



# sentix Eco Report Indicators for the Global Economy

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## sentix economic index: explosive coup for the euro zone

- **The composite index for Euroland rises in September by 11.3 to now +6.5 points.** This is the second-strongest rise of the indicator since its inception in 2003. Also, the index is back in positive territory for the first time since July 2011.
- For **the euro zone**, both the assessment of the current situation as well as the 6-month expectations improve strongly. For **Germany**, the composite index jumps upward, too. It reaches its highest reading since April 2011 and signals a clearly strengthening economy.
- The other **countries** and **regions** prove stable in September. For the **emerging markets regions** there is a tendency for improvement, again. **The index for the global aggregate rises to its highest value since March.**

### Statistics

Poll running: **05.09.-07.09.2013**

Survey participants: **893**

(of which institutional investors: **216**)

## 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!

17.09.2013: **ZEW economic expectations** (Germany): increase of approximately 12 points to around 54

23.09.2013: **Flash PMIs (manufacturing)**: slight increase for **China**, weaker data for the **US**, and an acceleration for the **euro zone** to around 53 points

24.09.2013:  
**ifo business climate**: increase of approximately three points to around 111, driven by much better expectations (rising to around 108 points)

27.09.2013: **Economic Sentiment** (euro zone): another strong increase to around 98 points

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

Euro area	Apr 13	May 13	Jun 13	Jul 13	Aug 13	Sep 13	
Overall Index	-17.3	-15.6	-11.6	-12.6	-4.9	6.5	Highest value since May 2011
Headline Index							
- Current situation	-33.5	-32.3	-28.8	-30.5	-22.3	-8.8	Highest value since Okt. 2011
- Expectations	0.5	2.8	7.3	7.3	14.3	23.0	Highest value since April 2006



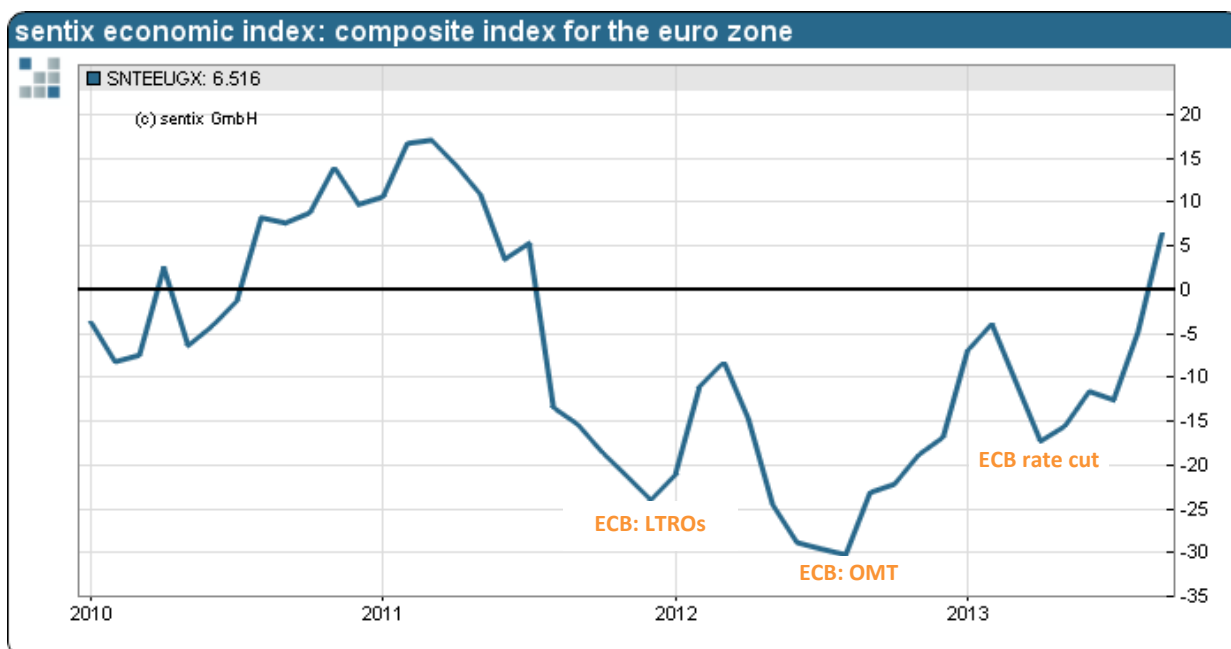
## Commentary on the survey results for September 2013

### Explosive coup for the euro zone

The composite (overall) index for Euroland rises in September by 11.3 to now +6.5 points. This is the second-strongest rise of the indicator since its inception in 2003. The index also manages to reach positive territory for the first time since July 2011. Both the assessment of the current situation as well as the 6-month expectations improve strongly. For Germany, the composite index jumps upward, too. It now reaches its highest reading since April 2011 and signals a clearly strengthening economy. The other countries and regions prove stable in September. For the emerging markets regions there is a tendency for improvement, again. The index for the global aggregate rises to its highest value since March of this year.

