

Registration for the press distribution list and further information at www.sentix.co.uk



Manfred Huebner

CEFA, Managing Director

manfred.huebner@sentix.de



sentix GmbH

Wiesenhüttenstraße 17, 60329 Frankfurt am Main
Tel. +49 (69) 3487 961-0, info@sentix.de

sentix Economic Index: Danger of overheating

- At the beginning of 2018, the economy in the eurozone remains in excellent shape. The overall index rose slightly to 32.9 points and continues to signal a boom.
- It is astonishing that both the situation and expectations improve slightly. Momentum remains positive. This also applies to Germany, where the situation values are again at an all-time high.
- There are no signs of weakness in the rest of the world. Particularly noteworthy is the USA, where investors are noticeably raising expectations. But latecomers such as Eastern Europe and Latin America can also improve considerably. The upswing is strong and increasingly synchronized.

Statistics

Poll running: **Jan. 4th to Jan. 6th 2018**

Survey participants: **929 investors**
(244 of those are institutional investors)

Current economic regimes* of countries /regions in focus:

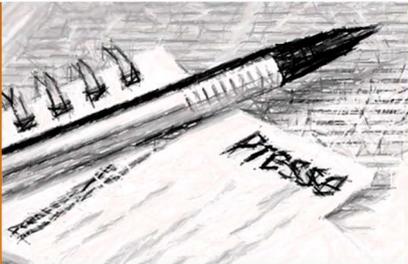
Region / country	Regime	Region / country	Regime
Eurozone	boom	USA	boom
Germany	boom	Japan	boom
Switzerland	boom	Asia ex-Japan	boom
Austria	boom	Latin America	upswing
Eastern Europe	boom	Global Aggregate	boom

* 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: January 2018

Euro area	Aug 17	Sep 17	Oct 17	Nov 17	Dec 17	Jan 18
Overall Index	27.7	28.2	29.7	34.0	31.1	32.9
Headline Index						
- Current situation	40.0	39.8	41.8	45.8	46.5	48.0
- Expectations	16.0	17.3	18.3	22.8	16.8	18.8

Highest since
08.2007



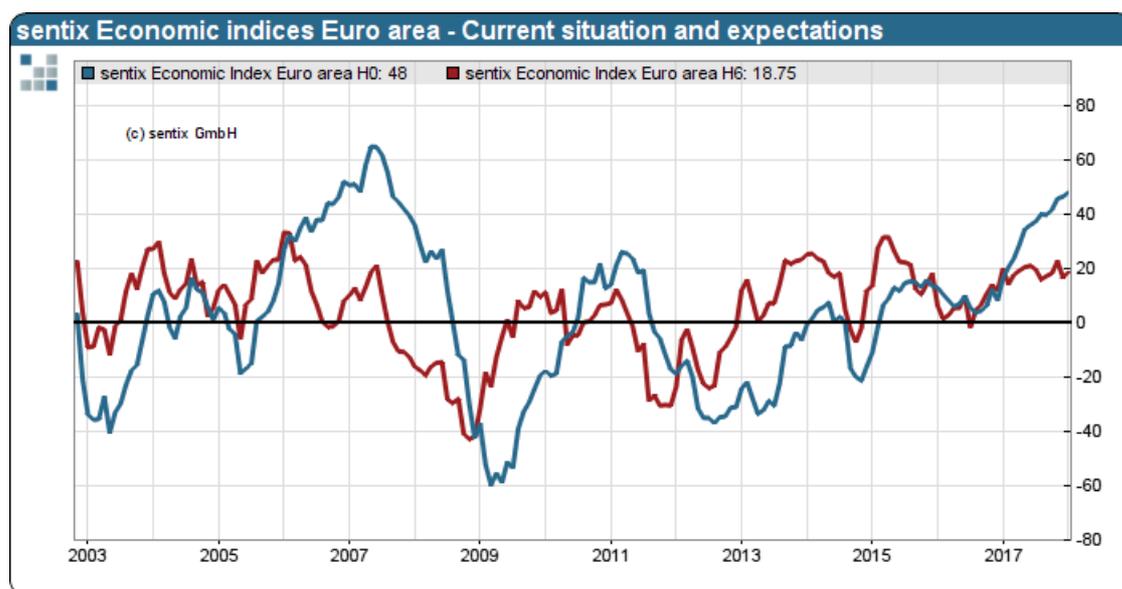
Commentary on the survey results for January 2018

Danger of overheating

In January 2018, there was no sign of a loss of momentum in the sentix economic indices, which we were able to detect in the beginning of December. On the contrary: all regions of the world show a stable, positive and moderately improved economic picture. The US economic expectations, which are stimulated by the tax reform, have improved particularly significantly. In the eurozone, too, progress is continuing. And even latecomers such as Eastern Europe and Latin America continue to improve. The upswing is thus broad and synchronous. The likelihood of overheating is increasing.

