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**Manfred Huebner**

Managing Director

[Manfred.huebner@sentix.de](mailto:Manfred.huebner@sentix.de)



sentix GmbH

Wiesenhüttenstraße 17, 60329 Frankfurt am Main  
Tel. +49 (69) 3487 961-0, [info@sentix.de](mailto:info@sentix.de)

## sentix Economic Index: Recovery is back on track

- The **sentix Economic Index for the Euro area** continues to rise, gaining +3.4 points, reaching +15.1 points in **November**.
- Within Europe, expectations rise for Germany and especially Switzerland while **Austria lags behind**.
- Reason for rising economic expectations is **gaining confidence in Asian markets**. The index for "Asia ex. Japan" gains solid +10.3 points thus vitalizing economic expectations for the rest of the world as well. Relative gainers are Japan and Latin America.

### Statistics

Poll running: **05.11.-07.11.2015**

Survey participants: **1.043 investors**  
(of which institutional investors: **280**)

## Current economic regimes\* of countries /regions in focus:

| Region / country | Regime        | Region / country | Regime        |
|------------------|---------------|------------------|---------------|
| Euro area        | upturn        | USA              | upturn        |
| Germany          | upturn        | Japan            | slight upturn |
| Switzerland      | upturn        | Asia ex Japan    | upturn        |
| Austria          | stagnation    | Latin America    | stabilisation |
| Eastern Europe   | stabilisation | Global Aggregate | upturn        |

\* The regimes – ranging from recession to boom – are derived from the sentix Economic Indices according to the principle of the "economy clock" (see annotation on next page). They reflect investors' perceptions of different economies. These perceptions are the basis for investors' behaviour, i.e. their asset allocation, and are thus relevant for financial markets. They are historically close to actual economic activities but need not necessarily be identical.

## Results for the Euro area economy: **November 2015**

| Euro area           | Jun 15 | Jul 15 | Aug 15 | Sep 15 | Oct 15 | Nov 15 |                             |
|---------------------|--------|--------|--------|--------|--------|--------|-----------------------------|
| Overall Index       | 17.1   | 18.5   | 18.4   | 13.6   | 11.7   | 15.1   | Highest value since Aug. 15 |
| Headline Index      |        |        |        |        |        |        |                             |
| - Current situation | 11.8   | 14.8   | 15.3   | 15.0   | 13.0   | 16.0   |                             |
| - Expectations      | 22.5   | 22.3   | 21.5   | 12.3   | 10.5   | 14.3   |                             |



