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sentix Economic Index: Successful test after the Bundestag elections

- The economic momentum continues. The overall index for Euroland improves by 1.5 points and reaches a new 10-year high with 29.7 points. Current situation and expectations are improving to a similar extent.
- The first economic test after the Bundestag elections can be considered successful. The time series for German economy of the "first movers among the leading indicators" are clearly climbing and are promising an unbroken upturn - even under a changed government.
- The global economic engine continues to gain strength. For the US investors are shaking their intermittent worries and the region of Asia is also creating strong economic optimism. The sentix Global Aggregate also rises to a 10-year high.

Statistics

Poll running: **Oct. 05th to Oct. 7th, 2017**

Survey participants: **992 investors**

(**267** of those are institutional investors)

Current economic regimes* of countries /regions in focus:

Region / country	Regime	Region / country	Regime
Eurozone	boom	USA	upswing
Germany	boom	Japan	boom
Switzerland	boom	Asia ex-Japan	boom
Austria	boom	Latin America	stabilisation
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: October 2017

Euro area	May 17	Jun 17	Jul 17	Aug 17	Sep 17	Oct 17
Overall Index	27.4	28.4	28.3	27.7	28.2	29.7
Headline Index						
- Current situation	34.5	36.0	37.3	40.0	39.8	41.8
- Expectations	20.5	21.0	19.8	16.0	17.3	18.3



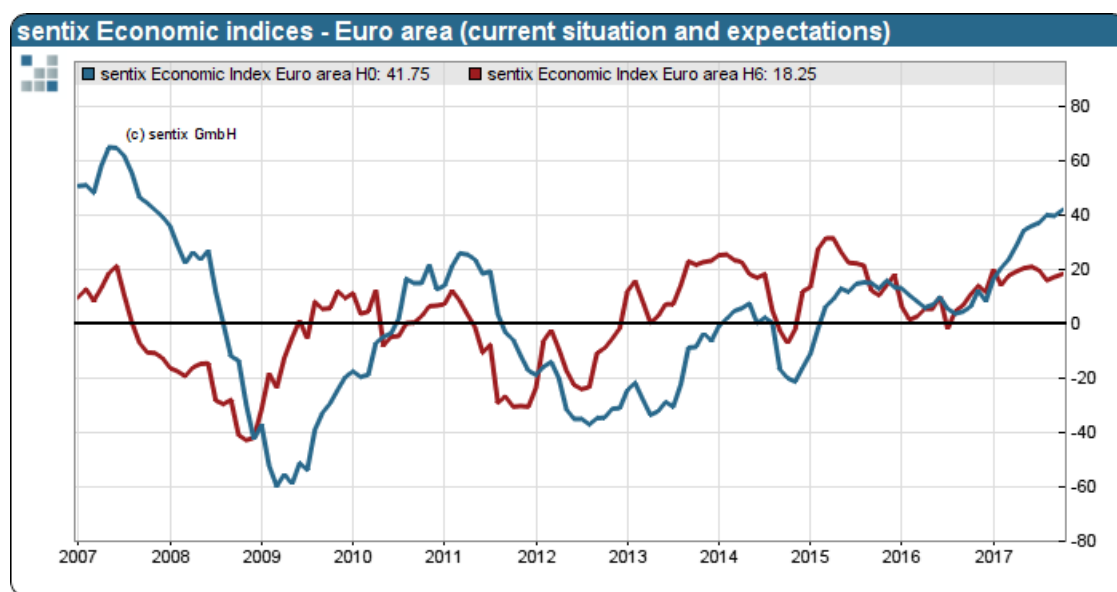
Commentary on the survey results for October 2017

Successful test after the Bundestag elections

The economic momentum continues. The overall index for Euroland improves by 1.5 points and reaches a new 10-year high with 29.7 points. Current situation and expectations are improving to a similar extent. The first economic test after the Bundestag elections can be considered successful. The time series for German economy of the "first movers among the leading indicators" are clearly climbing and are promising an unbroken upturn - even under a changed government. The global economic engine continues to gain strength. For the US investors are shaking their intermittent worries and the region of Asia is also creating strong economic optimism. The sentix Global Aggregate also rises to a 10-year high.