Euroland: Further upward trends

The economy in the eurozone continues to expand. Investor sentiment and expectations may improve in January. The current situation index rises for the fourth time in a row and reached its highest level since August 2007. Also expectations are also improving slightly. From the point of view of the investors surveyed by sentix, the economy is therefore very robust. The boom is not only being driven by catch-up effects in the euro zone, but above all by a very strong global economy. All regions are experiencing an upturn or boom and signs of weakness are hard to detect.

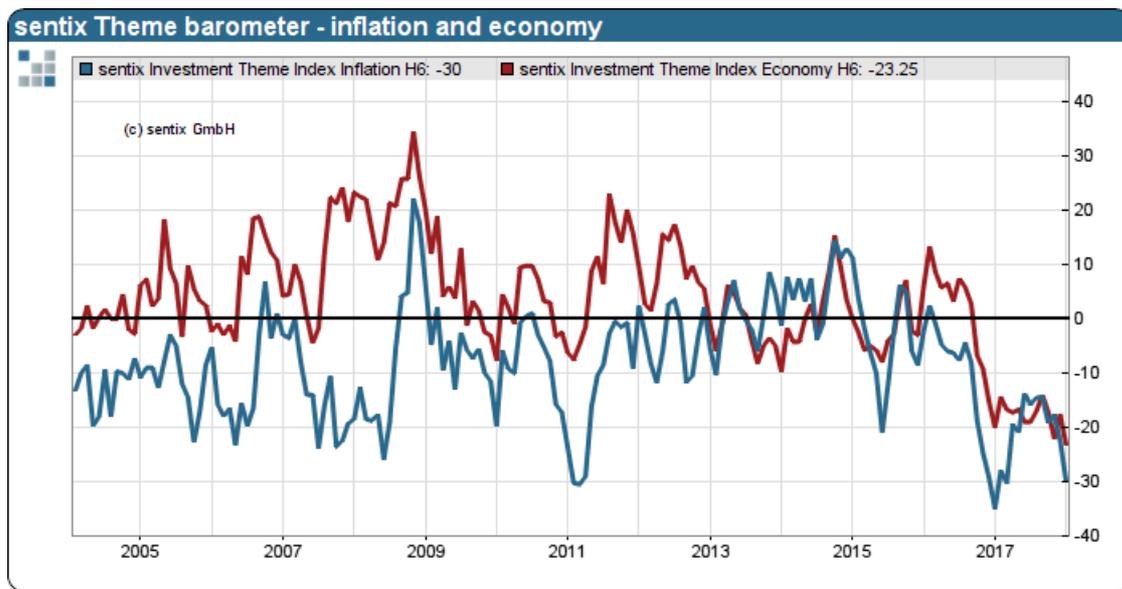
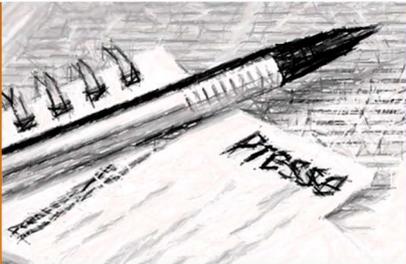


sentix Economic Index for the Eurozone: **current situation** and **expectations**

It doesn't bother that the growth engine Germany is currently governed only by managing directors. Business is running smoothly.

However, such a strong and synchronous upswing inevitably raises the question of how long it will continue to develop without the typical signs of overheating.

In any case, investors expect that the current economic momentum will increasingly become a burden on the bond markets. On the one hand, the real economy is likely to increasingly demand more capital and thus increase the supply of bonds. On the other hand, investors are concerned about further inflationary developments. The corresponding sentix theme barometer falls sharply. The thematic environment for bonds remains difficult.



sentix Theme barometer for the bond market - Inflation and the economy

Germany: Business runs on auto-pilot at full speed

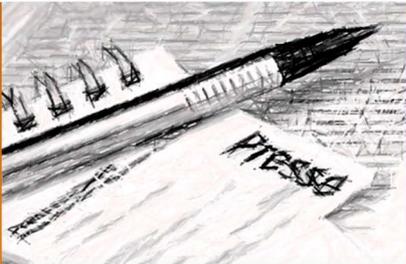
The economy continues to be in full swing. The situation values rise to an all-time high of 72.3 points! So far, the economy has not yet missed a new government. Instead, investors are beginning to assess the effects of Trump's tax reform, which is also having a positive impact on corporate profits, but is also likely to have a positive impact on demand for capital goods. And this is particularly important for Germany.

