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sentix Economic Index: Stabilisation? Not really.

- In June we see a recovery in the sentix economic index. The overall index in the Eurozone rises by almost 7 points to -15.8 points. Situation and expectations values rise.
- In Germany, too, the sentix economic index improves by a whopping 7.7 points. However, as impressive as the improvement in the situation and expectations values may appear at first glance, this is unlikely to mark a turnaround.
- Internationally, too, the sentix indices show a similar trend. Situation and expectations are improving. The USA is an important exception. Here, the situation values are falling for the fourth time in a row and mark the lowest value since March 2021. Overall, however, the global economy is still in a downturn.

Statistics

Poll from **2nd June to 4th June 2022**
Survey participants: **1,225 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 | Recession |
| Austria | Downturn | Latin America | Recession |
| Eastern Europe | Recession | 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: June 2022

| Euro Area | Jan. 22 | Feb. 22 | Mar. 22 | Apr. 22 | May. 22 | Jun. 22 |
|-----------------------|---------|---------|---------|---------|---------|---------|
| Overall index | 14.9 | 16.6 | -7.0 | -18.0 | -22.6 | -15.8 |
| Headline Index | | | | | | |
| - Current situation | 16.3 | 19.3 | 7.8 | -5.5 | -10.5 | -7.3 |
| - Expectations | 13.5 | 14.0 | -20.8 | -29.8 | -34.0 | -24.0 |



Commentary on the survey results for June 2022

Stabilisation? Not really.

At the beginning of June, the sentix economic indices show signs of stabilisation. In the Eurozone, both the situation values (3.2 points) and the economic expectations (9.8 points) rose significantly. All in all, the overall index is rising again for the first time after three consecutive declines. At -15.8 points, however, the index remains clearly negative. The economy is still in a downturn. The international picture is also comparable. For the USA and Switzerland, however, the developments are somewhat weaker.

Euro area: First increase after three declines

In the Eurozone we measure an improvement in the overall sentix economic expectations index. At +6.8 points, this increase is strong. Both the situation and expectations scores contribute to this improvement. One reason for this recovery in the sentix indices is probably that the leading indicators collected directly from companies, such as the ifo index or purchasing managers' indices, have so far not recorded nearly as sharp a slump as investors apparently expected. But does this mean that the economic downturn is just a guess on the part of investors? What is clear is that the real economy is not suffering as quickly and as severely from phenomena such as rising inflation and supply chain problems as one might have suspected. While consumers are already suffering much more from rising prices, many companies are still benefiting from inflation-related pull-forward effects. So far, many companies have also been able to pass on their sharply rising costs to their customers.



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

But this is likely to be a finite phase. At a certain point, end consumers will have to cut back. Then, at the latest, the ability of companies to pass on their costs without restriction will also come to an end. In addition, there is a foreseeable change in monetary policy, which could also become more restrictive in the Eurozone from July. On the other hand, it should be positive that according to the sentix topic barometer the inflation peak should have been passed for the time being.



Germany: In the eye of the hurricane

In the "eye of the hurricane" there is almost no wind. The economic situation in Germany appears to be similar. While the environment is not improving at all and concerns about energy costs and security of supply are increasing with a view to autumn and winter, many companies are still benefiting from pull-forward effects and high order intake. In the automotive industry, manufacturers are currently even able to expand their margins in the face of significantly declining sales figures. But at some point, the more expensive cars will be sold and the mass market will become more dominant again. Outside the "eye" there is still a storm raging.

| Germany | Jan. 22 | Feb. 22 | Mar. 22 | Apr. 22 | May. 22 | Jun. 22 |
|-----------------------|---------|---------|---------|---------|---------|---------|
| Overall index | 17.0 | 17.9 | -5.2 | -17.1 | -20.5 | -12.8 |
| Headline Index | | | | | | |
| - Current situation | 19.0 | 20.0 | 10.0 | -4.8 | -7.3 | -2.0 |
| - Expectations | 15.0 | 15.8 | -19.3 | -28.8 | -32.8 | -23.0 |

US: Fourth decline in situation assessment

The US business situation index shows the fourth decline in a row in June. At 17 points, the index is at its lowest level since March 2021. This also means that the robust US economy continues to lose momentum. So far, however, the US economy is still comparatively far away from the threat of recession. But in view of the unchanged negative expectation values, the economy will continue to slow down in the US as well.

| United States | Jan. 22 | Feb. 22 | Mar. 22 | Apr. 22 | May. 22 | Jun. 22 |
|-----------------------|---------|---------|---------|---------|---------|---------|
| Overall index | 23.3 | 22.1 | 11.9 | 6.1 | -2.9 | -1.0 |
| Headline Index | | | | | | |
| - Current situation | 34.0 | 35.0 | 29.8 | 24.5 | 18.0 | 17.0 |
| - Expectations | 13.0 | 10.0 | -4.5 | -10.8 | -21.8 | -17.5 |

