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sentix Economic Index: Significant spring tiredness

- The sentix overall economic index for the euro zone loses 4.4 points to a level of -13.1 points, wiping away a large part of the easing signals from previous months. In particular, expectations buckle to -19.0 points, the lowest level since December 2022.
- The German economy is also gripped by significant spring fatigue. The situation scores are down by 6.7 points, while expectations have fallen to -19.8 points. Not much remains of the laborious economic recovery.
- In the international context, the minus signs dominate. For the U.S., the declines in expectations are also striking: Here, the overall index reaches -17.5 points, the lowest level since November 2022!

Statistics

Poll from **4th May to 6th May 2023**
Survey participants: **1,276 investors**
(**251** 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	Stagnation
Switzerland	Downturn	Asia ex-Japan	Upturn
Austria	Downturn	Latin America	Downturn
Eastern Europe	Recession	Global Aggregate	Stagnation

* 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: May 2023

Euro Area	Dec. 22	Jan. 23	Feb. 23	Mar. 23	Apr. 23	May. 23
Overall index	-21.0	-17.5	-8.0	-11.1	-8.7	-13.1
Headline Index						
- Current situation	-20.0	-19.3	-10.0	-9.3	-4.3	-7.0
- Expectations	-22.0	-15.8	-6.0	-13.0	-13.0	-19.0

Lowest since
12.2022



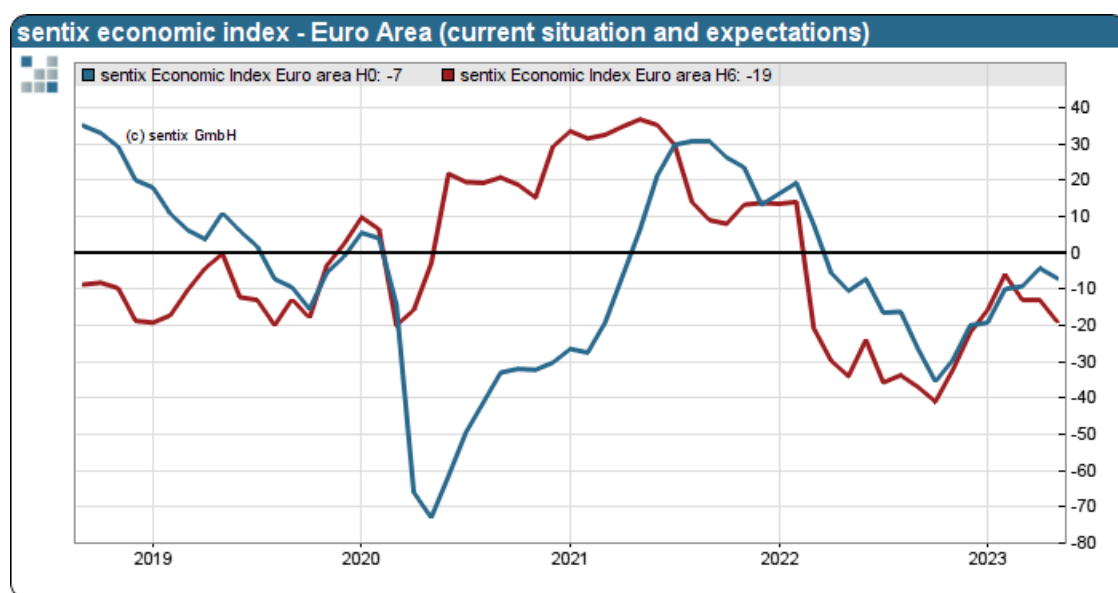
Commentary on the survey results for May 2023

Significant spring tiredness

The sentix overall economic index for the euro zone loses 4.4 points and falls back to a level of -13.1 points. Expectations in particular slump to -19.0 points, the lowest level since December 2022. The German economy is also hard hit. The situation scores drop by 6.7 points, while expectations fall to -19.8 points. In the international context, the negative signs also dominate. For the US, the decline in expectations is striking. Here, the overall index reaches -17.5 points, the lowest level since November 2022. There is not much left of the laborious economic recovery of 2023.

Euro area: An abrupt end to the recovery movement

The spring upswing in individual eurozone countries has so far been subdued anyway. Now the eurozone economy is being gripped by significant spring fatigue: to the surprise of available economists' estimates, the sentix overall economic index for the eurozone falls by 4.4 points to -13.1 points in May. The decline in the expectations component is particularly marked. This falls to a value of -19.0 points, wiping out all hopes of an economic revival following the outbreak of the Ukraine war. Rather, the unseasonal weakness is surprising. There is no doubt that the eurozone economy has recently weathered the winter months better than many had feared in the fall. However, the issue of energy shortages remains a perennial one. Inflation data has also remained stubbornly high and is hampering consumer spending. Retailers are complaining of significant sales losses and the population is being unsettled by the threat of forced investment in their heating systems. The mix makes for a poor economic mood. The economic recovery, which is built on feet of clay, is thus beginning to falter.



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

In particular investors view of the future gives cause for concern. Based on negative current values, the dynamics of the decline must be seen as an alarm signal. The energy planning uncertainty for companies weighs just as heavily as the continuing decline in purchasing power. Uncertainty about the further course of the Ukraine war and increasing question marks about the state of the U.S. economy are also weighing on future prospects. Moreover, the sentix Inflation Barometer does not indicate any sustained easing, which should give the central banks little leeway to deviate from their restrictive path in their current key interest rate policy.



