



Free for active sentix survey participants / standard conditions at www.sentix.de



Dr. Sebastian Wanke

Senior Analyst

sebastian.wanke@sentix.de



sentix GmbH

Feldbergstraße 2, 65550 Limburg / Lahn
Tel. +49 (6021) 418 180, info@sentix.de

sentix investor confidence: First mover up again

- The **composite index for the eurozone** moves up again in December and now stands at -16.8 points after -18.8 last month. It is its fourth increase in a row. The 909 surveyed investors display almost no change in their assessment of the current situation while their 6-months-expectations improve further. With the year ending, the expectations index has reached a high in 2012.
- Even more pronounced is the increase of the **6-months-expectations for Germany**. This sub-index returns into positive territory. And again, it is mainly institutional investors who drive this development – while private investors remain more cautious.
- The strongest improvement in expectations indices comes from **Japan**. That means that, all in all, also the indicators for the **global aggregate** go up, led – once more – by brighter expectations.

Statistics

Poll running: **06.12.-08.12.2012**

Survey participants: **909**

(of which institutional investors: **232**)

sentix indications for upcoming market events

Please find in this section valuable information on important upcoming market events and the expectations that can be derived from sentix data.

sentix – first mover advantage!

11.12.2012 - ZEW economic expectations:

after the fall in November, now a strong increase close to positive territory

14.12.2012 - Flash PMIs for China, the eurozone, and the US :

trending upwards

19.12.2012 - ifo business climate:

further improvements in business expectations

Table of the **December 2012** results for the euro zone economy

| Euro area | Jul 12 | Aug 12 | Sep 12 | Oct 12 | Nov 12 | Dec 12 |
|---------------------|--------|--------|--------|-----------|--------|--------|
| Overall Index | -29.6 | -30.3 | -23.2 | -22.2 | -18.8 | -16.8 |
| Headline Index | | | | 4x | | |
| - Current situation | -35.0 | -37.0 | -34.8 | -34.5 | -31.3 | -31.0 |
| - Expectations | -24.0 | -23.3 | -10.8 | -9.0 | -5.5 | -1.5 |

5x



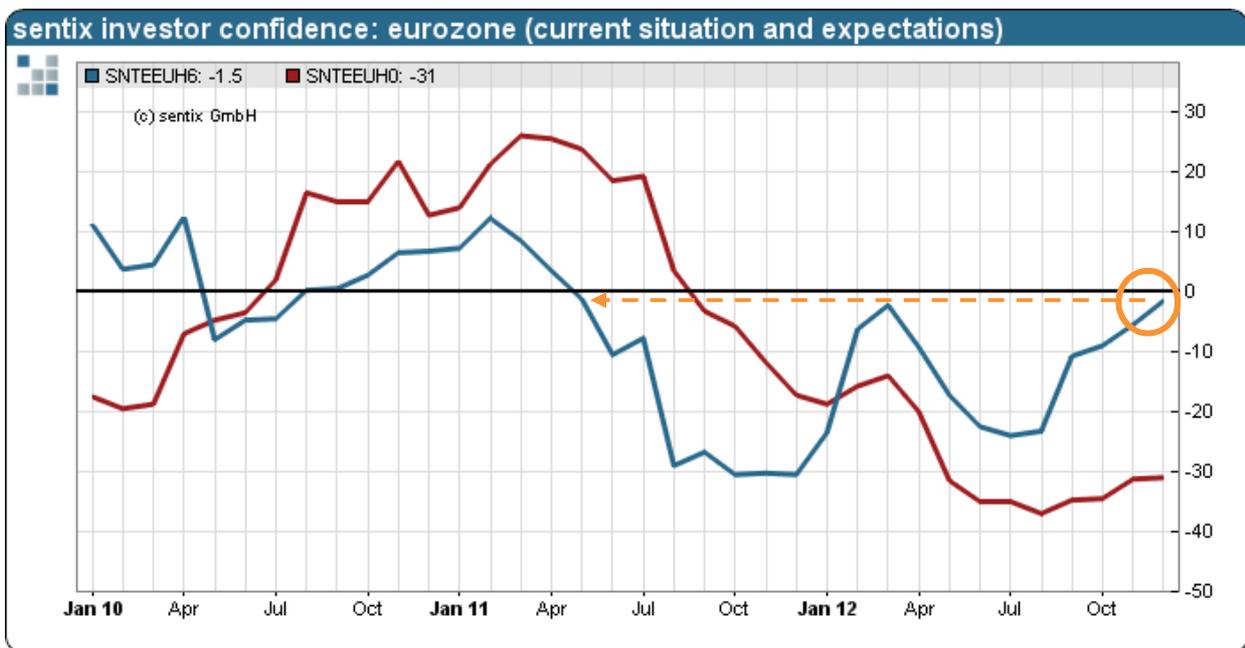
Commentary on the survey results for December 2012

