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sentix Economic Index: More relaxation

- At the beginning of December, sentix economic data surprised again. The overall index rises to -21 points, the highest level since June 2022. Investors hope for an economic turnaround.
- The data situation also improves in Germany. Situation and expectations scores rise. At -22.3 points, economic expectations reach their highest level since March 2022!
- Internationally, the picture is the same. In China, where the mass protests are now contributing to a rethink of the restrictive "no covid" strategy, we measure the third consecutive increase in the sentix economic index. A strong improvement can also be reported for the USA. Here, the overall index is even close to the zero line again. So the signs point to an end of the recessionary phase. And yet this phase had not yet really begun.

Statistics

Poll from **1st Dec. to 3rd Dec. 2022**
Survey participants: **1,268 investors**
(**248** of those are institutional investors)

Current economic regimes* of countries /regions in focus:

Region / country	Regime	Region / country	Regime
 Eurozone	Recession	 USA	Stagnation
 Germany	Recession	 Japan	Downturn
 Switzerland	Downturn	Asia ex-Japan	Downturn
 Austria	Downturn	Latin America	Recession
Eastern Europe	Recession	Global Aggregate	Recession

* 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: December 2022

Euro Area	Jul. 22	Aug. 22	Sep. 22	Oct. 22	Nov. 22	Dec. 22	
Overall index	-26.4	-25.2	-31.8	-38.3	-30.9	-21.0	Highest since 06.2022
Headline Index							
- Current situation	-16.5	-16.3	-26.5	-35.5	-29.5	-20.0	
- Expectations	-35.8	-33.8	-37.0	-41.0	-32.3	-22.0	Highest since 03.2022



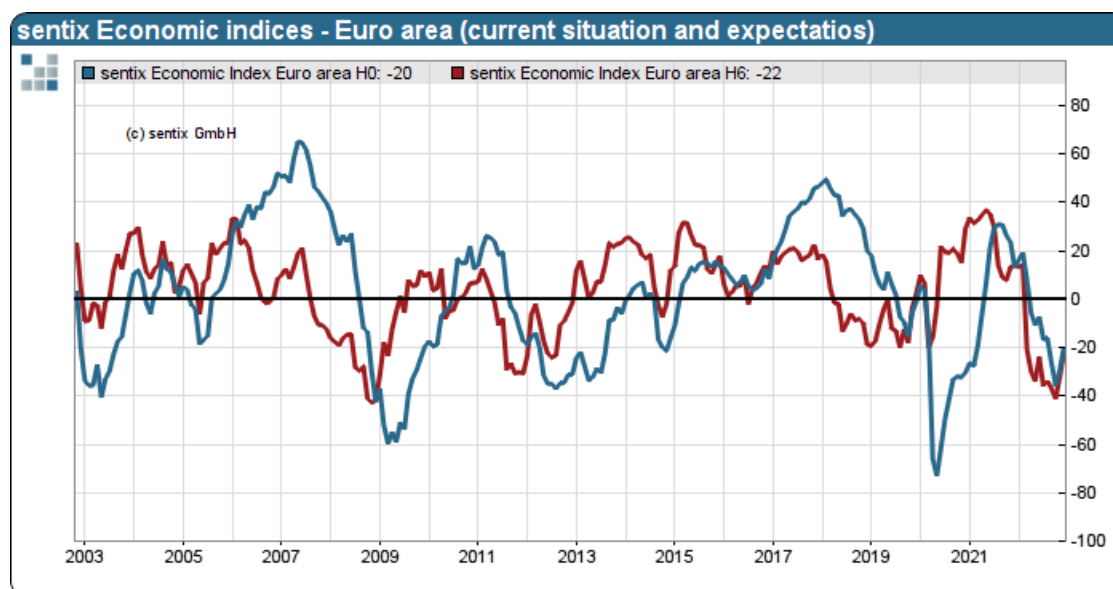
Commentary on the survey results for December 2022

More relaxation

The latest sentix economic data improve again and surprisingly significantly. Investors are spreading hope that thanks to mild winter weather, sufficient gas in storage and a possible peak in inflation data, the economic downturn has also passed its zenith. Internationally, there are also more moderate tones from the US Federal Reserve, which is holding out the prospect of "only" 50 basis points of interest rate increases in December. And in China, the protests finally seem to point to an end to the restrictive Corona measures. So will the recession end before it has really begun?

Euro area: Whistling in the woods?

The sentix economic data for Euroland show a surprisingly clear improvement. The overall index rises to -21 points. This is the highest level since June 2022. The situation assessment climbs by 9.5 points to -20 points. And the forward-looking expectations score even improves by 10.3 points to -22 points. This is the best value since March 2022. So is this an important economic turning point that will banish the danger of recession in the long term? At the very least, a simultaneous rise in situation and expectations scores is unusual. Such a simultaneous rise suggests that investors have emotionally exaggerated their assessments and are now correcting this short-term exaggerated attitude. The surprisingly high gas levels and the continued stable labour markets are not consistent with a recession. In our opinion, however, this correction in assessments should not be misinterpreted as a general trend reversal. The dangers of recession have by no means been averted.



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

For example, energy prices are already rising again and will burden households even more in 2023 than this year. The US Federal Reserve may be slowing down its pace of interest rate hikes, but the Fed and the ECB will continue to raise interest rates, the dampening effects of which have not yet fully set in. The recession, which has not yet really begun, should not be shelved too soon.



