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sentix Economic Index: The economy is going through the zenith

- The sentix economic index for Euroland in August almost held its previous month level at 27.7 points. On the other hand, the current assessment figures climbed for the eighth time in a row, the second longest series since 2001!
- The expectations cannot keep up. It is becoming increasingly apparent that the economic momentum has passed its zenith. Expectations are crumbling on +16.
- The reason for the disappointing expectations around the globe are once again the US values. Here the expectations fall for the fifth time (!) to -4.25. But Germany too is increasingly weakening. Expectations fall to +5.75 points for the third time in a row. The weakness of the auto sector is likely to show here.

Statistics

Poll running: **August 3rd to 5th, 2017**

Survey participants: **1,037 investors**

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

Current economic regimes* of countries /regions in focus:

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

* 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: August 2017

Euro area	Mar 17	Apr 17	May 17	Jun 17	Jul 17	Aug 17
Overall Index	20.7	23.9	27.4	28.4	28.3	27.7
Headline Index						
- Current situation	23.8	28.8	34.5	36.0	37.3	40.0
- Expectations	17.8	19.3	20.5	21.0	19.8	16.0

Highest value since 11-2007



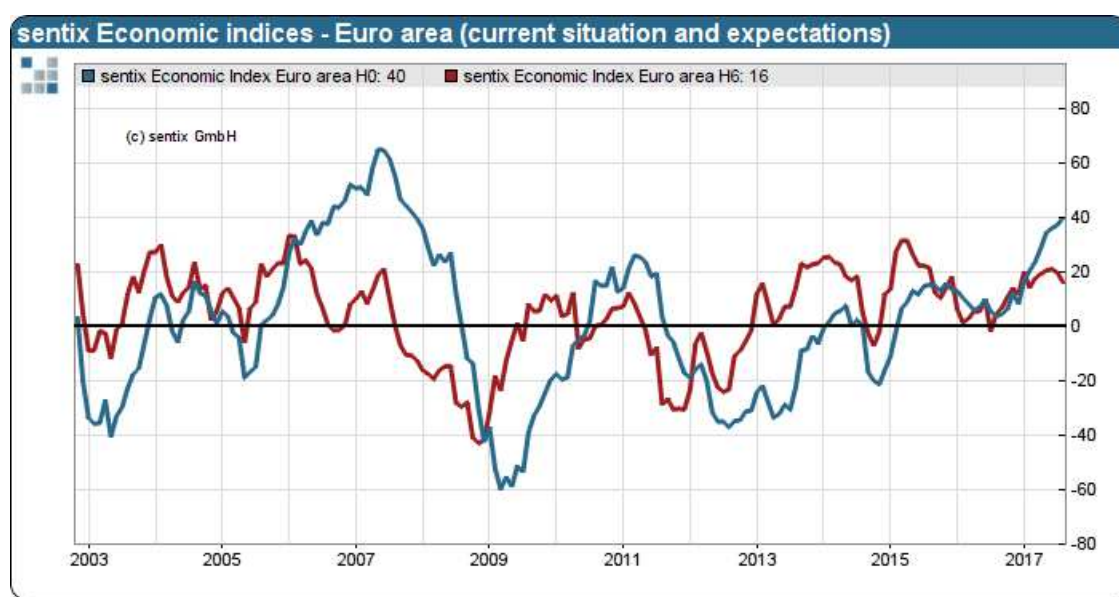
Commentary on the survey results for August 2017

The economy is going through the zenith

The sentix economic indices are regarded as the "first mover" of the economic early indicators. These indexes have often been the first to show the turning points of economic dynamics. Therefore, the current values of the August survey among more than 1,000 investors make you listen. Around the world, expectations are dropping, led by the US with the fifth consecutive decline! Trump works, but other than desired by him. The German model boy also loses a lot of speed. The scandal surrounding the car industry has the potential to become an economic mood killer.

Euroland still relatively robust

In the first place, the Eurozone continues to enjoy a strikingly good economic development. The assessment of the situation by sentix investors is rising for the eighth time in a row and reaches +40, the highest level since November 2007! The "animal spirits" in the economy have reawakened and are increasingly also reflected in the real economic data. This development has not been neglected by the ECB. Nevertheless, expectations of a rapid monetary policy turnaround are likely to be premature.



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

Two factors are responsible for this. On the one hand, the inflationary pressure has been decreasing rather than decreasing since the beginning of the year. This is particularly important for the ECB.

