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sentix Economic Index: Central bank impulses fizzle out

- There is no positive reaction to the central banks' aid measures, and economic assessments are falling broadly in October. For the euro zone, the sentix overall economic index at -16.8 points marks the lowest level since April 2013.
- The recovery of the expectations from the previous month has thus completely evaporated. In addition, the assessment of the current situation gives cause for concern. For the eurozone, this falls by 6 points to a 5-year low and for Germany the value drops for the fifth time in a row at a rapid pace. Fears of recession are immanent.
- The other regions of the world are also descending. The US overall index marks its lowest level since August 2012, which is also pushing the index for the global economy massively downwards. There is nothing to be seen of the autumn upswing.

Statistics

Poll running: **3-Oct to 5-Oct, 2019**
Survey participants: **957 investors**
(268 of those are institutional investors)

Current economic regimes* of countries /regions in focus:

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

* 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: October 2019

Euro Area	May. 19	Jun. 19	Jul. 19	Aug. 19	Sep. 19	Oct. 19	
Overall index	5.3	-3.3	-5.8	-13.7	-11.1	-16.8	Lowest since 04.2013
Headline Index							
- Current situation	11.0	6.0	1.8	-7.3	-9.5	-15.5	Lowest since 12.2014
- Expectations	-0.3	-12.3	-13.0	-20.0	-12.8	-18.0	5. decline in a row



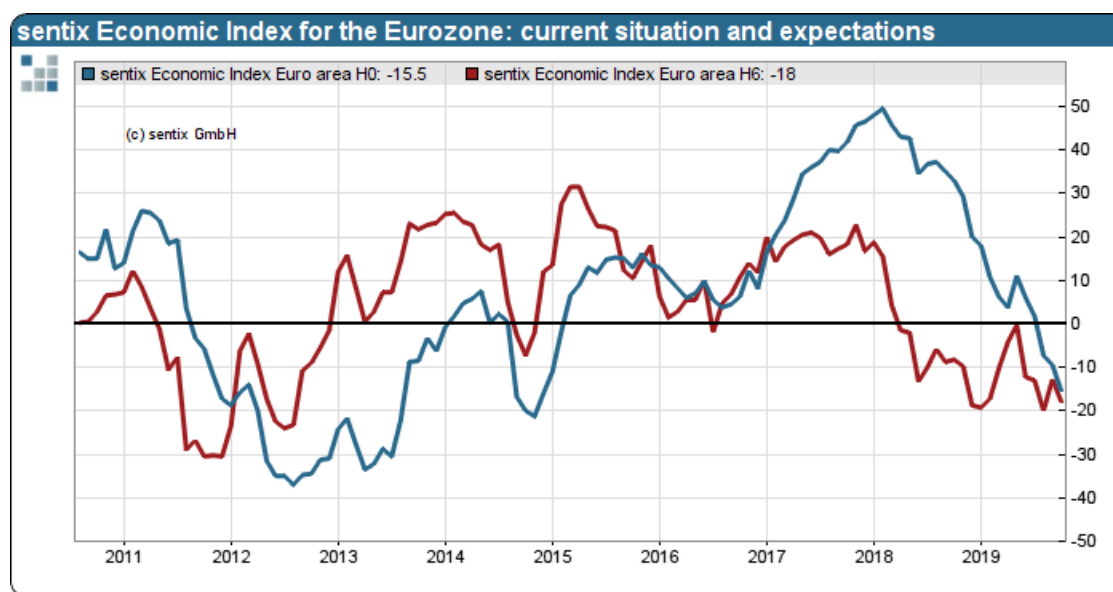
Commentary on the survey results for October 2019

Central bank impulses fizzle out

There is no positive reaction to the central banks' aid measures, and economic assessments are broadly negative in October. At -16.8 points, the sentix overall economic index for the Euro area marks the lowest level since April 2013. The recovery of expectations from the previous month has thus completely evaporated. In addition, the assessment of the current situation gives cause for concern. For the eurozone, this falls by 6 points to a 5-year low, and for Germany the value drops for the fifth time in a row at a rapid pace. Fears of recession are immanent. The other regions of the world are also descending.

Euro area: Nothing to see of autumn upswing

Both the ECB and the FED acted in September, in part against massive internal resistance and a broad public discussion on the usefulness of this policy. The sentix economic indices were therefore eagerly awaited as to whether the new measures would initiate an autumn revival. The October data, however, have the effect of a cold shower: there is no sign of a trend reversal, all subcomponents are in a descent. The overall index for the eurozone has fallen to its lowest level since April 2013, led by an assessment of the current situation that has been published for the fifth time in a row. Particularly worrying is the dynamics of the deterioration of the situation, which signals a downward thrust of -6 points. Fears of recession are and remain immanent. The central bankers have not succeeded in breaking the downward spiral with the measures taken so far.



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

Since the high in February 2018, the Euro zone's assessment of the current situation has dropped from its original excellent level of +49.5 by an amazing 67.5 points! The reaction of the observers is unusually unagitated. So far, the weakening has always been talked down: A "mere correction of sentiment" in 2018 has now led to the diagnosis of a selective industrial recession. On the other hand, there is a lack of awareness on the part of politicians and the public that quick answers must be found in order to counter the pace of the downturn. The focus is (still) on other political issues and a supposedly stable labour market that clouds the view of economic prospects for the future. In addition, everyone is relying on the tried and tested recipe of "cheap central bank money". Monetary impulses are expected to



produce wonders that they are increasingly no longer able to achieve on their own. The reaction of investors to this is clear.

