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sentix Economic Index: Fifth consecutive increase

- The economic recovery following the Corona-induced slump in the global economy continues at the beginning of September. The sentix economic index for Euroland rises to -8 points for the fifth time in succession. This is the best value since February 2020.
- While the expectations remain stable, the situation values continue to climb. However, the recession has not yet been overcome. The situation in Germany is similar to that in Euroland.
- We are recording a particularly positive development for Switzerland, with an overall index of +10 points, and in Asia ex Japan. Here the expectation values are rising to their highest level since February 2013. The dynamics in the USA are more restrained and similar to those in Euroland. In Latin America, the situation seems to be stabilizing.

Statistics

Poll running: **3-Sep to 5-Sep 2020**
Survey participants: **1,071 investors**
(**233** of those are institutional investors)

Current economic regimes* of countries /regions in focus:

Region / country	Regime	Region / country	Regime
 Eurozone	Recovery	 USA	Recovery
 Germany	Recovery	 Japan	Recovery
 Switzerland	Recovery	Asia ex-Japan	Recovery
 Austria	Recovery	Latin America	Stabilization
Eastern Europe	Recovery	Global Aggregate	Recovery

* 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: September 2020

Euro Area	Apr. 20	May. 20	Jun. 20	Jul. 20	Aug. 20	Sep. 20	
Overall index	-42.9	-41.8	-24.8	-18.2	-13.4	-8.0	Highest since 02.2020 5. increase in a row
Headline Index							
- Current situation	-66.0	-73.0	-61.5	-49.5	-41.3	-33.0	Highest since 03.2020 4. increase in a row
- Expectations	-15.8	-3.0	21.8	19.5	19.3	20.8	



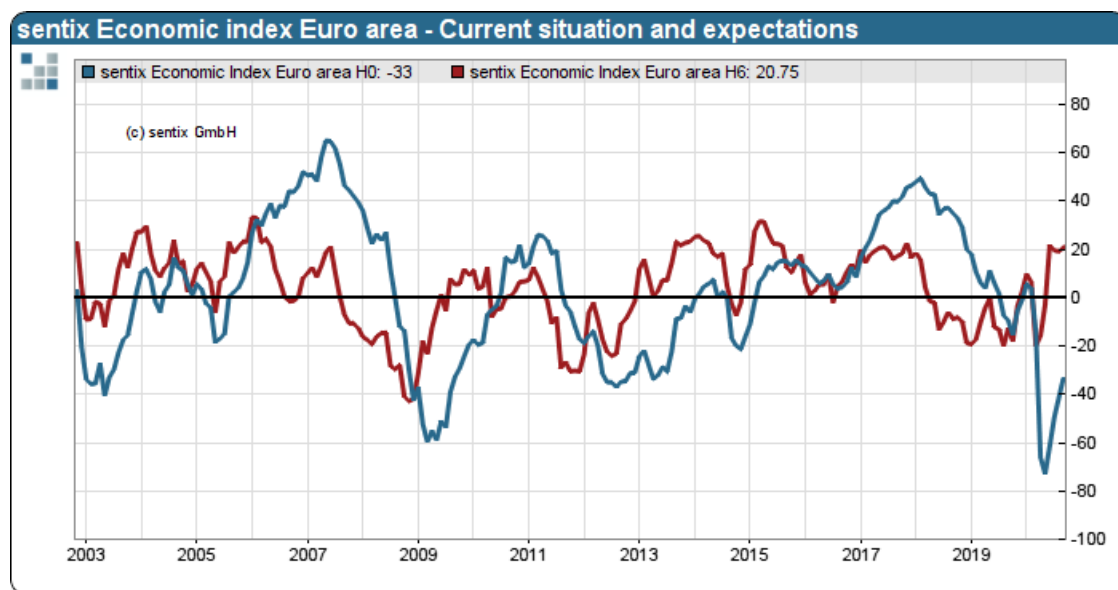
Commentary on the survey results for September 2020

Fifth consecutive increase

The economic recovery, which has been observable globally since May 2020, continues in September. In Euroland, but also in many other regions, we are measuring the fifth consecutive rise in the overall indices. A positive aspect is that the expectation values remain stable, i.e. the improvement is largely driven by the current situation. However, these values are still largely in negative territory, meaning that the recessionary tendencies have not yet been fully overcome. In an international comparison, Switzerland and Asia ex Japan stand out.

Euro area: Parallels with 2009 remain

The dynamic catch-up process of the Euroland economy continues in September. For the fifth time in a row, the overall index improved to its current level of -8 points. After all, this is the best value since February 2020! On the positive side, this improvement is supported by stable expectation values. These have been around +20 points since June. In other words: the overall index is improving mainly due to a better assessment of the current situation. This is also urgently needed, as the situation rushed in March to levels that were even lower than those at the height of the financial crisis. But the way out of the recession remains a long way off, as the current value of -33 for the situation assessment shows.



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

Overall, the current recovery phase is similar to that of 2009, when we also saw a continuous improvement, which, as today, had little impact on stock market expectations. In 2010, investors were positively surprised by the economy. At present, investors doubt that there will be a repeat. Investors still believe that only about 75% of the economic slump will be made up within a year as a result of the lockdown in March. A second lockdown or similar is not even factored into the price.

However, there are clear signs of changes on the bond markets. For our theme barometers show that the risks of inflation are on the rise again from the investors' perspective. The corresponding sub-index for institutional investors fell to -15.5 points in September. This is the worst value since November 2018.



