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## sentix-Konjunkturindex: The cauldron remains under pressure

- With yet another drop of 1.9 points to -15.4 points (lowest value since 08.09) the sentix economic index for Euroland signals a sustained weakening of the economic dynamic
- While the expectations have been stabilized, situational values have remained under pressure and document that the transfer to the real economy has taken place
- With the exception of the USA – here, the catastrophically bad expectational values were able to improve slightly – the other world regions remain caught in a downward dynamic. Especially Japan shows a disappointing development

### Statistik

Survey period: **01.09.-03.09.2011**

Participants: **957**

## sentix indications for upcoming market events

At this point we will publish upcoming important market events and the expectations which can be derived from already published sentix data. **sentix – first mover advantage!**

06.09.2011 - ISM Non Manuf. (US) - Another retreat

07.09.2011 - CI-Indizes (JP) - Potential for disappointment

20.09.2011 - ZEW-Index - Moderation after strong setback

22.09.2011 - US Leading Ind. - more weakness

26.09.2011 - ifo Index - current situation disappoints

30.09.2011 - Chicago PMI - more weakness to be expected

## Table of August results for Euroland-economy

<b>Euroland</b>	Apr 11	Mai 11	Jun 11	Jul 11	Aug 11	Sep 11
Gesamtindex	14.2	10.9	3.5	5.3	-13.5	-15.4
Headline-Index						
Aktuelle Lage	25.50	23.75	18.50	19.25	3.50	-3.25
Erwartungen	3.50	-1.25	-10.50	-7.75	-29.00	-26.75
Teilindex Private						
Aktuelle Lage	22.00	23.00	17.50	19.50	2.50	-2.00
Erwartungen	5.00	2.00	-6.50	-4.00	-26.00	-24.50
Teilindex Institutionelle						
Aktuelle Lage	29.00	24.50	19.50	19.00	4.50	-4.50
Erwartungen	2.00	-4.50	-14.50	-11.50	-32.00	-29.00

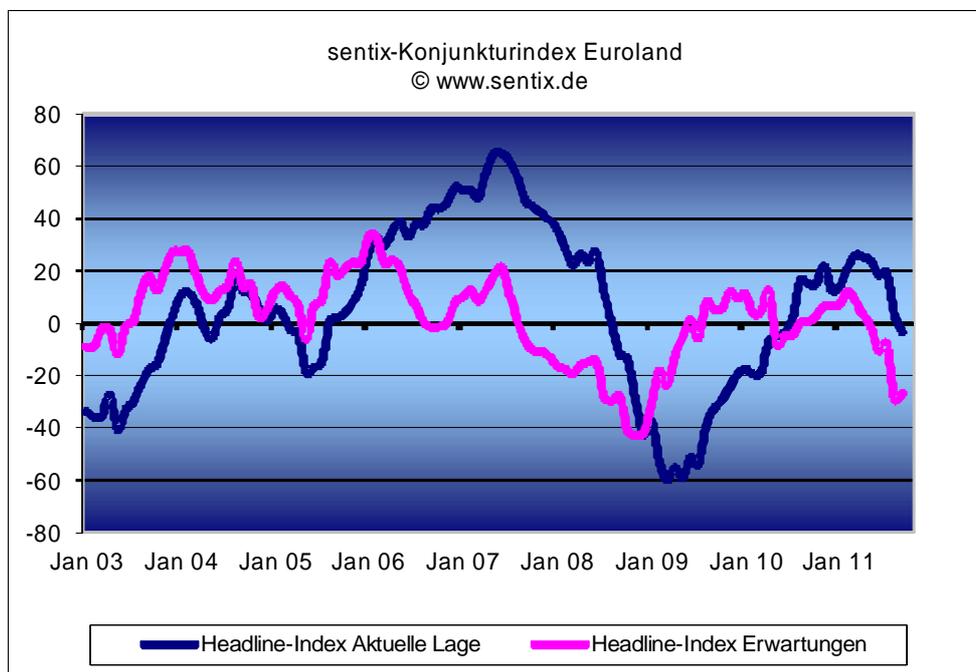


## Comments on the survey results for September 2011:

### The pressure remains in the cauldron

The global economy is not able to get rid of its acute economic problem. The slight improvement in expectational values in most world regions is not a sign of improvement, as, at the same time, situational values continue to slip. Consequentially, the total indices drop continuously, with the exception of the USA. The development in Japan is conspicuous.

After the sentix economic index for Euroland dropped steeply last month, it continues its nosedive in September. With a further drop of 1.9 points an index value of -15.4 points is reached. This is the lowest value since August 2009. The investors surveyed by sentix show themselves to be just as disappointed by the continued debt crisis and the weak courses as by the lack of solutions from the side of central banks and politics.



