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sentix Economic Index: Concerns about trade disputes diminish







- The sentix overall index for the economy in Euroland rises again in the August and reaches a value of +14.7 points.
- Investors are thus rewarding the signs of relief in the EU's trade dispute with the US. This also benefits the data for Germany, where the overall index can rise by 4.2 points.
- Overall, the robust condition of the situation values is surprising, especially for the USA, where we are measuring an all-time high. It seems that investors have become particularly aware this month that the global economy is in much better shape than they feared three months ago. Accordingly, investors no longer expected a turnaround, but only saw a cooling off.

Statistics

Poll running: **2-Aug. to 4-Aug., 2018**

Survey participants: **923 investors**
(**245** of those are institutional investors)

Current economic regimes* of countries /regions in focus:

Region / country	Regime	Region / country	Regime
 Eurozone	slowdown	 USA	slowdown
 Germany	slowdown	 Japan	slowdown
 Switzerland	slowdown	Asia ex-Japan	slowdown
 Austria	upturn	Latin America	Slight downturn
Eastern Europe	slowdown	Global Aggregate	slowdown

* 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 penultimate 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: August 2018

Euro Area	Mar. 18	Apr. 18	May. 18	Jun. 18	Jul. 18	Aug. 18
Overall index	24.0	19.6	19.2	9.3	12.1	14.7
Headline Index						
- Current situation	45.8	43.0	42.8	34.5	36.8	37.3
- Expectations	4.3	-1.5	-2.0	-13.3	-10.0	-5.8



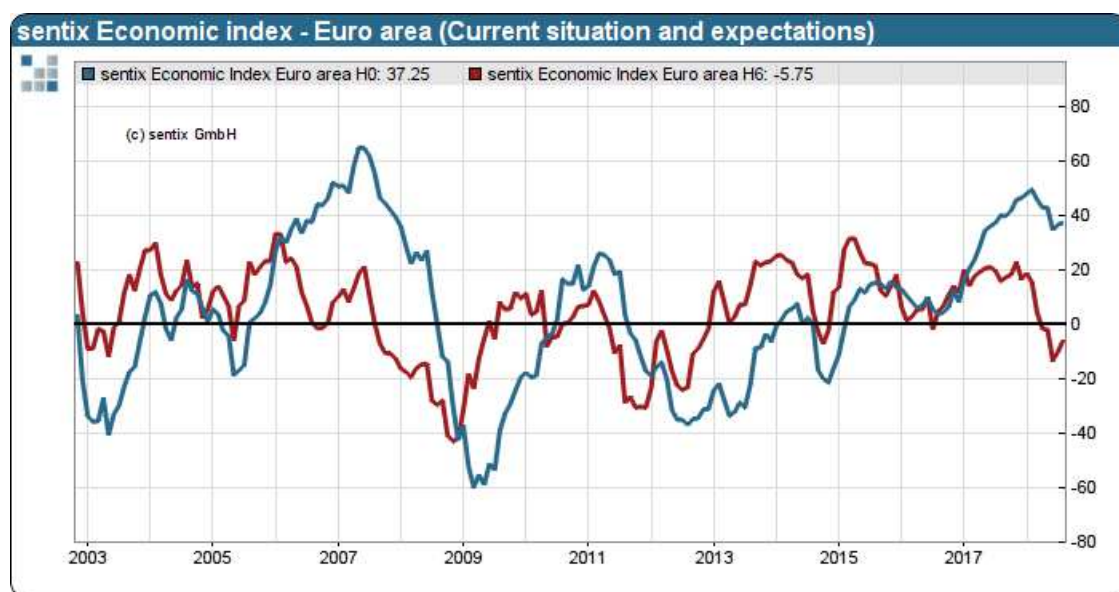
Commentary on the survey results for August 2018

Concerns about trade disputes diminish

The summer heat in Europe is also causing economic temperatures to rise again. The overall Euro zone index rose by 2.6 points to 14.7 points in August. A complete all-clear cannot yet be given, because with negative expectations, the economy is still in a cooling off phase. But investors seem to see the dangers of an escalation in the trade dispute initiated by US President Trump much less acute.

Euro area: Cooling off, but no turnaround

The sentix economic index for the Euro zone continues to rise in August, reaching a value of 14.7 points. The summer heat is therefore also driving economic values somewhat. Situation and expectations can improve. At 37.3, the current situation values remain at a robust level. Thus, the sentix indices currently reflect less the danger of a general turnaround, but rather point to a cooling off phase. The data also reflect a certain all-clear in the trade dispute with the US after EU Commission President Juncker succeeded in preventing a further intensification of the conflict in negotiations with US President Trump.



sentix Economic Index for the Eurozone: **current situation** and **expectations**

In general, investors seem to have become more aware this month of the robust state of the global economy. On a global scale, it is above all the situation values that are surpassing with increases - above all for the USA.

This is not good news for bond market investors. This clearly worsens the thematic mix in the bond markets. In recent months, the slowdown in economic momentum offered the prospect of stabilization. Should the phase of cooling now come to an end, the still critical values in the sentix inflation barometer (decline this month from -27 to -31, the highest value since February) and in the sub-index central bank policy will once again come to the fore.

In other words, the monetary policy environment could deteriorate further as a result of interest rate hikes and other liquidity restrictions.