**An explosive coup for the euro zone:** in September, the sentix economic index (composite) for the currency union rises as strongly as only once before (August 2005) in its ten year history. Also, the economic barometer has once again climbed above the zero line. And, it is both the assessment of the current situation as well as the 6-month expectations of investors that are responsible for the rise in the index.

In fact, a heavy burden was taken off the shoulders of investors and euro zone economic agents in general: after six quarters, the **recession has been officially declared to have ended** – by the European statistics office Eurostat. Many had expected this for some time, but the official confirmation of this fact will have ousted the remaining uncertainties once and for all (“authority bias”). And it fell on very fruitful soil in surroundings in which most investors and other economic agents already saw improved economic activity. This should have significantly supported the strong improvement of the **assessment of the current situation**.



sentix economic index (composite) for Euroland (and important ECB-decisions)

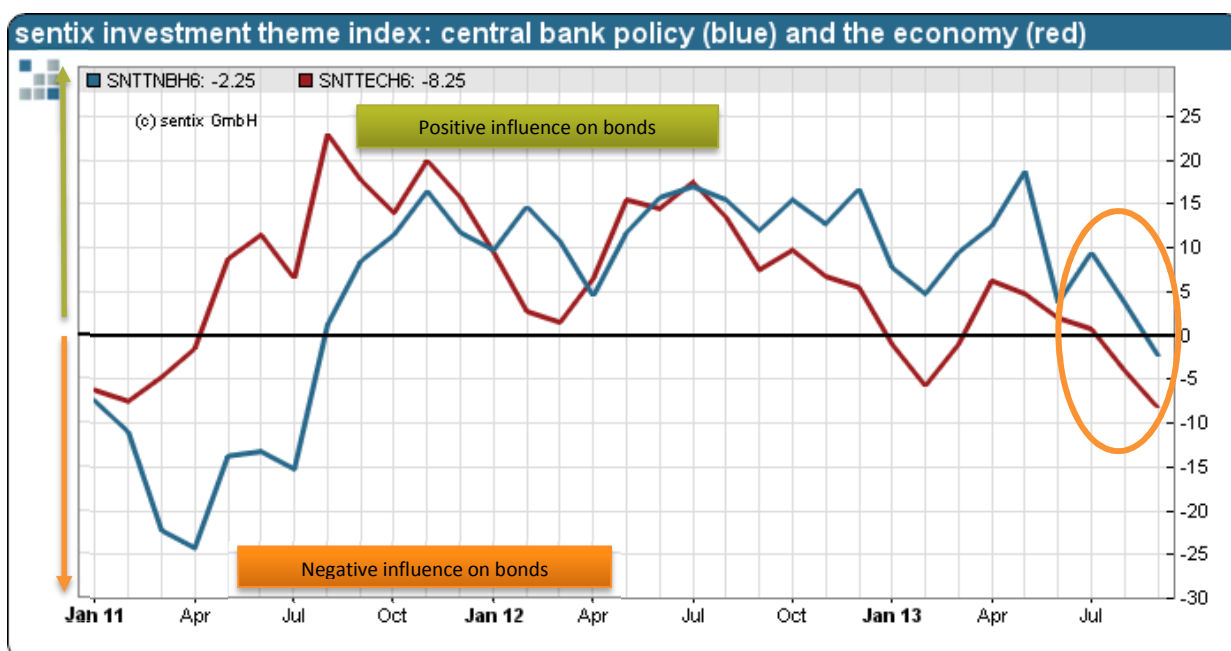
**But the 6-month expectations of investors have risen strongly, too.** This should be based on the upcoming general elections in Germany. For the time after the elections, investors expect a fiscal policy that is more tuned to the welfare of the euro zone. Our sentix survey of the 30./31. August has shown, amongst other things, that investors



expect with a high probability that investment programmes for the euro zone will be installed after the election – with an additional stimulating effect for the euro zone economy.

**The focus of investors has therefore shifted away from monetary policy as the primary driver of the economy.** The fact that the ECB has more than once helped the economic expectations of investors to get back on track can be seen in the above chart. Now, investors clearly assume that the recovery will have enough strength to carry itself, and/or that fiscal policy will soon give us more impulses than monetary policy.

This can be seen in the sentix investment theme indices (see following chart): according to the votes of investors, neither the **central bank policies** nor the **economy** will have a positive influence on bond prices, they should therefore both lead to rising yields. That means: Despite a completely different ECB rhetoric last Thursday (ECB press conference on interest rate decision) and the still extremely low ECB inflation projections, investors no longer see central bank policies as a supporting factor for the bond market.



sentix investment theme index: effects of **central bank policies** and the **economy** on bond prices



### Germany – total index jumps to its highest reading since April 2011

**Running up to the general elections, the composite index for Germany jumps strongly from 8.1 to 28.4 points.** This is its highest reading since April 2011. Both the assessment of the current situation and the 6-month expectations rise. It is especially noteworthy that assessments of institutional and private investors currently move upward in tandem – an observation that is, by the way, also valid for the euro zone.