On the other hand, the Euroland economy is currently relatively good. There are, however, warning signs from the expectation values. Although these figures in the case of Euroland are only moderately falling in the second month to +16. But the development in the US and Germany, the Eurozone's economic tractor, is also of crucial importance for the Eurozone. In both countries, expectations are falling sharply.

The reason for these developments are, in fact, homemade problems. But why the economic dynamism breaks down in the end is also not decisive. Both tendencies should allow Mario Draghi to continue to act cautiously.



Germany: Zenit crossed!

The German sentix index falls for the second time in a row to its lowest level since February. Even if the index is still relatively high at +33.2 points and signals an economic expansion, the third decline in the expectation value (to be only +5.75 points) has to be considered. In contrast to the ifo index, the sentix data thus already indicate a noticeable loss of momentum. Faced with the crisis of the important auto sector, a fanfold for investors.

Germany	Mar 17	Apr 17	May 17	Jun 17	Jul 17	Aug 17
Overall Index	34.1	35.3	36.9	39.2	37.5	33.2
Headline Index						
- Current situation	56.8	59.0	61.3	66.8	65.5	64.3
- Expectations	13.5	13.8	14.8	14.5	12.5	5.8



US economy is becoming a threat to the environment

The more US President Trump emphasizes "his" economic successes, the more cautious become investors. So far, the Twitter king rests on the momentum of his predecessor. He does not have his own accents, except for personnel decisions. That will not be enough!

USA	Mar 17	Apr 17	May 17	Jun 17	Jul 17	Aug 17	
Overall Index	33.6	26.7	20.4	16.5	14.8	14.1	Lowest value since 05-2016
Headline Index							
- Current situation	47.8	45.0	36.0	35.5	32.5	34.3	
- Expectations	20.3	9.8	5.8	-1.0	-1.5	-4.3	Lowest value since 02-2016



Further result tables

Switzerland	Mar 17	Apr 17	May 17	Jun 17	Jul 17	Aug 17
Overall Index	19.3	28.1	29.0	18.6	29.4	20.1
Austria	Mar 17	Apr 17	May 17	Jun 17	Jul 17	Aug 17
Overall Index	20.6	29.2	29.0	39.7	35.4	35.4
Japan	Mar 17	Apr 17	May 17	Jun 17	Jul 17	Aug 17
Overall Index	17.0	14.1	15.2	18.6	16.7	13.8
Headline Index						
- Current situation	18.8	19.3	20.0	26.8	23.3	22.3
- Expectations	15.3	9.0	10.5	10.8	10.3	5.8
Asia ex Japan	Mar 17	Apr 17	May 17	Jun 17	Jul 17	Aug 17
Overall Index	24.6	24.8	22.9	25.4	25.0	24.3
Headline Index						
- Current situation	29.5	31.5	30.5	33.5	33.3	36.0
- Expectations	19.8	18.3	15.5	17.5	17.0	13.3
Eastern Europe	Mar 17	Apr 17	May 17	Jun 17	Jul 17	Aug 17
Overall Index	8.8	7.6	9.5	11.6	12.1	10.0
Latin America	Mar 17	Apr 17	May 17	Jun 17	Jul 17	Aug 17
Overall Index	3.2	0.1	-0.7	-2.8	-1.1	-1.6
Headline Index						
- Current situation	-7.5	-9.8	-9.8	-13.5	-9.8	-9.8
- Expectations	14.5	10.5	8.8	8.5	8.0	7.0
Global Aggregate	Mar 17	Apr 17	May 17	Jun 17	Jul 17	Aug 17
Overall Index	22.6	20.8	19.3	19.6	19.0	18.1
Headline Index						
- Current situation	27.1	27.8	26.5	28.0	27.5	29.2
- Expectations	18.2	14.0	12.4	11.5	10.8	7.5



Data availability

Bloomberg

FACTSET



Macrobond



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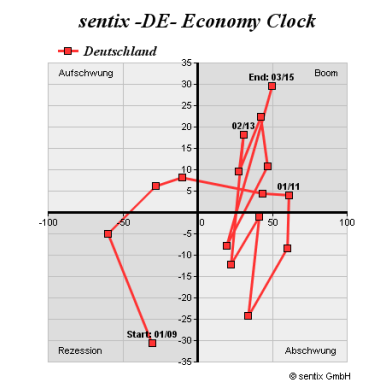
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The sentix GmbH is an independent research institute based in Frankfurt/Main, Germany. Founded in 2001, sentix provides analysts and investors, as well as the media and officials, with information about investors' preferences and their estimates and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