



Registration for the press distribution list and further information at www.sentix.co.uk



Manfred Hübner

CEFA, Managing Director

manfred.huebner@sentix.de



sentix GmbH

Wiesenhüttenstraße 17, 60329 Frankfurt am Main

Tel. +49 (69) 3487 961-0, info@sentix.de

sentix Economic Index: Is the US economy overheating?







- The sentix overall index for the economy in Euroland fell again slightly in October from 12.0 to 11.4 points.
- Uncertainties about the fiscal policy stance in Italy and the automobile industry in Germany are depressing the sentiment, although this is not reflected in the German economic data.
- By international standards, the US economy remains strong. The assessment of the situation rises to an all-time high and raises investors' expectations of rising inflation rates and a restrictive central bank policy. Japan is attracting attention with a clear rise in the situation and expectations.

Statistics

Poll running: **4-Oct. to 6-Oct., 2018**

Survey participants: **925 investors**
(**245** of those are institutional investors)

Current economic regimes* of countries /regions in focus:

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

* 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 2018

Euro Area	May. 18	Jun. 18	Jul. 18	Aug. 18	Sep. 18	Oct. 18
Overall index	19.2	9.3	12.1	14.7	12.0	11.4
Headline Index						
- Current situation	42.8	34.5	36.8	37.3	35.0	33.0
- Expectations	-2.0	-13.3	-10.0	-5.8	-8.8	-8.3

Lowest since
04.2017



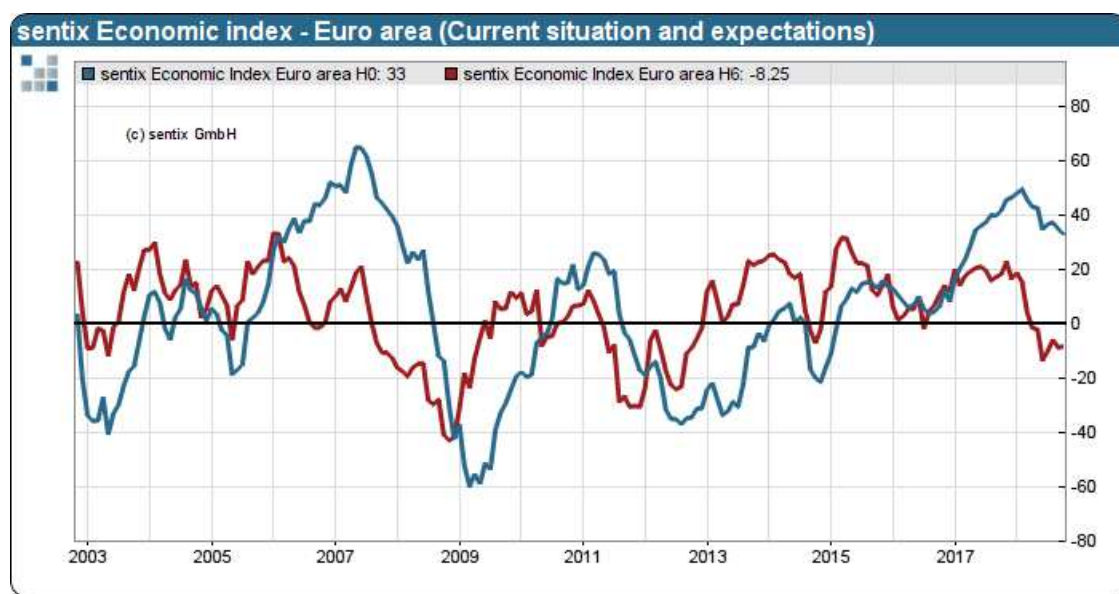
Commentary on the survey results for October 2018

Is the US economy overheating?

The economic development in the individual regions of the world continues to be uneven. Overall, however, the current assessments of the approximately 1,000 investors surveyed by sentix remain relatively relaxed. This is due not insignificantly to the very good assessment of the US economy, where we are once again measuring an all-time high in the current situation index. This is increasingly causing inflation fears among investors, which in turn should prompt the central banks to continue their restrictive monetary policy. This also seems to be one of the reasons why the majority of expectation indices remain slightly negative.

