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## sentix Economic Index: US-Comeback

- The **sentix Economic Index for the Eurozone slightly rises in April**. The headline index ranges at +5.7 points.
- The Eurozone can benefit neither from a stabilisation of the global economy nor from the measures of the ECB.
- In contrast to the Eurozone, other economic blocks were more prosperous in April. The **US economy** swings back into upturn regime. Current situation and expectation values increase by around +5 points. Values for **Latin America** are inspired by winds of change sweeping the political landscape. Unlike this, the **Japanese** headline index has fallen to the lowest level since November 2012!

### Statistics

Poll running: **31.03.-02.04.2016**

Survey participants: **1.016 investors**

(of those are institutional investors: **247**)

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

Region / country	Regime	Region / country	Regime
Eurozone	slight upturn	USA	upturn
Germany	upturn	Japan	downturn
Switzerland	upturn	Asia ex-Japan	slight upturn
Austria	upturn	Latin America	stabilisation
Eastern Europe	stabilisation	Global Aggregate	slight upturn

\* 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: April 2016

Euro area	Nov 15	Dec 15	Jan 16	Feb 16	Mar 16	Apr 16
Overall Index	15.1	15.7	9.6	6.0	5.5	5.7
Headline Index						
- Current situation	16.0	13.5	13.0	10.5	8.3	6.0
- Expectations	14.3	18.0	6.3	1.5	2.8	5.5



## Commentary on the survey results for April 2016

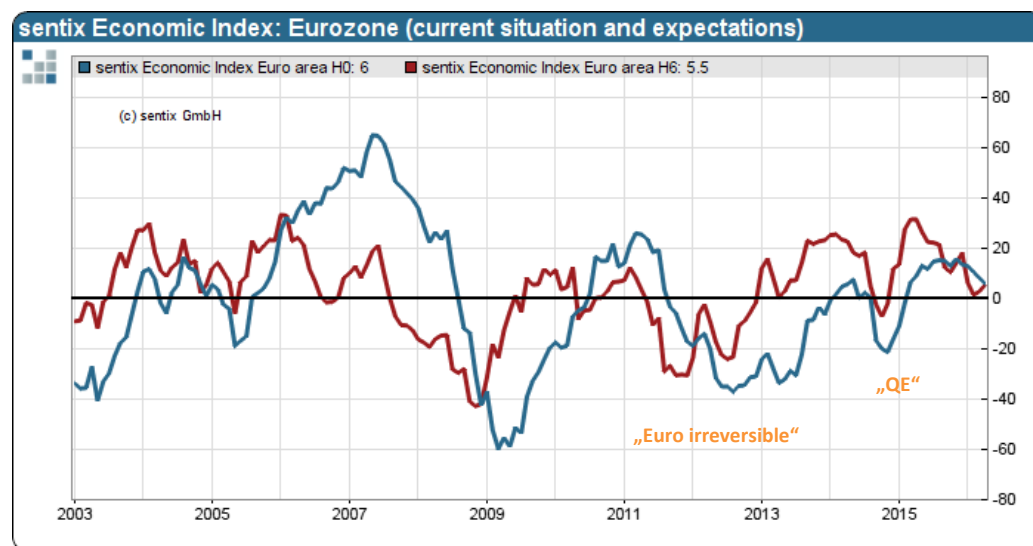
### US-Comeback

The process of economic stabilisation of investors' expectations has continued at the beginning of April. The sentix index of general business confidence for the Eurozone increases marginally to +5.7 points. Thus, lagging behind the consensus of economists polled by Bloomberg. They expected an increase to +7.0 points. In contrast, the US economy stands out positive in April. Investors believe that the economy is back in upswing territory. For Japan, primarily the current situation values deteriorate.

### Eurozone continues the path to economic stabilisation

The sentix Economic Indices for the Eurozone continue showing a picture of a moderate upswing. However, it seems a little anaemic despite further stimulation measures of the ECB. The current situation values have dropped by -2.3 points to +6 points. The expectation values, however, have risen from +2.8 to +5.5 points. Investors hoping for a more dynamic swing for the Eurozone, probably have been disappointed. Times seems to be gone, at which ECB's monetary bazooka was sufficient to change market expectations over the long-run.

Hence, the focus is again shifting towards other regions and their economic dynamism. The global picture remains restrained. A comeback of the US business cycle, however, catches our attention. Investors' uncertainty at the beginning of 2016 has given way to a moderately hopeful view. Previously lagging economic blocks such as Latin America and Eastern Europe now send signs of stabilisation to markets.



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

While Mr. Draghi could obviously mark only a few impulses for the economic situation, we measure a further increase in investors' inflation expectations. Thus, a bottom of consumer price inflation could be within reach.



