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sentix Economic Index: The current situation is moving along

- The headline index for the eurozone economy climbed to -13.4 points in August for the fourth time in a row. The current situation values increase by 8.2 points and expectations remain stable and positive.
- We also measure the fourth improvement in a row for Germany. Here the current situation values increase by 10 points to -30.8 points, the expectations remain highly positive and show no fear of a second wave of corona infections.
- The overall index for the Asian region ex Japan continues to rise and even exceeds the zero line. The recovery in the USA and Latin America remains disappointing.

Statistics

Poll running: **6 to 8-August 2020**
Survey participants: **1078 investors**
(**237** of those are institutional investors)

Current economic regimes* of countries /regions in focus:

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

* 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: August 2020

Euro Area	Mar. 20	Apr. 20	May. 20	Jun. 20	Jul. 20	Aug. 20	
Overall index	-17.1	-42.9	-41.8	-24.8	-18.2	-13.4	Highest since 02.2020
Headline Index							
- Current situation	-14.3	-66.0	-73.0	-61.5	-49.5	-41.3	Highest since 03.2020
- Expectations	-20.0	-15.8	-3.0	21.8	19.5	19.3	



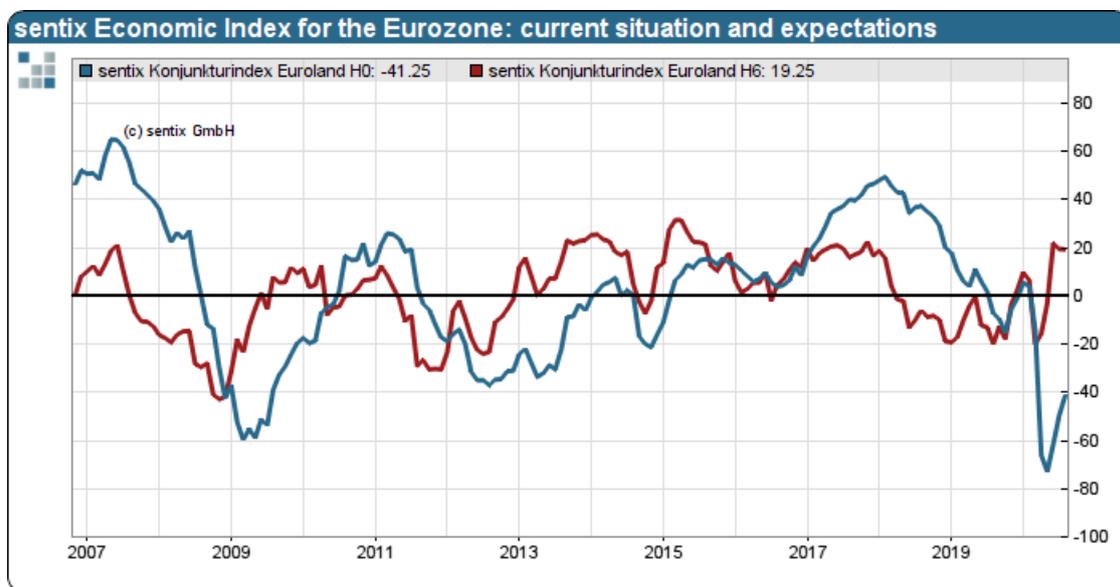
Commentary on the survey results for August 2020

The current situation is moving along

In August, the sentix overall index for the eurozone economy climbed by +4.8 to -13.4 points for the fourth time in a row. The current situation values increased by 8.2 points, but are still in recession at -41.3 points. At +19.3 points, expectations remain stably positive, meaning that the economic recovery should continue. We also measure the fourth consecutive improvement for Germany. The current situation values increased by 10 points month-on-month and now stand at -30.8 points. Internationally, the Asian region is leading the improvement: The overall index for Asia ex-Japan is even above zero. The recovery in the USA and Latin America remains disappointing.

Euro area: Better than expected

The process of economic recovery is proving sluggish. Nevertheless, the August figures of the sentix economic indices are surprising. More and more attention is now being paid to the development of the current situation values, as in the previous months the expectations values have been clearly on the rise and have made considerable upfront investments. With the highest value since March 2020 and a level of -41.3, there is still no rejoicing in absolute terms. After all, such a low index level means that the third quarter is still in recession. Nonetheless, the recovery is progressing, especially since the expectations for August were almost unchanged from the previous month's level of +19.5 at +19.3. It is remarkable in this context that a second wave of corona infections does not leave a new fear reflex in the economic indicators!



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

But how can the recovery movement be classified qualitatively? If one compares the development of the current situation following the financial crisis in 2009 with the recovery movement of the sentix economic indices this year, it is noticeable that the recovery of the current situation (see graph on the following page) is very similar in terms of both level and timing. At that time, the expectations were also the first to rise. For a long time, the current situation values bobbed in the deep red range. It was not until summer 2009 that the economic indicators began to recover. The path in 2020 is now very similar, giving rise to the fantasy that the low point has definitely been passed and that the initiated recovery can continue.



sentix Economic Index for the Eurozone: current situation in 2020 and in 2009

Germany: Recovery of economic data even more dynamic

In Germany, the current situation values are rising even more strongly at +10 points. As expectations are stable, the overall index for Germany is only marginally off the expansion threshold at -4.5 points. Evidence of the above-average rise in Germany may also have been the surprisingly good order intake in German industry in June. Year-on-year, they rose by 27.9%.