Germany	Aug 17	Sep 17	Oct 17	Nov 17	Dec 17	Jan 18
Overall Index	33.2	34.0	37.7	42.4	39.1	40.1
Headline Index						
- Current situation	64.3	63.0	65.3	71.8	71.0	72.3 Alltime High
- Expectations	5.8	8.3	13.0	16.3	11.0	11.8

USA: Tax reform ensures good mood

Investors are increasingly realizing the positive effects of the US tax reform. Expectations have risen accordingly, but also the situation values are again at an all-time high. So many investors have quarrels with the US president, it remains to be noted that the economy and markets are constantly surprise on the positive side.

USA	Aug 17	Sep 17	Oct 17	Nov 17	Dec 17	Jan 18
Overall Index	14.1	17.1	22.3	27.5	26.5	32.8
Headline Index						
- Current situation	34.3	35.8	41.0	48.8	50.5	56.5 Alltime High
- Expectations	-4.3	0.0	5.0	8.0	4.8	11.3

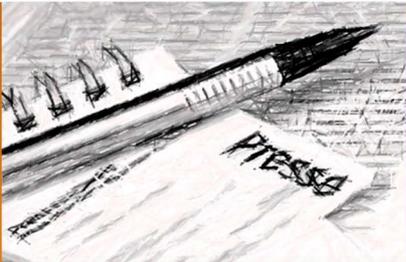


Global Economy: Everything in the green zone

The Global Aggregate Index, which has risen to its highest level since May 2006, shows how well the world economy is doing. Situation and expectations are rising moderately. All regions of the world are contributing to this positive development. The latecomers, Eastern Europe and Latin America, are also showing signs of improvement. For Latin America, we are measuring the fifth consecutive rise in the situation to its highest level since May 2013.

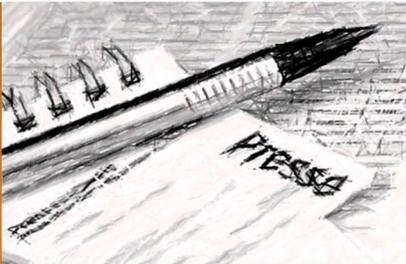
Global Aggregate	Aug 17	Sep 17	Oct 17	Nov 17	Dec 17	Jan 18
Overall Index	18.1	19.7	23.6	27.3	26.0	29.5
Headline Index						
- Current situation	29.2	30.5	34.1	39.0	39.8	43.5
- Expectations	7.5	9.4	13.6	16.2	13.0	16.4

Highest since
08.2007



Further result tables

Switzerland	Aug 17	Sep 17	Oct 17	Nov 17	Dec 17	Jan 18
Overall Index	20.1	26.8	26.1	30.4	28.8	35.8
Austria	Aug 17	Sep 17	Oct 17	Nov 17	Dec 17	Jan 18
Overall Index	35.4	40.8	46.6	44.5	40.7	45.5
Japan	Aug 17	Sep 17	Oct 17	Nov 17	Dec 17	Jan 18
Overall Index	13.8	17.6	22.9	27.3	26.2	29.4
Headline Index						
- Current situation	22.3	28.0	33.3	39.3	39.8	43.0
- Expectations	5.8	7.8	13.0	16.0	13.5	16.5
Asia ex Japan	Aug 17	Sep 17	Oct 17	Nov 17	Dec 17	Jan 18
Overall Index	24.3	24.7	28.3	30.7	29.0	31.9
Headline Index						
- Current situation	36.0	36.3	38.5	41.8	41.8	44.8
- Expectations	13.3	13.8	18.5	20.3	17.0	19.8
Eastern Europe	Aug 17	Sep 17	Oct 17	Nov 17	Dec 17	Jan 18
Overall Index	10.0	11.2	15.4	17.7	17.9	20.3
Headline Index						
- Current situation	11.5	13.8	16.5	20.0	21.0	25.3
- Expectations	8.5	8.8	14.3	15.5	14.8	15.5
Latin America	Aug 17	Sep 17	Oct 17	Nov 17	Dec 17	Jan 18
Overall Index	-1.6	0.9	6.0	8.9	8.8	11.8
Headline Index						
- Current situation	-9.8	-6.5	-0.5	3.3	4.0	7.8
- Expectations	7.0	8.5	12.8	14.8	13.8	16.0