## Commentary on the survey results for October 2015

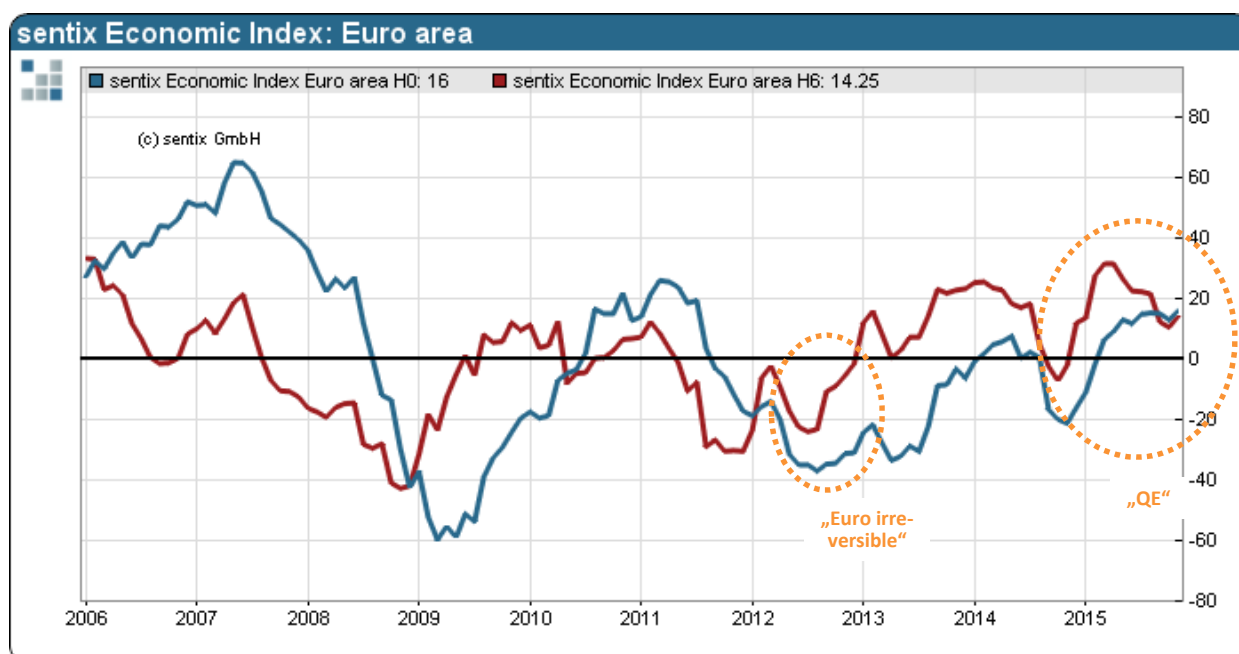
### Recovery is back on track

Sentix captures a significant sentiment swing regarding global economic expectations in November. Neither signs of a seasonal depression of investors' mood nor a November bias can be traced in the latest sentix data. With the exception of Austria, investors' economic expectations rise for all major world regions. Of particular significance is the change of economic trend in Asia ex. Japan. Apparently, Chinese administration has been successful in restoring confidence in the potential of the Chinese economy.

### Euro area – economic upturn continues

Despite latest developments in Europe's migrant crisis, negative effects on investors' economic expectations for the euro area are not visible. Current situation and expectation values are likewise strengthening. The headline index rises to +15.1 points, an improvement of +3.4 points regarding previous results. Analysing the differences between Germany (headline reading of +2.3) and Austria (headline reading of -7.3) the sentix data reveals an economic trend reversal at international level is likely the cause of those divergences. Apparently not migration crisis related policies or sentiment towards it.

Foremost, improvements of economic expectations for Asia ex. Japan affect the Euro area positive. Moreover, this global sentiment boost has for reaching influence on previously grim looking economies: even Eastern Europe and Latin America gain. Export dependant economies such as Switzerland are particularly benefitting.



sentix Economic Index, euro zone: current assessment (blue) and expectations (red)

Despite the positive news, a string is attached: institutional investors reveal that their **inflation expectations** plunge from +16.5 to -11.5 points in November. Hence, bond markets could turn sour over such surprising negative implications in the weeks ahead.



## Latin America – glimmers of hope for a battered continent

Latin America, especially Brazil, was not blessed in terms of economic expectations recently. Previous sentix Economic Index issues were forecasting even the possibility of a recession on the southern American continent. Besides home-grown issues, such as political instabilities and corruption sweeping Brazil, the ongoing bear market for the continent's vital commodities were responsible. According to respondents of the latest sentix survey, Latin America should have passed its economic trough. Considerably rising economic expectations (to -1.8) signalise that a process of economic stabilisation is underway.

| Latin America       | Jun 15 | Jul 15 | Aug 15 | Sep 15 | Oct 15 | Nov 15 |
|---------------------|--------|--------|--------|--------|--------|--------|
| Overall Index       | -8.4   | -10.0  | -18.9  | -25.7  | -26.2  | -19.5  |
| Headline Index      |        |        |        |        |        |        |
| - Current situation | -17.5  | -21.5  | -30.0  | -38.8  | -42.5  | -35.8  |
| - Expectations      | 1.3    | 2.3    | -7.1   | -11.5  | -8.3   | -1.8   |

## A global tendency – Asia promotes a turnaround

In November, economic expectations improve across all major world regions. Point of origin for global change of economic expectations is Asia ex. Japan, hence, predominantly the Chinese economy. The headline index improves by +10.3 points, boosting economic sentiment across the globe. Apparently investors are expecting that commodity markets stabilise. The gain in momentum could boost capacity utilisations globally. Simultaneously, inflation expectations are rising. To conclude, a reversal of the economic trend has consummated.

| Asia ex Japan       | Jun 15 | Jul 15 | Aug 15 | Sep 15 | Oct 15 | Nov 15 |
|---------------------|--------|--------|--------|--------|--------|--------|
| Overall Index       | 19.4   | 15.0   | 6.1    | -4.3   | -0.4   | 9.9    |
| Headline Index      |        |        |        |        |        |        |
| - Current situation | 24.8   | 19.0   | 6.5    | -4.0   | -2.5   | 9.3    |
| - Expectations      | 14.3   | 11.0   | 5.8    | -4.5   | 1.8    | 10.5   |
| Global Aggregate    | Jun 15 | Jul 15 | Aug 15 | Sep 15 | Oct 15 | Nov 15 |
| Overall Index       | 14.6   | 14.2   | 10.0   | 3.3    | 3.0    | 9.5    |



