index	22.0	23.0	19.1	16.0	9.1	2.2
Headline Index						
- Current situation	41.4	41.4	41.3	40.3	35.0	29.4
- Expectations	4.1	6.0	-1.0	-5.8	-14.0	-21.8

The spread analysis of Germany to Euroland shows how clear the weakness has become. Especially in the past year, the expectation indices have clearly moved apart, "Made in Germany" was king and in many believed that a crisis in Germany was difficult to imagine. But the head start of over 11 points has now melted to 2.2 points. Germany is, in fact, not an island!



Spread of sentix economic expectations Germany to Euroland

The virus has jumped ship. Politicians have tried to stop this from happening for a long time, but are now confronted with the question of what else one can possibly do against the current situation. But the high flyer USA has now been hit harder. The total index for the USA has clearly dropped by 6.0 points, driven by even weaker values for economic expectation. With -12.75 points, the sub-index hits the level of November 2011 and wipes away the entire economic recovery as if the last half year had never taken place.



USA	Feb 12	Mar 12	Apr 12	May 12	Jun 12	Jul 12
Overall Index	11.1	13.7	11.8	7.7	-0.1	-6.1
Headline Index						
- Current situation	12.0	17.8	17.8	14.0	6.3	0.8
- Expectations	10.3	9.8	6.0	1.5	-6.3	-12.8

The importance of this indication and how well sentix data could also help for the prognosis of the US economy can be seen in the following comparison with the Phila-Fed Index. Knowing that sentix starts off the data hand-out of the leading indicators every month, the simultaneous turnaround points in the monthly chart become even more impressive. The prognosis for July is set, unfortunately downward.



sentix economic expectations USA and Philadelphia FED Index

If the Emerging Markets suffer and Japan is not able to get back on its feet, then a drop in the sentix Global Aggregate is already almost pre-programmed. The total index drops here to -4.9 and reminds us of summer 2011, when a 'sudden' global economic weakness was also on the horizon. To build on an exceptional strength of China seems courageous in this context (see results of the sentix economic index Asia ex Japan).

Global aggregate	Feb 12	Mar 12	Apr 12	May 12	Jun 12	Jul 12
Overall Index	10.3	13.8	9.2	5.7	-1.6	-4.9
Headline Index						
- Current situation	13.3	17.8	14.7	11.7	4.6	2.0
- Expectations	7.4	9.9	3.8	-0.2	-7.7	-11.6



Further data and charts:

Japan	Feb 12	Mar 12	Apr 12	May 12	Jun 12	Jul 12
Overall Index	-4.4	1.7	0.6	-1.8	-6.3	-10.8
Headline Index						
- Current situation	-11.0	-4.5	-0.8	-2.8	-6.0	-8.8
- Expectations	2.5	8.0	2.0	-0.8	-6.5	-12.8

Latin America	Feb 12	Mar 12	Apr 12	May 12	Jun 12	Jul 12
Overall Index	20.6	23.8	18.2	13.7	5.3	4.6
Headline Index						
- Current situation	29.0	33.3	28.3	25.8	15.0	16.3
- Expectations	12.5	14.8	8.5	2.3	-4.0	-6.5

Asia ex Japan	Feb 12	Mar 12	Apr 12	May 12	Jun 12	Jul 12
Overall Index	25.7	28.8	21.8	22.4	12.7	9.8
Headline Index						
- Current situation	37.5	41.0	34.8	36.8	27.3	24.5
- Expectations	14.5	17.3	9.5	9.0	-1.0	-4.0

Eastern Europe	Feb 12	Mar 12	Apr 12	May 12	Jun 12	Jul 12
Overall Index	1.6	8.2	5.2	1.3	-3.8	-6.6
Headline Index						
- Current situation	1.3	9.5	9.0	6.3	1.8	0.3
- Expectations	2.0	7.0	1.5	-3.5	-9.3	-13.3



Data availability

Bloomberg

FACTSET



Macrobond



sentix 
expertise in behavioral finance

About sentix

On a weekly basis, more than 3.700 registered investors (of which more than 780 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 eleven 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, methodology and more

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



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