Germany

	Mar. 20	Apr. 20	May. 20	Jun. 20	Jul. 20	Aug. 20		
Overall index	-16.9	-36.0	-35.3	-17.2	-10.5	-4.5	Highest since 02.2020	4. increase in a row
Headline Index								
- Current situation	-13.3	-59.3	-66.0	-53.0	-40.8	-30.8	Highest since 03.2020	3. increase in a row
- Expectations	-20.5	-9.0	2.5	27.3	25.5	25.8		

USA: Trump's economy lags behind

The USA has lost its particularly positive economic momentum of recent years in the wake of the Corona crisis. Although the overall index is also rising in the USA for the fourth time in a row, the expectations are still much more moderate than for the eurozone. The different economic dynamics are a major driving force behind the recent currency development, which is encouraging a strengthening of the euro.

United States

	Mar. 20	Apr. 20	May. 20	Jun. 20	Jul. 20	Aug. 20		
Overall index	0.2	-39.1	-36.8	-22.3	-17.1	-15.6	Highest since 03.2020	4. increase in a row
Headline Index								
- Current situation	17.8	-59.0	-66.8	-57.3	-43.0	-40.8	Highest since 03.2020	3. increase in a row
- Expectations	-16.0	-16.5	0.0	21.3	13.0	13.5		



Further result tables

Japan	Mar. 20	Apr. 20	May. 20	Jun. 20	Jul. 20	Aug. 20		
Overall index	-17.5	-30.5	-31.7	-17.0	-11.4	-8.6	Highest since 02.2020	3. increase in a row
Headline Index								
- Current situation	-16.8	-50.5	-59.5	-49.0	-37.0	-31.5	Highest since 03.2020	3. increase in a row
- Expectations	-18.3	-7.8	1.5	21.8	18.3	17.5		
Asia ex Japan	Mar. 20	Apr. 20	May. 20	Jun. 20	Jul. 20	Aug. 20		
Overall index	-13.5	-21.8	-22.6	-8.9	-2.5	0.6	Highest since 02.2020	3. increase in a row
Headline Index								
- Current situation	-14.5	-41.3	-50.0	-39.0	-26.8	-20.8	Highest since 03.2020	3. increase in a row
- Expectations	-12.5	0.0	9.8	26.8	25.3	24.5		
Eastern Europe	Mar. 20	Apr. 20	May. 20	Jun. 20	Jul. 20	Aug. 20		
Overall index	-12.9	-38.6	-37.2	-22.6	-18.8	-17.8	Highest since 03.2020	4. increase in a row
Headline Index								
- Current situation	-10.8	-58.5	-65.0	-54.8	-46.0	-42.8	Highest since 03.2020	3. increase in a row
- Expectations	-15.0	-16.0	-3.8	16.8	13.3	11.0		
Latin America	Mar. 20	Apr. 20	May. 20	Jun. 20	Jul. 20	Aug. 20		
Overall index	-20.4	-45.5	-47.3	-38.5	-38.3	-35.6	Highest since 03.2020	3. increase in a row
Headline Index								
- Current situation	-22.5	-65.0	-74.8	-71.3	-67.3	-63.5	Highest since 03.2020	3. increase in a row
- Expectations	-18.3	-23.3	-13.8	2.5	-3.0	-2.0		
Global	Mar. 20	Apr. 20	May. 20	Jun. 20	Jul. 20	Aug. 20		
Overall index	-12.0	-32.2	-32.0	-17.9	-12.5	-9.7	Highest since 02.2020	4. increase in a row
Headline Index								
- Current situation	-8.8	-52.3	-60.5	-50.4	-38.9	-33.8	Highest since 03.2020	3. increase in a row
- Expectations	-15.3	-9.3	2.4	21.7	18.2	17.8		
Switzerland	Mar. 20	Apr. 20	May. 20	Jun. 20	Jul. 20	Aug. 20		
Overall index	-9.4	-32.9	-35.1	-14.4	-1.6	-1.5	Highest since 02.2020	3. increase in a row
Headline Index								
- Current situation	-6.0	-46.0	-56.8	-43.3	-14.8	-19.0		
- Expectations	-12.8	-18.8	-10.3	19.8	12.5	17.8		
Austria	Mar. 20	Apr. 20	May. 20	Jun. 20	Jul. 20	Aug. 20		
Overall index	-3.0	-37.3	-24.9	-12.8	-3.9	-10.1		
Headline Index								
- Current situation	11.5	-63.8	-55.3	-46.0	-34.0	-39.0		
- Expectations	-16.5	-5.8	11.8	27.5	31.8	24.0		



Data availability

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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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