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sentix Economic Index: Weak start to the new year

- In January, the sentix overall index for the economy in Euroland falls to -1.5 for the 5th time in a row! Situation and expectations fall slightly once again.
- What is worrying about the current loss of momentum is the policy's unwillingness to react, which is obviously unaware of the possible implications. Investors do not expect a quick reaction from the central banks either.
- The US President, too, is becoming increasingly entangled in a secondary war theatre, and the US shutdown is strengthening the downward momentum in the USA as well. The US overall index falls for the third time to only 6.6 points. Eastern Europe and, above all, Latin America are viewed somewhat more positively.

Statistics

Poll running: **3-Jan to 5-Jan, 2019**

Survey participants: **998 investors**
(**252** of those are institutional investors)

Current economic regimes* of countries /regions in focus:

Region / country	Regime	Region / country	Regime
Eurozone	downturn	USA	downturn
Germany	downturn	Japan	downturn
Switzerland	downturn	Asia ex-Japan	slowdown
Austria	slowdown	Latin America	downturn
Eastern Europe	downturn	Global Aggregate	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: January 2019

Euro Area	Aug. 18	Sep. 18	Oct. 18	Nov. 18	Dec. 18	Jan. 19		
Overall index	14.7	12.0	11.4	8.8	-0.3	-1.5	Lowest since 12.2014	5. decline in a row
Headline Index								
- Current situation	37.3	35.0	33.0	29.3	20.0	18.0	Lowest since 01.2017	5. decline in a row
- Expectations	-5.8	-8.8	-8.3	-9.8	-18.8	-19.3	Lowest since 08.2012	3. decline in a row



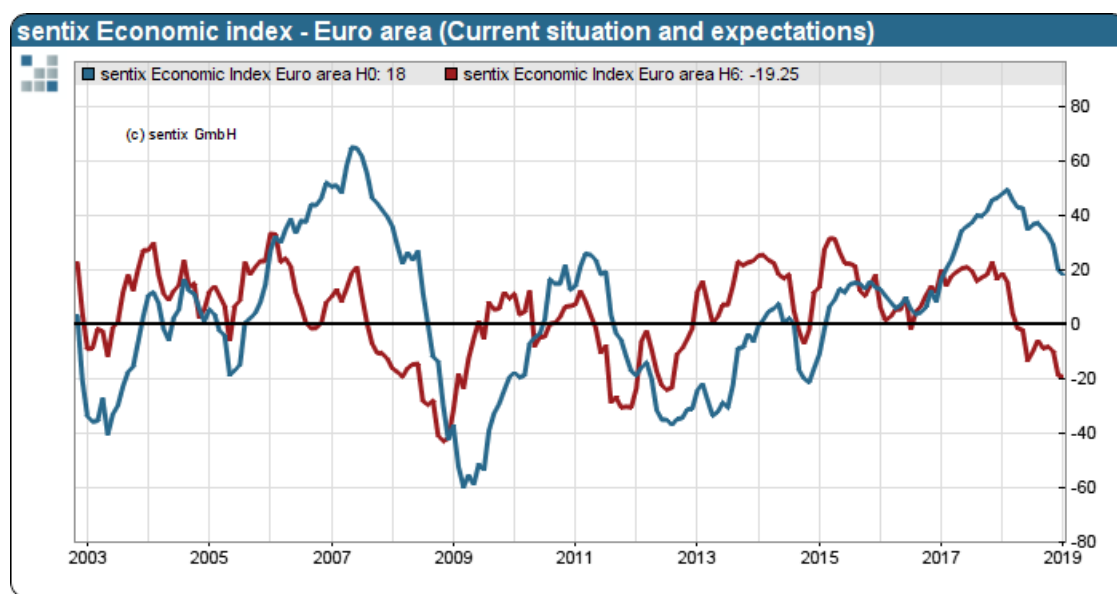
Commentary on the survey results for December 2018

Weak start to the new year

From an economic point of view, the new year begins just as the old one ended: the worries on the forehead of investors about the overall economic situation did not diminish at the beginning of January 2019. For the important economic regions of the world, the sentix economic indices show another slight setback. In Euroland, the overall index fell from -0.3 to -1.5 points, the fifth consecutive decline. The expectations for the US economy are changing particularly strongly: here the US administration is increasingly blocking itself.

Euro area: Close to stagnation

The sentix economic indices for the Euro zone are making a weak start to the new year. The overall index of situation and expectations has fallen for the fifth time in a row to -1.5 points, its lowest level since December 2014. Both investor groups agree on this assessment. The decline also affects both the assessment of the current situation and expectations. The situation index also falls for the fifth time to its lowest level since January 2017. Expectations fall to their lowest level since August 2012, when Mario Draghi initiated the interim stabilisation of the euro zone with his famous "whatever it takes" speech.



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

With these data, the eurozone is dangerously close to stagnation. Neither politicians nor central banks seem to have really grasped the extent of this loss of momentum. The EU Commission's agreement with Italy in the trade dispute is on the credit side. But the continuing protest of the yellow vests in France could weigh more heavily. The possible "hard Brexit" and the lack of support from the global economy remain negative factors.

In any case, investors do not expect the central banks to provide rapid support. The "central bank policy" barometer even fell slightly from -7.25 to -8.5 points, which is still more of a burden for the bond markets. And this despite the fact that investors have significantly reduced their immediate concerns about inflation in the wake of the sharp correction in oil prices. The corresponding theme barometer climbs to -4.25 (from -11.5), the highest value since March 2016!