First mover up again

The composite index for the eurozone goes up to -16.8 points from -18.8 last month. This is its fourth increase in a row. The 909 surveyed investors display almost no change in their assessment of the current situation while their 6-months-expectations improve further. With the year ending, the expectations index has reached its highest reading in 2012. Outstanding increases in the economic expectations sub-indices are registered for Germany and for Japan. It is, once more, mainly institutional investors who are behind these developments.

The increase of the composite index for the eurozone by exactly two points to -16.8 is again chiefly due to an improvement in its expectations component. This index climbs to its highest reading since May 2011. In figures: The expectations index rises by four points to now -1.5, and has almost reached positive territory. That means that there are now almost as many optimists for the future developments in the eurozone economy as there are pessimists. But: The usually faster moving institutional investors' expectations index has already become positive last month and has gone up again, this time by four points to +6.0.

As in the past months, the main reason behind the improvements in expectations should have been the measures adopted by the European Central Bank during summer. However, that the clear commitment to an "irreversible" euro has fundamentally changed the game is still not in all investors heads. Especially private investors do not seem to be entirely convinced yet. But over the last weeks signs that the economy has turned round have become more numerous, and some of the prevailing doubts could be cast aside. Following the indications of our sentix data, the Purchasing Manager Indices for manufacturing have gone up in November on a global level, and for Germany its most important early indicator, the ifo business climate, has brightened, too. That these developments took place is all the more noteworthy as we have still not passed the US fiscal cliff.



sentix-investor confidence: eurozone (current situation, red, and expectations, blue)



Germany – Expectations back in positive territory

Funny Germans: While investors see the economic situation in the eurozone more or less unchanged in December, they judge the current state of the German economy as being worse off than last month. The corresponding index falls by two points to 24.2. The “Ger-Mania” we could observe over the last quarters is still reflected in these figures. And while here a certain normalisation process now works its way through the investors’ assessments, economic expectations are clearly on the rise again. In December they are back in positive territory for the first time since March. That means that there are again more optimists than pessimists. And still it is the institutional investors who lead this development. Private investors are a little more cautious. But: They follow suit!

This month’s increase of sentix economic expectations of institutional investors amounts to very strong 12.8 points (since July: +32,8 points, see table below). Consequently, the closely correlated **ZEW economic expectations** index should go up strongly, too. Bearing in mind that the ZEW index lags the corresponding sentix index for Germany by more than one month (see our paper “sentix-Konjunkturerwartungen: More than a first mover”), we think the following is plausible: On Tuesday, when the December ZEW is due, the indicator should make up for lost ground after its fall last month and on top of that rise close to positive numbers. This would be a clear positive surprise as the current Bloomberg consensus estimate stands at only -11.5 points (after -15.7 points in November). Another strong increase should then follow in January – at least this is what our current data tells us. Unfortunately, the first ZEW figures for the coming year will not be published until January 22nd.