About a year ago, things looked rather different: the gap between the economic expectations of the two investor camps got wider and wider: institutionals quickly reckoned the positive impact of the Euro commitment of ECB President Draghi on the economy while private investors were not convinced for quite a while. The current unison between both groups is a very good sign for the upcoming economic dynamic in Germany and in Euroland. The breadth of this investor optimism can well be interpreted as a broad optimism amongst economic agents in general.

Germany	Apr 13	May 13	Jun 13	Jul 13	Aug 13	Sep 13
Overall Index	17.6	15.2	16.2	18.4	20.3	28.4
Headline Index						
- Current situation	30.2	24.8	24.5	27.7	30.1	39.6
- Expectations	5.7	6.0	8.3	9.5	10.9	17.7
Institutional investor						
- Current situation	31.9	25.5	25.4	29.7	31.4	40.9
- Expectations	9.9	9.6	14.3	15.0	16.3	22.9
Individual investor						
- Current situation	28.6	24.2	23.6	25.7	28.7	38.3
- Expectations	1.4	2.4	2.3	4.0	5.5	12.5

**Other German sentiment indicators will soon also signal a palpable rises in the economic dynamics in Germany:** with its expectational components, the sentix economic index (for Germany) shows a rise in the **ZEW-economic expectations** in September by approx. 12 to then 54 points. For the **ifo business climate**, the different time series of the sentix economic index point to a **strong rise by about three points to around 111 points**. According to our indicators, expectations should be the main drivers behind the rise of the ifo business climate. For the ifo expectations we expect a rise to around 108 points.



### USA and Japan – late summer breather

**This month, the development of the economic indices of the USA and Japan cannot compete with that of the euro zone index.** This was different in spring and at the beginning of summer: Euroland hardly made a step forward then, and the USA and Japan proved themselves to be global economic drivers. In September, the current situation in both 'old industrial nations' is assessed more positively, however, investors tone back their 6-month expectations. The composite indices stagnate, more or less. Currently, this can be interpreted as a normalisation at a high level.

USA	Apr 13	May 13	Jun 13	Jul 13	Aug 13	Sep 13
Overall Index	13.9	16.0	18.2	22.1	25.0	24.8
Headline Index						
- Current situation	16.8	18.0	20.5	25.0	28.8	31.0
- Expectations	11.0	14.0	16.0	19.3	21.3	18.8

Japan	Apr 13	May 13	Jun 13	Jul 13	Aug 13	Sep 13
Overall Index	6.3	7.3	8.4	12.3	14.5	14.1
Headline Index						
- Current situation	-3.3	0.3	3.5	9.0	11.8	15.0
- Expectations	16.3	14.5	13.5	15.8	17.3	13.3



### Emerging Markets – stabilization continues

**For the second month in a row, the composite indices for the three emerging markets regions** (Asia ex Japan, Eastern Europe and Latin America) **saw a stabilization tendency.** The indices for Asia ex Japan (with heavyweight China) and Eastern Europe (in the slipstream of the new Euroland optimism) are once again pointing upward. For Latin America, however, investor pessimism rises.

Asia ex Japan	Apr 13	May 13	Jun 13	Jul 13	Aug 13	Sep 13
Overall Index	25.0	23.5	21.8	12.3	14.0	15.1
Headline Index						
- Current situation	33.0	31.0	29.3	17.3	16.0	16.0
- Expectations	17.3	16.3	14.5	7.5	12.0	14.3

Latin America	Apr 13	May 13	Jun 13	Jul 13	Aug 13	Sep 13
Overall Index	14.1	12.7	8.2	-1.5	2.2	-1.5
Headline Index						
- Current situation	16.3	14.5	7.3	-5.0	-2.5	-8.8
- Expectations	12.0	11.0	9.3	2.0	7.0	6.0

Eastern Europe	Apr 13	May 13	Jun 13	Jul 13	Aug 13	Sep 13
Overall Index	4.6	4.9	3.5	-2.1	2.2	3.9
Headline Index						
- Current situation	3.3	2.5	0.8	-6.5	-2.8	-1.5
- Expectations	6.0	7.3	6.3	2.5	7.3	9.5



## Global Aggregate – Euroland (!) drives the world index upward!

**Incredible but true: the overall index for the global aggregate rises for the second month in a row, and the driver behind this rise is Euroland!** At the same time, the emerging markets regions do not continue to be burden anymore (see above). The dip in the global economy seem to have been overcome.

Global Aggregate	Apr 13	May 13	Jun 13	Jul 13	Aug 13	Sep 13
Overall Index	10.4	10.8	11.2	8.2	11.8	13.8
Headline Index						
- Current situation	9.8	9.8	10.1	6.1	9.0	11.8
- Expectations	11.1	11.8	12.3	10.3	14.7	15.8





### Data availability

**Bloomberg**

**FACTSET**

 **THOMSON REUTERS**

 **CEIC Data**  
A Product of ISI Emerging Markets

**Macrobond**

 **GLOBAL INSIGHT**

**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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