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sentix Economic Index: the global trend points upwards

- Economic indices for the euro zone continue to rise in September. **The overall index for the euro zone climbs to +5.6 points.**
- Global trend overcompensates heterogeneous developments of industrialised economies. The sentix global aggregate index rises to 9.1 points and marks a new high for 2016.
- The emerging markets are the positive driving force behind the recovery of the global economy. Asia ex. Japan, Eastern Europe as well as Latin America continue to gain momentum.

Statistics

Poll running: **01-to 03-September-2016**

Survey participants: **929 investors**
(of those are institutional investors: **249**)

Current economic regimes* of countries /regions in focus:

Region / country	Regime	Region / country	Regime
Eurozone	slight upturn	USA	upturn
Germany	upturn	Japan	stabilisation
Switzerland	upturn	Asia ex-Japan	upturn
Austria	slight upturn	Latin America	stabilisation
Eastern Europe	stabilisation	Global Aggregate	upturn

* 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: September 2016

Euro area	Apr 16	May 16	Jun 16	Jul 16	Aug 16	Sep 16
Overall Index	5.7	6.2	9.9	1.7	4.2	5.6
Headline Index						
- Current situation	6.0	7.0	9.8	5.5	3.8	4.5
- Expectations	5.5	5.5	10.0	-2.0	4.8	6.8



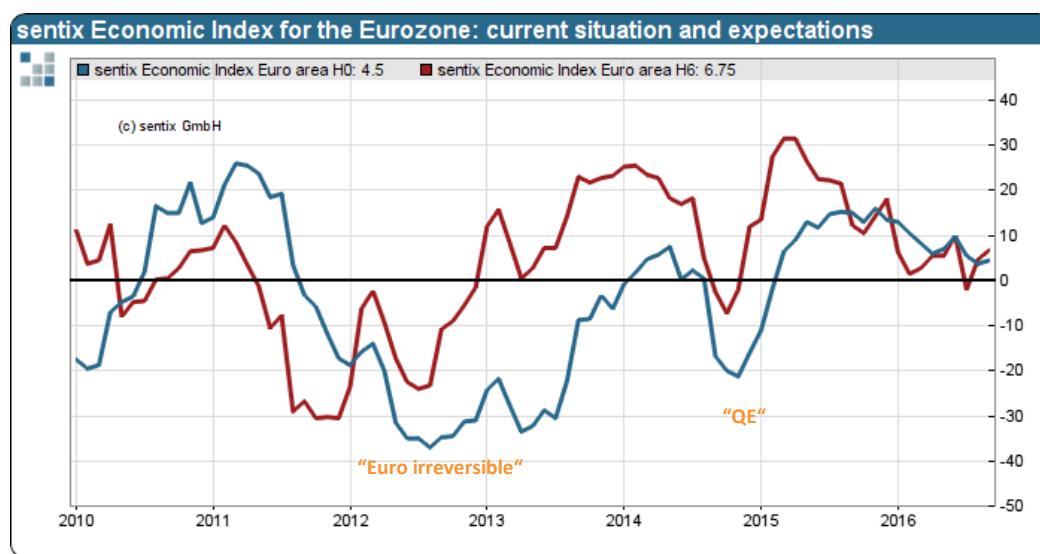
Commentary on the survey results for September 2016

The global trend points upwards

Economic expectations for the eurozone continue to improve. The September data of the “first mover” for the euro zone reveals that both the current situation (+4.5) as well as expectations (+6.75) have slightly improved. Consequently, the overall index rises from 4.4 points to 5.6 points. The catch-up process of the emerging market economies overcompensates the heterogeneous developments of the industrialised world regions. Therefore, the global trend points upwards.

The Eurozone – expanding stability

The latest data for the Eurozone economy is positive. Current situation values (+0.75 Points), as well as expectations (+2 points), point towards a sustainable recovery. The second increase in a row of the sentix economic indices shows that the shock after the Brexit has been almost digested. Despite that the overall index for the Eurozone continues to hover with +5.6 points in September below June’s +9.9 points, the catch-up is in full swing. Lead by institutional investors, their expectations in September (+12 points) have almost caught up with June’s 13 points. Institutional investors’ expectations are more optimistic than their private counterparts. Expectations of private investors remain low at 1.5 points.