Concerning the ifo business climate it is the private investors’ expectations for Germany which give the best future indication, namely for the – from a financial markets player’s point of view – more important **ifo business expectations**. As the sentix expectations of private investors have continuously gone up over the past months, including this December, we think that ifo business expectations will also brighten in the next ifo polls.

| Germany | Jul 12 | Aug 12 | Sep 12 | Oct 12 | Nov 12 | Dec 12 |
|-------------------------------|--------|--------|--------|--------|--------|--------|
| Overall Index | 2.2 | 1.3 | 4.4 | 6.4 | 9.4 | 13.0 |
| Headline Index | | | | | | |
| - Current situation | 29.4 | 25.2 | 22.4 | 23.2 | 26.2 | 24.2 |
| - Expectations | -21.8 | -20.0 | -12.2 | -9.2 | -6.1 | 2.4 |
| Institutional investor | | | | | | |
| - Current situation | 33.8 | 26.8 | 23.6 | 26.1 | 29.1 | 24.7 |
| - Expectations | -24.4 | -21.5 | -8.3 | -9.6 | -4.4 | 8.4 |
| Individual investor | | | | | | |
| - Current situation | 25.0 | 23.7 | 21.2 | 20.4 | 23.4 | 23.7 |
| - Expectations | -19.2 | -18.5 | -16.0 | -8.8 | -7.8 | -3.6 |

+32,8

+15,6



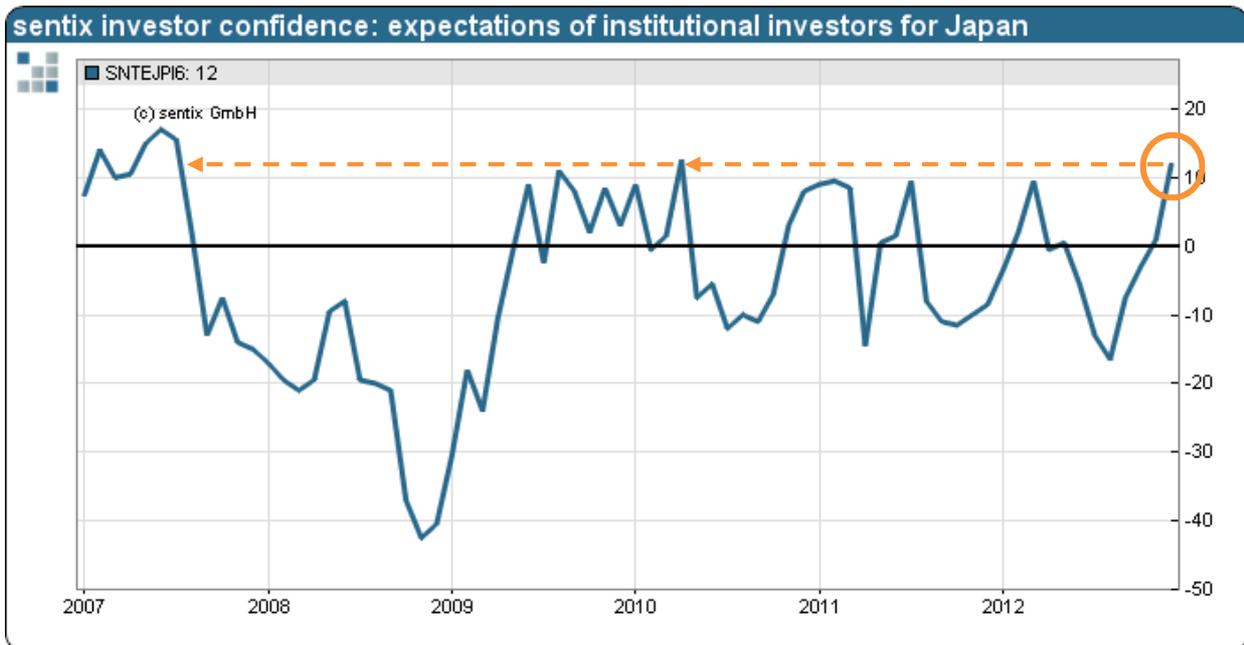
Japan – Perspectives brighten strongly

A closer look this month warrants Japan: Here the expectations index climbs by almost ten points, the strongest December increase of any headline expectations index within the sentix universe. The region closest to Japan, “Asia ex Japan” including heavyweight China, last month was the top performer. This month these positive developments seem to have spread to Japan. In addition, investors probably see the weaker yen as a long-awaited and welcome relief for the Japanese economy.

