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sentix economic index: Confidence rises again

- The composite index for Euroland rises from -22.2 to -18.8 points in November. This is the third rise in a row. Both the economic situation and the expectations for the next six months are assessed more positively by the 887 surveyed investors.
- Economic expectations see an especially strong increase with institutional investors. This can be seen in Euroland, for instance, where this sub-index has managed to slip into the positive zone and has reached a level last seen in April 2011.
- However, the institutionals' view has brightened even more in the US and in Asia ex Japan: here, expectations climb to the highest values since March 2011 and April 2010 (!) respectively.
- For Germany, too, the composite index and the sub-indices rise. With this, also the indicators for the global aggregate improve. They are now clearly in the positive.

Statistics

Survey time: **01.11.-03.11.2012**

survey participants: **887**

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.

13.11.2012 - ZEW economic expectations - third increase in a row, but for Germany still in negative zone

22.11.2012 - Euro zone Flash PMI: after rugged bottom building now rising

23.11.2012 - ifo index: expectations lately only retarded by retail industry, now up

03.12.2012 - ISM index (USA) - first signs of recreation after election; China PMI - further increase ahead

Table of the November 2012 results for the euro zone economy

Euro area	Jun 12	Jul 12	Aug 12	Sep 12	Oct 12	Nov 12
Overall Index	-28.9	-29.6	-30.3	-23.2	-22.2	-18.8
Headline Index						
- Current situation	-35.0	-35.0	-37.0	-34.8	-34.5	-31.3
- Expectations	-22.5	-24.0	-23.3	-10.8	-9.0	-5.5

Annotations: An orange arrow labeled '3x' spans from Sep 12 to Nov 12 for the Overall Index. Another orange arrow labeled '4x' spans from Jul 12 to Nov 12 for the Expectations row.