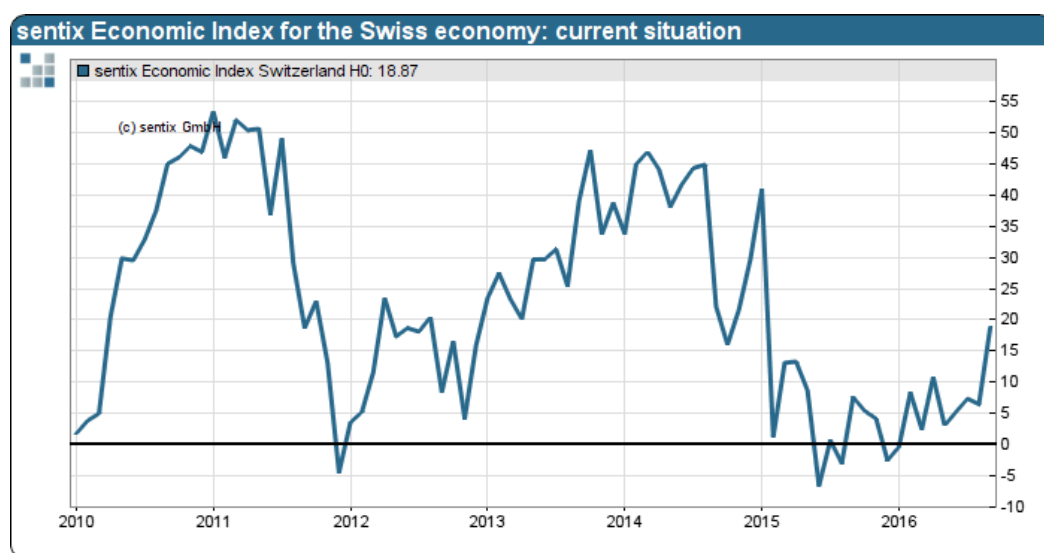
sentix Economic Index for the Eurozone: **current situation** and **expectations**

The slight improvement in comparison to last month is still not a signal of the inherent strength of the Eurozone. The development of Eurozone’s economic current situation and expectations are rather a consequence of an improvement in the world economy. Most notably the growth of the Asian ex. Japan region cheers investors’ economic expectations (the Asia ex. Japan section provides more details). The US economy still lacks momentum, as speculation about further rising FED rates suppress economic expectations. The sentix index measuring investors’ economic expectations slides by -2 points to +4.5 points whereas the current situation remains nearly unchanged at 29.25 points. Also, investors sense a slight improvement of the Japanese economy in September. All sub-indices are rising albeit at a moderate pace. To summarise, as the development of the industrialised world regions remains heterogeneous, the developing world provides encouragement.



Before moving on commenting this month's development of the emerging markets, we shift our focus towards the Swiss economy. The overall index rises from August's +3.7 points to +10.8 points in September. The economic regime for the Swiss economy switches to "boom" as indicated on page 1. The driving force behind the improvement of the overall index is investors exceptionally positive reviews of the current situation of the Swiss economy in comparison to the previous month. The sub-index jumps from +6.5 points to +18.9 points. Consequently, we believe the Swiss economy finally made a turnaround.

Switzerland	Apr 16	May 16	Jun 16	Jul 16	Aug 16	Sep 16
Overall Index	7.9	1.0	7.7	-0.9	3.7	10.8
Headline Index						
- Current situation	10.8	3.0	5.3	7.4	6.5	18.9
- Expectations	5.1	-1.1	10.1	-8.8	1.0	2.9