For Japan the expectations index comes back into positive territory, too, and reaches a level last seen in March. But the institutional investors’ expectations go up much faster. The corresponding index rises to its highest reading since April 2010. And if it were not for this single month, one would have to compare the current value with those from summer 2007 (see below).

| Japan | Jul 12 | Aug 12 | Sep 12 | Oct 12 | Nov 12 | Dec 12 |
|-----------------------|--------|--------|--------|--------|--------|--------|
| Overall Index | -10.8 | -13.8 | -14.9 | -13.5 | -11.7 | -4.3 |
| Headline Index | | | | | | |
| - Current situation | -8.8 | -12.5 | -20.0 | -20.3 | -20.3 | -15.0 |
| - Expectations | -12.8 | -15.0 | -9.8 | -6.5 | -2.8 | 7.0 |

+9,8



sentix investor confidence: Japan (economic expectations of institutional investors)



USA – Fiscal cliff still hampers a bit

After the strong increase of the sentix composite index for the US last month now follows a moderate movement in December. The assessment of the current situation, probably also due to the good labour market report on Friday, and the expectations index both climb higher as the year's end approaches. One has to keep in mind that we are still not past the US fiscal cliff. If politicians find a compromise here, then the US index would probably move up more strongly in the months ahead.

| USA | Jul 12 | Aug 12 | Sep 12 | Oct 12 | Nov 12 | Dec 12 |
|-----------------------|--------|--------|--------|--------|--------|--------|
| Overall Index | -6.1 | -8.3 | -1.3 | -1.5 | 5.0 | 7.1 |
| Headline Index | | | | | | |
| - Current situation | 0.8 | -4.0 | -0.5 | -1.8 | 3.0 | 5.0 |
| - Expectations | -12.8 | -12.5 | -2.0 | -1.3 | 7.0 | 9.3 |

Global aggregate – Positive news for the world economy

As almost exclusively positive developments were registered in the different countries and regions surveyed by sentix, the global aggregate index also rises – the assessment of the current situation just a little, the expectations index significantly. The composite index has thus reached a level where it last stood in April, expectations have gone up to their highest reading since February 2011. Merry Christmas!

| Global aggregate | Jul 12 | Aug 12 | Sep 12 | Oct 12 | Nov 12 | Dec 12 |
|-----------------------|--------|--------|--------|--------|--------|--------|
| Overall Index | -4.9 | -5.6 | -1.4 | -0.6 | 6.2 | 8.5 |
| Headline Index | | | | | | |
| - Current situation | 2.0 | -0.1 | -0.8 | -1.2 | 5.4 | 5.9 |
| - Expectations | -11.6 | -11.0 | -2.0 | 0.0 | 7.0 | 11.0 |



Further data and charts

| Asia ex Japan | Jul 12 | Aug 12 | Sep 12 | Oct 12 | Nov 12 | Dec 12 |
|-----------------------|--------|--------|--------|--------|--------|--------|
| Overall Index | 9.8 | 10.8 | 12.1 | 13.2 | 21.9 | 26.3 |
| Headline Index | | | | | | |
| - Current situation | 24.5 | 25.0 | 20.5 | 19.5 | 27.5 | 31.8 |
| - Expectations | -4.0 | -2.5 | 4.0 | 7.0 | 16.5 | 21.0 |

| Eastern Europe | Jul 12 | Aug 12 | Sep 12 | Oct 12 | Nov 12 | Dec 12 |
|-----------------------|--------|--------|--------|--------|--------|--------|
| Overall Index | -6.6 | -7.1 | -2.6 | -0.5 | 5.3 | 6.0 |
| Headline Index | | | | | | |
| - Current situation | 0.3 | -1.0 | -2.0 | -0.5 | 5.3 | 3.5 |
| - Expectations | -13.3 | -13.0 | -3.3 | -0.5 | 5.3 | 8.5 |

| Latin America | Jul 12 | Aug 12 | Sep 12 | Oct 12 | Nov 12 | Dec 12 |
|-----------------------|--------|--------|--------|--------|--------|--------|
| Overall Index | 4.6 | 4.3 | 8.4 | 9.7 | 14.7 | 15.4 |
| Headline Index | | | | | | |
| - Current situation | 16.3 | 13.8 | 13.3 | 14.3 | 18.5 | 17.0 |
| - Expectations | -6.5 | -4.8 | 3.8 | 5.3 | 11.0 | 13.8 |