Germany: Nothing to see of economic policy

The German economy also continues to lose momentum, but like a heavy steamer or freight train, it only loses momentum slowly at full speed. We always quote the third consecutive decline for Germany in all sub-indices as well. So, there would also be enough reasons for politicians in Germany to think about economic policy and how to deal with key industries, such as the car industry. However, it is obviously not cloudy enough for that yet.

Germany	Aug. 18	Sep. 18	Oct. 18	Nov. 18	Dec. 18	Jan. 19		
Overall index	20.4	18.1	20.0	15.6	7.2	6.1	Lowest since 10,2014	3. decline in a row
Headline Index								
- Current situation	54.8	51.8	53.0	47.0	36.3	34.8	Lowest since 09,2016	3. decline in a row
- Expectations	-9.3	-11.0	-8.8	-11.8	-18.3	-19.0	Lowest since 08,2012	3. decline in a row

USA: Shutdown

Donald Trump, with his energetic nature and a tax reform after his election, has given a veritable boost to the already booming economy. Now he is confronted for the first time with a considerable loss of momentum in economic dynamism. Monetary headwinds and increasingly negative base effects are weighing on the US economy. And as if that were not enough, the US President insists on "his wall" and risks a further deterioration of the situation due to the shutdown of some areas of government. Investors acknowledge this course with the worst expectations for the US economy since August 2011!

United States	Aug. 18	Sep. 18	Oct. 18	Nov. 18	Dec. 18	Jan. 19		
Overall index	25.6	23.6	25.3	21.4	11.0	6.6	Lowest since 02,2016	3. decline in a row
Headline Index								
- Current situation	62.8	63.3	66.5	61.5	49.8	42.3	Lowest since 10,2017	3. decline in a row
- Expectations	-6.3	-10.0	-9.5	-12.5	-21.8	-23.8	Lowest since 08,2011	3. decline in a row

Latin America: Unloved by the media - hope for investors

The new Brazilian President Bolsonaro is a controversial, negative figure in public opinion, especially among the mainstream media. For investors, however, it embodies the hope for an end to violence and economic decline in Latin America's largest country, which has hardly made it out of the negative headlines for years. With a total index of -8.3, Brazil is by no means out of the woods yet, but the fourth consecutive rise in the situation makes the region the current bright spot among the sentix economic indices!

Latin America	Aug. 18	Sep. 18	Oct. 18	Nov. 18	Dec. 18	Jan. 19		
Overall index	-3.9	-19.0	-12.9	-10.2	-12.4	-8.3	Highest since 08,2018	
Headline Index								
- Current situation	-3.8	-21.0	-17.3	-14.3	-13.0	-8.8	Highest since 08,2018	4. increase in a row
- Expectations	-4.0	-17.0	-8.5	-6.0	-11.8	-7.8		



Further result tables

Japan	Aug. 18	Sep. 18	Oct. 18	Nov. 18	Dec. 18	Jan. 19		
Overall index	13.2	12.3	17.9	13.5	3.9	1.7	Lowest since 11.2016	3. decline in a row
Headline Index								
- Current situation	30.3	30.8	37.0	32.0	22.3	20.0	Lowest since 04.2017	3. decline in a row
- Expectations	-2.5	-4.8	0.3	-3.5	-13.0	-15.0	Lowest since 03.2009	3. decline in a row
Asia ex Japan	Aug. 18	Sep. 18	Oct. 18	Nov. 18	Dec. 18	Jan. 19		
Overall index	16.1	11.9	13.9	12.5	7.9	5.4	Lowest since 04.2016	3. decline in a row
Headline Index								
- Current situation	34.8	28.5	29.3	27.8	24.3	20.5	Lowest since 09.2016	3. decline in a row
- Expectations	-1.0	-3.5	-0.5	-1.8	-7.3	-8.8	Lowest since 10.2011	3. decline in a row
Eastern Europe	Aug. 18	Sep. 18	Oct. 18	Nov. 18	Dec. 18	Jan. 19		
Overall index	8.2	1.4	3.3	3.3	-3.5	-3.0		
Headline Index								
- Current situation	20.5	13.0	13.3	13.0	6.8	7.8		
- Expectations	-3.5	-9.5	-6.3	-6.0	-13.3	-13.3		
Global	Aug. 18	Sep. 18	Oct. 18	Nov. 18	Dec. 18	Jan. 19		
Overall index	15.2	10.7	12.8	11.1	4.4	2.6	Lowest since 03.2016	3. decline in a row
Headline Index								
- Current situation	35.5	30.4	31.7	29.5	23.5	20.5	Lowest since 12.2016	3. decline in a row
- Expectations	-3.3	-7.3	-4.6	-5.9	-13.0	-13.8	Lowest since 11.2011	3. decline in a row
Switzerland	Aug. 18	Sep. 18	Oct. 18	Nov. 18	Dec. 18	Jan. 19		
Overall index	24.4	21.7	19.6	16.9	9.7	4.5	Lowest since 08.2016	6. decline in a row
Headline Index								
- Current situation	49.5	49.5	50.8	49.3	35.3	30.8	Lowest since 03.2017	3. decline in a row
- Expectations	1.8	-3.0	-7.8	-11.3	-13.0	-18.8	Lowest since 02.2015	6. decline in a row
Austria	Aug. 18	Sep. 18	Oct. 18	Nov. 18	Dec. 18	Jan. 19		
Overall index	33.8	34.0	32.3	21.0	19.3	21.4		
Headline Index								
- Current situation	53.0	64.5	58.3	52.0	45.8	47.0		
- Expectations	16.0	7.0	9.0	-6.3	-4.3	-1.5		



Data availability

Bloomberg L.P.

FACTSET



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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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