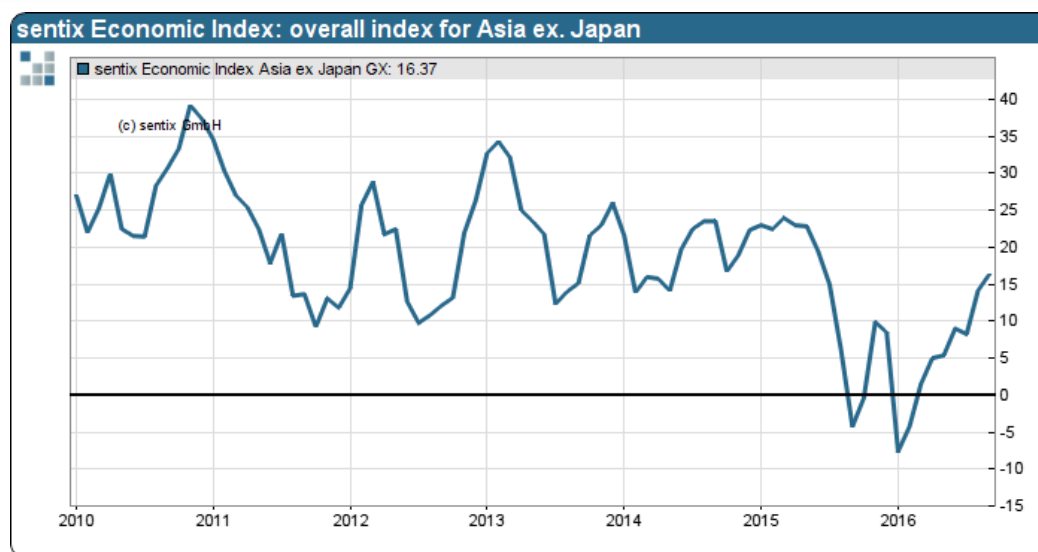


sentix Economic Index for the Swiss economy: **current situation**

Asia ex. Japan – On a booster

Economic perspectives for the Asian region continue to improve. The fast-paced improvement of the overall index of recent months continues with an increase of +2.3 points in September. Since the trough in January 2016, the overall index gained a staggering +24 points. Fears about a "hard landing" of the Chinese economy have vanished entirely.

Asia ex Japan	Apr 16	May 16	Jun 16	Jul 16	Aug 16	Sep 16	
Overall Index	5.0	5.4	9.0	8.2	14.1	16.4	Highest level since June 2015
Headline Index							
- Current situation	4.3	4.8	7.5	9.5	15.0	18.0	Highest level since July 2015
- Expectations	5.8	6.0	10.5	7.0	13.3	14.8	Highest level since May 2015



sentix Economic Index for Asia ex. Japan: **overall index**

Global Aggregate confirms uptrend

Based on the positive development of investors view on Asia ex. Japan, the world economy benefits in September. Hence, the economic regime (refer to the first page) switches from “slight upturn” to “upturn” (boom quadrant). After the first nine months of 2016, we can determine that the driving forces behind the global economy have changed. The emerging markets have taken the lead over the industrialised economies and made a turnaround from an economic laggard to a leader. Hence, the US economy can take a short breather as speculations about a rate hike could slow down the economy.

Global Aggregate	Apr 16	May 16	Jun 16	Jul 16	Aug 16	Sep 16	
Overall Index	3.5	2.6	6.7	4.3	7.9	9.1	Highest level since November 2015
Headline Index							
- Current situation	3.7	2.7	6.1	6.2	8.4	10.3	
- Expectations	3.2	2.6	7.3	2.4	7.4	7.9	



More tables

Germany	Apr 16	May 16	Jun 16	Jul 16	Aug 16	Sep 16
Overall Index	17.6	18.3	20.7	18.4	19.8	19.5
Headline Index						
- Current situation	32.7	34.1	34.4	35.2	33.4	34.3
- Expectations	3.4	3.5	7.9	2.7	7.0	5.7
Austria	Apr 16	May 16	Jun 16	Jul 16	Aug 16	Sep 16
Overall Index	7.1	-5.3	11.1	4.1	9.4	3.4
USA	Apr 16	May 16	Jun 16	Jul 16	Aug 16	Sep 16
Overall Index	14.5	10.8	17.0	14.3	17.6	16.5
Headline Index						
- Current situation	26.8	21.3	27.8	27.0	29.3	29.3
- Expectations	3.0	0.8	6.8	2.3	6.5	4.5
Japan	Apr 16	May 16	Jun 16	Jul 16	Aug 16	Sep 16
Overall Index	-10.1	-13.8	-6.2	-8.6	-6.2	-4.8
Headline Index						
- Current situation	-14.5	-19.0	-12.3	-13.0	-12.8	-10.3
- Expectations	-5.5	-8.5	0.0	-4.0	0.5	0.8
Eastern Europe	Apr 16	May 16	Jun 16	Jul 16	Aug 16	Sep 16
Overall Index	-8.7	-7.8	-5.5	-7.3	-5.0	-2.9
Latin America	Apr 16	May 16	Jun 16	Jul 16	Aug 16	Sep 16
Overall Index	-18.2	-15.7	-18.0	-13.7	-12.5	-9.1



Data availability

Bloomberg

FACTSET



Macrobond



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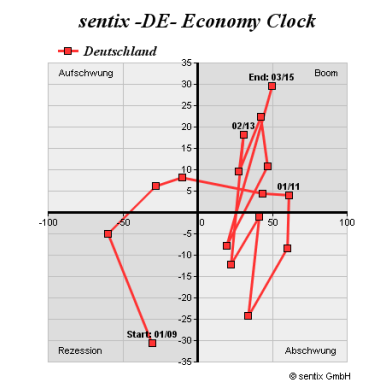
About sentix

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 assessment 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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