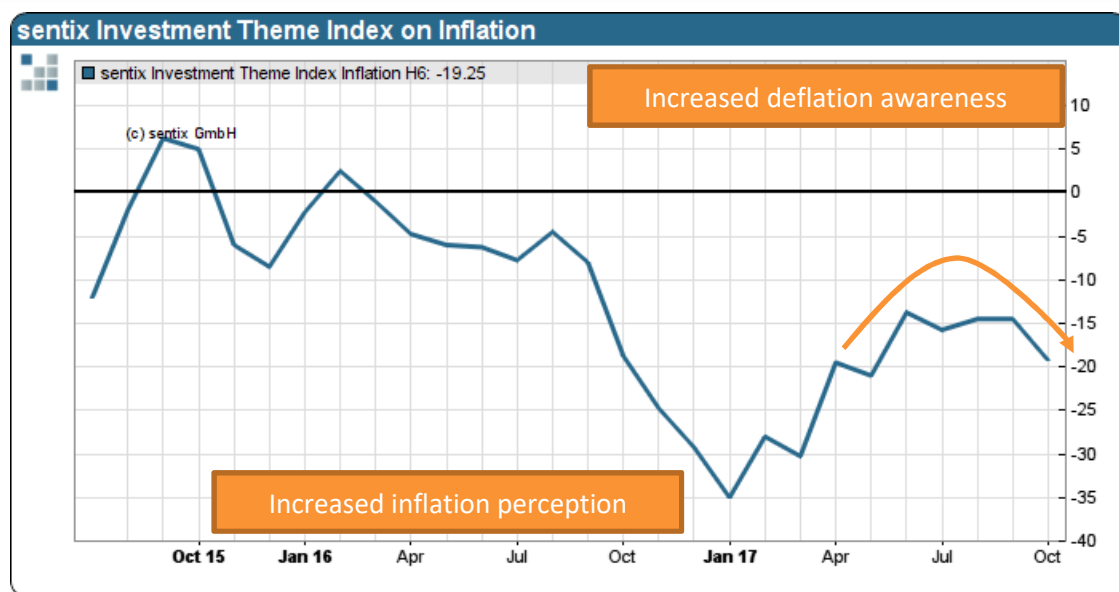
Euroland tightly upwards

The first mood test for the economy after the elections in Germany and the independence efforts in Catalonia has been successful. All sub-indices for Euroland continue to grow. An increase of 1.5 points in the overall index is due to an improved assessment of the current situation (+2.0 points) and an improvement of expectation of 6 months (+1.0 points). Regardless of all the political currents in the Eurozone, investors see not only the core zone of Euroland in a better way in economic growth, but also increasingly the troubled countries of the south.



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

This should increase pressure on the ECB to drive a more restrictive course in monetary policy. To date, the monetary authorities have relied on parallel inflation data. But here, too, a return to the perception of inflation is emerging. This can be observed in the (at the same time raised) thematic barometer on inflation. The Investment Theme Index on Inflation recorded its last extreme in January 2017 when the inflation data were at the high point. The base effect runs slowly, the reassurance in the thematic barometer also without, however, really signalling all clear.



sentix Investment Theme Index on Inflation

Germany: Strong signal after the Bundestag elections

It is also interesting to see how investors react to their political choice in Germany. Although no government has been formed so far, and the possibility of a "Jamaica coalition" is anything but a self-proponent, investors are reaping new economic optimism. Not only the values of current assessment rise vigorously - from a demanding level - but the expectation component also sends a strong signal for autumn with a plus of 4.7 points. If nothing should go wrong in the expected government formation, the coming months are likely to be accompanied by strong economic growth. However, the figures also show that in the event of a power vacancy in Berlin a considerable potential for disappointment threatens.