Euro area: Current situation momentum still on the retreat

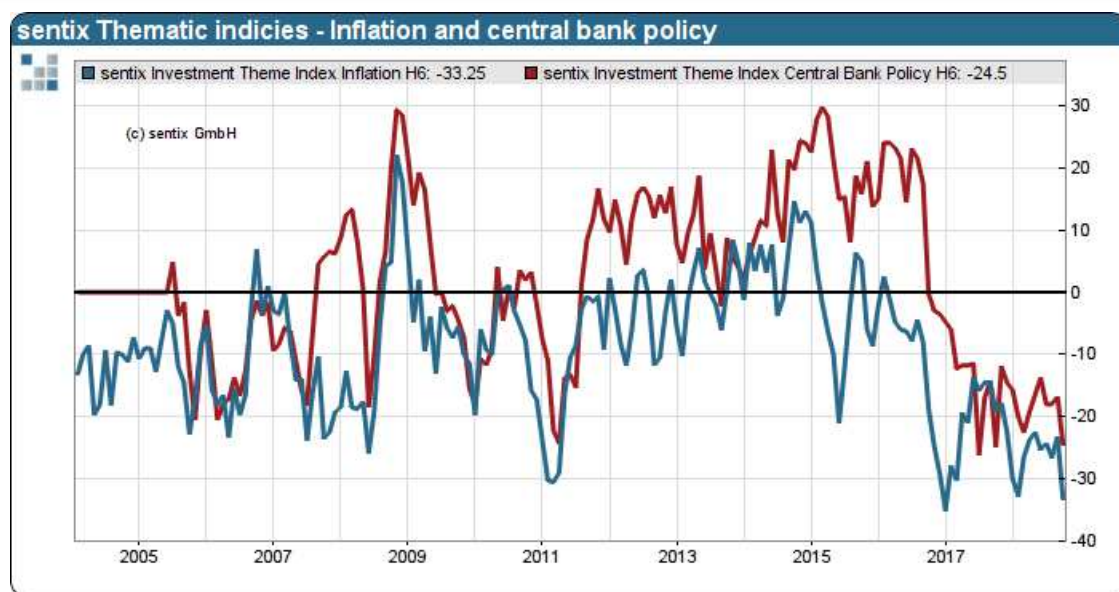
The Euro zone economy is recording a further slight slowdown. The sentix overall economic index fell again slightly in October to 11.4 points. This is attributable to the current situation values, which have weakened to 33.0 points, the lowest value since April 2017. Nevertheless, these data do not represent a fundamentally new assessment by investors, which is also reflected in the hardly changed expectation values. The reason for the slight decline is probably the discussion about the automobile industry in Germany and the uncertainties about the future fiscal policy of the Italian government.



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

Interesting is this month once again a look at the sentix topic barometer. Here we are measuring a substantial rise in inflation expectations. The corresponding sub-index fell from -24 to -37.50 points and is thus as high as in February 2018. Accordingly, investors' expectations of central bank policy have also fallen to -27.5 points. This is the lowest level since October 2017. Investors therefore assume that the bond markets will continue to be subject to significant fundamental pressure and that the central banks, above all the Fed, will continue to tighten their monetary reins.

From the point of view of the investors surveyed by sentix, this puts a strain on both the medium-term economic expectations (negative expectations!) and should also have a negative effect on the investment risk on the stock market.



sentix Investment theme index – Inflation and central bank policy

Germany: Stable despite fundamental burdens

Despite the negative discussions about the automotive industry and the question marks over the continued existence of the current government coalition, the German economic data remain stable. Expectations can even recover to -8.8 points. The economy is cooling down, but a slump is not yet discernible.

