



# sentix Eco Report Indicators for the Global Economy

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## sentix economic index: Euro area close to growth

- In February, the **composite index for the euro zone** rises from -7.0 to **-3.9 points**. This is its sixth rise in a row.
- Both, the **assessment of the economic situation** and the **6-month-expectations** of the 984 surveyed investors **improve**. For the **expectations index** this is the **highest reading since June 2007** and with that, the highest since the beginning of the financial crisis.
- Also of note is the development of the **composite index for Germany**. This index displays the strongest increase of all composite indices. Motor are once more the **expectations**, which rise to their **highest value since the introduction of this indicator in 2009**. The expectations index of the **global aggregate** has even climbed to a level last seen in August 2004!

### Statistics

Poll running: **31.01.-02.02.2013**

Survey participants: **984**  
(of which institutional investors: **239**)

## 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!

07.02.2013: **ECB-press conference**: slightly more optimistic tone, projections will be revised upwards in March

19.02.2013: **ZEW economic expectations** (Germany): strong rise to over 45 points probable

21.02.2013: **Flash-PMIs**: moderate rise for **China**, for the **euro zone** and the **US** still noticeably upwards

22.02.2013: **ifo business climate**: rise from 104.2 to about 107 points

27.02.2013: **economic sentiment** (euro zone): rise from 89.2 to about 93

## Table of the February 2013 results for the euro zone economy

Euro area	Sep 12	Oct 12	Nov 12	Dec 12	Jan 13	Feb 13
<b>Overall Index</b>	-23.2	-22.2	-18.8	-16.8	-7.0	-3.9
<b>Headline Index</b>	6x					
- Current situation	-34.8	-34.5	-31.3	-31.0	-24.3	-21.8
- Expectations	-10.8	-9.0	-5.5	-1.5	12.0	15.8
	7x					



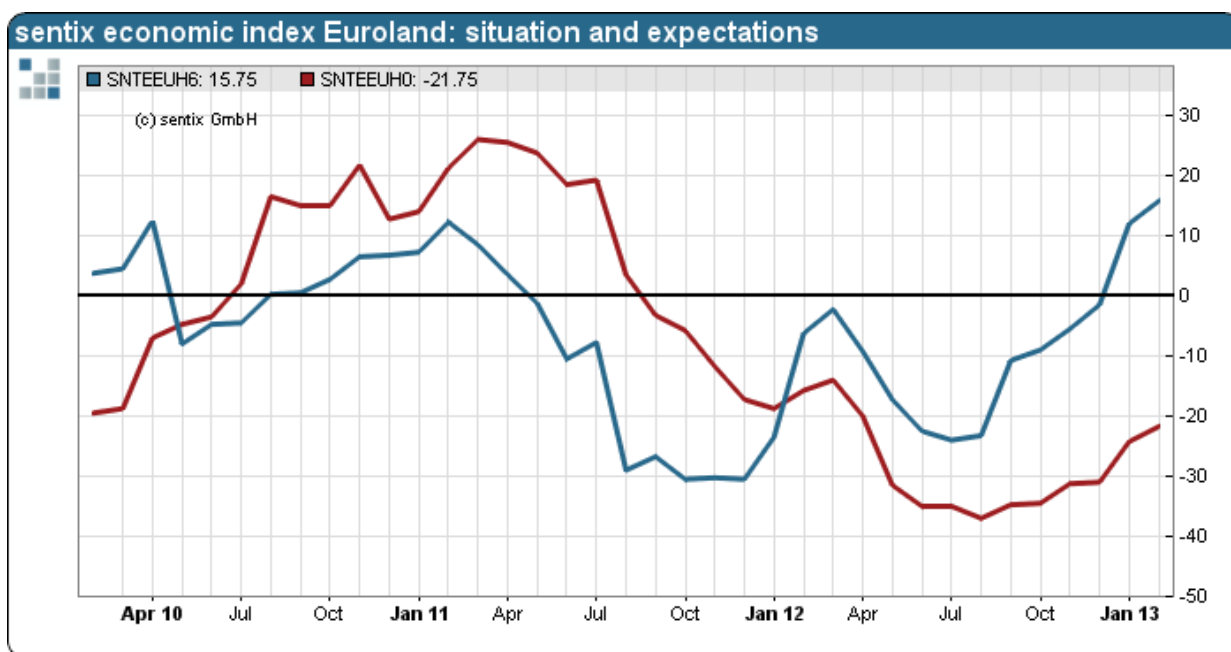
## Commentary on the survey results for February 2013