Germany: Mild weather, sufficient gas, budding hope

In Germany, hope is germinating that a severe recession can be prevented. Looking at gas levels and gas consumption in households and industry, hopes are growing that a catastrophic gas shortage can be prevented. However, it is still too early to sound the all-clear. For one thing, it usually doesn't get really cold until the turn of the year. For another, consumers feel the full brunt of high energy prices, especially from January onwards. The question of a recession has not yet been decided. It can only be ended after it has begun.

Germany	Jul. 22	Aug. 22	Sep. 22	Oct. 22	Nov. 22	Dec. 22	
Overall index	-24.2	-24.4	-29.9	-37.4	-30.0	-20.3	Highest since 06.2022
Headline Index							
- Current situation	-13.0	-14.8	-23.5	-33.5	-28.0	-18.3	
- Expectations	-34.8	-33.5	-36.0	-41.3	-32.0	-22.3	Highest since 03.2022

USA: Present stable, future uncertain

Hope is also germinating in the USA. Hope that the FED's interest rate hikes will soon come to an end. But this would be far from an end to a restrictive monetary policy. This is because interest rate hikes and liquidity restrictions only take effect with a time lag. There are already visible signs of a slowdown in the housing market. But investors are currently valuing the moderate tones of the Fed more highly. The overall index for the USA has almost reached the zero line again, and the situation index, which stands at 9.3 points, reflects the still stable present situation.

United States	Jul. 22	Aug. 22	Sep. 22	Oct. 22	Nov. 22	Dec. 22	
Overall index	-13.5	-6.0	-10.8	-12.6	-9.4	-0.5	Highest since 04.2022
Headline Index							
- Current situation	1.0	8.0	1.8	-0.3	4.0	9.3	Highest since 06.2022
- Expectations	-27.0	-19.0	-22.5	-24.3	-22.0	-9.8	Highest since 03.2022

Asia ex Japan: Protests show effect

Last month we asked how long China could keep up its "no covid" strategy. The population gave a clear answer through unexpectedly strong mass protests - and the state leadership had to respond. Now there are signs of a sustained easing of this nonsensical, disproportionate line, which investors are also acknowledging with a good shot of economic optimism. The sentix overall index for Asia ex Japan rises for the third time in a row to -4.8 points. This is the best value since June 2022.

Asia ex Japan	Jul. 22	Aug. 22	Sep. 22	Oct. 22	Nov. 22	Dec. 22	
Overall index	-5.5	-6.4	-13.0	-12.9	-12.5	-4.8	Highest since 06.2022 3. increase in a row
Headline Index							
- Current situation	-1.8	-1.3	-8.8	-10.3	-11.5	-5.8	
- Expectations	-9.3	-11.5	-17.3	-15.5	-13.5	-3.8	Highest since 03.2022 3. Increase in a row



Further result tables

Japan	Jul. 22	Aug. 22	Sep. 22	Oct. 22	Nov. 22	Dec. 22		
Overall index	-13.4	-9.4	-13.2	-16.6	-15.2	-8.0	Highest since 06.2022	
Headline Index								
- Current situation	-5.8	-0.8	-6.5	-10.5	-10.0	-4.0		
- Expectations	-20.8	-17.8	-19.8	-22.5	-20.3	-12.0	Highest since 04.2022	
Eastern Europe	Jul. 22	Aug. 22	Sep. 22	Oct. 22	Nov. 22	Dec. 22		
Overall index	-35.6	-34.4	-38.1	-41.8	-37.8	-31.2	Highest since 06.2022	
Headline Index								
- Current situation	-37.8	-36.5	-40.8	-47.0	-44.3	-38.8		
- Expectations	-33.5	-32.3	-35.5	-36.5	-31.0	-23.3	Highest since 02.2022	
Latin America	Jul. 22	Aug. 22	Sep. 22	Oct. 22	Nov. 22	Dec. 22		
Overall index	-20.5	-21.0	-25.9	-24.5	-21.4	-16.2	Highest since 06.2022	3. increase in a row
Headline Index								
- Current situation	-19.8	-19.8	-25.8	-24.5	-22.8	-19.5	Highest since 06.2022	3. increase in a row
- Expectations	-21.3	-22.3	-26.0	-24.5	-20.0	-12.8	Highest since 04.2022	3. Increase in a row
Global	Jul. 22	Aug. 22	Sep. 22	Oct. 22	Nov. 22	Dec. 22		
Overall index	-14.5	-13.0	-18.7	-20.3	-17.7	-10.1	Highest since 06.2022	
Headline Index								
- Current situation	-8.5	-6.5	-13.6	-16.6	-15.1	-9.3		
- Expectations	-20.3	-19.3	-23.7	-23.9	-20.3	-10.8	Highest since 03.2022	
Switzerland	Jul. 22	Aug. 22	Sep. 22	Oct. 22	Nov. 22	Dec. 22		
Overall index	-10.5	-8.3	-13.9	0.9	-10.3	5.6	Highest since 04.2022	
Headline Index								
- Current situation	6.8	15.0	8.3	19.3	6.8	15.8		
- Expectations	-26.3	-29.0	-33.8	-16.0	-26.0	-4.0	Highest since 02.2022	
Austria	Jul. 22	Aug. 22	Sep. 22	Oct. 22	Nov. 22	Dec. 22		
Overall index	-16.3	-7.2	-15.6	-32.1	-24.2	-12.7		
Headline Index								
- Current situation	4.3	8.3	4.3	-21.0	-12.5	-2.0		
- Expectations	-34.8	-21.5	-33.5	-42.5	-35.3	-22.8		



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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