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sentix Economic Index: Not weaker, not better

- The sentix Business Cycle Index for the Eurozone fell only marginally in October to -21.9 points. Behind this hardly changed overall index, however, is a situation assessment that, at -27 points, marks the lowest level since November 2022. Expectations, on the other hand, rose by 4.2 points.
- In Germany we measure the same picture. The recession remains stubborn at -39.5 points in the situation scores, while expectations can improve by 5.5 points.
- There has also been little movement in the international context. For the most part, the situation values have declined rather slightly. Expectations have remained largely unchanged. A positive trend reversal is not yet in sight anywhere.

Statistics

Poll from **5th Oct. to 7th Oct. 2023**
Survey participants: **1,222 investors**
(**235** of those are institutional investors)

Current economic regimes* of countries /regions in focus:

Region / country	Regime	Region / country	Regime
Eurozone	Recession	USA	Cooling down
Germany	Recession	Japan	Cooling down
Switzerland	Downturn	Asia ex-Japan	Stagnation
Austria	Recession	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: October 2023

Euro Area	May. 23	Jun. 23	Jul. 23	Aug. 23	Sep. 23	Oct. 23
Overall index	-13.1	-17.0	-22.5	-18.9	-21.5	-21.9
Headline Index						
- Current situation	-7.0	-15.8	-20.5	-20.5	-22.0	-27.0
- Expectations	-19.0	-18.3	-24.5	-17.3	-21.0	-16.8

Lowest since 11.2022
Highest since 04.2023



Commentary on the survey results for October 2023

Not weaker, not better

The global economy is still in a difficult situation at the beginning of autumn in the northern hemisphere. In the Eurozone, and especially in Germany, the economic situation remains weak and the recessionary tendencies persist. At least there is a slight ray of hope in the form of rising expectations. However, it would be premature to declare a turnaround. If we look further into other regions, we see a largely unchanged picture. Cooling tendencies dominate. A positive trend reversal is nowhere to be found here either.

Euro area: Things remain difficult

The economic situation in the Eurozone remains difficult. The overall index drops again slightly in October to -21.9 points and is thus only slightly above the low for the year from July 2023. The situation assessment of the professional and private investors surveyed by sentix drops to -27 points. This is the lowest level since November 2022, meaning that the recessionary tendencies in the economy continue to persist. A moderate ray of hope is provided by the expectations values. They improved by 4.2 points to -16.8 points. This is the best value since April. However, this improvement does not yet indicate a turnaround. At best, it means a decrease in the negative momentum. A negative expected value means that investors' assessment of the economy in six months is weaker than their assessment of the current situation.



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

Another factor contributing to this sobering finding of "business as usual" is that the ECB's hands are currently tied from the investors' point of view. The usual reaction pattern of the central bank coming to the aid of a weakening economy is not yet discernible. At the same time, there are increasing signs that inflation is losing importance as a negative factor. The sentix inflation index is now only -2.5, while professional market participants are even more optimistic at +4.5 (the best value since the end of 2019!). The ECB, however, is still being placed in wait-and-see mode.



Germany: Recessionary situation continues

The 2-point increase in the sentix overall economic index should not be overestimated. The economic situation in Germany remains tense and the German economy is in a recessionary phase. Thus, the situation values have weakened for the sixth time in a row, reaching -39.5 points, the lowest value since July 2020. As a reminder: at that time, Germany was in a corona lockdown! On the positive side, however, there has been a moderate improvement in expectations. However, these are still clearly negative.

Germany	May. 23	Jun. 23	Jul. 23	Aug. 23	Sep. 23	Oct. 23	
Overall index	-14.5	-21.1	-28.4	-30.7	-33.1	-31.1	
Headline Index							
- Current situation	-9.0	-22.0	-28.0	-35.3	-38.3	-39.5	Lowest since 07.2020 6. decline in a row
- Expectations	-19.8	-20.3	-28.8	-26.0	-27.8	-22.3	

USA: Robust, but still in retreat

The US economy remains comparatively robust, but we report further declines in the sentix economic indices for situation and expectations. The US economy is thus losing positive momentum, albeit in small steps. The restrictive monetary policy is having a slow but steady effect on the economy. At the same time - and this is probably thanks to the stable labour markets - this process has so far taken place without a slide into stagnation.