Germany	May 17	Jun 17	Jul 17	Aug 17	Sep 17	Oct 17
Overall Index	36.9	39.2	37.5	33.2	34.0	37.7
Headline Index						
- Current situation	61.3	66.8	65.5	64.3	63.0	65.3
- Expectations	14.8	14.5	12.5	5.8	8.3	13.0

USA: Skepticism flies

Investors are less skeptical about the US. The reservation to US economy has been built up during the summer months, after an increasing number of domestic and foreign policy problems have surfaced. The doubts about the implementation of Donald Trumps' tax plans as well as his appearance in foreign policy conflicts finally shook the confidence of investors for US economics. The expectation components in October have been able to turn up again since May 2017.



USA	May 17	Jun 17	Jul 17	Aug 17	Sep 17	Oct 17
Overall Index	20.4	16.5	14.8	14.1	17.1	22.3
Headline Index						
- Current situation	36.0	35.5	32.5	34.3	35.8	41.0
- Expectations	5.8	-1.0	-1.5	-4.3	0.0	5.0

Global economy strongly supported

According to the sentix economy clock, 7 of the 9 countries / regions are booming. The global economy is thus on a stable expansion course. The problem children of the past few months are also hoping: the US signals a turn and also for the region of Latin America, which is lagging behind the global trend, expectations are rising significantly. The sentix Global Aggregate Index has reached its highest value since July 2007.

Global Aggregate	May 17	Jun 17	Jul 17	Aug 17	Sep 17	Oct 17
Overall Index	19.3	19.6	19.0	18.1	19.7	23.6
Headline Index						
- Current situation	26.5	28.0	27.5	29.2	30.5	34.1
- Expectations	12.4	11.5	10.8	7.5	9.4	13.6



Further result tables

Switzerland	May 17	Jun 17	Jul 17	Aug 17	Sep 17	Oct 17
Overall Index	29.0	18.6	29.4	20.1	26.8	26.1
Austria	May 17	Jun 17	Jul 17	Aug 17	Sep 17	Oct 17
Overall Index	29.0	39.7	35.4	35.4	40.8	46.6
Japan	May 17	Jun 17	Jul 17	Aug 17	Sep 17	Oct 17
Overall Index	15.2	18.6	16.7	13.8	17.6	22.9
Headline Index						
- Current situation	20.0	26.8	23.3	22.3	28.0	33.3
- Expectations	10.5	10.8	10.3	5.8	7.8	13.0
Asia ex Japan	May 17	Jun 17	Jul 17	Aug 17	Sep 17	Oct 17
Overall Index	22.9	25.4	25.0	24.3	24.7	28.3
Headline Index						
- Current situation	30.5	33.5	33.3	36.0	36.3	38.5
- Expectations	15.5	17.5	17.0	13.3	13.8	18.5
Eastern Europe	May 17	Jun 17	Jul 17	Aug 17	Sep 17	Oct 17
Overall Index	9.5	11.6	12.1	10.0	11.2	15.4
Headline Index						
- Current situation	8.0	10.3	12.5	11.5	13.8	16.5
- Expectations	11.0	13.0	11.8	8.5	8.8	14.3
Latin America	May 17	Jun 17	Jul 17	Aug 17	Sep 17	Oct 17
Overall Index	-0.7	-2.8	-1.1	-1.6	0.9	6.0
Headline Index						
- Current situation	-9.8	-13.5	-9.8	-9.8	-6.5	-0.5
- Expectations	8.8	8.5	8.0	7.0	8.5	12.8



Data availability

Bloomberg

FACTSET



Macrobond



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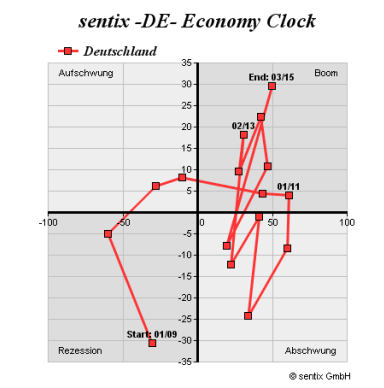
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The sentix GmbH is an independent research institute based in Frankfurt/Main, Germany. Founded in 2001, sentix provides analysts and investors, as well as the media and officials, with information about investors' preferences and their estimates and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



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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