## USA – current situation improves

The U.S. values of the sentix Economic Index improve considerably in April, again. Current situation and expectation values gain +5 index points each. Therefore, the downturn scenario for the US economy is at least for now of the table – and the debate around raising interest rates might again gather steam. The relief for the business cycle front is caused at least partly by a little weaker U.S. dollar. This increases, on the one hand, the probability for rising import prices. And on the other hand, it provides the FED with room to manoeuvre interest rates without sending the U.S. dollar Euro currency pair back into parity territory.

USA	Nov 15	Dec 15	Jan 16	Feb 16	Mar 16	Apr 16
Overall Index	20.8	18.8	9.6	3.7	9.5	14.5
Headline Index						
- Current situation	35.5	33.0	26.5	17.0	21.8	26.8
- Expectations	7.0	5.5	-6.0	-8.8	-2.0	3.0

## Japan - a tragedy

Japan is the only region in April for which we have to announce a significant deterioration of the economic outlook. It is primarily the current situation which worries investors. Economic expectations were anyway dampened for Japan; last weeks the business statistics have provided significant ill-feeling among investors. Moreover, the expectation index (-5,5 points) points out that a radical turnaround is not expected within the next months.

Japan	Nov 15	Dec 15	Jan 16	Feb 16	Mar 16	Apr 16
Overall Index	3.9	2.9	-3.0	-6.9	-6.3	-10.1
Headline Index						
- Current situation	4.3	-0.3	-0.3	-6.5	-8.3	-14.5
- Expectations	3.5	6.0	-5.8	-7.3	-4.3	-5.5

Lowest value  
since November  
2012

Lowest value  
since December  
2012

## Latin America - a glimmer of hope

For the shaken economies of Latin America, which is dominated by Brazil, a glimmer of hope turns out. The expectations have been positive for the first time since July 2015. The prospect of an end of the government Rousseff seems invigorating!

Latin America	Nov 15	Dec 15	Jan 16	Feb 16	Mar 16	Apr 16
Overall Index	-19.5	-19.7	-26.6	-28.8	-23.4	-18.2
Headline Index						
- Current situation	-35.8	-36.3	-42.8	-45.3	-41.8	-36.0
- Expectations	-1.8	-1.5	-8.8	-10.5	-3.0	1.5

Highest value  
since August  
2015

Highest value  
since July  
2015



## More tables

Germany	Nov 15	Dec 15	Jan 16	Feb 16	Mar 16	Apr 16
Overall Index	20.1	22.7	18.1	14.5	16.9	17.6
Headline Index						
- Current situation	36.4	36.4	35.6	33.0	33.3	32.7
- Expectations	5.0	9.7	1.8	-2.6	1.7	3.4
Switzerland	Nov 15	Dec 15	Jan 16	Feb 16	Mar 16	Apr 16
Overall Index	10.2	-2.5	1.4	5.0	5.4	7.9
Austria	Nov 15	Dec 15	Jan 16	Feb 16	Mar 16	Apr 16
Overall Index	-0.6	9.6	2.1	6.2	13.1	7.1
Asia ex Japan	Nov 15	Dec 15	Jan 16	Feb 16	Mar 16	Apr 16
Overall Index	9.9	8.5	-7.6	-4.3	1.5	5.0
Headline Index						
- Current situation	9.3	6.3	-6.8	-3.8	1.3	4.3
- Expectations	10.5	10.8	-8.5	-4.8	1.8	5.8
Eastern Europe	Nov 15	Dec 15	Jan 16	Feb 16	Mar 16	Apr 16
Overall Index	-6.8	-7.1	-14.7	-17.3	-12.8	-8.7
Headline Index						
- Current situation	-14.5	-16.3	-20.8	-24.3	-20.8	-17.5
- Expectations	1.3	2.5	-8.5	-10.0	-4.5	0.5
Global Aggregate	Nov 15	Dec 15	Jan 16	Feb 16	Mar 16	Apr 16
Overall Index	9.5	8.5	-1.6	-3.6	0.5	3.5
Headline Index						
- Current situation	11.1	8.5	1.9	-1.2	1.6	3.7
- Expectations	7.8	8.5	-5.0	-5.9	-0.5	3.2



## Data availability

**Bloomberg**

**FACTSET**



**Macrobond**



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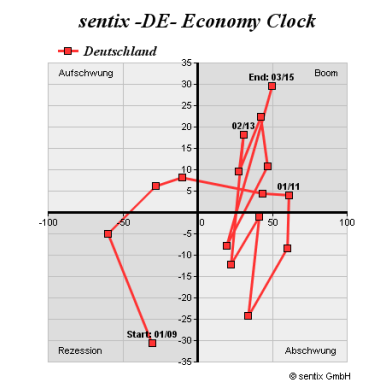
## About sentix

The sentix GmbH is a Germany-based independent research institute, located in Frankfurt / Main. 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 recognized 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 assessment 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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