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sentix Economic Index: Trend reversal or not - that is the question!

- Is the new year starting with an economic turnaround? At least the economic expectations for the eurozone are rising for the third time in a row, albeit only by a marginal 0.2 points. The situation values improved more significantly by 3.3 points.
- The German economy cannot keep up with even these moderate improvements in the eurozone. Expectations remain consistently low. If the overall index can improve for the third time in a row to -25.5 points, this is more illusion than reality.
- The election of the libertarian politician Javier Milei as Argentina's new president has not yet found any significant reflection in the sentix data, although here too there is an improvement for the third time in a row. Investors in Eastern Europe are more hopeful of a turnaround. Asia is improving, albeit with the handbrake on.

Statistics

Poll from **30th Nov. to 2nd Dec. 2023**
Survey participants: **1,245 investors**
(**239** of those are institutional investors)

Current economic regimes* of countries /regions in focus:

Region / country	Regime	Region / country	Regime
Eurozone	Downturn	USA	Cooling down
Germany	Recession	Japan	Stagnation
Switzerland	Colling down	Asia ex-Japan	Slight upswing
Austria	Downturn	Latin America	Downturn
Eastern Europe	Recession	Global Aggregate	Slight 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: December 2023

Euro Area	Jul. 23	Aug. 23	Sep. 23	Oct. 23	Nov. 23	Dec. 23	
Overall index	-22.5	-18.9	-21.5	-21.9	-18.6	-16.8	Highest since 05.2023
Headline Index							
- Current situation	-20.5	-20.5	-22.0	-27.0	-26.8	-23.5	
- Expectations	-24.5	-17.3	-21.0	-16.8	-10.0	-9.8	Highest since 02.2023 3. Increase in a row



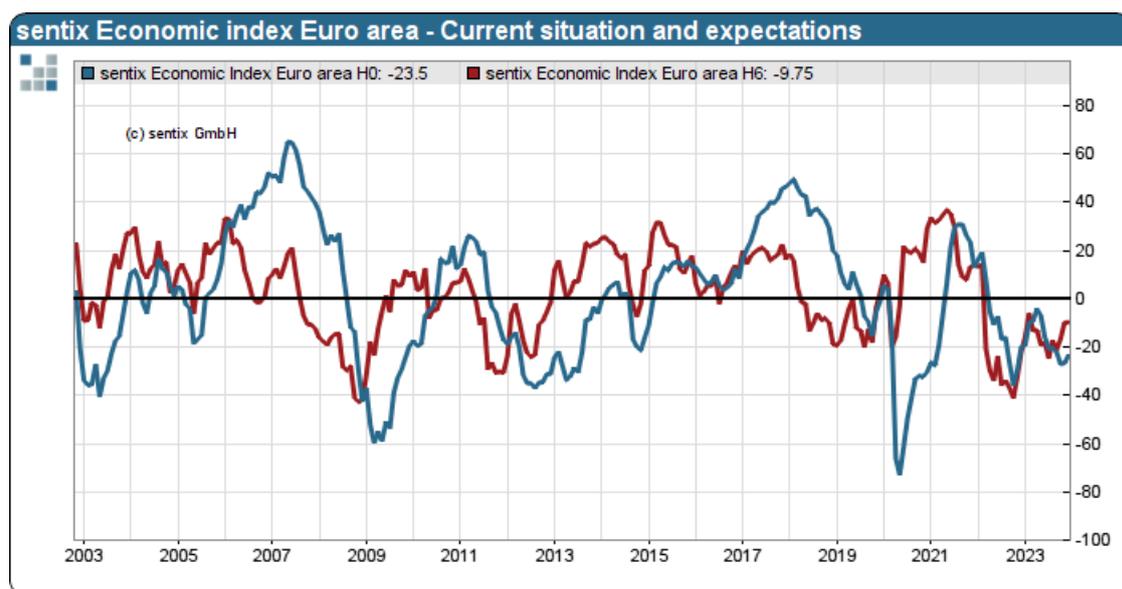
Commentary on the survey results for December 2023

Trend reversal or not - that is the question!

In many regions, we are measuring the third consecutive improvement in economic expectations and / or the overall index for the economy. For example, the economic expectations for the eurozone. At 0.2 points, however, the increase is very moderate. However, as the situation values also improved slightly, the question arises as to whether we can speak of a trend reversal. Internationally, the picture is the same: moderate improvements, but no real sign of an upturn. US stocks remain robust, but are equally unconvincing. There is a little hope in the Eastern European region.

Euro area: Third rise in a row

The sentix economic expectations for the eurozone rise by 0.2 points for the third time in a row, but remain negative at -9.8 points. As the situation values in the survey recovered by 3.3 points, the overall index for the eurozone rose to -16.8 points. This is the best value since May 2023 and many economists see three increases in the expectation value as a sign of a trend reversal. So can we expect better economic news soon?



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

The still weak overall momentum and the lack of a certain amount of international support speak against this. So far, there are no signs of a new upswing in any region. This would require positive expectations, preferably in double figures. Opportunities for this could arise at the start of the year. Because there are positive developments in the inflation outlook!

The corresponding inflation barometer has improved for the fifth time in a row to 16.25 points (institutional investors: 20 points!). From this positive view of inflation, investors not only deduce an end to the central banks' prolonged cycle of interest rate hikes, but now also expect positive support from monetary policy. The corresponding theme barometer rises to 14.25 points. This is the highest level since April 2021.