Germany

	May. 18	Jun. 18	Jul. 18	Aug. 18	Sep. 18	Oct. 18
Overall index	23.5	18.5	16.2	20.4	18.1	20.0
Headline Index						
- Current situation	59.8	56.3	51.3	54.8	51.8	53.0
- Expectations	-7.8	-13.8	-14.0	-9.3	-11.0	-8.8

Highest since
05.2018

USA: Situation values signal overheating

Before the upcoming elections for the US House of Representatives, the US economy is still in excellent shape, thanks in part to the tax cuts at the beginning of the year. After the fourth ascent in a row, the situation values again reach an all-time high of 66.5 points! Can it get better? In view of the rising inflationary pressure, the continued restrictive US Federal Reserve and an expiry of the tax policy stimulus next year, investors' cautious assessment of economic expectations seems understandable.

United States

	May. 18	Jun. 18	Jul. 18	Aug. 18	Sep. 18	Oct. 18
Overall index	22.1	20.3	18.6	25.6	23.6	25.3
Headline Index						
- Current situation	52.8	50.8	53.8	62.8	63.3	66.5
- Expectations	-4.8	-6.5	-11.8	-6.3	-10.0	-9.5

Alltime High! 4. increase in a row



Japan: Significant improvement

Japan is currently experiencing a marked improvement in investors' perception of the economy. Current situation and expectation values can increase significantly and thus bring the Japanese economy back into the upswing zone, which should have a positive effect on the stock assessment.

Japan	May. 18	Jun. 18	Jul. 18	Aug. 18	Sep. 18	Oct. 18	
Overall index	17.3	14.3	10.9	13.2	12.3	17.9	Highest since 04.2018
Headline Index							
- Current situation	36.8	32.0	30.5	30.3	30.8	37.0	Highest since 04.2018
- Expectations	-0.5	-2.0	-7.0	-2.5	-4.8	0.3	Highest since 03.2018



Further result tables

Asia ex Japan

	May. 18	Jun. 18	Jul. 18	Aug. 18	Sep. 18	Oct. 18
Overall index	22.7	20.6	12.4	16.1	11.9	13.9
Headline Index						
- Current situation	42.3	38.5	33.3	34.8	28.5	29.3
- Expectations	4.8	4.0	-6.5	-1.0	-3.5	-0.5

Eastern Europe

	May. 18	Jun. 18	Jul. 18	Aug. 18	Sep. 18	Oct. 18
Overall index	12.2	6.0	4.9	8.2	1.4	3.3
Headline Index						
- Current situation	21.5	17.3	18.8	20.5	13.0	13.3
- Expectations	3.3	-4.8	-8.0	-3.5	-9.5	-6.3

Latin America

	May. 18	Jun. 18	Jul. 18	Aug. 18	Sep. 18	Oct. 18
Overall index	7.1	-4.5	-6.9	-3.9	-19.0	-12.9
Headline Index						
- Current situation	11.8	-1.5	-4.8	-3.8	-21.0	-17.3
- Expectations	2.5	-7.5	-9.0	-4.0	-17.0	-8.5

Global

	May. 18	Jun. 18	Jul. 18	Aug. 18	Sep. 18	Oct. 18
Overall index	19.4	15.0	11.2	15.2	10.7	12.8
Headline Index						
- Current situation	40.3	34.4	32.8	35.5	30.4	31.7
- Expectations	0.3	-2.7	-8.4	-3.3	-7.3	-4.6

Switzerland

	May. 18	Jun. 18	Jul. 18	Aug. 18	Sep. 18	Oct. 18
Overall index	23.5	16.9	25.5	24.4	21.7	19.6
Headline Index						
- Current situation	43.8	47.5	44.8	49.5	49.5	50.8
- Expectations	5.0	-10.0	7.8	1.8	-3.0	-7.8

3. decline in a row

Highest since
01.2018

3. decline in a row

Austria

	May. 18	Jun. 18	Jul. 18	Aug. 18	Sep. 18	Oct. 18
Overall index	41.7	38.1	32.0	33.8	34.0	32.3
Headline Index						
- Current situation	67.0	64.0	60.0	53.0	64.5	58.3
- Expectations	18.8	14.8	7.0	16.0	7.0	9.0



Data availability

Bloomberg L.P.