Germany: Climate discussion

The global climate is important, measures are absolutely necessary. The discussions are currently taking over all the forces of politics, which is neglecting everything else in the tough struggle for the "best solution". The economic climate in Germany is eroding at record speed, and the overall index for the former economic engine in Europe in October marks the lowest level since July 2009! Pressure is building up, and the first mover among the leading indicators is sending a clear signal to the people involved that the economic slowdown requires a rapid and courageous reaction.

Germany	May. 19	Jun. 19	Jul. 19	Aug. 19	Sep. 19	Oct. 19	
Overall index	7.9	-0.7	-4.8	-13.7	-12.8	-19.4	Lowest since 07.2009
Headline Index							
- Current situation	18.3	13.5	7.0	-5.5	-10.5	-18.0	Lowest since 11.2009
- Expectations	-2.0	-14.0	-16.0	-21.5	-15.0	-20.8	

USA: Fully in the downward strudel

For a long time, the US economy proved resilient. Now, however, the braking traces of the global economic slowdown are becoming increasingly visible - also for the US economy: the overall index for the US is now negative again for the first time since October 2012. Trump's comfort level shrumps at a record pace: Since October 2018, the current situation has fallen by 53.5 points from +66.5 to +13. The US labour market alone (still) reflects a stable basic state. However, as is well known, this is the last to react.

United States	May. 19	Jun. 19	Jul. 19	Aug. 19	Sep. 19	Oct. 19	
Overall index	17.7	6.5	7.0	4.9	5.5	-4.1	Lowest since 08.2012
Headline Index							
- Current situation	43.3	31.8	29.5	30.0	25.8	13.0	Lowest since 03.2013
- Expectations	-5.3	-16.0	-13.3	-17.5	-13.0	-19.8	Lowest since 01.2019

Global: "Mindchanger" necessary

The deterioration in the individual economic regions is leaving behind significant cracks in the global economy. At -6.3 points, the sentix Global Aggregate Index drops to its lowest level since December 2011. A political signal is needed to break investors' increasingly strong fears. A solution in the customs dispute or the Brexit dispute, but also measures on the tax and investment policy of the states would have the potential for such a "mindchanger". Ultimately, trusting the central banks alone will not help.

Global	May. 19	Jun. 19	Jul. 19	Aug. 19	Sep. 19	Oct. 19	
Overall index	14.0	3.6	3.9	-2.3	-1.6	-6.3	Lowest since 12.2011
Headline Index							
- Current situation	23.9	15.6	14.2	9.3	5.7	-0.3	Lowest since 02.2016
- Expectations	4.4	-7.8	-5.8	-13.3	-8.7	-12.1	



Further result tables

Japan	May. 19	Jun. 19	Jul. 19	Aug. 19	Sep. 19	Oct. 19	
Overall index	9.0	2.2	1.4	-5.4	-3.0	-8.9	Lowest since 05.2016
Headline Index							
- Current situation	16.5	11.3	11.3	3.3	2.8	-5.0	Lowest since 10.2016 3. decline in a row
- Expectations	1.8	-6.5	-8.0	-13.8	-8.5	-12.8	
Asia ex Japan	May. 19	Jun. 19	Jul. 19	Aug. 19	Sep. 19	Oct. 19	
Overall index	21.1	8.2	9.3	1.6	2.9	0.0	Lowest since 02.2016
Headline Index							
- Current situation	30.5	19.8	19.3	12.8	10.0	6.0	Lowest since 05.2016 5. decline in a row
- Expectations	12.0	-2.8	-0.3	-9.0	-4.0	-5.8	
Eastern Europe	May. 19	Jun. 19	Jul. 19	Aug. 19	Sep. 19	Oct. 19	
Overall index	5.6	-0.9	-1.0	-7.6	-5.4	-10.4	Lowest since 03.2016
Headline Index							
- Current situation	9.0	5.8	3.3	-0.5	-2.3	-7.8	Lowest since 10.2016 5. decline in a row
- Expectations	2.3	-7.3	-5.3	-14.5	-8.5	-13.0	
Latin America	May. 19	Jun. 19	Jul. 19	Aug. 19	Sep. 19	Oct. 19	
Overall index	-3.4	-9.3	-6.6	-11.3	-19.2	-19.0	
Headline Index							
- Current situation	-7.5	-9.8	-9.0	-10.5	-23.0	-23.3	Lowest since 09.2016 3. decline in a row
- Expectations	0.8	-8.8	-4.3	-12.0	-15.3	-14.8	
Global	May. 19	Jun. 19	Jul. 19	Aug. 19	Sep. 19	Oct. 19	
Overall index	14.0	3.6	3.9	-2.3	-1.6	-6.3	Lowest since 12.2011
Headline Index							
- Current situation	23.9	15.6	14.2	9.3	5.7	-0.3	Lowest since 02.2016 5. decline in a row
- Expectations	4.4	-7.8	-5.8	-13.3	-8.7	-12.1	
Switzerland	May. 19	Jun. 19	Jul. 19	Aug. 19	Sep. 19	Oct. 19	
Overall index	13.9	19.9	9.1	3.6	5.0	-10.4	Lowest since 02.2015
Headline Index							
- Current situation	28.0	37.3	28.0	24.0	21.3	-0.8	Lowest since 12.2015 4. decline in a row
- Expectations	0.8	3.8	-8.3	-15.0	-10.0	-19.5	Lowest since 02.2015
Austria	May. 19	Jun. 19	Jul. 19	Aug. 19	Sep. 19	Oct. 19	
Overall index	25.2	3.8	15.2	13.0	11.5	1.4	Lowest since 05.2016 3. decline in a row
Headline Index							
- Current situation	36.3	28.0	24.8	25.8	23.8	10.5	Lowest since 12.2016
- Expectations	14.8	-17.8	6.0	1.0	0.0	-7.3	3. decline in a row



Data availability

Bloomberg L.P.

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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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