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sentix Economic Index: An exclamation mark of the "first mover"

- At the beginning of November, the first mover among economic indicators sends an exclamation mark. The sentix overall index for Euroland jumps up by 12.3 points! The expected value reaches its highest level since May 2019.
- Even the German economy, so far strongly affected by the weakness of the manufacturing sector, is showing a strong recovery in situation and expectation values! The overall index rose by 12.9 points.
- On a global level, the cause of this improvement in sentiment seems to lie on the one hand in Asia ex Japan, where the data point to a beginning upswing. Investors also appreciate the resilience of the US economy.

Statistics

Poll running: **31-Oct to 2-Nov, 2019**
Survey participants: **1,082 investors**
(**225** of those are institutional investors)

Current economic regimes* of countries /regions in focus:

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

* 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: November 2019

Euro Area	Jun. 19	Jul. 19	Aug. 19	Sep. 19	Oct. 19	Nov. 19
Overall index	-3.3	-5.8	-13.7	-11.1	-16.8	-4.5
Headline Index						
- Current situation	6.0	1.8	-7.3	-9.5	-15.5	-5.5
- Expectations	-12.3	-13.0	-20.0	-12.8	-18.0	-3.5

Highest since
05.2019



Commentary on the survey results for November 2019

An exclamation mark of the "first mover"

The global economy could go through an important low just these days. This is indicated by the latest data from the sentix economic indices. The overall index for Euroland rises by 12.3 points to -4.5, the expected values even jump by 14.5 points to their highest level since May 2019. Can the recession thus be averted? At any rate, hopes are pinned on new signs of recovery from China and the resilience of the US economy.

Euro area: But no recession?

The latest data from the sentix economic indices give hope that a deeper recession can be averted in the eurozone. Both the situation assessment of the investors surveyed by sentix (+10 points) and the strong recovery of the expectation values (+14.5 points) surprise positively. Several factors contributed to this positive development. On the one hand, the turnaround in the ECB's monetary policy has been well received by investors. In the meantime, we are measuring a stronger rise in the money supply aggregates again, which, with a slight delay, usually also has a stimulating effect on the economy. Investors also expect growth to be supported by higher government spending.



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

On the other hand, the Chinese economy is sending signs of a possible upswing and the US economy, especially the labour markets, continues to be robust. The same also applies to the labour markets in Euroland, which are still in comparatively good shape.

What is extremely good news for the equity markets should be less pleasing for investors in bonds. In addition to central bank policy, which is still regarded as supportive, the thematic negative factors are already predominant. It is also more likely that the interest rate spread will widen from long to short term. Bonds are therefore likely to remain risky.



Germany: Hopes for a shaken country

As the world's leading exporter, Germany is not the only country particularly hard hit by problems in world trade. For some time now, the country has also been standing in its own way. Especially the self-dismantling of the most important industrial sector, the automotive industry, is a heavy burden on the German economy. Since the trend reversal that is now becoming apparent is also being led by the Asia ex Japan region, the hope that the slide into recession can be averted is also nourishing hope for the German economy. In any case, expectations are sending a strong sign of life with an increase of +16 points.

Germany	Jun. 19	Jul. 19	Aug. 19	Sep. 19	Oct. 19	Nov. 19	
Overall index	-0.7	-4.8	-13.7	-12.8	-19.4	-6.5	
Headline Index							
- Current situation	13.5	7.0	-5.5	-10.5	-18.0	-8.3	
- Expectations	-14.0	-16.0	-21.5	-15.0	-20.8	-4.8	Highest since 05.2019

USA: Robust labour markets

The sentix overall index for the US economy rose significantly to +8.7 points, the highest level since May 2019. One reason for this is the stability of the labour markets and thus the consumer economy. Contrary to the expectations of many observers, employment continues to rise. Accordingly, investors are sharply correcting their assessment of the situation by +15.8 points!

United States	Jun. 19	Jul. 19	Aug. 19	Sep. 19	Oct. 19	Nov. 19	
Overall index	6.5	7.0	4.9	5.5	-4.1	8.7	Highest since 05.2019
Headline Index							
- Current situation	31.8	29.5	30.0	25.8	13.0	24.8	
- Expectations	-16.0	-13.3	-17.5	-13.0	-19.8	-6.3	Highest since 05.2019

Asia ex Japan: Chinese signs of hope

According to the professional and private investors surveyed by sentix, the Asia ex Japan region is on the upswing again. The situation, expectations and the overall index are all back in positive territory. And this despite the fact that no agreement has yet been reached on the trade dispute with the USA. Should a positive agreement be reached here, this should secure the recovery process. But it should also be helpful that interest rates have been cut further around the globe and monetary policy has been relaxed.

Asia ex Japan	Jun. 19	Jul. 19	Aug. 19	Sep. 19	Oct. 19	Nov. 19	
Overall index	8.2	9.3	1.6	2.9	0.0	8.5	
Headline Index							
- Current situation	19.8	19.3	12.8	10.0	6.0	11.8	
- Expectations	-2.8	-0.3	-9.0	-4.0	-5.8	5.3	Highest since 05.2019



Further result tables

Japan

	Jun. 19	Jul. 19	Aug. 19	Sep. 19	Oct. 19	Nov. 19
Overall index	2.2	1.4	-5.4	-3.0	-8.9	0.9
Headline Index						
- Current situation	11.3	11.3	3.3	2.8	-5.0	3.5
- Expectations	-6.5	-8.0	-13.8	-8.5	-12.8	-1.8

Highest since
05.2019

Eastern Europe

	Jun. 19	Jul. 19	Aug. 19	Sep. 19	Oct. 19	Nov. 19
Overall index	-0.9	-1.0	-7.6	-5.4	-10.4	-1.8
Headline Index						
- Current situation	5.8	3.3	-0.5	-2.3	-7.8	-1.0
- Expectations	-7.3	-5.3	-14.5	-8.5	-13.0	-2.5

Highest since
05.2019

Latin America

	Jun. 19	Jul. 19	Aug. 19	Sep. 19	Oct. 19	Nov. 19
Overall index	-9.3	-6.6	-11.3	-19.2	-19.0	-17.4
Headline Index						
- Current situation	-9.8	-9.0	-10.5	-23.0	-23.3	-24.5
- Expectations	-8.8	-4.3	-12.0	-15.3	-14.8	-10.0

Lowest since
08.2016

4. decline in a row

Global

	Jun. 19	Jul. 19	Aug. 19	Sep. 19	Oct. 19	Nov. 19
Overall index	3.6	3.9	-2.3	-1.6	-6.3	3.0
Headline Index						
- Current situation	15.6	14.2	9.3	5.7	-0.3	6.9
- Expectations	-7.8	-5.8	-13.3	-8.7	-12.1	-0.7

Highest since
05.2019

Switzerland

	Jun. 19	Jul. 19	Aug. 19	Sep. 19	Oct. 19	Nov. 19
Overall index	19.9	9.1	3.6	5.0	-10.4	10.3
Headline Index						
- Current situation	37.3	28.0	24.0	21.3	-0.8	20.8
- Expectations	3.8	-8.3	-15.0	-10.0	-19.5	0.3

Austria

	Jun. 19	Jul. 19	Aug. 19	Sep. 19	Oct. 19	Nov. 19
Overall index	3.8	15.2	13.0	11.5	1.4	4.0
Headline Index						
- Current situation	28.0	24.8	25.8	23.8	10.5	10.8
- Expectations	-17.8	6.0	1.0	0.0	-7.3	-2.5



Data availability

Bloomberg L.P.

FACTSET



Macrobond



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expertise in behavioral finance

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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