Germany: Still at the bottom of the league

The German economy remains the laggard among the world regions analysed. Although we also measure the third increase in a row for the overall index, which is due to a slight improvement in the situation values to -35.3 points. This is still such a low value that it was only undercut during the 2008 financial crisis and during the corona crisis 2020. While expectations have risen at least marginally elsewhere, Germany "shines" with even weaker expectations of -15.3 points. So there is still no sign of a turnaround in Germany.

Germany	Jul. 23	Aug. 23	Sep. 23	Oct. 23	Nov. 23	Dec. 23	
Overall index	-28.4	-30.7	-33.1	-31.1	-26.3	-25.5	Highest since 06.2023 3. increase in a row
Headline Index							
- Current situation	-28.0	-35.3	-38.3	-39.5	-37.8	-35.3	
- Expectations	-28.8	-26.0	-27.8	-22.3	-14.0	-15.3	

USA: Robust, more robust, US economy

With a situation score of 19.3 points, the best value since April 2022, the US economy can still be described as extremely robust. Despite the significant rise in interest rates and the question marks over the future of US government debt, the US economy is still growing. The stable labour market is the strength and Achilles heel of the US economy. The US economy is not "out of the woods" despite the hopes of an interest rate cut. Expectations remain negative at -7.3 points.

United States	Jul. 23	Aug. 23	Sep. 23	Oct. 23	Nov. 23	Dec. 23	
Overall index	-3.7	5.1	2.2	0.8	5.0	5.6	Highest since 04.2022
Headline Index							
- Current situation	7.8	16.0	14.0	11.8	18.0	19.3	Highest since 04.2022
- Expectations	-14.5	-5.3	-9.0	-9.5	-7.3	-7.3	

Eastern Europe: Hope

In the Eastern European region, which has been severely affected by the war in Ukraine, there are signs of hope. Situation and expectation values both rise by around 2 points each, so that the overall index rises to -19.2 points. After all, this is the highest level since February 2022, when the index was slightly positive. In the meantime, the war fronts appear to have stiffened and exhaustion is spreading everywhere. Time for diplomacy? When the guns fall silent, the current hope could take a positive turn.

Eastern Europe	Jul. 23	Aug. 23	Sep. 23	Oct. 23	Nov. 23	Dec. 23	
Overall index	-25.7	-20.8	-22.5	-23.1	-21.1	-19.2	Highest since 02.2022
Headline Index							
- Current situation	-30.0	-27.8	-28.8	-30.0	-29.0	-27.5	Highest since 05.2023
- Expectations	-21.3	-13.5	-16.0	-16.0	-12.8	-10.5	Highest since 02.2022



Further result tables

Japan	Jul. 23	Aug. 23	Sep. 23	Oct. 23	Nov. 23	Dec. 23	
Overall index	0.4	3.5	3.5	3.3	4.5	4.6	Highest since 03.2022
Headline Index							
- Current situation	9.3	8.0	10.5	10.3	8.5	9.3	
- Expectations	-8.0	-1.0	-3.3	-3.5	0.5	0.0	
Asia ex Japan	Jul. 23	Aug. 23	Sep. 23	Oct. 23	Nov. 23	Dec. 23	
Overall index	0.2	7.7	0.9	0.7	2.7	4.1	
Headline Index							
- Current situation	3.5	7.5	0.3	1.0	1.3	2.0	3. increase in a row
- Expectations	-3.0	8.0	1.5	0.5	4.3	6.3	
Latin America	Jul. 23	Aug. 23	Sep. 23	Oct. 23	Nov. 23	Dec. 23	
Overall index	-13.6	-8.4	-11.6	-11.5	-11.5	-10.2	3. increase in a row
Headline Index							
- Current situation	-14.0	-11.0	-14.0	-15.0	-16.8	-16.3	
- Expectations	-13.3	-5.8	-9.3	-8.0	-6.0	-4.0	Highest since 02.2023 3. Increase in a row
Global	Jul. 23	Aug. 23	Sep. 23	Oct. 23	Nov. 23	Dec. 23	
Overall index	-7.6	-1.0	-5.4	-5.8	-3.3	-2.0	
Headline Index							
- Current situation	-3.7	0.0	-3.9	-5.0	-3.8	-2.5	
- Expectations	-11.4	-2.1	-6.8	-6.6	-2.8	-1.6	Highest since 03.2023 3. Increase in a row
Switzerland	Jul. 23	Aug. 23	Sep. 23	Oct. 23	Nov. 23	Dec. 23	
Overall index	8.2	2.3	-5.6	-3.7	-2.3	3.3	3. increase in a row
Headline Index							
- Current situation	23.5	15.5	5.8	0.5	3.5	10.5	
- Expectations	-6.0	-10.0	-16.3	-7.8	-8.0	-3.8	Highest since 02.2023
Austria	Jul. 23	Aug. 23	Sep. 23	Oct. 23	Nov. 23	Dec. 23	
Overall index	-12.6	-17.4	-13.3	-26.3	-20.7	-23.0	
Headline Index							
- Current situation	-10.5	-16.5	-14.0	-29.5	-26.3	-35.5	Lowest since 08.2020 Highest since 02.2022
- Expectations	-14.8	-18.3	-12.5	-23.0	-15.0	-9.5	



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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