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## sentix Economic Index: Asia continues to pick up, Euroland stagnating

- The economic recovery in Euroland is taking a breather. After five consecutive rises, the sentix overall economic index for the euro zone has dropped marginally by -0.3 points.
- Current situation, however, continue to improve, while the expectations index has reset by two points at a high level. So far, this does not pose any significant danger, but the recession is not yet over. The situation in Germany looks somewhat better than in the Euro zone as a whole.
- Positive developments can be reported above all from Asia ex Japan. The economic indices there continue to show dynamic growth. The clouds are also clearing for the US, which should help the Trump camp in the run-up to the US presidential election.

### Statistics

Poll running: **1<sup>st</sup> -Oct to 3<sup>rd</sup> -Oct 2020**  
Survey participants: **1,085 investors**  
(**261** of those are institutional investors)

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

Region / country	Regime	Region / country	Regime
 <b>Eurozone</b>	Recovery	 <b>USA</b>	Recovery
 <b>Germany</b>	Recovery	 <b>Japan</b>	Recovery
 <b>Switzerland</b>	Recovery	<b>Asia ex-Japan</b>	Recovery
 <b>Austria</b>	Recovery	<b>Latin America</b>	Stabilization
<b>Eastern Europe</b>	Recovery	<b>Global Aggregate</b>	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: **October 2020**

Euro Area	May. 20	Jun. 20	Jul. 20	Aug. 20	Sep. 20	Oct. 20
<b>Overall index</b>	-41.8	-24.8	-18.2	-13.4	-8.0	-8.3
<b>Headline Index</b>						
- Current situation	-73.0	-61.5	-49.5	-41.3	-33.0	-32.0
- Expectations	-3.0	21.8	19.5	19.3	20.8	18.8

Highest since  
**03.2020**  
Lowest since  
**05.2020**



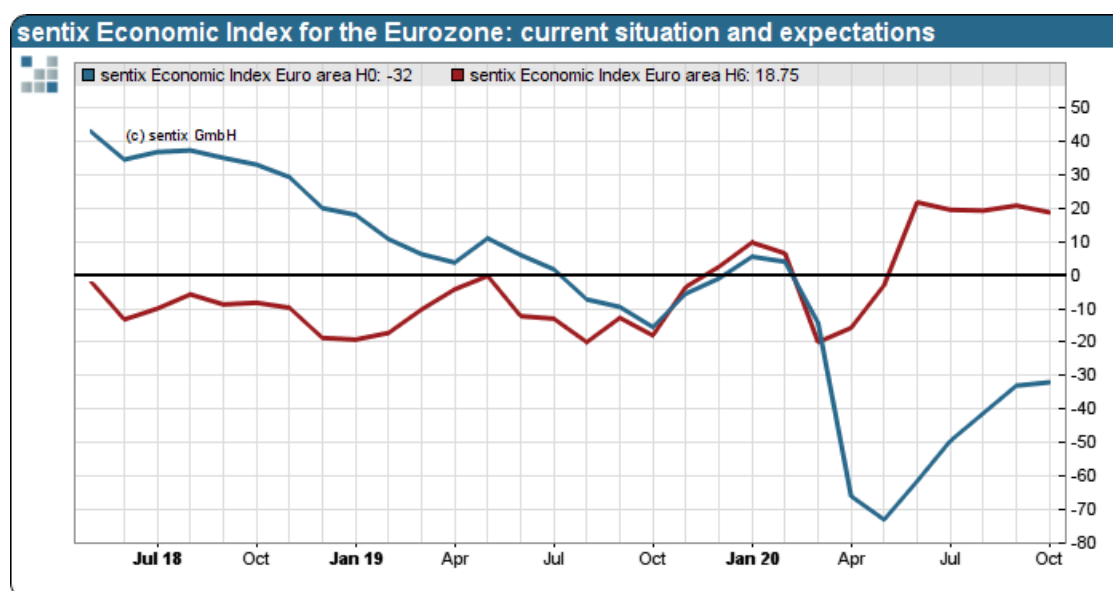
## Commentary on the survey results for October 2020

