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## sentix Economic Index: How much is missing before the crisis?

- The "first mover" among the economic indicators is also in weak shape in September. The overall index for the euro zone falls again to -21.5 points. The situation score falls to its lowest level since November 2022.
- Germany remains in recession, increasingly reminiscent of the slumps after the 2008 financial crisis or the first lockdown in 2020. We measure the fifth consecutive decline in the overall index and the lowest value of -33.1 points since October 2022. Situation at lowest level since July 2020!
- Internationally, we measure a significant deterioration in the US. In Switzerland, the economy continues to slide and we are close to the recession threshold. The only bright spot remains the Japanese economy, which is benefiting relatively from the lax interest rate policy and the associated weak yen.

### Statistics

Poll from **31<sup>st</sup> Aug. to 2<sup>nd</sup> Sep. 2023**  
Survey participants: **1,220 investors**  
(**237** of those are institutional investors)

## Current economic regimes\* of countries /regions in focus:

Region / country	Regime	Region / country	Regime
Eurozone	Recession	USA	Cooling down
Germany	Recession	Japan	Cooling down
Switzerland	Downturn	Asia ex-Japan	Stagnation
Austria	Recession	Latin America	Downturn
Eastern Europe	Recession	Global Aggregate	Slight downturn

\* 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 2023

Euro Area	Apr. 23	May. 23	Jun. 23	Jul. 23	Aug. 23	Sep. 23
Overall index	-8.7	-13.1	-17.0	-22.5	-18.9	-21.5
Headline Index						
- Current situation	-4.3	-7.0	-15.8	-20.5	-20.5	-22.0
- Expectations	-13.0	-19.0	-18.3	-24.5	-17.3	-21.0

Lowest since  
11.2022



## Commentary on the survey results for September 2023

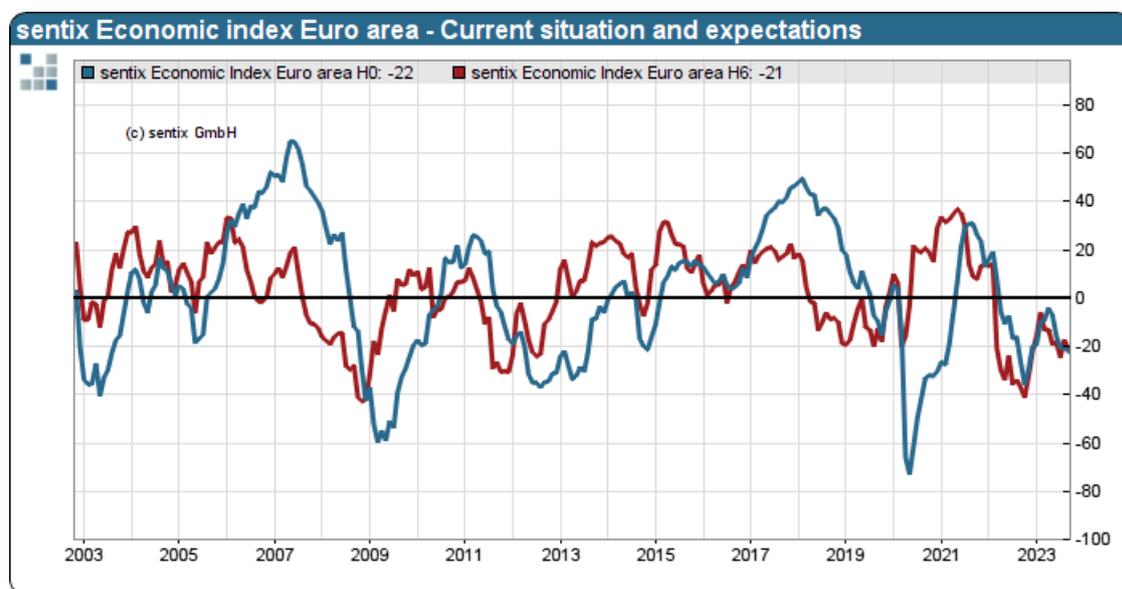
### How much is missing before the crisis?

The signs for the global economy sent out by the "first mover" among the economic indicators - the sentix economic index - point to a further downturn and a strengthening of the economic downturn forces. The situation in Germany remains particularly precarious. Here we are measuring the weakest situation values since July 2020, when the economy was slowed by the first Corona lockdown. Germany is also weighing heavily on the economy in the euro zone as a whole. The recession is progressing. But even for the USA, which has so far held up well and defied the restrictive FED policy, the economic data are falling markedly. The tipping point of a global recession is less distant than one might think.

### Euro area: Germany pulls everyone along?!

At the beginning of September 2023, the sentix overall economic index for the eurozone drops to -21.5 points. At -22 points, the economic situation reaches its lowest value since November 2022, meaning that the economy is still in recession. Other indicators show that the recession has now also reached the service sector and is deepening. From the perspective of the investors surveyed by sentix, there is no improvement in sight. Expectations have also fallen again, from -17.3 to -21 points.

Looking at the causes, it is easy to identify the center of gravity of the problems. The German economy, by far (still) the largest economy in the euro zone, is burdening the entire currency zone with a deep recession. This poses a double problem for the ECB. The dynamics of the economy would actually justify a looser monetary policy, but in Germany, of all places, inflation is proving to be particularly stubborn.



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

Nevertheless, investors are somewhat more relaxed about inflation in the survey. Professional investors see an end to the upward trend in prices and thus the opportunity for the ECB to soon issue further interest rate hikes. However, in view of the state of the global economy, there is a question mark over whether this will be enough to trigger an economic turnaround. At least from the USA there is little good impetus.



