



Free for active sentix survey participants / standard conditions at [www.sentix.de](http://www.sentix.de)



## Dr. Sebastian Wanke

Senior Analyst

[sebastian.wanke@sentix.de](mailto:sebastian.wanke@sentix.de)



sentix GmbH

Feldbergstraße 2, 65550 Limburg / Lahn  
Tel. +49 (69) 3487 961 0, [info@sentix.de](mailto:info@sentix.de)

## sentix economic index: second setback in a row for the euro zone

- In April the **composite index for the euro zone** drops from **-10.6 to -17.3 points** and stands now slightly below last December's value.
- While the election in Italy led to the first setback for the euro zone index in March, the Cyprus issue is an additional strain in April: **both sub-indices, the assessment of the economic situation and the 6-month expectations drop again to a similar degree.** Expectations are now in the neutral zone.
- The **composite index for Germany** is no longer able to keep its distance from the negative development in the euro zone, **expectations drop palpably** – also taking into consideration weaker assessments for Germany's emerging markets export regions. There is, however, **positive news** from the **US** and **Japan**. The **global index nevertheless drops** the second month in a row.

### Statistics

Poll running: **04.04.-06.04.2013**

Survey participants: **962**

(of which institutional investors: **228**)

## 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!

16.04.2013: **ZEW economic expectations** (Germany): decline down to about 30 points indicated

23.04.2013: **Flash PMIs**: for **China, US, Euro zone**: weaker

24.04.2013: **ifo business climate**: second decline in a row probable

29.04.2013: **Economic Sentiment (euro zone)**: further setback indicated, too

## Table of the **April 2013** results for the euro zone economy

Euro area	Nov 12	Dec 12	Jan 13	Feb 13	Mar 13	Apr 13
<b>Overall Index</b>	-18.8	-16.8	-7.0	-3.9	-10.6	-17.3
<b>Headline Index</b>	←					
- Current situation	-31.3	-31.0	-24.3	-21.8	-27.8	-33.5
- Expectations	-5.5	-1.5	12.0	15.8	8.3	0.5