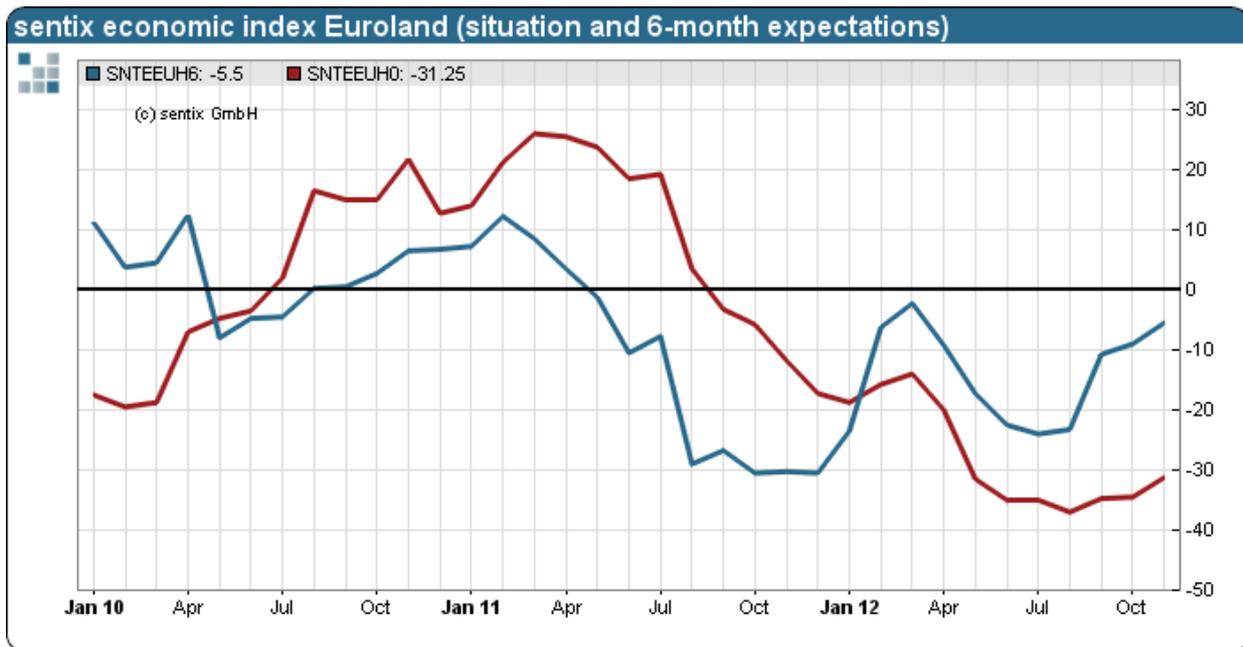


Commentary of survey results for November 2012

Confidence rises again

The composite index for the euro zone rises in November for the third time in a row. This time, both the economic situation and the expectations index contribute to this development. The indices for the US and Asia ex Japan are able to gain even more than the one for the euro area. Once more, the view of the institutionals brightens more than that of private investors.

The **composite index for the eurzo zone** rises in November from -22.2 to -18.8 points. This is its third rise in a row. Both the situation and the expectations for the next six months are seen more positively by the 887 surveyed investors. The past weeks were – contrary to those in September – rather quiet. But especially the lack of negative reports around the crisis of the euro zone may have made investors more confident – more confident also towards the impact of the measures to save the Euro drawn up by ECB President Draghi this summer. Additionally, the two largest economies in the world give us some hope these days: in the USA, the presidential elections are nigh, after which the country's debt issues can be tackled. For the Chinese economy, expectations towards the new political elite are on the rise as well. Also, the latest Chinese economic measures are showing their first positive effects.



sentix economic index Euroland: **situation** (red) and **expectations** (blue)

Noteworthy is the rise in the **institutionals' economic expectations** in the detailed data for the **euro zone**: for the moment, this is solid at four points – more interesting, though, is its current level. For the first time since April 2011, we find the index **back in the positive zone** at +2.0 points. This means: there are now more institutional investors who reckon with a more positive economy in six months than there are institutional investors who see a weaker economic situation in six months time.



German – 'export world champion' profits from general relaxation

The sentix economic indices for **Germany** move, similarly to Euroland, upward. The difference: the situation for Germany is assessed much more favourably than that for the euro area. While the euro zone value, despite a rise of around 3 points, is still at -31.3 points in November, the situational assessment of Germany – with an almost identical increase this month – is strongly positive at +26.2!

These numbers underline the typical picture of this crisis: the German economy is doing well, in general, despite the weakness of many euro countries and the western world in general. In the meantime, it stands – also thanks to ultra-low crisis-interest-rates – on two pillars: the **domestic economy** now accompanies the old evergreen **export**. While the former supported the German economy in the past quarters, it is now once more the exports that give us hope. After all, when the economies in Asia and the US start moving again, German companies profit strongly, too. On top of this, Germany profits from the abatement of the problems in the euro area.

What does the development of the indices for Germany mean for the **other German sentiment indicators**? The **ZEW-economic expectations** should continue move upward again. They are still in a clearly negative zone, and should not yet manage to breach the zero line in November – not only because the sentix economic expectations of the institutionals remains in negative territory, but also because their weak development in October should advise caution. Last month, we could see a stabilisation in the **ifo business expectations**. There, it was solely the retail industry that inhibited a general improvement of the expectations index. Now, in November, the way should finally be clear for a rise in the ifo business expectations.

Germany	Jun 12	Jul 12	Aug 12	Sep 12	Oct 12	Nov 12
Overall Index	9.1	2.2	1.3	4.4	6.4	9.4
Headline Index						
- Current situation	35.0	29.4	25.2	22.4	23.2	26.2
- Expectations	-14.0	-21.8	-20.0	-12.2	-9.2	-6.1
Institutional investor						
- Current situation	35.2	33.8	26.8	23.6	26.1	29.1
- Expectations	-15.1	-24.4	-21.5	-8.3	-9.6	-4.4
Individual investor						
- Current situation	34.8	25.0	23.7	21.2	20.4	23.4
- Expectations	-12.9	-19.2	-18.5	-16.0	-8.8	-7.8

