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sentix Economic Index: It will not get any better?

- The sentix economic index for Euroland has risen for the fifth time in a row to 28.3 points. Above all the situation index, which shows the seventh rise in series and shows the highest level since December 2007 with 37.3 points, drives the index.
- The expectations cannot keep up. Around the world, expectations are stagnating or even slightly declining, in Germany for the second time in a row.
- Internationally, the United States remains chipped. The expectations remain slightly negative and the situation falls for the fourth time in a row. The cooling is becoming increasingly noticeable. On the other hand, Eastern Europe. Here the situation also rises for the seventh time in a row. Asia remains largely unchanged.

Statistics

Poll running: **July 6th to 8th, 2017**
Survey participants: **1,022 investors**
(**276** of those are institutional investors)

Current economic regimes* of countries /regions in focus:

Region / country	Regime	Region / country	Regime
 Eurozone	boom	 USA	cooling
 Germany	boom	 Japan	boom
 Switzerland	boom	Asia ex-Japan	boom
 Austria	boom	Latin America	stabilisation
Eastern Europe	upturn	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: July 2017

Euro area	Feb 17	Mar 17	Apr 17	May 17	Jun 17	Jul 17	
Overall Index	17.4	20.7	23.9	27.4	28.4	28.3	Highest value since 07-2007
Headline Index							
- Current situation	20.5	23.8	28.8	34.5	36.0	37.3	Highest value since 12-2007
- Expectations	14.3	17.8	19.3	20.5	21.0	19.8	



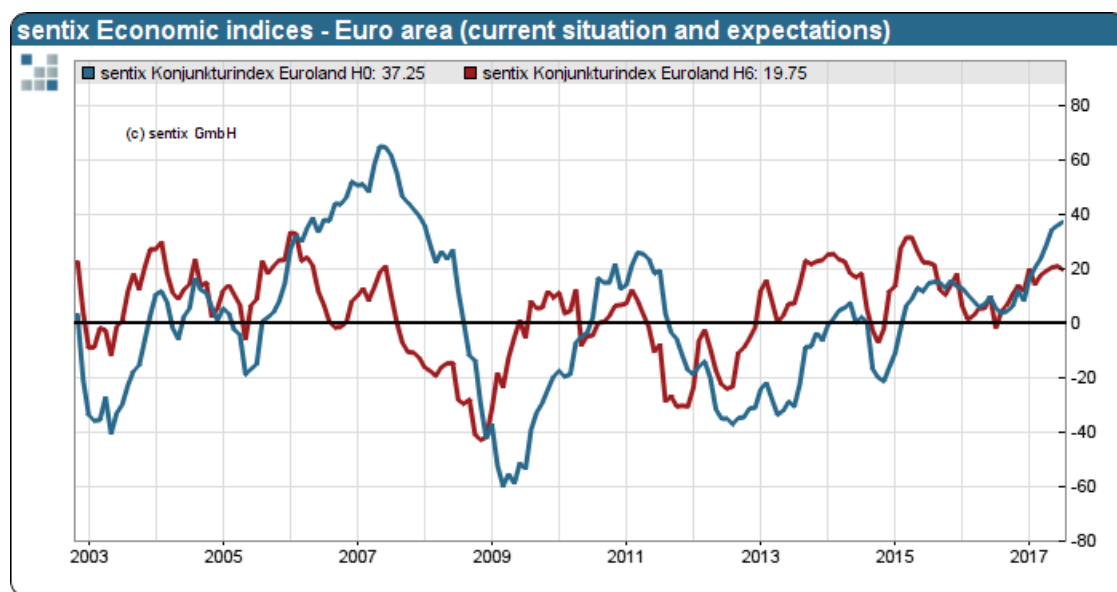
Commentary on the survey results for July 2017

It will not get any better?

The sentix economic indices show different trends for the different countries and regions. While Euroland and Eastern Europe stand out due to their better situation indices, the US is still characterized by a slowdown. Overall, it is striking that the economic expectations have weakened slightly. The economic momentum may thus be a top line. Better, as it indicates the very good situation index values, it will probably not be for the time being.

Understandable but premature interest rate discussion

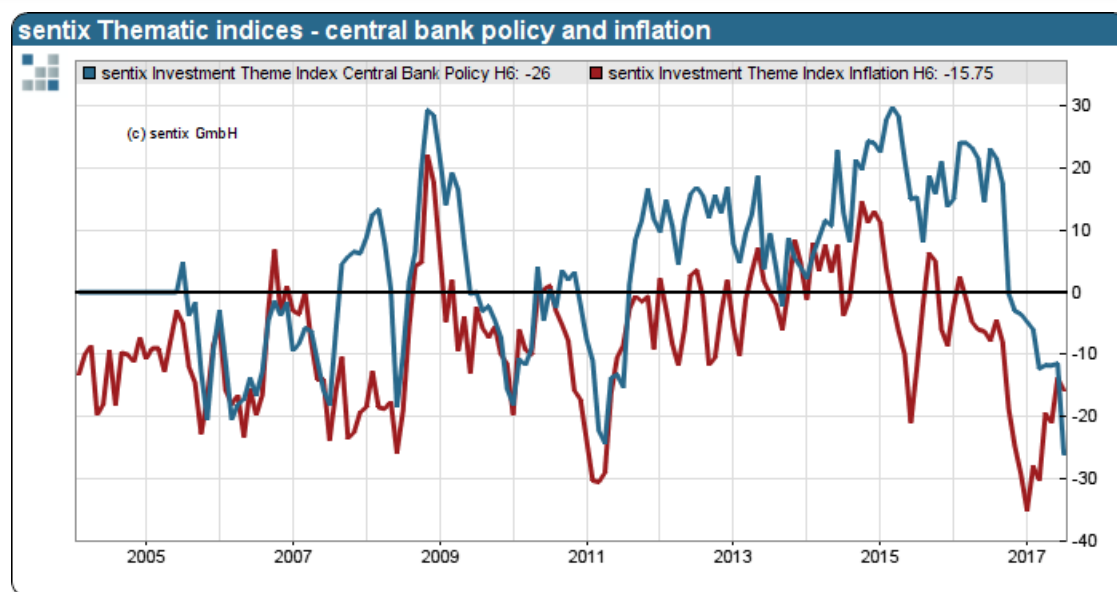
In the last few days, the fears of investors before a change in interest rate policy in the euro area determined market activity. This discussion is quite understandable against the backdrop of the much-improved economic momentum in the Eurozone. Also in July, nothing changes. Investors' assessment is rising for the seventh time in succession, reaching 37.3 points the highest level since December 2007! The expectations cannot quite keep up. They lag from 21.0 to 19.8 index points, but remain clearly positive. The trend continues to be in the Eurozone, but the momentum should have reached a certain zenith.