### Euro area close to growth

The composite index for Euroland rises for the sixth time in a row to -3.9 points in February. Once again, the six month expectations of the 984 surveyed investors gain more ground than the assessment of the economic situation. They reach the highest reading since June 2007, the last month before the beginning of the financial crisis. Overall, we can note: with a composite index close to the zero mark, the euro zone economy is poised to grow again. It is almost without doubt that the composite index for the euro area will reach positive territory soon – the general dynamics are currently just too strong.

The **composite index for the euro area rises** from -7.0 to **-3.9 points** in February. This is its sixth increase in a row. Both, the **assessment of the economic situation** (from -24.3 to -21.8 points) and the **6-month expectations** (from 12.0 to 15.8 points) improve. For the **expectations index**, this is the **highest value since June 2007**, and, with that, since the beginning of the financial crisis.

**The level of the composite index shows that the Euroland economy is poised to grow again.** Usually, a positive composite index signals real gdp growth in year-over-year terms. If one regards the dynamics of the composite index for the euro area and, on top of that, of the composite index for the global aggregate (p. 5), there should hardly be any question as to whether the positive zone will be reached next month. Investors (and companies) have taken a relatively long time to recognize that, since last summer (ECB's and politicians' euro pledge...) a fundamental positive change has come about. This phase of recognition is still in full force. This can be seen, for instance, in the still existing large gap between the expectations of institutional and private investors. But private investors are now following suit. And this should also be mirrored in the companies of the 'real economy' – after all, private investors come from there, and our latest analyses show that their assessments are closer to what is going on in the real economy than those of the institutionals.



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



## Germany – expectations at their highest since start of survey in 2009

For **Germany**, the **composite index** rises in February by 6.6 points to 24.3 points. This is the strongest rise of all composite indices calculated by sentix. Once again, the **expectations** drive the index. They increase by almost nine points to now 18.1 points. This is the highest readings since the beginning of surveys for this indicator in January 2009. But the **assessment of the economic situation** has also noticeably warmed for the first time in a long while. It increases by 4.2 points to 30.7 points. Certainly, what has helped was the latest, very strong statistics from the German labour market. Also, the ifo business climate with its third consecutive rise (signal for a trend reversal!) should have played a role – with this, doubting investors will have been pulled in to the camp of the optimists.

Germany	Sep 12	Oct 12	Nov 12	Dec 12	Jan 13	Feb 13	
<b>Overall Index</b>	4.4	6.4	9.4	13.0	17.7	24.3	Highest reading since July 2011
<b>Headline Index</b>							
- Current situation	22.4	23.2	26.2	24.2	26.5	30.7	
- Expectations	-12.2	-9.2	-6.1	2.4	9.3	18.1	Highest reading since Jan. 2009 (start of survey)
<b>Institutional investor</b>							
- Current situation	23.6	26.1	29.1	24.7	24.3	32.0	
- Expectations	-8.3	-9.6	-4.4	8.4	14.6	22.1	
<b>Individual investor</b>							
- Current situation	21.2	20.4	23.4	23.7	28.6	29.4	
- Expectations	-16.0	-8.8	-7.8	-3.6	4.0	14.1	

### What do the sentix indices for Germany mean for the other German sentiment indicators?

In the recent past, the sentix economic index has delivered brilliant pointers to the development of other leading indicators. As an example we have been, for the past months, keeping an eye on two prominent German economic barometers. The sentix indicators can, however, also be used to e.g. forecast the economic sentiment for the euro zone or the US ISM index. The possibilities are immense. We will demonstrate them bit by bit on our website.

- The **ZEW economic expectations will once again rise strongly**, in February probably from 31.5 to over **45 points**. If one takes into account the sentix economic expectations of institutional investors for Germany, there is even some room to manoeuvre (of up to 60 points). It should be taken into consideration, however, that the ZEW economic expectations are (currently) lagging the sentix index.
- Concerning the **ifo business climate**, the assessment of private (!) investors surveyed by sentix deliver the best performance. As expectations and the assessment of the economic situation of private investors have both continued to rise strongly over the past months, the ifo business climate should in February continue to improve palpably, probably from 104.2 to about 107 points.



