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sentix Economic Index: Asia continues to pick up, Euroland stagnating

- The sentix economic expectations for Germany fall for the third time in a row and reach +22 points, the lowest level since May 2020.
- However, the renewed lockdowns in many EU countries have less impact than feared. The situation values remain constant, and in Germany we even measure the sixth consecutive increase to -17.5 points. This is the best value since March 2020!
- The reason for this surprisingly small negative impact of corona containment measures on economic dynamics is probably the very positive development in Asia and the USA. Here, drastic restrictions on economic activity are being avoided, which is already releasing booming growth forces, especially in Asia ex Japan.

Statistics

Poll running: **5th Nov. to 7th Nov. 2020**

Survey participants: **1,114 investors**
(270 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	Boom
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: November 2020

Euro Area	Jun. 20	Jul. 20	Aug. 20	Sep. 20	Oct. 20	Nov. 20
Overall index	-24.8	-18.2	-13.4	-8.0	-8.3	-10.0
Headline Index						
- Current situation	-61.5	-49.5	-41.3	-33.0	-32.0	-32.3
- Expectations	21.8	19.5	19.3	20.8	18.8	15.3

Lowest since
05.2020



Commentary on the survey results for November 2020

Asia makes it better!

The rising number of positive PCR test results is causing politicians to fear an uncontrolled spread of the corona virus. Although the serious consequences of a lockdown on economic development were experienced in March, most governments in Europe are going down the path of renewed contact restrictions. Although these do not have the same negative effect as in March, they do dampen the economic recovery process. Surprisingly, however, the effect on the sentix business cycle index is surprisingly limited at -1.7 points on an overall index of -10 points. The reason for this "mild lockdown" is probably the positive dynamics in Asia and the USA.

Euro area: Lockdown with braking effect

The corona containment measures taken by governments in Europe are not only a human burden for citizens, but also have a negative impact on the economic recovery process in the euro area. The sentix overall economic index falls by 1.7 points to -10 points in November. The so-called "lockdown light" has so far had little effect on investors' assessment of the situation. The situation index falls only marginally to -32.3 points. Nevertheless, this negative value still means an economy in contraction mode. In our opinion, however, the expectation values are more important. Here we measure a somewhat sharper decline to 15.3 points, the lowest value since May 2020. The fact that the setback was not more severe is probably related to the international situation.



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

Asia and the US in particular are doing better and comparable restrictive measures to combat the pandemic are not being taken here. In some countries in the southern hemisphere, such as Argentina and Australia, measures are also being actively reduced.

However, the announcement by the ECB, which has announced further monetary policy measures to support the economy at its next meeting, may also have had a positive effect on investors. The sentix Theme Barometer sub-index "Central Bank Policy" thus remains clearly in positive territory.



Germany: Situation improves, expectations flatten

The "lockdown light" adopted by the government has relatively little effect on the sentix economic indices. Expectations continue to flatten out, marking the third consecutive decline. However, at +22, they remain positive, indicating that the economic recovery path has not yet been abandoned. And this has so far been very clearly intact, as the sixth rise in the situation values to -17.5 points underlines. In view of the dampening domestic impulses, however, the German economy is now dependent on international support.

Germany	Jun. 20	Jul. 20	Aug. 20	Sep. 20	Oct. 20	Nov. 20		
Overall index	-17.2	-10.5	-4.5	-0.1	1.4	1.3		
Headline Index								
- Current situation	-53.0	-40.8	-30.8	-22.8	-19.3	-17.5	Highest since 03.2020	6. increase in a row
- Expectations	27.3	25.5	25.8	25.5	24.5	22.0	Lowest since 05.2020	3. decline in a row

USA: US economy stronger than expected

US President Trump, who according to current counts will lose his presidency to the Democratic candidate Joe Biden, is likely to be annoyed: the US economy's economic catch-up comes too late. Nevertheless, the data are relatively impressive: the overall index is rising for the seventh time in a row and is back in positive territory for the first time since February 2020! The current assessment jumps by 10 points to -10.5 points and expectations remain stable. This shows that without a lockdown policy like in Europe, the economic upswing is considerable.

