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sentix Economic Index: Fourth decline in a row!

- Investors' assessment of the economic situation in the Eurozone did not improve further in September. At 30.8 points, however, it remains at a high level. Expectations, on the other hand, fell for the fourth time in a row to only 9 points.
- We also measure a comparable development in Germany. The zenith of the economic catch-up process after the Corona lockdowns has thus been passed. Now the question is whether we are just taking a breath or turning the corner.
- For the global economy, too, the signs point to a so-called "mid-cycle slowdown", i.e. a slowdown in growth in the middle of the cycle. The Asia ex-Japan region is particularly affected, where the overall index has already weakened for the fifth time in a row. The situation index fell to its lowest level since February 2021.

Statistics

Poll running: **2nd to 4th September 2021**
Survey participants: **1,070 investors**
(**241** of those are institutional investors)

Current economic regimes* of countries /regions in focus:

Region / country	Regime	Region / country	Regime
Eurozone	Upswing	USA	Upswing
Germany	Upswing	Japan	Boom
Switzerland	Boom	Asia ex-Japan	Boom
Austria	Boom	Latin America	Stagnation
Eastern Europe	Recovery	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 Euro area economy: September 2021

Euro Area	Apr. 21	May. 21	Jun. 21	Jul. 21	Aug. 21	Sep. 21	
Overall index	13.1	21.0	28.1	29.8	22.2	19.6	Lowest since 04.2021
Headline Index							
- Current situation	-6.5	6.3	21.3	29.8	30.8	30.8	
- Expectations	34.8	36.8	35.3	29.8	14.0	9.0	Lowest since 05.2020 4. decline in a row



Commentary on the survey results for September 2021

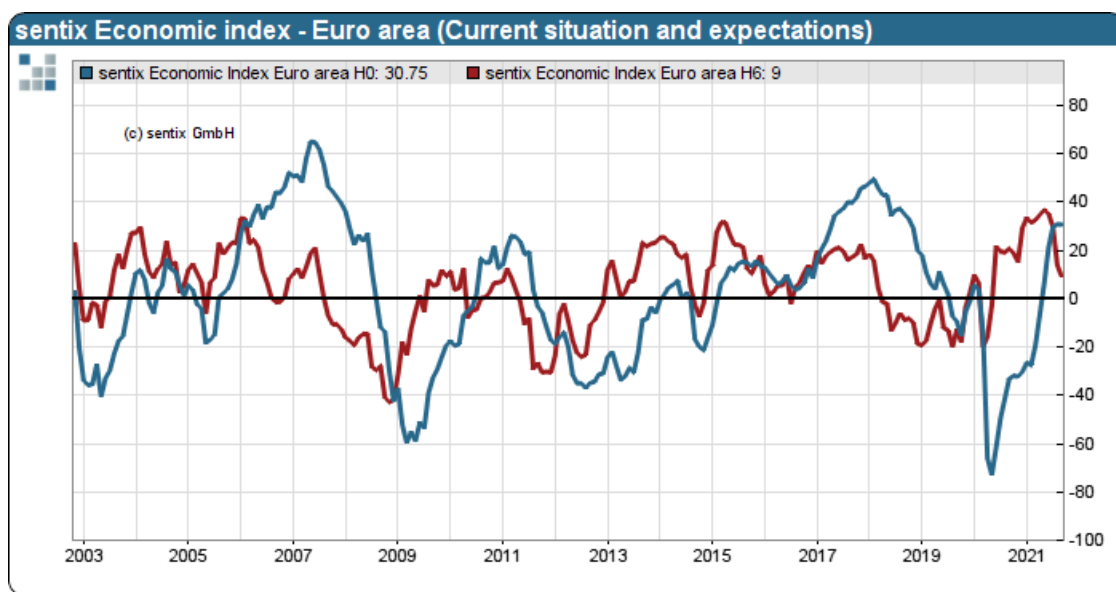
Fourth decline in a row!

The momentum of the global economy is slowing. The expectation scores of most regions in the sentix business cycle indices are falling for the fourth or fifth time in a row. The expectation values are still positive, but the zenith of the economic recovery since the lockdowns last autumn has been passed. This is also evident in the assessments of the economic situation, which have only improved slightly in a few regions. In the important region of Asia ex Japan, on the other hand, we measure a noticeable decline.

Euro area: Peak passed for the time being

The economic recovery process that has been going on for about a year after the painful lockdown in spring 2020 has passed its zenith for the time being. This is reflected in the assessment of the Eurozone economy by the more than 1,000 investors surveyed by sentix. This remains at 30.8 points. This is a respectable level and underlines that the economy is growing overall. However, a look at the expectation values, which fell in September for the fourth time in a row to 9.0 points, signals a loss of momentum at the same time. The zenith has thus been reached for the time being.

The question now is whether we are dealing with a trend reversal or a growth slowdown, as is typical for the middle phase of an economic recovery. So far, the signs point to the latter. The further development in China is likely to be decisive. The values for Asia ex Japan are also declining, but expectations remain positive here as well.



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

However, the development on the inflation front gives cause for concern. The corresponding sentix theme barometer fell to -47 points, the lowest level since the beginning of the survey. This and the limited international transport capacities are currently the biggest risk factors for the further economic development.