United States	May. 23	Jun. 23	Jul. 23	Aug. 23	Sep. 23	Oct. 23
Overall index	-6.5	-3.7	-3.7	5.1	2.2	0.8
Headline Index						
- Current situation	5.3	5.5	7.8	16.0	14.0	11.8
- Expectations	-17.5	-12.5	-14.5	-5.3	-9.0	-9.5

Japan: Also robust

The Japanese economy is also surprisingly robust. The overall index remains largely unchanged at 3.3 points. The same applies to the situation and expectations scores. Although expectations are also in negative territory in Japan, this is only by a small margin. On the one hand, Japan's economy benefits from a weak currency, which stabilises exports. At the same time, inflation has had far less of a negative impact in Japan, which is also due to the comparatively low dependence on energy imports.

Japan	May. 23	Jun. 23	Jul. 23	Aug. 23	Sep. 23	Oct. 23
Overall index	-2.1	2.1	0.4	3.5	3.5	3.3
Headline Index						
- Current situation	3.0	7.5	9.3	8.0	10.5	10.3
- Expectations	-7.0	-3.3	-8.0	-1.0	-3.3	-3.5



Further result tables

Asia ex Japan	May. 23	Jun. 23	Jul. 23	Aug. 23	Sep. 23	Oct. 23
Overall index	8.3	3.7	0.2	7.7	0.9	0.7
Headline Index						
- Current situation	13.5	6.3	3.5	7.5	0.3	1.0
- Expectations	3.3	1.3	-3.0	8.0	1.5	0.5

Eastern Europe	May. 23	Jun. 23	Jul. 23	Aug. 23	Sep. 23	Oct. 23
Overall index	-21.4	-23.6	-25.7	-20.8	-22.5	-23.1
Headline Index						
- Current situation	-24.8	-29.5	-30.0	-27.8	-28.8	-30.0
- Expectations	-18.0	-17.5	-21.3	-13.5	-16.0	-16.0

Lowest since
03.2023

Latin America	May. 23	Jun. 23	Jul. 23	Aug. 23	Sep. 23	Oct. 23
Overall index	-13.0	-13.1	-13.6	-8.4	-11.6	-11.5
Headline Index						
- Current situation	-14.3	-16.0	-14.0	-11.0	-14.0	-15.0
- Expectations	-11.8	-10.3	-13.3	-5.8	-9.3	-8.0

Global	May. 23	Jun. 23	Jul. 23	Aug. 23	Sep. 23	Oct. 23
Overall index	-3.0	-5.0	-7.6	-1.0	-5.4	-5.8
Headline Index						
- Current situation	2.1	-2.6	-3.7	0.0	-3.9	-5.0
- Expectations	-8.0	-7.4	-11.4	-2.1	-6.8	-6.6

Lowest since
01.2023

Switzerland	May. 23	Jun. 23	Jul. 23	Aug. 23	Sep. 23	Oct. 23
Overall index	-4.6	1.8	8.2	2.3	-5.6	-3.7
Headline Index						
- Current situation	14.5	21.0	23.5	15.5	5.8	0.5
- Expectations	-22.0	-15.8	-6.0	-10.0	-16.3	-7.8

Lowest since
02.2021

3. decline in a row

Austria	May. 23	Jun. 23	Jul. 23	Aug. 23	Sep. 23	Oct. 23
Overall index	-5.3	-8.3	-12.6	-17.4	-13.3	-26.3
Headline Index						
- Current situation	5.3	-5.0	-10.5	-16.5	-14.0	-29.5
- Expectations	-15.3	-11.5	-14.8	-18.3	-12.5	-23.0

Lowest since
10.2022

Lowest since
02.2021
Lowest since
11.2022



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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