## More tables

| Germany             | Jun 15 | Jul 15 | Aug 15 | Sep 15 | Oct 15 | Nov 15 |
|---------------------|--------|--------|--------|--------|--------|--------|
| Overall Index       | 26.8   | 26.8   | 25.7   | 20.6   | 17.8   | 20.1   |
| Headline Index      |        |        |        |        |        |        |
| - Current situation | 40.3   | 39.1   | 39.5   | 37.9   | 35.1   | 36.4   |
| - Expectations      | 14.1   | 15.1   | 12.7   | 4.4    | 1.8    | 5.0    |

| Austria             | Jun 15 | Jul 15 | Aug 15 | Sep 15 | Oct 15 | Nov 15 |
|---------------------|--------|--------|--------|--------|--------|--------|
| Overall Index       | 1.8    | -0.9   | 13.6   | -5.1   | 6.7    | -0.6   |
| Headline Index      |        |        |        |        |        |        |
| - Current situation | 3.6    | -0.1   | 7.0    | -3.1   | -4.8   | -4.8   |
| - Expectations      | 0.0    | -1.7   | 20.3   | -7.0   | 18.9   | 3.6    |

| Switzerland         | Jun 15 | Jul 15 | Aug 15 | Sep 15 | Oct 15 | Nov 15 |
|---------------------|--------|--------|--------|--------|--------|--------|
| Overall Index       | -4.8   | -2.2   | 1.3    | 7.7    | 5.5    | 10.2   |
| Headline Index      |        |        |        |        |        |        |
| - Current situation | -6.6   | 0.7    | -3.0   | 7.6    | 5.4    | 4.2    |
| - Expectations      | -3.0   | -5.0   | 5.7    | 7.8    | 5.6    | 16.5   |

| Japan               | Jun 15 | Jul 15 | Aug 15 | Sep 15 | Oct 15 | Nov 15 |
|---------------------|--------|--------|--------|--------|--------|--------|
| Overall Index       | 13.4   | 14.1   | 11.6   | 1.1    | -2.5   | 3.9    |
| Headline Index      |        |        |        |        |        |        |
| - Current situation | 15.3   | 17.3   | 14.8   | 4.0    | -2.5   | 4.3    |
| - Expectations      | 11.5   | 11.0   | 8.5    | -1.8   | -2.5   | 3.5    |

| Eastern Europe      | Jun 15 | Jul 15 | Aug 15 | Sep 15 | Oct 15 | Nov 15 |
|---------------------|--------|--------|--------|--------|--------|--------|
| Overall Index       | -3.0   | -5.1   | -5.9   | -13.0  | -12.7  | -6.8   |
| Headline Index      |        |        |        |        |        |        |
| - Current situation | -11.0  | -13.3  | -12.8  | -18.3  | -20.3  | -14.5  |
| - Expectations      | 5.3    | 3.5    | 1.3    | -7.5   | -4.8   | 1.3    |



## Data availability

**Bloomberg**

**FACTSET**



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**sentix**   
expertise in behavioral finance

## About sentix

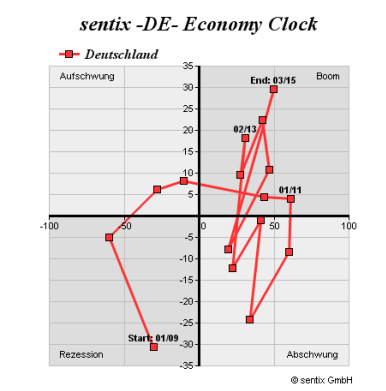
On a weekly basis, more than 5.000 registered investors (of which over 1,000 are institutional investors) supply us with their market assessments. Out of this data, sentix calculates sentiment indexes, which mirror the sentiment of equity markets (DAX, EuroSTOXX 50, Nikkei 225, S&P 500), bond markets (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 13 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>

### The idea of the „economy clock“

The sentix economy clock show the assessment of the current situation and investors' 6-month expectations in a x-y diagram. The assessment of the current situation is displayed on the x-axis and 6-month expectations on the y-axis. An upturn, for instance, is characterised by still negative readings for the assessment of the current situation but already positive values for investors' expectations. This is why the upturn area lies in the upper left part of the clock. The graph on the left hand side shows Germany starting in 2009 from a recession ending in 03/15 in a boom.





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