Germany: No better, no worse

The sentix economic indices for Germany are developing roughly in line with the figures for Euroland. However, the overall index is already at -0.1 points, having improved for the fifth time in a row, as in Euroland. However, the fundamental dynamics do not differ from Euroland. The way out of the recession is long and also for Germany investors doubt that the corona collapse can be completely compensated within one year.

Germany	Apr. 20	May. 20	Jun. 20	Jul. 20	Aug. 20	Sep. 20		
Overall index	-36.0	-35.3	-17.2	-10.5	-4.5	-0.1	Highest since 02.2020	5. increase in a row
Headline Index								
- Current situation	-59.3	-66.0	-53.0	-40.8	-30.8	-22.8	Highest since 03.2020	4. increase in a row
- Expectations	-9.0	2.5	27.3	25.5	25.8	25.5		

USA: Tailwind for Trump?

"It's the economy, stupid" is a saying from Bill Clinton's 1992 election campaign against George Bush senior, meaning that economic developments can have a significant influence on the outcome of a presidential election. In this sense, Donald Trump should be pleased about the fifth improvement in the sentix economic overall indices. It is unclear whether this is sufficient, as the situation in the USA is also remaining in negative territory.

United States	Apr. 20	May. 20	Jun. 20	Jul. 20	Aug. 20	Sep. 20		
Overall index	-39.1	-36.8	-22.3	-17.1	-15.6	-4.8	Highest since 03.2020	5. increase in a row
Headline Index								
- Current situation	-59.0	-66.8	-57.3	-43.0	-40.8	-27.3	Highest since 03.2020	4. increase in a row
- Expectations	-16.5	0.0	21.3	13.0	13.5	20.5		

Switzerland: Bright spot

Switzerland is one of the economic bright spots in the series of regions covered by the sentix economic index. The overall index is at +10 points. This is the best value among all regions. And at -1.8 points, the assessment of the current situation also almost reaches the threshold of expansion again. Does this show a positive effect of the somewhat more relaxed approach to the corona pandemic?

Switzerland	Apr. 20	May. 20	Jun. 20	Jul. 20	Aug. 20	Sep. 20		
Overall index	-32.9	-35.1	-14.4	-1.6	-1.5	10.0	Highest since 02.2020	4. increase in a row
Headline Index								
- Current situation	-46.0	-56.8	-43.3	-14.8	-19.0	-1.8	Highest since 02.2020	
- Expectations	-18.8	-10.3	19.8	12.5	17.8	22.5	Highest since 01.2011	



Further result tables

Japan	Apr. 20	May. 20	Jun. 20	Jul. 20	Aug. 20	Sep. 20		
Overall index	-30.5	-31.7	-17.0	-11.4	-8.6	-2.3	Highest since 02.2020	4. increase in a row
Headline Index								
- Current situation	-50.5	-59.5	-49.0	-37.0	-31.5	-23.0	Highest since 03.2020	4. increase in a row
- Expectations	-7.8	1.5	21.8	18.3	17.5	20.8		

Asia ex Japan	Apr. 20	May. 20	Jun. 20	Jul. 20	Aug. 20	Sep. 20		
Overall index	-21.8	-22.6	-8.9	-2.5	0.6	6.6	Highest since 02.2020	4. increase in a row
Headline Index								
- Current situation	-41.3	-50.0	-39.0	-26.8	-20.8	-12.5	Highest since 02.2020	4. increase in a row
- Expectations	0.0	9.8	26.8	25.3	24.5	27.8	Highest since 02.2013	

Eastern Europe	Apr. 20	May. 20	Jun. 20	Jul. 20	Aug. 20	Sep. 20		
Overall index	-38.6	-37.2	-22.6	-18.8	-17.8	-12.7	Highest since 02.2020	5. increase in a row
Headline Index								
- Current situation	-58.5	-65.0	-54.8	-46.0	-42.8	-35.8	Highest since 03.2020	4. increase in a row
- Expectations	-16.0	-3.8	16.8	13.3	11.0	13.5		

Latin America	Apr. 20	May. 20	Jun. 20	Jul. 20	Aug. 20	Sep. 20		
Overall index	-45.5	-47.3	-38.5	-38.3	-35.6	-28.9	Highest since 03.2020	4. increase in a row
Headline Index								
- Current situation	-65.0	-74.8	-71.3	-67.3	-63.5	-55.8	Highest since 03.2020	4. increase in a row
- Expectations	-23.3	-13.8	2.5	-3.0	-2.0	3.0	Highest since 04.2018	

Global	Apr. 20	May. 20	Jun. 20	Jul. 20	Aug. 20	Sep. 20		
Overall index	-32.2	-32.0	-17.9	-12.5	-9.7	-2.9	Highest since 02.2020	5. increase in a row
Headline Index								
- Current situation	-52.3	-60.5	-50.4	-38.9	-33.8	-24.6	Highest since 03.2020	4. increase in a row
- Expectations	-9.3	2.4	21.7	18.2	17.8	21.6		

Austria	Apr. 20	May. 20	Jun. 20	Jul. 20	Aug. 20	Sep. 20		
Overall index	-37.3	-24.9	-12.8	-3.9	-10.1	3.4	Highest since 02.2020	
Headline Index								
- Current situation	-63.8	-55.3	-46.0	-34.0	-39.0	-13.3	Highest since 03.2020	
- Expectations	-5.8	11.8	27.5	31.8	24.0	21.5		



Data availability

Bloomberg L.P.

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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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