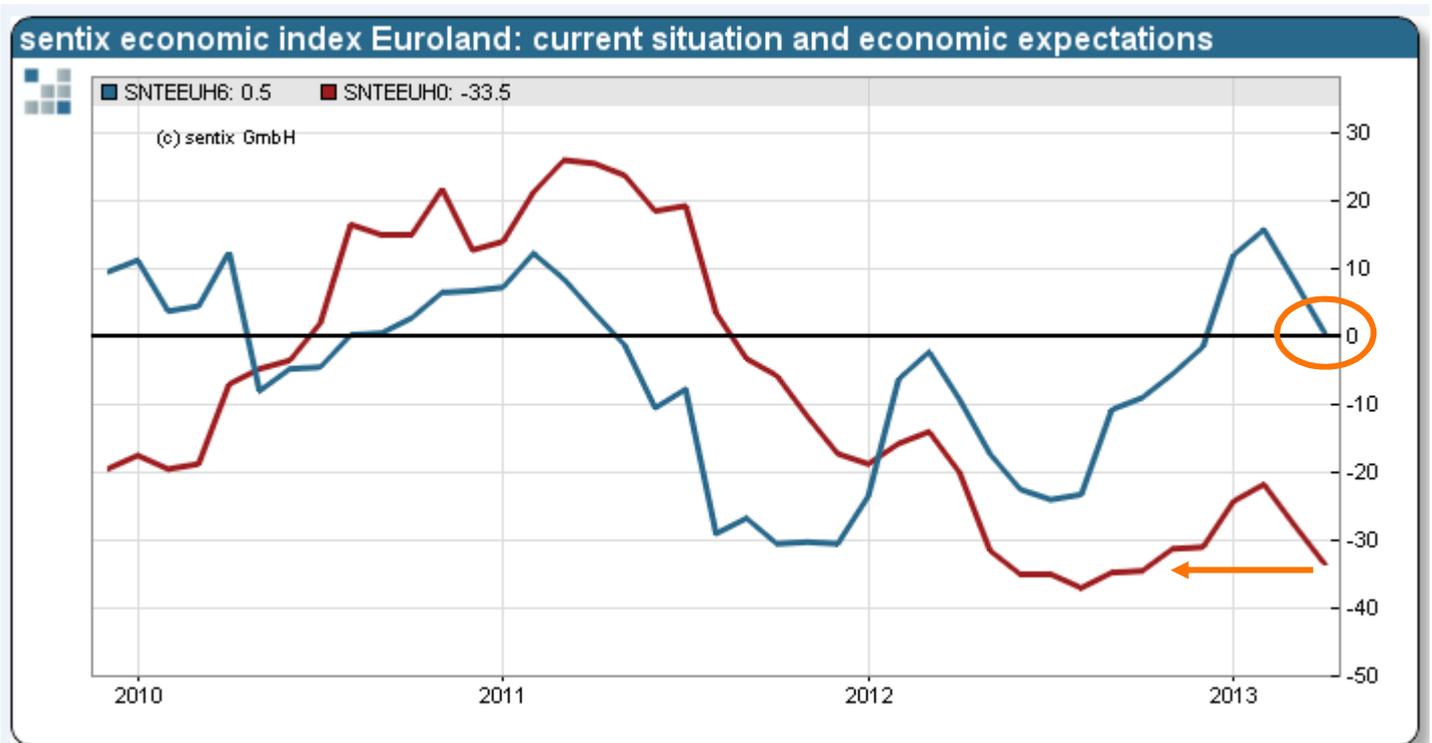


## Commentary on the survey results for April 2013

### Second setback in a row for the euro zone

The composite index for the euro zone drops in April from -10.6 points to -17.3 points and stands now slightly below last December's value. While the election in Italy led to the first setback for the index in March, the Cyprus issue is, amongst others, an additional strain in April: both sub-indices, the assessment of the economic situation and the 6-month expectations drop again. Expectations are now in the neutral zone. The composite index for Germany is no longer able to keep its distance from the negative development in the euro zone, expectations drop palpably – also taking into consideration weaker assessments for Germany's export regions, especially in Asia and Japan. The global index drops the second month in a row.

The approximately 1.000 investors surveyed by sentix in April assessed both the economic situation of the euro zone as well as the economic expectations as clearly weaker than in March. The index for the **assessment of the current situation** drops from -27.8 to now -33.5 points. This is the lowest value since October 2012. The **6-month expectations** index drops from +8.3 to +0.5 points. With this development, we are back to the neutral zone. The palpable optimism which had built up to the turn of the year has dissipated for the time being. The sub-index for institutional investors, however, remains with 9.5 points (after 17.0 points in March) in the positive zone – in contrast to the individual investors' assessments.



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

The question (as last month) remains whether this development marks a trend reversal or just a temporary correction of the clearly improved assessments of late, especially of expectations. In March we built on the assumption that this is only a correction, the trigger of which was the result of the Italian elections. In the past weeks, however, the Cyprus problem has joined Italian insecurity. Also, in the recent past, the global economy has



only been sending mixed signals: amongst others, the sentix economic indices for the emerging markets regions Asia ex Japan, Eastern Europe and Latin America have slumped. **With this, there is currently little support for economic optimists, the pessimists are making themselves heard more and more.**

**Nevertheless, we continue to view this as an economic weak spot and not as a trend reversal:** for the US and Japan, the composite indices continue to rise as the economic situation is following the very high expectations. This is an important support for the **global recovery**. **For the euro zone, we need to take into consideration the unusually long winter** which has pushed the spring recovery further back, and which will have distorted the perception of the underlying tendency of the euro zone economy.

At the same time, the risk of a trend reversal – in the euro zone and globally – has risen, the decisive factor could be the emerging markets: for Asia ex Japan (with heavyweight China) the cooling off carries on, although at an elevated level. Also, the indices for both other emerging markets regions, Latin America and Eastern Europe, are ailing.

## Germany – composite index drops back to the level of the beginning of the year

For Germany, the composite index in April drops after it had been able to hold its own against the euro zone trend in March. The composite index drops back to January levels. Despite a drop, the assessment of the economic situation remains at an astonishingly high level, expectations on the other hand are clearly correcting (still in the positive zone). Here, institutional investors have clearly become more pessimistic. This could also be due to the worsened assessments for the export prospects of German companies in emerging markets. This is indicated by the indices for Asia ex Japan, for Eastern Europe and for Latin America which have all dropped over the month.

Germany	Nov 12	Dec 12	Jan 13	Feb 13	Mar 13	Apr 13
<b>Overall Index</b>	9.4	13.0	17.7	24.3	24.5	17.6
<b>Headline Index</b>						
- Current situation	26.2	24.2	26.5	30.7	32.6	30.2
- Expectations	-6.1	2.4	9.3	18.1	16.6	5.7
<b>Institutional investor</b>						
- Current situation	29.1	24.7	24.3	32.0	33.7	31.9
- Expectations	-4.4	8.4	14.6	22.1	22.5	9.9
<b>Individual investor</b>						
- Current situation	23.4	23.7	28.6	29.4	31.6	28.6
- Expectations	-7.8	-3.6	4.0	14.1	10.7	1.4