### Asia continues to pick up, Euroland stagnating

The economic recovery in Euroland takes a breather in October. After five successive improvements, the sentix overall economic index for the euro zone fell marginally by -0.3 points to -8.3 points. However, the current situation continues to improve, reaching its highest level since March 2020. The data does not reveal any significant risk element in the short term, as the expectations index remains at a higher level despite a decline of 2 points. The outlook for Germany looks somewhat better than for the euro area as a whole. There are positive developments to report, especially from Asia ex Japan and the US.

### Euro area: Has the recovery braked? No!

In October, the Euro zone economy is unable to continue its rally of recent months. After five consecutive increases, the overall index is down by -0.3 points. At first glance, the result appears disappointing and the series seems to have come to an end. Nonetheless, the ongoing recovery of the current situation should provide encouragement. After all, the high expectations of the past few months have created fantasy for a coming improvement, which should not be disappointed. It is therefore all the more important that the current situation component continues its initiated recovery path and that the announced signals of relaxation also reach the real economy. Equally constructive is the picture of the expectations, which have been able to hold their ground at a higher level and thus do not call into question the economic recovery that has been initiated for the coming months. Rather, the sideways trend in expectations, which has been ongoing for months, should be seen as confirmation and a clear vote of confidence by investors that the prospects remain positive, based on a recovery of the current situation.



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

This means that the parallels between the current recovery movement and the post-crisis year 2009 will be preserved. Even then, we noticed a continuous improvement, which surprised investors and had a positive effect on the stock markets. The fundamental facts were then delivered in 2010 as "proof". Many economists still have doubts about a sustainable recovery of the economy. Fears of corona and renewed negative consequences for the real economy are too strong. However, the "first mover" among the leading indicators underlines that the chances of a positive economic surprise are quite real.



## Germany: Sixth increase in a row

The sentix economic indices for Germany are developing more positively than those for Euroland. The overall index has risen by 1.5 points, not only marking the sixth consecutive increase, but also above the zero line for the first time since February 2020. The current situation values are freeing themselves much more dynamically than in the entire Eurozone, the sub-index increases by 3.5 points, flanked by continuing stable expectation values. The significantly lower corona case numbers in Germany are also transferred to the relative economic dynamics in the euro zone. Lower risks of a lock-down provide confidence. Overall, the October data also point in the right direction.

Germany	May. 20	Jun. 20	Jul. 20	Aug. 20	Sep. 20	Oct. 20		
<b>Overall index</b>	-35.3	-17.2	-10.5	-4.5	-0.1	1.4	Highest since 02.2020	6. increase in a row
<b>Headline Index</b>								
- Current situation	-66.0	-53.0	-40.8	-30.8	-22.8	-19.3	Highest since 03.2020	5. increase in a row
- Expectations	2.5	27.3	25.5	25.8	25.5	24.5	Lowest since 05.2020	

## USA: Trump administration gets arguments

The recovery of the economic indices for the US is much more dynamic. Current assessment is improving by +6.8 points and the expectations index confirms its already attractive level. In about four weeks, American people will elect the next US president. Traditionally, economic developments have a considerable influence on the outcome of a presidential election. Donald Trump may therefore interpret the upward trend as a tailwind for his re-election. Whether the momentum and scale will be sufficient remains questionable.

United States	May. 20	Jun. 20	Jul. 20	Aug. 20	Sep. 20	Oct. 20		
<b>Overall index</b>	-36.8	-22.3	-17.1	-15.6	-4.8	-1.1	Highest since 03.2020	6. increase in a row
<b>Headline Index</b>								
- Current situation	-66.8	-57.3	-43.0	-40.8	-27.3	-20.5	Highest since 03.2020	5. increase in a row
- Expectations	0.0	21.3	13.0	13.5	20.5	20.5		

## Asia: Sustained upward momentum

Asia ex Japan remains the leader in the global economic recovery. At +10.3 points, the overall index is at its highest level since January 2020. In addition, the current situation values are heading for the magic zero line, whereby the expectation values remain strictly positive and make it very likely that they will be exceeded in the coming months. Investors are reflecting the increasingly better economic picture in China. All in all, this should also have a positive feedback effect on the global economy. The sentix Global Aggregate Index has already acknowledged this with the sixth consecutive increase to an index level of -0.5 points.

