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## sentix Economic Index: Boom, boom, boom

- The Euroland economy is improving again in November. The overall index rises to 34 points, its highest level since July 2007. Both the situation and expectations continue to rise.
- It is even better in Germany. Location and overall index rise to an all-time high. The situation assessment rises to 71.8 points! Can it get even better?
- Not only Europe, the whole world is in excellent economic shape. One year after Trump's election, the US shows that it can also run without presidential influence. Japan's economy is showing momentum last seen in 2006. And the relatively weak regions of Eastern Europe and Latin America are also improving.

### Statistics

Poll running: **Nov. 2<sup>nd</sup> to 4<sup>th</sup>, 2017**

Survey participants: **1.000 investors**

(**280** 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	upswing
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: **November 2017**

Euro area	Jun 17	Jul 17	Aug 17	Sep 17	Oct 17	Nov 17	
Overall Index	28.4	28.3	27.7	28.2	29.7	34.0	Highest since 07.2007
Headline Index							
- Current situation	36.0	37.3	40.0	39.8	41.8	45.8	Highest since 09.2007
- Expectations	21.0	19.8	16.0	17.3	18.3	22.8	Highest since 05.2015



## Commentary on the survey results for November 2017

### Boom, boom, boom

At the beginning of November 2017, the European and global economies are in exceptionally strong shape. The sentix economic index for Euroland rises again to 34 points, the highest since July 2007! Both situation and expectations contribute to this positive development. Things are even better in Germany, where we can report all-time highs. However, the upturn is not just focused on Europe. All world regions considered by sentix show further improvements. The global economy is booming. This should make the question of overheating symptoms more acute.

### Euroland: crisis was once

In Euroland, things are starting to get good again. The sentix economic index has risen to its highest level since July 2007. It could not be more clearly documented that at least the real economy has coped with the crisis. In the meantime, the upturn has been so broad that in many countries of the eurozone the employment situation is beginning to improve in the long term. Even in Italy, economic data is clearly up.



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

However, Mario Draghi and the ECB are not yet satisfied with this, because inflation rates are not yet showing this strong upturn. In addition to the subdued development of individual raw materials, it is still the pronounced wage restraint (especially in Germany!), Which keeps inflation low. So, the ECB continues to stimulate, even if it will halve its buying volume in bonds from January.

With such a strong economy, however, the question still arises as to whether the central banks, in their expansive stance, are not seriously going "behind the curve" and stimulating monetary policy for too long. In any case, investors questioned by sentix expect the bond market to continue to be burdened and inflation to rise moderately.

Ultimately, it could be like inflation with ketchup from the bottle: you must knock on the bottle for a long time, until the ketchup comes. But when it comes, then quite violently.



## Germany: Alltime High!

The German economy is booming like never in the last 20 years. Assessment and overall index rise to an all-time high, signalling a boom. At the same time, expectations are rising again slightly! Is it even better? When will negative side effects, such as capacity or personnel bottlenecks and possible inflationary pressures, be felt? That should be the questions of the next months.

Germany	Jun 17	Jul 17	Aug 17	Sep 17	Oct 17	Nov 17	
Overall Index	39.2	37.5	33.2	34.0	37.7	42.4	Alltime High
Headline Index							
- Current situation	66.8	65.5	64.3	63.0	65.3	71.8	Alltime High
- Expectations	14.5	12.5	5.8	8.3	13.0	16.3	Highest since 05.2015

## USA: One year with Trump has not (yet) harmed the economy

After the slump in the middle of the year, the economic indices for the US have been rising again since August. Above all, the hope for a tax reform and the good global economy help the US indices on their feet. A year after the election of Donald Trump, who has indeed made little own contributions, the US economy is still surprisingly good.

USA	Jun 17	Jul 17	Aug 17	Sep 17	Oct 17	Nov 17	
Overall Index	16.5	14.8	14.1	17.1	22.3	27.5	
Headline Index							
- Current situation	35.5	32.5	34.3	35.8	41.0	48.8	Alltime High
- Expectations	-1.0	-1.5	-4.3	0.0	5.0	8.0	

## Global Economy: The breadth is right

All regions of the world are in the best shape. Who would have thought a year ago that Japan would celebrate such a strong comeback? Now the situation values are climbing to their highest level since August 2006! Eastern Europe (highest position since August 2011) and Latin America (highest overall index since May 2013) also come from the cyclical valley, underscoring the breadth of the upswing and thus the likelihood of overheating risks.

Global Aggregate	Jun 17	Jul 17	Aug 17	Sep 17	Oct 17	Nov 17	
Overall Index	19.6	19.0	18.1	19.7	23.6	27.3	Highest since 07.2007
Headline Index							
- Current situation	28.0	27.5	29.2	30.5	34.1	39.0	Highest since 08.2007
- Expectations	11.5	10.8	7.5	9.4	13.6	16.2	



## Further result tables

<b>Austria</b>	Jun 17	Jul 17	Aug 17	Sep 17	Oct 17	Nov 17
Overall Index	39.7	35.4	35.4	40.8	46.6	44.5
<b>Switzerland</b>	Jun 17	Jul 17	Aug 17	Sep 17	Oct 17	Nov 17
Overall Index	18.6	29.4	20.1	26.8	26.1	30.4
<b>Japan</b>	Jun 17	Jul 17	Aug 17	Sep 17	Oct 17	Nov 17
Overall Index	18.6	16.7	13.8	17.6	22.9	27.3
Headline Index						
- Current situation	26.8	23.3	22.3	28.0	33.3	39.3
- Expectations	10.8	10.3	5.8	7.8	13.0	16.0
<b>Asia ex Japan</b>	Jun 17	Jul 17	Aug 17	Sep 17	Oct 17	Nov 17
Overall Index	25.4	25.0	24.3	24.7	28.3	30.7
Headline Index						
- Current situation	33.5	33.3	36.0	36.3	38.5	41.8
- Expectations	17.5	17.0	13.3	13.8	18.5	20.3
<b>Eastern Europe</b>	Jun 17	Jul 17	Aug 17	Sep 17	Oct 17	Nov 17
Overall Index	11.6	12.1	10.0	11.2	15.4	17.7
Headline Index						
- Current situation	10.3	12.5	11.5	13.8	16.5	20.0
- Expectations	13.0	11.8	8.5	8.8	14.3	15.5
<b>Latin America</b>	Jun 17	Jul 17	Aug 17	Sep 17	Oct 17	Nov 17
Overall Index	-2.8	-1.1	-1.6	0.9	6.0	8.9
Headline Index						
- Current situation	-13.5	-9.8	-9.8	-6.5	-0.5	3.3
- Expectations	8.5	8.0	7.0	8.5	12.8	14.8



## Data availability

**Bloomberg**

**FACTSET**



**Macrobond**



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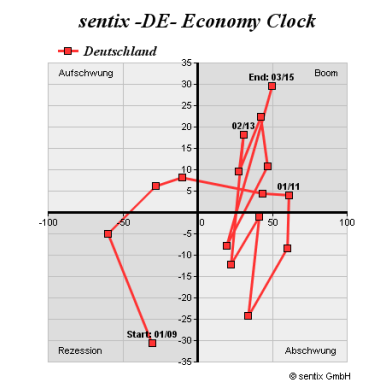
## About sentix

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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