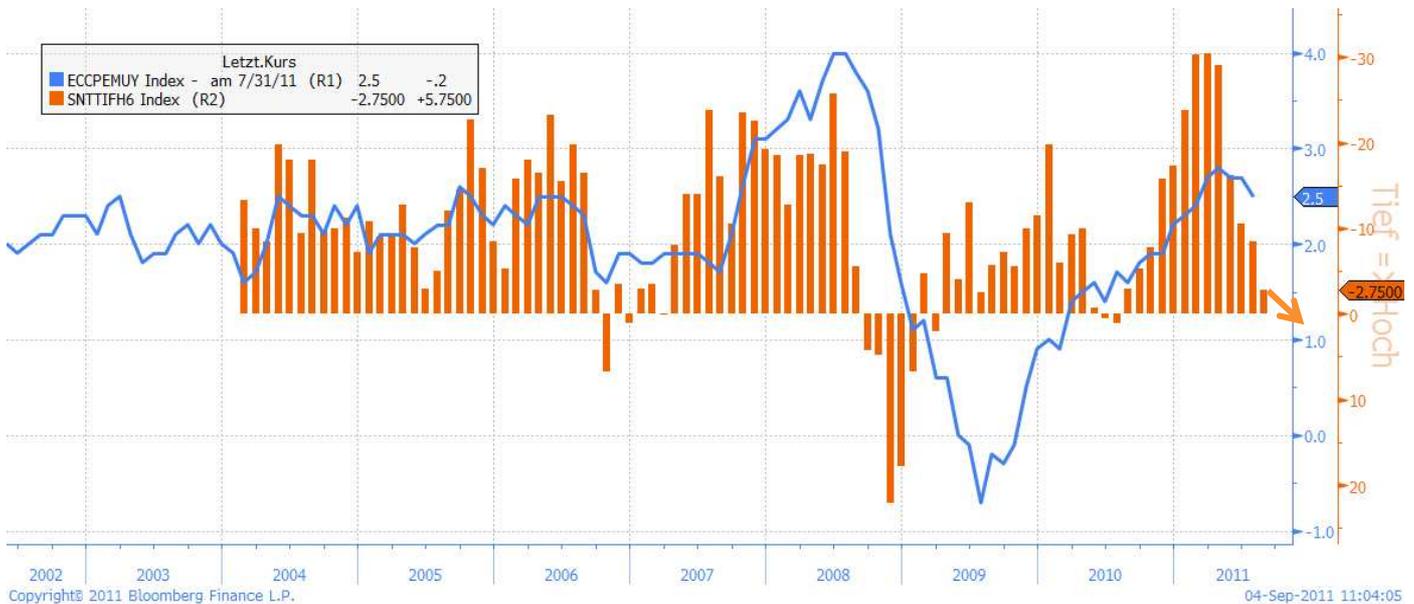
Expectational values were able to improve to -26.75, but this is no way a real improvement or a or even a trend turnaround. Also, the situation falls from +3.5 to -3.25. This means that the economic cooling off has communicated on comparatively quickly to the development of the real economy.

### Pressure on the ECB rises

From an investor viewpoint, the pressure on the ECB to let off from its running strategy of raising interest rates is growing. A glance at the sentix topic indices surveyed in parallel shows this very clearly.

On the one hand, investors see the strong drop in pricing pressure. The topic index inflation, which mirrors the opinion of institutional investors is at 0 points this month, after it had reflected strong inflation anxiety at -43 index points in February 2011.

This topic index has, in the past, been a good leading indicator for the actual inflation rates published soon after. That is why it is to be expected that the CPI-data published in the next weeks in Euroland will be a positive surprise and there will be more room to manoeuvre for the Central Bank for a renunciation of the policy of raising interest rates.



## Euroland Inflation (CPI) and sentix topics index Inflation (Headline Index)

This thought can be clearly found in the topic indices. The following chart shows the main refinancing rate of the ECB in comparison to the sentix topic index central bank politics. On the one hand, investors are more fickle than central bankers – but these basically always react 'behind the curve', after investors have assumed a sustained change in the surrounding context.



## EZB main refinancing rate and sentix topics index Central bank policy (Headline Index)

For the further development of the economy, future policies of the central bank are critical, not only in Euroland.

As, on the one hand, the ECB is being chastised for the purchases of Euro state bonds and many investors are afraid by rising inflation rates of this 'monetarizing' policy. The ECB, though, sterilizes its purchases by collecting back the liquidity created by bond purchases. Partially, these are voluntarily stored by fearful banks on ECB-deposits. Therefore, the growth in money supply is currently not accelerating, as feared by critics of the ECB bond purchases – it is falling. This restrictive pace of the Central Bank is a negative indication for the economy, though. The pressure on the ECB will therefore increase significantly!