Asia ex Japan	May. 20	Jun. 20	Jul. 20	Aug. 20	Sep. 20	Oct. 20		
<b>Overall index</b>	-22.6	-8.9	-2.5	0.6	6.6	10.3	Highest since 01.2020	5. increase in a row
<b>Headline Index</b>								
- Current situation	-50.0	-39.0	-26.8	-20.8	-12.5	-5.0	Highest since 02.2020	5. increase in a row
- Expectations	9.8	26.8	25.3	24.5	27.8	26.8		



### Further result tables

Japan	May. 20	Jun. 20	Jul. 20	Aug. 20	Sep. 20	Oct. 20		
<b>Overall index</b>	-31.7	-17.0	-11.4	-8.6	-2.3	-2.6		
<b>Headline Index</b>								
- Current situation	-59.5	-49.0	-37.0	-31.5	-23.0	-21.0	Highest since 03.2020	5. increase in a row
- Expectations	1.5	21.8	18.3	17.5	20.8	17.8		
Eastern Europe	May. 20	Jun. 20	Jul. 20	Aug. 20	Sep. 20	Oct. 20		
<b>Overall index</b>	-37.2	-22.6	-18.8	-17.8	-12.7	-12.8		
<b>Headline Index</b>								
- Current situation	-65.0	-54.8	-46.0	-42.8	-35.8	-33.5	Highest since 03.2020	5. increase in a row
- Expectations	-3.8	16.8	13.3	11.0	13.5	10.5	Lowest since 05.2020	
Latin America	May. 20	Jun. 20	Jul. 20	Aug. 20	Sep. 20	Oct. 20		
<b>Overall index</b>	-47.3	-38.5	-38.3	-35.6	-28.9	-26.9	Highest since 03.2020	5. increase in a row
<b>Headline Index</b>								
- Current situation	-74.8	-71.3	-67.3	-63.5	-55.8	-51.5	Highest since 03.2020	5. increase in a row
- Expectations	-13.8	2.5	-3.0	-2.0	3.0	1.8		
Global	May. 20	Jun. 20	Jul. 20	Aug. 20	Sep. 20	Oct. 20		
<b>Overall index</b>	-32.0	-17.9	-12.5	-9.7	-2.9	-0.5	Highest since 02.2020	6. increase in a row
<b>Headline Index</b>								
- Current situation	-60.5	-50.4	-38.9	-33.8	-24.6	-19.3	Highest since 03.2020	5. increase in a row
- Expectations	2.4	21.7	18.2	17.8	21.6	20.3		
Switzerland	May. 20	Jun. 20	Jul. 20	Aug. 20	Sep. 20	Oct. 20		
<b>Overall index</b>	-35.1	-14.4	-1.6	-1.5	10.0	13.3	Highest since 02.2020	5. increase in a row
<b>Headline Index</b>								
- Current situation	-56.8	-43.3	-14.8	-19.0	-1.8	2.5	Highest since 02.2020	
- Expectations	-10.3	19.8	12.5	17.8	22.5	24.8	Highest since 01.2011	3. Increase in a row
Austria	May. 20	Jun. 20	Jul. 20	Aug. 20	Sep. 20	Oct. 20		
<b>Overall index</b>	-24.9	-12.8	-3.9	-10.1	3.4	-9.4		
<b>Headline Index</b>								
- Current situation	-55.3	-46.0	-34.0	-39.0	-13.3	-31.8		
- Expectations	11.8	27.5	31.8	24.0	21.5	16.0	Lowest since 05.2020	3. decline in a row



## Data availability

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expertise in behavioral finance

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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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