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sentix Economic Index: Global recession

- The global spread of the new corona virus is plunging the world economy into recession. Never before have economic data from sentix collapsed so sharply in all regions of the world within a month.
- In Euroland, the overall index fell by 22.3 points. This is the sharpest fall within one month since the survey began. Situation and expectation values are falling equally.
- The same picture also dominates globally. The Asia ex-Japan region is falling back into recession, as are Europe and Japan. In the USA the situation is better due to the previously very robust situation, but here too a downturn is expected.

Statistics

Poll running: **05-Mar to 07-Mar 2020**

Survey participants: **1,155 investors**
(260 of those are institutional investors)

Current economic regimes* of countries /regions in focus:

Region / country	Regime	Region / country	Regime
Eurozone	Recession	USA	Downturn
Germany	Recession	Japan	Recession
Switzerland	Downturn	Asia ex-Japan	Recession
Austria	Downturn	Latin America	Recession
Eastern Europe	Recession	Global Aggregate	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: March 2020

Euro Area	Oct. 19	Nov. 19	Dec. 19	Jan. 20	Feb. 20	Mar. 20	
Overall index	-16.8	-4.5	0.7	7.6	5.2	-17.1	Lowest since 04.2013
Headline Index							
- Current situation	-15.5	-5.5	-1.0	5.5	4.0	-14.3	Lowest since 10.2019
- Expectations	-18.0	-3.5	2.5	9.8	6.5	-20.0	Lowest since 08.2012



Commentary on the survey results for March 2020

Global recession

The new corona virus, which is now spreading significantly across the globe and requires consistent measures to contain it, is plunging the global economy into recession. The global economic overall index falls from +8.1 to -12 points. Never before has such a strong synchronized collapse of the global economy been measurable in our data. This puts the current slump in an inglorious chain: Lehman (2008), Fukushima (2011) and the oil credit crisis (2016).

Euro area: Test for the "owl"

The spread of the corona virus is also putting pressure on the economy in Euroland, which was just on the road to recovery. The sentix overall economic index for Euroland falls by more than 22 points, a negative record for the one-month rate of change. While the collapse of the situation values is hardly surprising and, at -18.3 points, probably corresponds to the extent that people are already feeling the effects, the fall in the expected values to the lowest value since August 2012 is a negative surprise. After all, this means nothing other than that investors are preparing for a long period of economic weakness.



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

For the new ECB President, this is a big test, especially since she calls herself an "owl", i.e. a bird of wisdom - in contrast to her colleagues at the central bank who are otherwise known as "doves" or "hawks". So, what are the wise steps to be taken? In any case, investors are urgently demanding a signal from the central bank. The central bank theme index is jumping to an all-time high of +37.75 points, which means nothing other than that investors are demanding a strong signal from monetary policy!

However, wisdom may require this time that fiscal policy in particular shows itself to be generous - and not to be asked to act only by an economic environment that continues to get out of control. Time is pressing! For if no action is taken, no one should be surprised by a new "Lehman" moment that would increase the chaos. Either way, the recessionary environment that has now set in will probably weigh on us for months to come.



Germany: When will politicians wake up?

As described last month, the German health care system and infection control currently functions even better than many other policy areas. Although the corona virus has "arrived" in this country too, its spread can be effectively slowed down so far. But "slow" also means that the dampening effects of the economic cycle will continue to have an impact on the economy, which is already under pressure from the car crisis and climate debate. Now that the recession can be considered safe, politicians should finally wake up and send two important messages to the economy: (1) we will help you bear the current burdens and (2) afterwards we will support the recovery. After all, the global economy is also "too big to fail".

Germany	Oct. 19	Nov. 19	Dec. 19	Jan. 20	Feb. 20	Mar. 20	
Overall index	-19.4	-6.5	-1.4	6.9	4.5	-16.9	Lowest since 10.2019
Headline Index							
- Current situation	-18.0	-8.3	-3.3	6.0	4.3	-13.3	Lowest since 10.2019
- Expectations	-20.8	-4.8	0.5	7.8	4.8	-20.5	Lowest since 10.2019

USA: Surprisingly quiet

Is it just us or has the US president gone surprisingly quiet?! No wonder, because with the Corona virus, you can't make a "deal" for the best. This requires consistent action by the health authorities. If the US President is smart, he will think twice before deciding whether his trade war with China is helpful or disruptive. On the positive side, Trump's propensity for "great actions" may be in demand when it comes to revitalizing the economy. After all, the US economy is also slipping sharply, as the overall index underscores.

