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sentix Economic Index: Downturn gains speed

- The sentix economic index for the eurozone fell by a whopping 7.9 points to its lowest level since October 2014. The measures announced by the central banks have not led to a change in economic expectations.
- On the contrary, the current situation and expectations are literally abating. In Germany, the overall index even fell to its lowest level since October 2009. A recession in Germany is inevitable.
- The other regions of the world are also struggling with large discounts. Even for the USA, where the situation remains stable, expectations are falling dramatically. Trump has once again poured oil into the fire with its renewed Chinese tariffs.

Statistics

Poll running: **1-Aug to 3-Aug, 2019**
Survey participants: **930 investors**
(**249** of those are institutional investors)

Current economic regimes* of countries /regions in focus:

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

* 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 2019

Euro Area	Mar. 19	Apr. 19	May. 19	Jun. 19	Jul. 19	Aug. 19	
Overall index	-2.2	-0.3	5.3	-3.3	-5.8	-13.7	Lowest since 10.2014
Headline Index							
- Current situation	6.3	3.8	11.0	6.0	1.8	-7.3	Lowest since 01.2015
- Expectations	-10.3	-4.3	-0.3	-12.3	-13.0	-20.0	Lowest since 08.2012



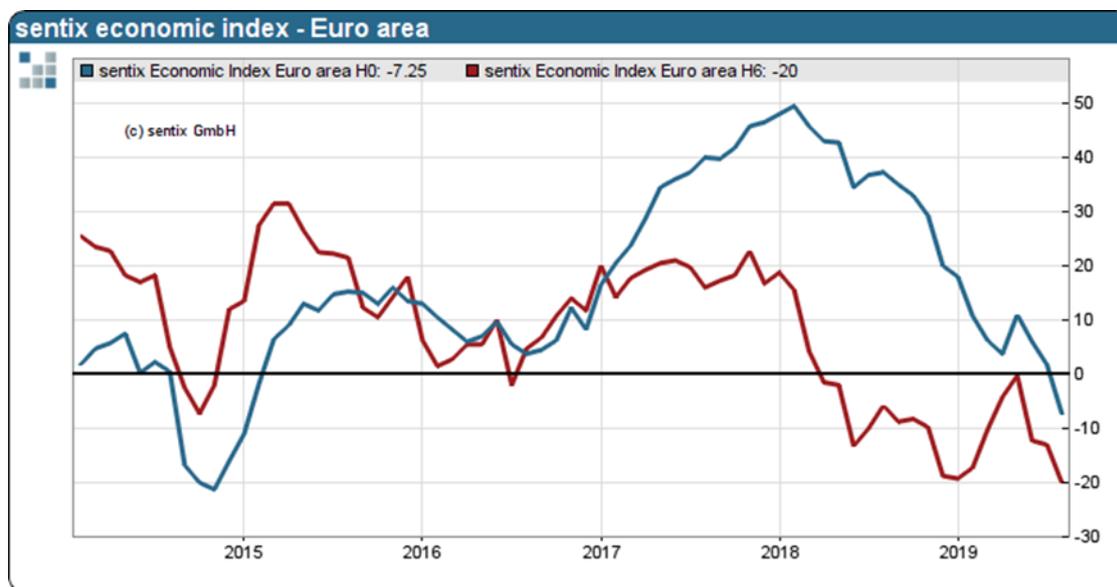
Commentary on the survey results for August 2019

Central banks do not generate positive reaction

The sentix economic index for Euroland drops by a whopping 7.9 points to -13.7 points. This is the lowest level since October 2014. The measures announced by the central banks have not caused economic expectations to turn around. On the contrary, the current situation and expectations are literally tearing down, and the pace of deterioration is on the increase. In Germany, the overall index is even falling to its lowest level since October 2009. A recession in Germany is inevitable. The other regions of the world are also struggling with large discounts. Even for the USA, where the situation remains stable, expectations are falling dramatically. Trump has once again poured oil into the fire with its new China tariffs.

Euro area: speed of deterioration increases

The pressure on the economic front is increasing noticeably. The current assessment and expectations are falling to their knees, and 6-month expectations for the Euro area are falling by 7 points to -20 points. This is the lowest value since August 2012! As Draghi's term of office draws to an end, economic expectations for Euroland have returned to the point where Draghi felt compelled to make his "whatever it takes speech". The vote of the investors is also devastating for the current situation values. The status quo for the economy in Euroland is once again falling by a whopping 9.2 points to its lowest level since January 2015. The pace of deterioration is increasing rapidly, without the latest announcements by the central banks being able to slow the trend.



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

The situation values in particular make it clear that the spectre of recession is going around. The figure is negative again for the first time since February 2015, and expectations for the future do not give the all-clear at -20 points. Last year, a number of economists merely dismissed the deterioration as a "mood correction". At the current margin, the deterioration is only to be seen in the manufacturing sector and is referred to as a "recession in the manufacturing sector". The service sector is excluded, a big mistake from our point of view! Signal effect: The reputation of the sentix economic index as the earliest early indicator means pressure on all other early indicators. It is to be expected that the economic signals will weaken more strongly in August and follow the sentix guidance. The stock market inevitably has a big problem.



Germany: Climate discussion paralyzes

The German economy is facing difficult times. The former world champion exporter is feeling the effects of the backward roll of globalisation. The high dependence on exports and the Chinese sales market is a burden, as the customs dispute is taking much longer than many had hoped. The entire political spectrum is discussing climate issues (which are certainly important) and completely overlooks the fact that the economic climate is fading. Germany's politicians are deliberately or unintentionally winding up one sector after another and sawing off the branch on which the prosperity of all sits. The overall index for Germany falls to its lowest level since August 2009 and is clearly in negative territory. A recession is inevitable.