+20
+11,4



Asia ex Japan – China continues to power forward

The **looker of the month** comes from the data set for **Asia ex Japan**. Here, the index for economic expectations is up by 9.5 points and, with that, more strongly than for any other country or region that sentix surveys. Rather exceptional is the **rise in the institutionals' expectations sub-index to a level last surpassed in April 2010 (!)**. Here, the latest economic measures taken by China convince investors. Also, our surveyed investors seem to connect the new political leadership in China to economic promise – it is interesting to see how it is Asia ex Japan, respectively China, that is setting the pace for the global economy at this stage.

Asia ex Japan	Jun 12	Jul 12	Aug 12	Sep 12	Oct 12	Nov 12
Overall Index	12.7	9.8	10.8	12.1	13.2	21.9
Headline Index						
- Current situation	27.3	24.5	25.0	20.5	19.5	27.5
- Expectations	-1.0	-4.0	-2.5	4.0	7.0	16.5



sentix economic index: institutionals' expectations for **Asia ex Japan (red)** and **Euroland (blue)**



USA – issues already cracked shortly before the elections

In October, the sentix economic indices for the USA were stuck. In November we see a clearance. Expectations rise especially strongly. But the situation is also assessed more positively than last month. A reason for this should also be the current stability of the US labour market. The reason for the rise in expectations should probably lie in the hope that after the presidential elections on Tuesday, the pressing US problems can be tackled – and that the paralysis and uncertainty ahead of the election will finally come to an end. Noteworthy in the US numbers: the sub-indices and, subsequently, the total index turn into the positive – the optimists for the US economy dominate again!

USA	Jun 12	Jul 12	Aug 12	Sep 12	Oct 12	Nov 12
Overall Index	-0.1	-6.1	-8.3	-1.3	-1.5	5.0
Headline Index					-	+
- Current situation	6.3	0.8	-4.0	-0.5	-1.8	3.0
- Expectations	-6.3	-12.8	-12.5	-2.0	-1.3	7.0

Globally – everything is back in the green zone

If the indicators are pointing upward everywhere, the indices for the **global aggregate** obviously also develop positively. Of special interest in the November data is on the one hand that both the economic situation and the expectations show clear improvement. On the other hand, now all three indices have turned into the positive zone – like for the USA. The assessment of the global economy is ruled by optimists, too!

Global aggregate	Jun 12	Jul 12	Aug 12	Sep 12	Oct 12	Nov 12
Overall Index	-1.6	-4.9	-5.6	-1.4	-0.6	6.2
Headline Index					-	+
- Current situation	4.6	2.0	-0.1	-0.8	-1.2	5.4
- Expectations	-7.7	-11.6	-11.0	-2.0	0.0	7.0



Further data and charts

Japan	Jun 12	Jul 12	Aug 12	Sep 12	Oct 12	Nov 12
Overall Index	-6.3	-10.8	-13.8	-14.9	-13.5	-11.7
Headline Index						
- Current situation	-6.0	-8.8	-12.5	-20.0	-20.3	-20.3
- Expectations	-6.5	-12.8	-15.0	-9.8	-6.5	-2.8

Eastern Europe	Jun 12	Jul 12	Aug 12	Sep 12	Oct 12	Nov 12
Overall Index	-3.8	-6.6	-7.1	-2.6	-0.5	5.3
Headline Index						
- Current situation	1.8	0.3	-1.0	-2.0	-0.5	5.3
- Expectations	-9.3	-13.3	-13.0	-3.3	-0.5	5.3

Latin America	Jun 12	Jul 12	Aug 12	Sep 12	Oct 12	Nov 12
Overall Index	5.3	4.6	4.3	8.4	9.7	14.7
Headline Index						
- Current situation	15.0	16.3	13.8	13.3	14.3	18.5
- Expectations	-4.0	-6.5	-4.8	3.8	5.3	11.0



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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