Data availability

Bloomberg

FACTSET

 THOMSON REUTERS

CEIC | A Euromoney
Institutional
Investor Company

Macrobond

 **IHS** GLOBAL
INSIGHT

HAVER ANALYTICS®

sentix 
expertise in behavioral finance

About sentix

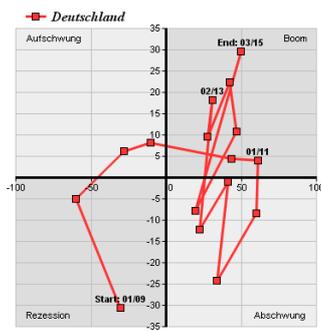
The sentix GmbH is an independent research institute based in Frankfurt/Main, Germany. Founded in 2001, sentix provides analysts and investors, as well as the media and officials, with information about investors' preferences and their estimates and expectations about markets and economic trends.

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

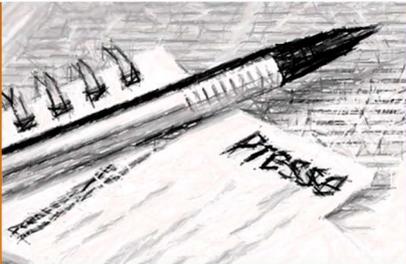
See <http://economics.sentix.de>

sentix -DE- Economy Clock



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.



Disclaimer

Important information concerning liability, compliance, protection of investors and copyright

This information is meant only for distribution in countries in which law permits this.

This analysis is for information purposes only and (i) does not constitute or form part of any offer for sale or subscription of or solicitation of any offer to buy or subscribe for any financial, money market or investment instrument or any security, (ii) is neither intended as such an offer for sale or subscription of or solicitation of an offer to buy or subscribe for any financial, money market or investment instrument or any security nor (iii) as an advertisement thereof. The investment possibilities discussed in this report may not be suitable for certain investors depending on their specific investment objectives and time horizon or in the context of their overall financial situation. The investments discussed may fluctuate in price or value. Investors may get back less than they invested.

Changes in rates of exchange may hurt the value of investments. Furthermore, past performance is not necessarily indicative of future results. In particular, the risks associated with an investment in the financial, money market or investment instrument or security under discussion are not explained in their entirety.

We assume no liability for the information contained in this analysis. The analysis is no substitute for personal investment consultation. Even by the depicted opportunities and risks, investors must individually assess – by their personal investment strategies, the financial, legal and fiscal situation - whether an investment in the financial instruments depicted here is sensible for them. As this document is in no way a direct investment recommendation, this document or parts of it should not be used as the basis for any conclusion of the contract or any commitment to obligations of any kind. Investors are asked to contact the investment analysts of their banks for individual investment advice and other individual explanations and advice.

Neither the sentix GmbH nor any of its managing directors, employees or other persons assumes liability for losses or damages caused in connection with the use of this document or its contents.

The sentiment analysis is made available via the internet to those sentix participants of which is assumed that they do not base their investment decisions inappropriately by this analysis.

Statements or conclusions made through data or services do not include warrants or guarantees for the future market- or price changes. The opinions and assessments expressed therein can change without prior notice.

The sentix GmbH explicitly points out that both the sentix GmbH, its legal agents as well as their employees (in the following: the Involved) regularly conduct transactions in equity and other financial instruments which the data and services refer to. They do this both in their names and for their accounts as well as in the name and accounts of third parties. Should the Involved have been involved in an emission of instruments for the finance markets in the past 12 months, this is separately indicated at the corresponding place.

All rights of use for this analysis, its data and services are the property of the sentix GmbH and are copyrighted. The sentix GmbH reserves its right to inflict penalties for the unauthorised usage of data and services, especially unauthorised commercial use. Reproduction or subsequent processing of website elements, analyses, data or services in electronic, written or another form is prohibited without prior consent by the sentix GmbH. Analyses that are only available in the secure customer area may be quoted, neither in full nor in part. An exception to this are analyses, data or services which have been posted by the sentix GmbH via the press mailing list or which have been presented in another form for public propagation.

This analysis may not – either in full or in part, regardless of underlying intent – be forwarded, reproduced or published.

„sentix“ is a registered trademark of sentix Holding GmbH.

DAX, TecDAX, Xetra und Eurex have registered trademarks of the Deutsche Börse AG. Dow Jones EURO STOXX 50 is a registered trademark of the STOXX Limited. Other names of products and companies which may be mentioned on this site could also be protected or be registered trademarks of other companies.

ANALYST DECLARATION

Neither in the past, present or future is the remuneration of the author linked – either directly or indirectly – to his or her recommendations or views expressed in this context.