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sentix Economic Index: The breadth of the upturn is right

- In September 2017, the Euroland economy continues to perform well. The overall index rises slightly to 28.2 points. Location and expectations have hardly changed.
- The decline in German index values in the last month has been partly corrected (+1). However, the sentix investors do not share the same optimism, as it is reflected in the ifo index.
- The sentix economic index is also improving slightly in the US, but it's still not an all-clear signal. On the other hand, the other world regions are strong. Above all, Japan is in the best position since summer 2007. The recoveries in Eastern Europe and Latin America are progressing slowly.







Statistics

Poll running: **Aug. 31st to Sep. 2th, 2017**

Survey participants: **983 investors**

(**281** of those are institutional investors)

Current economic regimes* of countries /regions in focus:

Region / country	Regime	Region / country	Regime
 Eurozone	boom	 USA	cooling
 Germany	upswing	 Japan	upswing
 Switzerland	boom	Asia ex-Japan	boom
 Austria	boom	Latin America	stabilisation
Eastern Europe	upturn	Global Aggregate	upswing

* 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 Eurozone economy: September 2017

Euro area	Apr 17	May 17	Jun 17	Jul 17	Aug 17	Sep 17
Overall Index	23.9	27.4	28.4	28.3	27.7	28.2
Headline Index						
- Current situation	28.8	34.5	36.0	37.3	40.0	39.8
- Expectations	19.3	20.5	21.0	19.8	16.0	17.3



Commentary on the survey results for September 2017

The breadth of the upturn is right

The sentix economic indices for Euroland also signal a stable constitution in September. The overall index rises slightly to 28.2 points. The situation index and expectations show little change in the previous month. Last month, the German and US data were disappointing. There are moderate counter-movements in both regions this month. All other world regions remain on a growth path. In Japan the situation is strikingly upward and reaches the highest value since summer 2007.

Euroland stable in the autumn

Mario Draghi should be pleased: The Euroland economy has passed its first light test. August's uncertainty, caused by the car crisis in Germany and weak US economic data, has not affected the Euroland economy. With a current situation index of +39.75 and an expectation component of +17.25, the Euroland economy is in good shape for autumn.



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

From a cyclical viewpoint, there is no longer a need for the ECB to secure economic recovery through monetary policy measures. However, the belief in a self-sustaining upturn has not yet been heard from the ECB's words. Not only the Euroland data, but also the data of the other regions are considered, except for the USA all the countries and regions surveyed convey a robust economic impression. Even Japan convinces with strong position values.

The sentix thematic barometer signals that investors have already set themselves to a certain extent for an end to the ECB's borrowing program. However, the sentix inflation barometer also shows that inflation has also tended to reduce the pressure on action in the last three months due to inflation, also due to the strength of the euro.

Draghi has therefore no need to do something, but very favourable preconditions to initiate a policy change without fear of warping!



Germany: After the zenith follows a plateau

In the summer of this year sentix economic indices for Germany have reached their zenith. But the economic condition is very robust. Low interest rates, extra charges due to the refugee crisis and high government subsidies fuel the domestic economy. In addition, Germany still profits from a comparatively low euro. The economy remains at a high level, but the growth dynamics are flattening.

Germany	Apr 17	May 17	Jun 17	Jul 17	Aug 17	Sep 17
Overall Index	35.3	36.9	39.2	37.5	33.2	34.0
Headline Index						
- Current situation	59.0	61.3	66.8	65.5	64.3	63.0
- Expectations	13.8	14.8	14.5	12.5	5.8	8.3

USA: Slight Recovery

The US economic data can improve slightly in September, but investors are still skeptical, compared to, for example, US consumer confidence. Decisive for the next few weeks is probably whether Trump can avoid a shutdown of the US government and implement its tax plans at least partially.

USA	Apr 17	May 17	Jun 17	Jul 17	Aug 17	Sep 17
Overall Index	26.7	20.4	16.5	14.8	14.1	17.1
Headline Index						
- Current situation	45.0	36.0	35.5	32.5	34.3	35.8
- Expectations	9.8	5.8	-1.0	-1.5	-4.3	0.0

Japan's economy on the upswing

Notwithstanding the saber rattling on the Korean peninsula, the Japanese economy continues to improve bit by bit. The current situation rating is the highest since July 2007. Expectations remain positive, but at a low level.

Japan	Apr 17	May 17	Jun 17	Jul 17	Aug 17	Sep 17
Overall Index	14.1	15.2	18.6	16.7	13.8	17.6
Headline Index						
- Current situation	19.3	20.0	26.8	23.3	22.3	28.0
- Expectations	9.0	10.5	10.8	10.3	5.8	7.8



Further result tables

Switzerland	Apr 17	May 17	Jun 17	Jul 17	Aug 17	Sep 17
Overall Index	28.1	29.0	18.6	29.4	20.1	26.8
Austria	Apr 17	May 17	Jun 17	Jul 17	Aug 17	Sep 17
Overall Index	29.2	29.0	39.7	35.4	35.4	40.8
Asia ex Japan	Apr 17	May 17	Jun 17	Jul 17	Aug 17	Sep 17
Overall Index	24.8	22.9	25.4	25.0	24.3	24.7
Headline Index						
- Current situation	31.5	30.5	33.5	33.3	36.0	36.3
- Expectations	18.3	15.5	17.5	17.0	13.3	13.8
Eastern Europe	Apr 17	May 17	Jun 17	Jul 17	Aug 17	Sep 17
Overall Index	7.6	9.5	11.6	12.1	10.0	11.2
Headline Index						
- Current situation	5.5	8.0	10.3	12.5	11.5	13.8
- Expectations	9.8	11.0	13.0	11.8	8.5	8.8
Latin America	Apr 17	May 17	Jun 17	Jul 17	Aug 17	Sep 17
Overall Index	0.1	-0.7	-2.8	-1.1	-1.6	0.9
Headline Index						
- Current situation	-9.8	-9.8	-13.5	-9.8	-9.8	-6.5
- Expectations	10.5	8.8	8.5	8.0	7.0	8.5
Global Aggregate	Apr 17	May 17	Jun 17	Jul 17	Aug 17	Sep 17
Overall Index	20.8	19.3	19.6	19.0	18.1	19.7
Headline Index						
- Current situation	27.8	26.5	28.0	27.5	29.2	30.5
- Expectations	14.0	12.4	11.5	10.8	7.5	9.4



Data availability

Bloomberg

FACTSET



Macrobond



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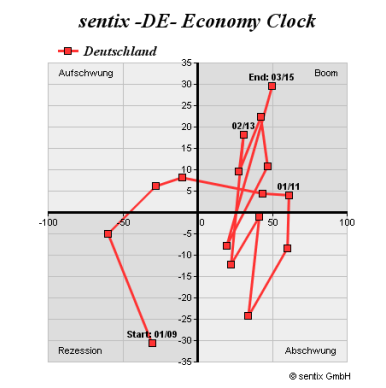
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The sentix GmbH is an independent research institute based in Frankfurt/Main, Germany. Founded in 2001, sentix provides analysts and investors, as well as the media and officials, with information about investors' preferences and their estimates and expectations about markets and economic trends.

Sentix is recognised in the industry as one of the leading experts in market sentiment and Behavioral Finance data. Among our clients are big fund managements groups as well as banks and independent fiduciaries. The data products are derived from the sentix Global Investor survey, to which more than 5.000 investors from 20+ countries contribute.

Background, methodology and more

See <http://economics.sentix.de>



The idea of the „economy clock“

The sentix economy clock shows the assessment of the current situation and investors' 6-month expectations in an x-y diagram. The evaluation 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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