United States	Oct. 19	Nov. 19	Dec. 19	Jan. 20	Feb. 20	Mar. 20	
Overall index	-4.1	8.7	11.6	15.9	20.3	0.2	Lowest since 10.2019
Headline Index							
- Current situation	13.0	24.8	27.0	31.0	38.3	17.8	Lowest since 10.2019
- Expectations	-19.8	-6.3	-2.8	1.8	3.8	-16.0	Lowest since 10.2019

Asia ex Japan: When will the Chinese report "no more new cases"?

In Asia ex Japan, especially in China, the recession is obvious. But the region that was the first to be paralysed by the new virus could also be the first to give hope again. "Zero new cases" would be good news for once, and it could even come in the next few weeks. The Chinese have also already taken measures in monetary and fiscal policy. Nevertheless, this region is also in recession for the time being.

Asia ex Japan	Oct. 19	Nov. 19	Dec. 19	Jan. 20	Feb. 20	Mar. 20	
Overall index	0.0	8.5	12.0	18.4	7.1	-13.5	Lowest since 03.2009
Headline Index							
- Current situation	6.0	11.8	14.3	20.3	6.8	-14.5	Lowest since 05.2009
- Expectations	-5.8	5.3	9.8	16.5	7.5	-12.5	Lowest since 01.2009



Further result tables

Japan	Oct. 19	Nov. 19	Dec. 19	Jan. 20	Feb. 20	Mar. 20	
Overall index	-8.9	0.9	2.9	7.4	7.0	-17.5	Lowest since 06.2011
Headline Index							
- Current situation	-5.0	3.5	2.0	7.8	8.5	-16.8	Lowest since 05.2016
- Expectations	-12.8	-1.8	3.8	7.0	5.5	-18.3	Lowest since 03.2009
Eastern Europe	Oct. 19	Nov. 19	Dec. 19	Jan. 20	Feb. 20	Mar. 20	
Overall index	-10.4	-1.8	0.7	5.4	5.5	-12.9	Lowest since 02.2016
Headline Index							
- Current situation	-7.8	-1.0	0.3	3.8	5.3	-10.8	Lowest since 08.2016
- Expectations	-13.0	-2.5	1.3	7.0	5.8	-15.0	Lowest since 12.2011
Latin America	Oct. 19	Nov. 19	Dec. 19	Jan. 20	Feb. 20	Mar. 20	
Overall index	-19.0	-17.4	-15.4	-9.5	-6.9	-20.4	Lowest since 03.2016
Headline Index							
- Current situation	-23.3	-24.5	-25.0	-18.5	-14.5	-22.5	
- Expectations	-14.8	-10.0	-5.3	0.0	1.0	-18.3	Lowest since 01.2009
Global	Oct. 19	Nov. 19	Dec. 19	Jan. 20	Feb. 20	Mar. 20	
Overall index	-6.3	3.0	6.4	12.1	8.1	-12.0	Lowest since 07.2009
Headline Index							
- Current situation	-0.3	6.9	9.0	14.5	10.5	-8.8	Lowest since 11.2009
- Expectations	-12.1	-0.7	3.8	9.8	5.8	-15.3	Lowest since 10.2011
Switzerland	Oct. 19	Nov. 19	Dec. 19	Jan. 20	Feb. 20	Mar. 20	
Overall index	-10.4	10.3	15.5	14.4	14.0	-9.4	Lowest since 10.2019 3. decline in a row
Headline Index							
- Current situation	-0.8	20.8	20.0	25.0	27.0	-6.0	Lowest since 06.2015
- Expectations	-19.5	0.3	11.0	4.3	1.8	-12.8	Lowest since 10.2019 3. decline in a row
Austria	Oct. 19	Nov. 19	Dec. 19	Jan. 20	Feb. 20	Mar. 20	
Overall index	1.4	4.0	8.1	24.4	20.2	-3.0	Lowest since 05.2016
Headline Index							
- Current situation	10.5	10.8	10.0	25.3	28.0	11.5	
- Expectations	-7.3	-2.5	6.3	23.5	12.8	-16.5	Lowest since 06.2019



Data availability

Bloomberg L.P.

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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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