Germany	Mar. 19	Apr. 19	May. 19	Jun. 19	Jul. 19	Aug. 19	
Overall index	4.0	2.1	7.9	-0.7	-4.8	-13.7	Lowest since 08.2009
Headline Index							
- Current situation	20.0	10.5	18.3	13.5	7.0	-5.5	Lowest since 03.2010
- Expectations	-10.8	-6.0	-2.0	-14.0	-16.0	-21.5	Lowest since 07.2012

USA: Trump pours oil on the fire

The US President is dissatisfied with his Federal Reserve. More interest rate cuts are necessary. It is no coincidence that one day after the FED interest rate decision, Trump is now imposing the next customs surcharge on Chinese goods. Even if the economic situation in the USA is still maintained at +30 points, the erosion is still pushing the expected values. These fall back to -17.5 points. The gap between the current situation values and the expectation index is now a proud 47.5 points. The tension should not do the stock markets any good. An expectation gap of this magnitude means an adjustment reaction for corporate securities.

United States	Mar. 19	Apr. 19	May. 19	Jun. 19	Jul. 19	Aug. 19	
Overall index	10.4	11.8	17.7	6.5	7.0	4.9	Lowest since 02.2016
Headline Index							
- Current situation	36.0	33.3	43.3	31.8	29.5	30.0	
- Expectations	-12.5	-7.8	-5.3	-16.0	-13.3	-17.5	Lowest since 02.2019

Global: Serious situation

For the globe, this means that all regions are in a downward spiral. The sentix Global Aggregate, which has excellent leading properties for the OECD leading indicator, drops 6.2 points into the negative range. This is the lowest level since February 2019. It will be uncomfortable in the coming months!

Global	Mar. 19	Apr. 19	May. 19	Jun. 19	Jul. 19	Aug. 19	
Overall index	8.3	9.4	14.0	3.6	3.9	-2.3	Lowest since 02.2016
Headline Index							
- Current situation	19.0	17.3	23.9	15.6	14.2	9.3	Lowest since 08.2016
- Expectations	-1.9	1.9	4.4	-7.8	-5.8	-13.3	Lowest since 01.2019



Further result tables

Japan	Mar. 19	Apr. 19	May. 19	Jun. 19	Jul. 19	Aug. 19	
Overall index	5.4	4.8	9.0	2.2	1.4	-5.4	Lowest since 08.2016
Headline Index							
- Current situation	14.3	10.8	16.5	11.3	11.3	3.3	Lowest since 11.2016
- Expectations	-3.0	-1.0	1.8	-6.5	-8.0	-13.8	Lowest since 01.2019
Asia ex Japan	Mar. 19	Apr. 19	May. 19	Jun. 19	Jul. 19	Aug. 19	
Overall index	15.3	16.5	21.1	8.2	9.3	1.6	Lowest since 03.2016
Headline Index							
- Current situation	24.5	24.0	30.5	19.8	19.3	12.8	Lowest since 07.2016
- Expectations	6.5	9.3	12.0	-2.8	-0.3	-9.0	Lowest since 10.2011
Eastern Europe	Mar. 19	Apr. 19	May. 19	Jun. 19	Jul. 19	Aug. 19	
Overall index	0.7	1.9	5.6	-0.9	-1.0	-7.6	Lowest since 05.2016
Headline Index							
- Current situation	6.5	4.3	9.0	5.8	3.3	-0.5	Lowest since 12.2016
- Expectations	-5.0	-0.5	2.3	-7.3	-5.3	-14.5	Lowest since 12.2011
Latin America	Mar. 19	Apr. 19	May. 19	Jun. 19	Jul. 19	Aug. 19	
Overall index	-3.9	-3.8	-3.4	-9.3	-6.6	-11.3	Lowest since 12.2018
Headline Index							
- Current situation	-6.5	-9.0	-7.5	-9.8	-9.0	-10.5	Lowest since 12.2018
- Expectations	-1.3	1.5	0.8	-8.8	-4.3	-12.0	Lowest since 09.2018
Switzerland	Mar. 19	Apr. 19	May. 19	Jun. 19	Jul. 19	Aug. 19	
Overall index	10.5	15.9	13.9	19.9	9.1	3.6	Lowest since 07.2016
Headline Index							
- Current situation	26.8	23.5	28.0	37.3	28.0	24.0	
- Expectations	-4.5	8.5	0.8	3.8	-8.3	-15.0	Lowest since 02.2019
Austria	Mar. 19	Apr. 19	May. 19	Jun. 19	Jul. 19	Aug. 19	
Overall index	15.5	23.3	25.2	3.8	15.2	13.0	
Headline Index							
- Current situation	30.5	37.5	36.3	28.0	24.8	25.8	
- Expectations	1.5	10.0	14.8	-17.8	6.0	1.0	



Data availability

Bloomberg L.P.

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About sentix

sentix is the pioneer and leading provider of sentiment analyses (behavioural finance) in Europe. Since 2001 sentix surveys on a weekly basis around 5.000 investors from over 20 countries (comprising over 1.000 institutional and almost 4.000 individual investors) about their expectations for financial markets as well as for economic developments and their portfolio actions. The sentix survey results are representative of a broadly diversified group of investors.

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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