Germany: Fourth decline in a row

In Germany, too, the sentix economic expectations deteriorated for the fourth time in a row to 6.8 points. This is the lowest level since May 2020. Does this mean that the economic recovery is faltering? At least the high point seems to have been passed, as the economic situation is also assessed as slightly worse at 36 points after 38.5 points. Nevertheless, it seems premature to declare a turnaround. But the risks are increasing.

Germany	Apr. 21	May. 21	Jun. 21	Jul. 21	Aug. 21	Sep. 21		
Overall index	20.0	26.1	32.9	33.8	25.7	20.9	Lowest since 04.2021	
Headline Index								
- Current situation	4.5	15.3	29.5	37.8	38.5	36.0		
- Expectations	36.8	37.5	36.3	30.0	13.5	6.8	Lowest since 05.2020	4. decline in a row

US: Momentum is clearly slowing down

The sentix overall economic index for the USA fell for the fourth time in a row to 25.7 points. This is not only the lowest value since March 2021, but also a drop of around 14.4 points from the top value in May. Meanwhile, the situation assessment has also turned around. In conjunction with expectations, which now stand at only +7.8 points, it seems clear that the US economy is likely to undergo a "mid-cycle slowdown".

United States	Apr. 21	May. 21	Jun. 21	Jul. 21	Aug. 21	Sep. 21		
Overall index	38.6	40.1	39.9	39.1	30.1	25.7	Lowest since 03.2021	4. decline in a row
Headline Index								
- Current situation	30.0	41.8	46.3	51.3	48.5	45.3		
- Expectations	47.5	38.5	33.8	27.5	13.0	7.8	Lowest since 05.2020	5. decline in a row

Asia ex Japan: Typical weakness in the middle of the upswing?

The Asian region, which is dominated by the economic heavyweight China, is in a cooling phase. The overall index for the region fell for the fifth time in a row to 19.8 points. This is the lowest value since October 2020. At 24.8, the situation values are now also well below the top values of the spring. Nevertheless, we do not expect a turn for the worse, but rather a slowdown in growth, which is typical for the middle of an economic upswing. Even though expectations have fallen to their lowest level since May 2020, they are still clearly positive at +15 index points. Investors expect a renewed improvement after the "dip".

Asia ex Japan	Apr. 21	May. 21	Jun. 21	Jul. 21	Aug. 21	Sep. 21		
Overall index	37.6	36.0	34.1	33.1	23.3	19.8	Lowest since 10.2020	5. decline in a row
Headline Index								
- Current situation	33.8	37.0	36.0	37.8	30.5	24.8	Lowest since 02.2021	
- Expectations	41.5	35.0	32.3	28.5	16.3	15.0	Lowest since 05.2020	5. decline in a row



Further result tables

Japan	Apr. 21	May. 21	Jun. 21	Jul. 21	Aug. 21	Sep. 21		
Overall index	25.5	25.2	26.1	25.7	18.4	16.7	Lowest since 02.2021	3. decline in a row
Headline Index								
- Current situation	15.3	17.8	21.8	26.8	24.3	23.0		
- Expectations	36.3	33.0	30.5	24.8	12.8	10.5	Lowest since 05.2020	5. decline in a row
Eastern Europe	Apr. 21	May. 21	Jun. 21	Jul. 21	Aug. 21	Sep. 21		
Overall index	4.6	9.5	14.9	16.6	10.6	8.4	Lowest since 04.2021	
Headline Index								
- Current situation	-14.0	-6.3	4.8	12.0	11.8	10.8		
- Expectations	25.0	26.5	25.5	21.3	9.5	6.0	Lowest since 05.2020	4. decline in a row
Latin America	Apr. 21	May. 21	Jun. 21	Jul. 21	Aug. 21	Sep. 21		
Overall index	-9.0	-5.1	-0.7	3.4	-3.0	-3.3		
Headline Index								
- Current situation	-31.8	-26.8	-18.8	-8.8	-10.0	-8.5	Highest since 05.2019 Lowest since 10.2020	3. decline in a row
- Expectations	16.8	19.3	19.3	16.3	4.3	2.0		
Global	Apr. 21	May. 21	Jun. 21	Jul. 21	Aug. 21	Sep. 21		
Overall index	26.8	28.3	29.3	29.4	20.8	17.8	Lowest since 02.2021	
Headline Index								
- Current situation	16.3	23.0	27.5	32.2	28.4	25.3		
- Expectations	37.7	33.7	31.1	26.6	13.5	10.6	Lowest since 05.2020	5. decline in a row
Switzerland	Apr. 21	May. 21	Jun. 21	Jul. 21	Aug. 21	Sep. 21		
Overall index	24.6	30.4	35.5	36.2	33.9	31.9		
Headline Index								
- Current situation	10.5	35.5	39.3	44.8	46.3	44.8		
- Expectations	39.8	25.5	31.8	28.0	22.3	19.8	Lowest since 11.2020	3. decline in a row
Austria	Apr. 21	May. 21	Jun. 21	Jul. 21	Aug. 21	Sep. 21		
Overall index	18.1	34.0	44.7	45.4	34.0	41.5		
Headline Index								
- Current situation	-7.0	15.0	49.5	56.0	45.0	63.0	Highest since 09.2018 Lowest since 11.2020	4. decline in a row
- Expectations	46.5	54.8	40.0	35.3	23.5	21.8		



Data availability

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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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