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

For a few months now, it has been clear to investors that the ECB must leave its expansive course. In early times, the interest rate increase path would have long been pursued if the economic indices were similarly strong. This expectation has intensified for investors over the past few weeks. The corresponding sentix topic index clearly drops to -26 points.

However, as the chart below shows, inflation expectations have a rather opposing trend. Against this backdrop, it would not be a surprise if Mario Draghi at the next ECB meeting would rather warn investors not to be certain in their assessment of the speed of monetary policy, not the direction itself.



sentix Investment Theme indices - central bank policy and inflation

Germany: It will probably not be better

The German economy is doing very well. And yet, the latest sentix data are easy to worry about. Because the second decline in the expectation values in succession nourishes the impression that much better than it currently runs, it will probably no longer be on sight. The zenith seems to be crossed.

Germany	Feb 17	Mar 17	Apr 17	May 17	Jun 17	Jul 17
Overall Index	31.3	34.1	35.3	36.9	39.2	37.5
Headline Index						
- Current situation	53.5	56.8	59.0	61.3	66.8	65.5
- Expectations	11.0	13.5	13.8	14.8	14.5	12.5

US economy continues to cool down

There is nothing left of the euphoria of investors after the election of US president Trump. The situation assessment fell to the lowest level since October 2016, ie before the election. And expectations are also dropping to the lowest level since March 2016. In both cases, this is the fourth consecutive decline. With "tweets" alone, it is no longer done for the US president. He must now deliver concrete, if he does not want to risk a serious economic slowdown.

USA	Feb 17	Mar 17	Apr 17	May 17	Jun 17	Jul 17
Overall Index	31.0	33.6	26.7	20.4	16.5	14.8
Headline Index						
- Current situation	45.0	47.8	45.0	36.0	35.5	32.5
- Expectations	17.8	20.3	9.8	5.8	-1.0	-1.5

Lowest value since 10-2016

Lowest value since 03-2016



Further result tables

Switzerland	Feb 17	Mar 17	Apr 17	May 17	Jun 17	Jul 17
Overall Index	18.1	19.3	28.1	29.0	18.6	29.4
Austria	Feb 17	Mar 17	Apr 17	May 17	Jun 17	Jul 17
Overall Index	19.4	20.6	29.2	29.0	39.7	35.4
Japan	Feb 17	Mar 17	Apr 17	May 17	Jun 17	Jul 17
Overall Index	13.2	17.0	14.1	15.2	18.6	16.7
Headline Index						
- Current situation	16.0	18.8	19.3	20.0	26.8	23.3
- Expectations	10.5	15.3	9.0	10.5	10.8	10.3
Asia ex Japan	Feb 17	Mar 17	Apr 17	May 17	Jun 17	Jul 17
Overall Index	19.8	24.6	24.8	22.9	25.4	25.0
Headline Index						
- Current situation	25.8	29.5	31.5	30.5	33.5	33.3
- Expectations	14.0	19.8	18.3	15.5	17.5	17.0
Eastern Europe	Feb 17	Mar 17	Apr 17	May 17	Jun 17	Jul 17
Overall Index	5.1	8.8	7.6	9.5	11.6	12.1
Latin America	Feb 17	Mar 17	Apr 17	May 17	Jun 17	Jul 17
Overall Index	-0.6	3.2	0.1	-0.7	-2.8	-1.1
Headline Index						
- Current situation	-10.8	-7.5	-9.8	-9.8	-13.5	-9.8
- Expectations	10.0	14.5	10.5	8.8	8.5	8.0
Global Aggregate	Feb 17	Mar 17	Apr 17	May 17	Jun 17	Jul 17
Overall Index	18.9	22.6	20.8	19.3	19.6	19.0
Headline Index						
- Current situation	23.8	27.1	27.8	26.5	28.0	27.5
- Expectations	14.0	18.2	14.0	12.4	11.5	10.8



Data availability

Bloomberg

FACTSET



Macrobond



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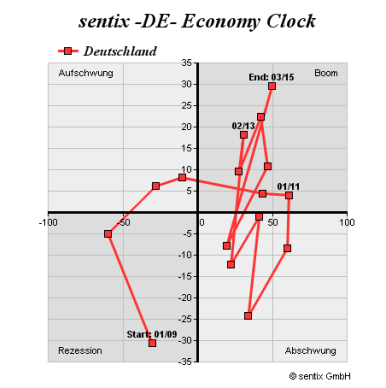
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Sentix is recognised in the industry as one of the leading experts in market sentiment and Behavioral Finance data. Among our clients are big fund managements groups as well as banks and independent fiduciaries. The data products are derived from the 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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