Germany: Consumer spending lags, the old questions remain unresolved

The negative effects of high inflation and thus dwindling purchasing power are gradually becoming visible in Germany as well. With Aldi Nord, Tchibo, and Adidas, even the paragons of German retail, which normally present stable growth, are now feeling painful declines in sales. The negative development is reflected in the sentix overall index for Germany, which falls back by 7.6 points. The untypical seasonal decline in the situation score to -9 points brings the topic of recession back into focus, especially as the 6-month expectations signal further downward pressure on the status quo.

Where is the improvement supposed to come from? Political measures have so far failed to increase planning certainty for companies and households alike. Impending burdens (forced heating renovations) on citizens weigh just as heavily as the sharp rise in prices for food and energy. In addition, the question of energy security remains an ongoing issue, especially for Germany. The dependence on energy supplies from other European countries has even increased with the shutdown of the last nuclear power plants. The May figures from the sentix economic index show that economic expectations have fallen to their lowest level since December 2022.

Germany	Dec. 22	Jan. 23	Feb. 23	Mar. 23	Apr. 23	May. 23	
Overall index	-20.3	-16.5	-6.8	-9.6	-6.9	-14.5	
Headline Index							
- Current situation	-18.3	-18.0	-8.8	-7.5	-2.3	-9.0	
- Expectations	-22.3	-15.0	-4.8	-11.8	-11.5	-19.8	Lowest since 12.2022

US: Weakness now also looms there

The US economy has held up better than the other major economies for a long time. Now, gravity is also catching up with the U.S.: the situation score falls to -6.5 points (lowest value since November 2022), while the expectations component slips by 6 to -17.5. The third decline in a row reflects the shock over ongoing bankruptcies of regional banks in the USA. The sharp rise in interest rates is having an impact. One figure illustrates the explosive nature of the situation, which is worrying investors: in terms of volume, the FED has recently had to intervene more than in the financial crisis of 2008! This threatens to turn the issue of liquidity into a serious market factor. But also the issue of a potential insolvency of the U.S.A. is approaching threateningly.

United States	Dec. 22	Jan. 23	Feb. 23	Mar. 23	Apr. 23	May. 23	
Overall index	-0.5	-3.5	3.6	1.1	-2.3	-6.5	Lowest since 11.2022 3. decline in a row
Headline Index							
- Current situation	9.3	4.3	9.0	10.0	8.5	5.3	
- Expectations	-9.8	-11.0	-1.8	-7.5	-12.5	-17.5	Lowest since 11.2022 3. decline in a row

Global trend: In the international context, no economic region can stand out positively. The issue of stagflation remains immanent, and the risks of a global recession are rising once again. The sentix Global Aggregate index falls back to -3.0 points. This is also the third decline in a row.



Further result tables

Japan	Dec. 22	Jan. 23	Feb. 23	Mar. 23	Apr. 23	May. 23	
Overall index	-8.0	-6.6	-0.5	-1.0	-0.7	-2.1	
Headline Index							
- Current situation	-4.0	-5.3	-1.0	1.0	3.5	3.0	
- Expectations	-12.0	-8.0	0.0	-3.0	-4.8	-7.0	3. decline in a row
Asia ex Japan	Dec. 22	Jan. 23	Feb. 23	Mar. 23	Apr. 23	May. 23	
Overall index	-4.8	1.4	11.7	11.5	11.1	8.3	3. decline in a row
Headline Index							
- Current situation	-5.8	-4.3	7.5	12.3	14.8	13.5	
- Expectations	-3.8	7.3	16.0	10.8	7.5	3.3	Lowest since 12.2022 3. decline in a row
Eastern Europe	Dec. 22	Jan. 23	Feb. 23	Mar. 23	Apr. 23	May. 23	
Overall index	-31.2	-27.6	-21.6	-24.1	-19.8	-21.4	
Headline Index							
- Current situation	-38.8	-36.8	-31.0	-31.3	-25.8	-24.8	Highest since 02.2022 Lowest since 12.2022
- Expectations	-23.3	-18.0	-11.8	-16.8	-13.8	-18.0	
Latin America	Dec. 22	Jan. 23	Feb. 23	Mar. 23	Apr. 23	May. 23	
Overall index	-16.2	-16.9	-8.6	-10.4	-11.5	-13.0	3. decline in a row
Headline Index							
- Current situation	-19.5	-23.8	-15.3	-13.8	-13.8	-14.3	
- Expectations	-12.8	-9.8	-1.8	-7.0	-9.3	-11.8	Lowest since 12.2022 3. decline in a row
Global	Dec. 22	Jan. 23	Feb. 23	Mar. 23	Apr. 23	May. 23	
Overall index	-10.1	-7.2	1.6	0.1	0.0	-3.0	3. decline in a row
Headline Index							
- Current situation	-9.3	-9.8	-1.0	1.5	3.7	2.1	
- Expectations	-10.8	-4.5	4.2	-1.3	-3.6	-8.0	Lowest since 12.2022 3. decline in a row
Switzerland	Dec. 22	Jan. 23	Feb. 23	Mar. 23	Apr. 23	May. 23	
Overall index	5.6	2.9	7.2	4.2	-1.2	-4.6	Lowest since 11.2022 3. decline in a row
Headline Index							
- Current situation	15.8	21.0	17.0	18.5	17.3	14.5	Lowest since 11.2022
- Expectations	-4.0	-13.8	-2.3	-9.3	-18.0	-22.0	Lowest since 11.2022 3. decline in a row
Austria	Dec. 22	Jan. 23	Feb. 23	Mar. 23	Apr. 23	May. 23	
Overall index	-12.7	-20.5	-11.3	-7.4	-3.1	-5.3	
Headline Index							
- Current situation	-2.0	-19.5	-11.3	3.5	7.0	5.3	
- Expectations	-22.8	-21.5	-11.3	-17.8	-12.8	-15.3	



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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