Ifo Economic index and Euro area-money supply M1 (yoy rate)

## Global differences in central bank politics

At present there are large differences between the paces of the large central banks. While the US FED is trying to get horses to drink from overflowing troughs, the other central banks are pulling the reins back. US policies currently show little success, even if the total index of the sentix economic index USA has improved from -25.5 to -21.5 (the strongest rise in of all regions, after all). The situational values are dreary, only the negative expectational values are slightly less negative. The combination of both values points to the USA remaining on a recession course.

USA	Apr 11	Mai 11	Jun 11	Jul 11	Aug 11	Sep 11
Gesamtindex	12.9	0.8	-11.1	-8.0	-25.5	-21.5
Headline-Index						
Aktuelle Lage	18.00	5.50	-9.50	-8.00	-22.50	-22.75
Erwartungen	8.00	-3.75	-12.75	-8.00	-28.50	-20.25
Teilindex Private						
Aktuelle Lage	16.00	7.50	-7.00	-6.50	-23.00	-20.50
Erwartungen	11.00	2.00	-8.50	-5.50	-25.50	-20.00
Teilindex Institutionelle						
Aktuelle Lage	20.00	3.50	-12.00	-9.50	-22.00	-25.00
Erwartungen	5.00	-9.50	-17.00	-10.50	-31.50	-20.50

## China's restrictive course

In contrast to the US Federal Bank, the Chinese central bank has been following a restrictive course for some time, which has, until now, 'only' led to a moderate drop in growth, which can be read on the sentix economic index Asia ex Japan:

Asien ex Japan	Apr 11	Mai 11	Jun 11	Jul 11	Aug 11	Sep 11
Gesamtindex	25.4	22.5	17.9	21.8	13.4	13.7
Headline-Index						
Aktuelle Lage	44.00	45.00	38.50	44.25	39.75	35.00
Erwartungen	8.25	2.00	-1.00	1.50	-10.00	-5.75

It is on the one hand encouraging that this process seems to be unfolding in such a controlled manner that the indication for China also remains a further cooling off of growth. At present, China fails as driving force for a new round of growth acceleration.



**China leading indication: sentix Economic index Asia ex Japan (expectations) and China PMI-Index**

## Japan disappoints!

Since the nuclear catastrophe in Fukushima, the Japanese government has not only been fighting for confidence, against the consequences of earthquake and tsunami and against a creeping erosion of credit ratings. It is also fighting obstinately against recessive tendencies in the economy - this battle continues in September. The only region with yet another drop in expectational values is Japan – it remains a cause for concern.

<b>Japan</b>	Apr 11	Mai 11	Jun 11	Jul 11	Aug 11	Sep 11
Gesamtindex	-17.7	-14.7	-19.0	-8.7	-12.3	-13.4
Headline-Index						
Aktuelle Lage	-26.50	-30.50	-36.00	-22.75	-15.50	-16.75
Erwartungen	-8.50	2.50	-0.25	6.50	-9.00	-10.00

## Further results of the sentix economic indices

<b>Osteuropa</b>	Apr 11	Mai 11	Jun 11	Jul 11	Aug 11	Sep 11
Gesamtindex	21.3	15.5	10.1	14.3	3.0	1.5
Headline-Index						
Aktuelle Lage	32.75	29.00	24.00	28.50	21.00	16.75
Erwartungen	10.50	2.75	-3.00	1.00	-13.50	-12.75

<b>Lateinamerika</b>	Apr 11	Mai 11	Jun 11	Jul 11	Aug 11	Sep 11
Gesamtindex	27.1	20.3	15.9	17.6	7.1	7.6
Headline-Index						
Aktuelle Lage	44.75	40.00	35.75	38.25	29.75	25.75
Erwartungen	10.75	2.25	-2.25	-1.25	-13.25	-9.00

<b>Globales Aggregat</b>	Apr 11	Mai 11	Jun 11	Jul 11	Aug 11	Sep 11
Gesamtindex	16.6	11.1	4.1	7.8	-5.0	-4.4
Headline-Index						
Aktuelle Lage	27.2	22.8	14.7	18.7	9.8	6.3
Erwartungen	6.4	0.0	-6.0	-2.5	-18.8	-14.6



## Data availability

**Bloomberg**

**FACTSET**



**sentix**   
expertise in behavioral finance



## About sentix

On a weekly basis, more than 3.200 registered investors (of which more than 700 are institutionals) supply us with their market assessment. Out of this data, sentix calculates sentiment indexes, which mirror the sentiment of equity markets (DAX, EuroSTOXX 50, Nikkei 225, S&P 500), bond markets (Bund-Future, US-Treasury-Future) and currencies (EUR/USD, USD/YEN). These sentiment indexes are setting the standard, held in high regard by many renowned financial players and are used by investment professionals in their analyses and investment processes. A history of more than seven years and the simple access to data via reputable data providers as well as a website document the outstanding position of sentix as the leading independent sentiment data base.

## Background and methodology

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



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