FACTSET



Macrobond



HAVER ANALYTICS®

sentix 
expertise in behavioral finance

About sentix

sentix is the pioneer and leading provider of sentiment analyses (behavioural finance) in Europe. Since 2001 sentix surveys on a weekly basis around 5.000 investors from over 20 countries (comprising over 1.000 institutional and almost 4.000 individual investors) about their expectations for financial markets as well as for economic developments and their portfolio actions. The sentix survey results are representative of a broadly diversified group of investors.

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>



Disclaimer

Important information concerning liability, compliance, protection of investors and copyright

This information is meant only for distribution in countries in which law permits this.

This analysis is for information purposes only and (i) does not constitute or form part of any offer for sale or subscription of or solicitation of any offer to buy or subscribe for any financial, money market or investment instrument or any security, (ii) is neither intended as such an offer for sale or subscription of or solicitation of an offer to buy or subscribe for any financial, money market or investment instrument or any security nor (iii) as an advertisement thereof. The investment possibilities discussed in this report may not be suitable for certain investors depending on their specific investment objectives and time horizon or in the context of their overall financial situation. The investments discussed may fluctuate in price or value. Investors may get back less than they invested.

Changes in rates of exchange may hurt the value of investments. Furthermore, past performance is not necessarily indicative of future results. In particular, the risks associated with an investment in the financial, money market or investment instrument or security under discussion are not explained in their entirety.

We assume no liability for the information contained in this analysis. The analysis is no substitute for personal investment consultation. Even by the depicted opportunities and risks, investors must individually assess – by their personal investment strategies, the financial, legal and fiscal situation - whether an investment in the financial instruments depicted here is sensible for them. As this document is in no way a direct investment recommendation, this document or parts of it should not be used as the basis for any conclusion of the contract or any commitment to obligations of any kind. Investors are asked to contact the investment analysts of their banks for individual investment advice and other individual explanations and advice.

Neither the sentix GmbH nor any of its managing directors, employees or other persons assumes liability for losses or damages caused in connection with the use of this document or its contents.

The sentiment analysis is made available via the internet to those sentix participants of which is assumed that they do not base their investment decisions inappropriately by this analysis.

Statements or conclusions made through data or services do not include warrants or guarantees for the future market- or price changes. The opinions and assessments expressed therein can change without prior notice.

The sentix GmbH explicitly points out that both the sentix GmbH, its legal agents as well as their employees (in the following: the Involved) regularly conduct transactions in equity and other financial instruments which the data and services refer to. They do this both in their names and for their accounts as well as in the name and accounts of third parties. Should the Involved have been involved in an emission of instruments for the finance markets in the past 12 months, this is separately indicated at the corresponding place.

All rights of use for this analysis, its data and services are the property of the sentix GmbH and are copyrighted. The sentix GmbH reserves its right to inflict penalties for the unauthorised usage of data and services, especially unauthorised commercial use. Reproduction or subsequent processing of website elements, analyses, data or services in electronic, written or another form is prohibited without prior consent by the sentix GmbH. Analyses that are only available in the secure customer area may be quoted, neither in full nor in part. An exception to this are analyses, data or services which have been posted by the sentix GmbH via the press mailing list or which have been presented in another form for public propagation.

This analysis may not – either in full or in part, regardless of underlying intent – be forwarded, reproduced or published.

„sentix“ is a registered trademark of sentix Holding GmbH.

DAX, TecDAX, Xetra und Eurex have registered trademarks of the Deutsche Börse AG. Dow Jones EURO STOXX 50 is a registered trademark of the STOXX Limited. Other names of products and companies which may be mentioned on this site could also be protected or be registered trademarks of other companies.

ANALYST DECLARATION

Neither in the past, present or future is the remuneration of the author linked – either directly or indirectly – to his or her recommendations or views expressed in this context.