Germany: Beneficiary of the diminishing fear of a trade war

The all-clear in the trade dispute with the USA, which resulted from the negotiations between Jean-Claude Juncker and Donald Trump, is clearly benefiting Germany. The prospect of punitive tariffs for the important car industry was a mood-killer. One can never be sure from the US president how long the truce will last. However, the picture is becoming increasingly clear that the US President is ultimately concerned with grinding down all customs regulations. That would probably be less of a problem for world trade in the end.

Germany	Mar. 18	Apr. 18	May. 18	Jun. 18	Jul. 18	Aug. 18
Overall index	29.1	24.4	23.5	18.5	16.2	20.4
Headline Index						
- Current situation	65.8	62.0	59.8	56.3	51.3	54.8
- Expectations	-2.5	-7.8	-7.8	-13.8	-14.0	-9.3

USA: Investors recognize the very good situation

Investors are paying tribute this month to the very robust US economic data and the at least provisional settlement between the US and the EU in the trade dispute. The assessment rises to an all-time high of 62.8 points. Nevertheless, investors are still of the opinion that the US economy is also currently going through a cooling off phase. Expectations are also rising, but remain negative at -6.3 points.

United States	Mar. 18	Apr. 18	May. 18	Jun. 18	Jul. 18	Aug. 18	
Overall index	26.6	19.8	22.1	20.3	18.6	25.6	Highest since 03.2018
Headline Index							
- Current situation	56.0	52.0	52.8	50.8	53.8	62.8	Alltime High!
- Expectations	0.5	-8.3	-4.8	-6.5	-11.8	-6.3	

Japan: Also in the cooling phase

The Japanese economy was the only region surveyed to show no increase in its assessment in August, but the sixth consecutive decline. Although the index is still clearly in positive territory at 30.3 points, the signs are still pointing to an economic slowdown in Nippon as well.

Japan	Mar. 18	Apr. 18	May. 18	Jun. 18	Jul. 18	Aug. 18	
Overall index	22.0	18.3	17.3	14.3	10.9	13.2	
Headline Index							
- Current situation	41.5	38.5	36.8	32.0	30.5	30.3	Lowest since 09.2017
- Expectations	4.0	-0.3	-0.5	-2.0	-7.0	-2.5	6. decline in a row



Further result tables

Asia ex Japan

	Mar. 18	Apr. 18	May. 18	Jun. 18	Jul. 18	Aug. 18
Overall index	26.5	21.9	22.7	20.6	12.4	16.1
Headline Index						
- Current situation	44.5	43.3	42.3	38.5	33.3	34.8
- Expectations	9.8	2.5	4.8	4.0	-6.5	-1.0

Eastern Europe

	Mar. 18	Apr. 18	May. 18	Jun. 18	Jul. 18	Aug. 18
Overall index	16.2	12.6	12.2	6.0	4.9	8.2
Headline Index						
- Current situation	25.0	24.3	21.5	17.3	18.8	20.5
- Expectations	7.8	1.5	3.3	-4.8	-8.0	-3.5

Latin America

	Mar. 18	Apr. 18	May. 18	Jun. 18	Jul. 18	Aug. 18
Overall index	9.9	8.1	7.1	-4.5	-6.9	-3.9
Headline Index						
- Current situation	11.0	12.3	11.8	-1.5	-4.8	-3.8
- Expectations	8.8	4.0	2.5	-7.5	-9.0	-4.0

Global

	Mar. 18	Apr. 18	May. 18	Jun. 18	Jul. 18	Aug. 18
Overall index	23.5	18.8	19.4	15.0	11.2	15.2
Headline Index						
- Current situation	43.0	40.9	40.3	34.4	32.8	35.5
- Expectations	5.6	-1.3	0.3	-2.7	-8.4	-3.3

Switzerland

	Mar. 18	Apr. 18	May. 18	Jun. 18	Jul. 18	Aug. 18
Overall index	23.0	27.0	23.5	16.9	25.5	24.4
Headline Index						
- Current situation	47.5	48.3	43.8	47.5	44.8	49.5
- Expectations	1.0	7.5	5.0	-10.0	7.8	1.8

Highest since
01.2018

Austria

	Mar. 18	Apr. 18	May. 18	Jun. 18	Jul. 18	Aug. 18
Overall index	42.8	44.8	41.7	38.1	32.0	33.8
Headline Index						
- Current situation	62.0	64.0	67.0	64.0	60.0	53.0
- Expectations	25.0	27.0	18.8	14.8	7.0	16.0

Lowest since
09.2017 3. decline in a row



Data availability

Bloomberg L.P.

FACTSET



Macrobond



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sentix surveys offer the rare combination of a vast number of participants, high quality and an outstanding speed with which information is gathered and passed on. All sentix indices are regularly accessible for sentix data clients just about one day after the close of each poll – via the sentix website or Bloomberg. sentix clients thus can use sentix data almost in real time to further improve performance.

sentix GmbH was founded in 2001 and today represents the basis for all the services the sentix group offers to its clients in the field of Behavioural Finance.

Background, methodology and more

Current reports and documentation: <https://www.sentix.de/index.php/en/sentix-Economic-News/>

Charts and tables: <https://www.sentix.de/index.php/en/sentix-Economic-Factsheets/economy-at-a-glance.html>



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