Data availability

Bloomberg

FACTSET



Macrobond



sentix 
expertise in behavioral finance

About sentix

On a weekly basis, almost 4.000 registered investors (of which about 900 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>



Disclaimer

Important information concerning liability, compliance, protection of investors and copyright

This information is meant only for distribution in countries in which this is permitted by law.

This analysis is for information purposes only and (i) does not constitute or form part of any offer for sale or subscription of or solicitation of any offer to buy or subscribe for any financial, money market or investment instrument or any security, (ii) is neither intended as such an offer for sale or subscription of or solicitation of an offer to buy or subscribe for any financial, money market or investment instrument or any security nor (iii) as an advertisement thereof. The investment possibilities discussed in this report may not be suitable for certain investors depending on their specific investment objectives and time horizon or in the context of their overall financial situation. The investments discussed may fluctuate in price or value. Investors may get back less than they invested.

Changes in rates of exchange may have an adverse effect on the value of investments. Furthermore, past performance is not necessarily indicative of future results. In particular, the risks associated with an investment in the financial, money market or investment instrument or security under discussion are not explained in their entirety.

We assume no liability for the information contained in this analysis. The analysis is no substitute for personal investment consultation. Even on the basis of the depicted opportunities and risks, investors must individually assess – on the basis of their own personal investment strategies, the financial, legal and fiscal situation - whether an investment in the financial instruments depicted here is sensible for them. As this document is in no way a direct investment recommendation, this document or parts of it should not be used as the basis for any conclusion of contract or for any commitment to obligations of any kind. Investors are asked to contact the investment analysts of their banks for individual investment advice and other individual explanations and advice.

Neither the sentix GmbH nor any of its managing directors, employees or other persons assume liability for losses or damages caused in connection with the use of this document or its contents.

The sentiment analysis is made available via the internet to those sentix participants of which is assumed that they do not base their investment decisions inappropriately on the basis of this analysis.

Statements or conclusions made through data or services do not include warrants or guarantees for future market- or price changes. The opinions and assessments expressed therein can change without prior notice.

The sentix GmbH explicitly points out that both the sentix GmbH, its legal agents as well as their employees (in the following: the Involved) regularly conduct transactions in equity and other financial instruments which the data and services refer to. They do this both in their own names and for their own accounts as well as in the name and accounts of third parties. Should the Involved have been involved in an emission of instruments for the finance markets in the past 12 months, this is separately indicated at the corresponding place.

All rights of use for this analysis, its data and services are property of the sentix GmbH and are copyrighted. The sentix GmbH reserves its right to inflict penalties for the unauthorized usage of data and services, especially unauthorized commercial use. A reproduction or subsequent processing of website elements, analyses, data or services in electronic, written or other form is prohibited without prior consent by the sentix GmbH. Analyses that are only available in the secure customer area may not be quoted, neither in full, nor in part. An exception to this are analyses, data or services which have been posted by the sentix GmbH via the press mailing list or which have been presented in other form for public propagation.

This analysis may not – either in full or in part, regardless of underlying intent – be forwarded, reproduced or published.

„sentix“ is a registered trademark of Manfred Hübner and Patrick Hussy.

DAX, TecDAX, Xetra und Eurex are registered trademarks of the Deutsche Börse AG. Dow Jones EURO STOXX 50 is a registered trademark of the STOXX Limited. Other names of products and companies which may be mentioned on this site could also be protected or be registered trademarks of other companies.

ANALYST DECLARATION

Neither in the past, present or future is the remuneration of the author linked – either directly or indirectly – to his or her recommendations or views expressed in this context.