Lowest since 03.2021 4. decline in a row

Switzerland: The downturn is becoming noticeable

The Swiss economy has held up comparatively well so far. But here, too, the downward trend is continuing. The situation is falling to its lowest level since April 2021 and the overall index is in negative territory again for the first time (lowest level since August 2020). At the same time, expectations remain negative. The problems of the global economy are also increasingly affecting the Swiss.

| Switzerland | Jan. 22 | Feb. 22 | Mar. 22 | Apr. 22 | May. 22 | Jun. 22 |
|-----------------------|---------|---------|---------|---------|---------|---------|
| Overall index | 28.8 | 29.1 | 6.1 | 12.4 | 2.2 | -0.4 |
| Headline Index | | | | | | |
| - Current situation | 40.8 | 38.3 | 27.5 | 32.5 | 21.5 | 14.0 |
| - Expectations | 17.5 | 20.3 | -13.3 | -6.0 | -15.5 | -13.8 |

Lowest since 08.2020 Lowest since 04.2021



Further result tables

| Japan | Jan. 22 | Feb. 22 | Mar. 22 | Apr. 22 | May. 22 | Jun. 22 |
|-----------------------|---------|---------|---------|---------|---------|---------|
| Overall index | 17.5 | 16.0 | 4.9 | -2.1 | -9.8 | -5.7 |
| Headline Index | | | | | | |
| - Current situation | 17.8 | 18.5 | 14.5 | 7.8 | 1.0 | 4.0 |
| - Expectations | 17.3 | 13.5 | -4.3 | -11.5 | -20.0 | -15.0 |

| Asia ex Japan | Jan. 22 | Feb. 22 | Mar. 22 | Apr. 22 | May. 22 | Jun. 22 |
|-----------------------|---------|---------|---------|---------|---------|---------|
| Overall index | 21.7 | 21.4 | 8.5 | 0.5 | -9.6 | -2.6 |
| Headline Index | | | | | | |
| - Current situation | 20.0 | 22.5 | 17.0 | 8.0 | -4.8 | -1.5 |
| - Expectations | 23.5 | 20.3 | 0.3 | -6.8 | -14.3 | -3.8 |

| Eastern Europe | Jan. 22 | Feb. 22 | Mar. 22 | Apr. 22 | May. 22 | Jun. 22 |
|-----------------------|---------|---------|---------|---------|---------|---------|
| Overall index | 3.3 | 3.4 | -37.4 | -36.0 | -38.6 | -31.1 |
| Headline Index | | | | | | |
| - Current situation | -1.0 | 0.3 | -31.0 | -37.3 | -38.8 | -33.5 |
| - Expectations | 7.8 | 6.5 | -43.5 | -34.8 | -38.5 | -28.8 |

| Latin America | Jan. 22 | Feb. 22 | Mar. 22 | Apr. 22 | May. 22 | Jun. 22 |
|-----------------------|---------|---------|---------|---------|---------|---------|
| Overall index | -5.1 | -1.4 | -9.0 | -9.8 | -15.8 | -14.4 |
| Headline Index | | | | | | |
| - Current situation | -14.8 | -8.5 | -8.8 | -8.0 | -12.3 | -13.5 |
| - Expectations | 5.0 | 6.0 | -9.3 | -11.5 | -19.3 | -15.3 |

| Global | Jan. 22 | Feb. 22 | Mar. 22 | Apr. 22 | May. 22 | Jun. 22 |
|-----------------------|---------|---------|---------|---------|---------|---------|
| Overall index | 16.9 | 17.0 | 1.0 | -5.4 | -13.3 | -7.9 |
| Headline Index | | | | | | |
| - Current situation | 17.1 | 19.5 | 11.3 | 3.6 | -4.8 | -2.5 |
| - Expectations | 16.7 | 14.6 | -8.8 | -14.1 | -21.5 | -13.2 |

| Austria | Jan. 22 | Feb. 22 | Mar. 22 | Apr. 22 | May. 22 | Jun. 22 |
|-----------------------|---------|---------|---------|---------|---------|---------|
| Overall index | 21.9 | 19.9 | -5.6 | -11.5 | -15.0 | -0.5 |
| Headline Index | | | | | | |
| - Current situation | 30.0 | 29.3 | 16.0 | 4.8 | 12.5 | 16.3 |
| - Expectations | 14.0 | 11.0 | -25.0 | -26.5 | -39.0 | -16.0 |



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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