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sentix Economic Index: World economy in the grip of the virus







- The outbreak of the corona virus has led to uncertainty among investors. However, its influence is still limited in economic terms. In the Euro zone, the economic index has fallen moderately to 5.2 points after three consecutive rises.
- Even in Germany, although it is heavily dependent on global trade and the Asian economy, investors are still relatively relaxed. The overall index declined by only 2.1 points.
- The virus is a considerable burden for China, the previous hope of the global economy. Here the effects are much stronger and the index for Asia ex Japan falls significantly by 11.3 points. However, investors are not yet expecting any further far-reaching effects, which is also due to the strength of the USA.

Statistics

Poll running: **06-Feb to 08-Feb 2020**

Survey participants: **1,086 investors**
(257 of those are institutional investors)

Current economic regimes* of countries /regions in focus:

Region / country	Regime	Region / country	Regime
 Eurozone	Slight upswing	 USA	Upswing
 Germany	Slight upswing	 Japan	Slight upswng
 Switzerland	Upswing	Asia ex-Japan	Boom
 Austria	Boom	Latin America	Stabilization
Eastern Europe	Slight upswing	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 Euro area economy: February 2020

Euro Area	Sep. 19	Oct. 19	Nov. 19	Dec. 19	Jan. 20	Feb. 20
Overall index	-11.1	-16.8	-4.5	0.7	7.6	5.2
Headline Index						
- Current situation	-9.5	-15.5	-5.5	-1.0	5.5	4.0
- Expectations	-12.8	-18.0	-3.5	2.5	9.8	6.5



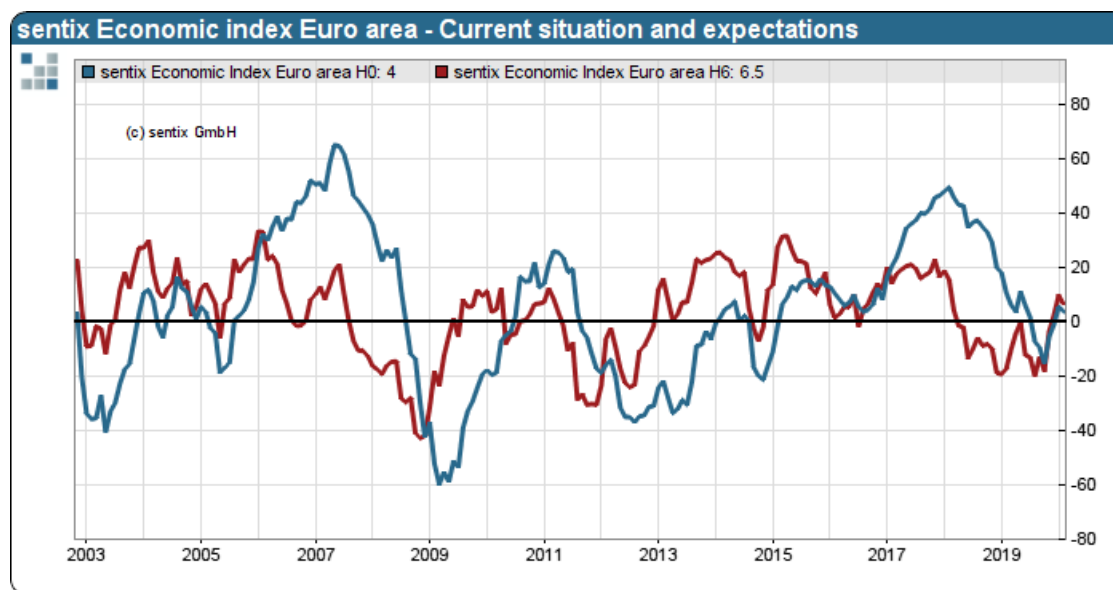
Commentary on the survey results for February 2020

World economy in the grip of the virus

While at the beginning of the year there was still a clear upswing scenario for the global economy, the outbreak of the corona virus in China has changed the situation significantly. The drastic measures taken by the Chinese government for the Hubei region show the danger to the global economy if the outbreak cannot be limited regionally. So far, however, the effects on the economy have been relatively limited from the point of view of the investors surveyed by sentix, even if they are significant for China. The strength of the USA is helping the global economy.

Euro area: Limited negative effect

It could have all gone so well: the sentix economic indices made three consecutive increases. After the partial agreement in the trade dispute between the USA and China, the global economy turned back towards an upswing. The other leading indicators, see the January figures from ifo via ZEW and Markit to ISM, confirmed the sentix indication ("first mover"). And then this. The outbreak of the corona virus and the subsequent drastic measures taken by the Chinese government to seal off the mainly affected Hubei province with the provincial capital Wuhan cast a shadow over the economic outlook. As much as the consistent approach of the Chinese government is to be welcomed from a medical point of view and for the protection of the people, the damage could have a negative impact on the global economy if the virus continues to spread uncontrolled and thus prolongs the crisis.



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

Fortunately, so far the effect is limited. The sentix economic indices are only moderately declining by 2.4 points. Situation and expectation values are declining equally but are still in positive territory. In other words: there is still hope for a continuation of the economic recovery.

However, in view of the significant declines in Chinese economic data, it is clear that the negative effect is likely to be much greater if it does not become apparent in the coming days that the spread of the virus has been taken away by the measures taken in China.