**What do the sentix indices mean for the other German leading indicators?** After the identical developments of sentix economic expectations for institutionals (Germany) and the ZEW economic index in March we can assume that both indices will develop very similarly this month. Therefore, **the ZEW-index should drop noticeably** (from 48.5 to around 30 points). **According to the sentix indication, the ifo business climate should also drop once more in April.**



## Asia ex Japan – cooling at elevated levels

**For Asia ex Japan with its heavyweight China the composite index drops in April for the second month in a row.** At the same time, the index for economic expectations drops more than the assessment of the economic situation. But the latter now also decreases palpably, in contrast to last month. North Korean sabre rattling may have left its traces, here – accompanied by hardly inspiring news from the economic dynamics in China. We should remind ourselves, here, also of the extraordinarily high level which the indicator for economic expectations had reached at the beginning of the year: in February, we stood at the highest value since October 2004!

Asia ex Japan	Nov 12	Dec 12	Jan 13	Feb 13	Mar 13	Apr 13
<b>Overall Index</b>	21.9	26.3	32.7	34.3	32.2	25.0
<b>Headline Index</b>						
- Current situation	27.5	31.8	37.0	39.8	38.8	33.0
- Expectations	16.5	21.0	28.5	29.0	25.8	17.3

## Japan – assessment of the economic situation back to normal

**For Japan – in contrast to Asia ex Japan – the economic situation clearly improves and pulls the composite index upward.** With this, the index for the assessment of the current situation has again reached the normal zone. At the same time, expectations remain comparatively stable. Strong measures especially of the Bank of Japan (even more expansive fiscal policies) impress investors. The movement of both indices (economic situation and expectations) as well as their relationship to one another (expectations remain clearly higher turn Japan into this month's most promising economic candidate.

Japan	Nov 12	Dec 12	Jan 13	Feb 13	Mar 13	Apr 13
<b>Overall Index</b>	-11.7	-4.3	0.5	5.5	3.9	6.3
<b>Headline Index</b>						
- Current situation	-20.3	-15.0	-12.8	-8.8	-8.5	-3.3
- Expectations	-2.8	7.0	14.8	20.8	17.0	16.3

Highest value  
since Jan. 2011



## USA – assessment of the current situation with strong rise

As in Japan, the assessment of the current situation for the US economy rises strongly and helps the composite index to climb further. It has now reached the highest level since March 2011. With this, the assessment of the current situation index is following the expectations index which had risen strongly at the turn of the year – a healthy development. Expectations drop, on the other hand, even though they remain in the positive zone. To ensure that the recovery continues this should stay this way over the coming months. It is remarkable that the development of our data from the US corresponds with the weak data on the US labour market that were published on Friday. Clearly, the around 1.000 surveyed investors have not let themselves influence in their generally positive assessment of the US economy by this single data point.

USA	Nov 12	Dec 12	Jan 13	Feb 13	Mar 13	Apr 13
<b>Overall Index</b>	5.0	7.1	10.0	12.7	12.9	13.9
<b>Headline Index</b>						
- Current situation	3.0	5.0	6.3	7.5	10.5	16.8
- Expectations	7.0	9.3	13.8	18.0	15.3	11.0

Highest value since Mar. 2011

## Global – second drop in a row, too

In April, the composite index for the global aggregate drops for the second month in a row and stands now at its lowest point this year. The negative tendency in Euroland is contrasted by positive developments in the two large industrial nations, USA and Japan. The indices for the emerging markets regions Asia ex Japan, Eastern Europe and Latin America send signals of weakness. To sum up: **the global recovery seems to remain intact, but the risk of a drop-off of this recovery has increased markedly.**

Global aggregate	Oct 12	Nov 12	Dec 12	Jan 13	Feb 13	Mar 13
<b>Overall Index</b>	-0.6	6.2	8.5	14.1	16.8	14.3
<b>Headline Index</b>						
- Current situation	-1.2	5.4	5.9	9.8	12.2	11.0
- Expectations	0.0	7.0	11.0	18.6	21.5	17.7



## Further data and charts

<b>Eastern Europe</b>	Nov 12	Dec 12	Jan 13	Feb 13	Mar 13	Apr 13
<b>Overall Index</b>	5.3	6.0	10.8	13.1	10.6	4.6
<b>Headline Index</b>						
- Current situation	5.3	3.5	6.8	8.0	6.5	3.3
- Expectations	5.3	8.5	15.0	18.3	14.8	6.0

<b>Latin America</b>	Nov 12	Dec 12	Jan 13	Feb 13	Mar 13	Apr 13
<b>Overall Index</b>	14.7	15.4	20.0	23.5	20.2	14.1
<b>Headline Index</b>						
- Current situation	18.5	17.0	19.8	24.5	21.0	16.3
- Expectations	11.0	13.8	20.3	22.5	19.5	12.0



## 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.