United States	Jun. 20	Jul. 20	Aug. 20	Sep. 20	Oct. 20	Nov. 20		
Overall index	-22.3	-17.1	-15.6	-4.8	-1.1	4.8	Highest since 02.2020	7. increase in a row
Headline Index								
- Current situation	-57.3	-43.0	-40.8	-27.3	-20.5	-10.5	Highest since 03.2020	6. increase in a row
- Expectations	21.3	13.0	13.5	20.5	20.5	21.3	Highest since 01.2017	

Asia: Back in growth mode

The economy in Asia ex Japan remains the global growth engine. In China, the virus seems to have been under control for a long time and other countries in the region have also been very successful in fighting the pandemic. Initially, this will mainly strengthen the Chinese domestic economy, but it is increasingly spreading to the region and beyond. The overall index for Asia ex Japan increases by 13 points to its highest level since March 2018! The assessment of the situation is now positive at +16 and expectations remain high. It already smells like a boom again.

Asia ex Japan	Jun. 20	Jul. 20	Aug. 20	Sep. 20	Oct. 20	Nov. 20		
Overall index	-8.9	-2.5	0.6	6.6	10.3	23.3	Highest since 03.2018	6. increase in a row
Headline Index								
- Current situation	-39.0	-26.8	-20.8	-12.5	-5.0	16.0	Highest since 01.2020	6. increase in a row
- Expectations	26.8	25.3	24.5	27.8	26.8	30.8	Alltime High!	



Further result tables

Japan	Jun. 20	Jul. 20	Aug. 20	Sep. 20	Oct. 20	Nov. 20		
Overall index	-17.0	-11.4	-8.6	-2.3	-2.6	6.1	Highest since 02.2020	
Headline Index								
- Current situation	-49.0	-37.0	-31.5	-23.0	-21.0	-8.3	Highest since 02.2020	6. increase in a row
- Expectations	21.8	18.3	17.5	20.8	17.8	21.5	Highest since 06.2020	
Eastern Europe	Jun. 20	Jul. 20	Aug. 20	Sep. 20	Oct. 20	Nov. 20		
Overall index	-22.6	-18.8	-17.8	-12.7	-12.8	-11.9	Highest since 02.2020	
Headline Index								
- Current situation	-54.8	-46.0	-42.8	-35.8	-33.5	-31.8	Highest since 03.2020	6. increase in a row
- Expectations	16.8	13.3	11.0	13.5	10.5	10.3	Lowest since 05.2020	
Latin America	Jun. 20	Jul. 20	Aug. 20	Sep. 20	Oct. 20	Nov. 20		
Overall index	-38.5	-38.3	-35.6	-28.9	-26.9	-22.2	Highest since 03.2020	6. increase in a row
Headline Index								
- Current situation	-71.3	-67.3	-63.5	-55.8	-51.5	-45.3	Highest since 03.2020	6. increase in a row
- Expectations	2.5	-3.0	-2.0	3.0	1.8	4.3	Highest since 03.2018	
Global	Jun. 20	Jul. 20	Aug. 20	Sep. 20	Oct. 20	Nov. 20		
Overall index	-17.9	-12.5	-9.7	-2.9	-0.5	7.1	Highest since 02.2020	7. increase in a row
Headline Index								
- Current situation	-50.4	-38.9	-33.8	-24.6	-19.3	-6.9	Highest since 02.2020	6. increase in a row
- Expectations	21.7	18.2	17.8	21.6	20.3	22.1	Alltime High!	
Switzerland	Jun. 20	Jul. 20	Aug. 20	Sep. 20	Oct. 20	Nov. 20		
Overall index	-14.4	-1.6	-1.5	10.0	13.3	0.9		
Headline Index								
- Current situation	-43.3	-14.8	-19.0	-1.8	2.5	-6.0		
- Expectations	19.8	12.5	17.8	22.5	24.8	8.0	Lowest since 05.2020	
Austria	Jun. 20	Jul. 20	Aug. 20	Sep. 20	Oct. 20	Nov. 20		
Overall index	-12.8	-3.9	-10.1	3.4	-9.4	-9.1		
Headline Index								
- Current situation	-46.0	-34.0	-39.0	-13.3	-31.8	-28.3	Lowest since 05.2020	4. decline in a row
- Expectations	27.5	31.8	24.0	21.5	16.0	12.3		



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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