Germany: Capable of action - Incapable of action

The German and Chinese economies are closely interlinked. This was made clear not least by the first cases of illness with the corona virus. However, Germany has so far shown itself to be consistent and capable of action in the area of infection protection, so that no major negative effects have yet been felt here either. The political situation is another example, where the last few days have shown how easily the country can be distracted from important issues. If the global economic climate were to cloud over, it would depend on courageous reactions not only in health policy but also in economic policy. The German government's ability to act has yet to be proven.

Germany	Sep. 19	Oct. 19	Nov. 19	Dec. 19	Jan. 20	Feb. 20
Overall index	-12.8	-19.4	-6.5	-1.4	6.9	4.5
Headline Index						
- Current situation	-10.5	-18.0	-8.3	-3.3	6.0	4.3
- Expectations	-15.0	-20.8	-4.8	0.5	7.8	4.8

USA: The Rock in the Sea

One reason why the global economic situation is still relatively good is the resilience of the US economy. Contrary to the trend, the overall index rose for the fourth time in a row to 20.3 points. The situation and expectations are also moving along, although expectations are not over-foaming at +3.8 points. Donald Trump is likely to be just as pleased about this as he is about the end of the impeachment proceedings.

United States	Sep. 19	Oct. 19	Nov. 19	Dec. 19	Jan. 20	Feb. 20		
Overall index	5.5	-4.1	8.7	11.6	15.9	20.3	Highest since 11.2018	4. increase in a row
Headline Index								
- Current situation	25.8	13.0	24.8	27.0	31.0	38.3	Highest since 05.2019	4. increase in a row
- Expectations	-13.0	-19.8	-6.3	-2.8	1.8	3.8	Highest since 02.2018	4. Increase in a row

Asia ex Japan: The region of concern

It can happen so quickly: last month the region Asia ex Japan was still the "region of hope". Now investors are looking with great concern primarily to China. Despite the considerable burden that the outbreak of the corona virus has placed on China so far (the overall index has fallen by 11.3 points!), we still believe that this rigorous approach is the right one. It now remains to be seen how quickly this consistency will be rewarded. Due to the incubation period there should be a sign of relaxation in the next few days. If this does not happen, we will have to rethink the global economy.

Asia ex Japan	Sep. 19	Oct. 19	Nov. 19	Dec. 19	Jan. 20	Feb. 20
Overall index	2.9	0.0	8.5	12.0	18.4	7.1
Headline Index						
- Current situation	10.0	6.0	11.8	14.3	20.3	6.8
- Expectations	-4.0	-5.8	5.3	9.8	16.5	7.5



Further result tables

Japan	Sep. 19	Oct. 19	Nov. 19	Dec. 19	Jan. 20	Feb. 20		
Overall index	-3.0	-8.9	0.9	2.9	7.4	7.0		
Headline Index								
- Current situation	2.8	-5.0	3.5	2.0	7.8	8.5	Highest since 07.2019	
- Expectations	-8.5	-12.8	-1.8	3.8	7.0	5.5		
Eastern Europe	Sep. 19	Oct. 19	Nov. 19	Dec. 19	Jan. 20	Feb. 20		
Overall index	-5.4	-10.4	-1.8	0.7	5.4	5.5	Highest since 05.2019	4. increase in a row
Headline Index								
- Current situation	-2.3	-7.8	-1.0	0.3	3.8	5.3	Highest since 06.2019	4. increase in a row
- Expectations	-8.5	-13.0	-2.5	1.3	7.0	5.8		
Latin America	Sep. 19	Oct. 19	Nov. 19	Dec. 19	Jan. 20	Feb. 20		
Overall index	-19.2	-19.0	-17.4	-15.4	-9.5	-6.9	Highest since 07.2019	5. increase in a row
Headline Index								
- Current situation	-23.0	-23.3	-24.5	-25.0	-18.5	-14.5	Highest since 08.2019	
- Expectations	-15.3	-14.8	-10.0	-5.3	0.0	1.0	Highest since 04.2019	5. Increase in a row
Global	Sep. 19	Oct. 19	Nov. 19	Dec. 19	Jan. 20	Feb. 20		
Overall index	-1.6	-6.3	3.0	6.4	12.1	8.1		
Headline Index								
- Current situation	5.7	-0.3	6.9	9.0	14.5	10.5		
- Expectations	-8.7	-12.1	-0.7	3.8	9.8	5.8		
Switzerland	Sep. 19	Oct. 19	Nov. 19	Dec. 19	Jan. 20	Feb. 20		
Overall index	5.0	-10.4	10.3	15.5	14.4	14.0		
Headline Index								
- Current situation	21.3	-0.8	20.8	20.0	25.0	27.0	Highest since 07.2019	
- Expectations	-10.0	-19.5	0.3	11.0	4.3	1.8		
Austria	Sep. 19	Oct. 19	Nov. 19	Dec. 19	Jan. 20	Feb. 20		
Overall index	11.5	1.4	4.0	8.1	24.4	20.2		
Headline Index								
- Current situation	23.8	10.5	10.8	10.0	25.3	28.0	Highest since 05.2019	
- Expectations	0.0	-7.3	-2.5	6.3	23.5	12.8		



Data availability

Bloomberg L.P.

FACTSET



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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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