### Asia ex Japan – expectations nearing peak

Last month, investor expectations for the region Asia ex Japan with its heavyweight China had already climbed to their **highest value since October 2004**. Now, this index was only able to rise marginally. The ones responsible for the increase are only **private investors**. **Institutional investors** on the other hand correct their expectations slightly downward – while strongly upgrading their assessment of the current situation. All in all, this results in a further rise of the **composite index**. Its improvement by 1.6 to now 34.3 points is no longer very spectacular. Nevertheless, the region is back in 'boom-mode'.

Asia ex Japan	Sep 12	Oct 12	Nov 12	Dec 12	Jan 13	Feb 13
<b>Overall Index</b>	12.1	13.2	21.9	26.3	32.7	34.3
<b>Headline Index</b>						
- Current situation	20.5	19.5	27.5	31.8	37.0	39.8
- Expectations	4.0	7.0	16.5	21.0	28.5	29.0

### Japan –now clearly in the positive

The composite index for Japan continues to show strong dynamics with a plus of 5 points. It is now clearly in the positive zone, which, as a rule, points to positive economic growth. The new government and its targeted financial and monetary policies, the positive developments in China and the heavily weakened Yen have already shown clear effects in the eyes of investors. Also of note: the economic expectations have once more risen strongly and continue to reside at their highest reading since May 2006.

Japan	Sep 12	Oct 12	Nov 12	Dec 12	Jan 13	Feb 13
<b>Overall Index</b>	-14.9	-13.5	-11.7	-4.3	0.5	5.5
<b>Headline Index</b>						
- Current situation	-20.0	-20.3	-20.3	-15.0	-12.8	-8.8
- Expectations	-9.8	-6.5	-2.8	7.0	14.8	20.8



### USA – expectations on a supernatural high

The economic expectations for the US rise again and are currently at their highest level since February 2004! The economic situation is also seen slightly better than in the past month. Consequently, the composite index (just as the average of all other regions) improves.

USA	Sep 12	Oct 12	Nov 12	Dec 12	Jan 13	Feb 13	
<b>Overall Index</b>	-1.3	-1.5	5.0	7.1	10.0	12.7	Highest reading since March 12
<b>Headline Index</b>							
- Current situation	-0.5	-1.8	3.0	5.0	6.3	7.5	
- Expectations	-2.0	-1.3	7.0	9.3	13.8	18.0	Highest reading since Feb. 2004

### Global Aggregate – very strong impression

The improvements in all indices over all countries and regions leave their mark in the global aggregate: The **composite index** here increases by 2.7 to 16.8 points, its highest reading since March 2011. **With this, expectations once again rise slightly more strongly than the assessment of the current situation. They reach a level that was last seen in September 2004!**

Global aggregate	Sep 12	Oct 12	Nov 12	Dec 12	Jan 13	Feb 13	
<b>Overall Index</b>	-1.4	-0.6	6.2	8.5	14.1	16.8	Highest reading since March 11
<b>Headline Index</b>							
- Current situation	-0.8	-1.2	5.4	5.9	9.8	12.2	
- Expectations	-2.0	0.0	7.0	11.0	18.6	21.5	Highest reading since Sep. 2004



### Further data and charts

Eastern Europe	Sep 12	Oct 12	Nov 12	Dec 12	Jan 13	Feb 13
<b>Overall Index</b>	-2.6	-0.5	5.3	6.0	10.8	13.1
<b>Headline Index</b>						
- Current situation	-2.0	-0.5	5.3	3.5	6.8	8.0
- Expectations	-3.3	-0.5	5.3	8.5	15.0	18.3

Latin America	Sep 12	Oct 12	Nov 12	Dec 12	Jan 13	Feb 13
<b>Overall Index</b>	8.4	9.7	14.7	15.4	20.0	23.5
<b>Headline Index</b>						
- Current situation	13.3	14.3	18.5	17.0	19.8	24.5
- Expectations	3.8	5.3	11.0	13.8	20.3	22.5





## 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>



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