## Germany: At the center of the crisis

Germany is once again "the weak man of Europe". The complete lack of economic competence in the political leadership and the enormous uncertainties for the economy caused by the energy and electricity crisis are dragging the German economy deeper and deeper into recession. The situation values are falling to their lowest level since July 2020, i.e. they have reached "lockdown level". The only time the situation values were lower was during the great financial crisis of 2008/2009. And investors have little hope that this will change quickly, as expectations are also stagnating at around -28 points.

Germany	Apr. 23	May. 23	Jun. 23	Jul. 23	Aug. 23	Sep. 23		
<b>Overall index</b>	-6.9	-14.5	-21.1	-28.4	-30.7	-33.1	Lowest since 10.2022	5. decline in a row
<b>Headline Index</b>								
- Current situation	-2.3	-9.0	-22.0	-28.0	-35.3	-38.3	Lowest since 07.2020	5. decline in a row
- Expectations	-11.5	-19.8	-20.3	-28.8	-26.0	-27.8		

## USA: The woodwork is cracking again

For months, we have been emphasizing the relative robustness of the US economy. But at the beginning of September, there was a clear crack in the woodwork again. Expectations have fallen sharply to -9 points. The assessment of the situation is still positive at +14 points. So the economy is still growing. But with monetary policy remaining restrictive and money and credit growth weak, time is working against the US economy. Stimulus from other parts of the world is also weak.

United States	Apr. 23	May. 23	Jun. 23	Jul. 23	Aug. 23	Sep. 23		
<b>Overall index</b>	-2.3	-6.5	-3.7	-3.7	5.1	2.2		
<b>Headline Index</b>								
- Current situation	8.5	5.3	5.5	7.8	16.0	14.0		
- Expectations	-12.5	-17.5	-12.5	-14.5	-5.3	-9.0		

## Switzerland: At the tipping point

The Swiss economy is at a tipping point. The overall index is down sharply by 7.9 points to -5.6. This is the lowest level since November 2022. The plunge in investors' assessment of the situation from 15.5 to just 5.8 points is particularly precarious. The last time the index was this low was in March 2021. As expectations are also falling sharply, it is feared that the current downturn will also lead to a recession in Switzerland.

Switzerland	Apr. 23	May. 23	Jun. 23	Jul. 23	Aug. 23	Sep. 23		
<b>Overall index</b>	-1.2	-4.6	1.8	8.2	2.3	-5.6	Lowest since 11.2022	
<b>Headline Index</b>								
- Current situation	17.3	14.5	21.0	23.5	15.5	5.8	Lowest since 03.2021	
- Expectations	-18.0	-22.0	-15.8	-6.0	-10.0	-16.3		



## Further result tables

Japan	Apr. 23	May. 23	Jun. 23	Jul. 23	Aug. 23	Sep. 23	
<b>Overall index</b>	-0.7	-2.1	2.1	0.4	3.5	3.5	Highest since 03.2022
<b>Headline Index</b>							
- Current situation	3.5	3.0	7.5	9.3	8.0	10.5	Highest since 03.2022
- Expectations	-4.8	-7.0	-3.3	-8.0	-1.0	-3.3	

Asia ex Japan	Apr. 23	May. 23	Jun. 23	Jul. 23	Aug. 23	Sep. 23	
<b>Overall index</b>	11.1	8.3	3.7	0.2	7.7	0.9	
<b>Headline Index</b>							
- Current situation	14.8	13.5	6.3	3.5	7.5	0.3	Lowest since 01.2023
- Expectations	7.5	3.3	1.3	-3.0	8.0	1.5	

Eastern Europe	Apr. 23	May. 23	Jun. 23	Jul. 23	Aug. 23	Sep. 23	
<b>Overall index</b>	-19.8	-21.4	-23.6	-25.7	-20.8	-22.5	
<b>Headline Index</b>							
- Current situation	-25.8	-24.8	-29.5	-30.0	-27.8	-28.8	
- Expectations	-13.8	-18.0	-17.5	-21.3	-13.5	-16.0	

Latin America	Apr. 23	May. 23	Jun. 23	Jul. 23	Aug. 23	Sep. 23	
<b>Overall index</b>	-11.5	-13.0	-13.1	-13.6	-8.4	-11.6	
<b>Headline Index</b>							
- Current situation	-13.8	-14.3	-16.0	-14.0	-11.0	-14.0	
- Expectations	-9.3	-11.8	-10.3	-13.3	-5.8	-9.3	

Global	Apr. 23	May. 23	Jun. 23	Jul. 23	Aug. 23	Sep. 23	
<b>Overall index</b>	0.0	-3.0	-5.0	-7.6	-1.0	-5.4	
<b>Headline Index</b>							
- Current situation	3.7	2.1	-2.6	-3.7	0.0	-3.9	Lowest since 01.2023
- Expectations	-3.6	-8.0	-7.4	-11.4	-2.1	-6.8	

Austria	Apr. 23	May. 23	Jun. 23	Jul. 23	Aug. 23	Sep. 23	
<b>Overall index</b>	-3.1	-5.3	-8.3	-12.6	-17.4	-13.3	
<b>Headline Index</b>							
- Current situation	7.0	5.3	-5.0	-10.5	-16.5	-14.0	
- Expectations	-12.8	-15.3	-11.5	-14.8	-18.3	-12.5	



## Data availability

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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 6.600 investors from over 20 countries (comprising over 1.200 institutional and almost 5.400 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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