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sentix Economic Index: More than a summer lull

- In July, the sentix economic index for the Eurozone fell for the third time in a row. At -22.5 points, it is at its lowest level since November 2022 and clearly misses Bloomberg analysts' estimates. Situation and expectations are weak.
- The situation in Germany, the largest economy in the euro area, remains particularly dramatic. Here, too, we measure the situation, expectations and the overall index (currently -28.4 points!) at the lowest levels since October and November 2022 respectively. And there seems to be no improvement in sight.
- With the exception of the US, which continues to resist the global downturn, there are only negative developments to report across the board. The fifth consecutive decline is particularly severe for the Asian region. The global aggregate also drops for the fifth time in a row to -7.6 points.

Statistics

Poll from **5th July to 7th July 2023**
Survey participants: **1,226 investors**
(**242** of those are institutional investors)

Current economic regimes* of countries /regions in focus:

Region / country	Regime	Region / country	Regime
Eurozone	Recession	USA	Downturn
Germany	Recession	Japan	Stagnation
Switzerland	Downturn	Asia ex-Japan	Stagnation
Austria	Recession	Latin America	Recession
Eastern Europe	Recession	Global Aggregate	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: July 2023

Euro Area	Feb. 23	Mar. 23	Apr. 23	May. 23	Jun. 23	Jul. 23	
Overall index	-8.0	-11.1	-8.7	-13.1	-17.0	-22.5	Lowest since 11.2022 3. decline in a row
Headline Index							
- Current situation	-10.0	-9.3	-4.3	-7.0	-15.8	-20.5	Lowest since 11.2022 3. decline in a row
- Expectations	-6.0	-13.0	-13.0	-19.0	-18.3	-24.5	Lowest since 11.2022



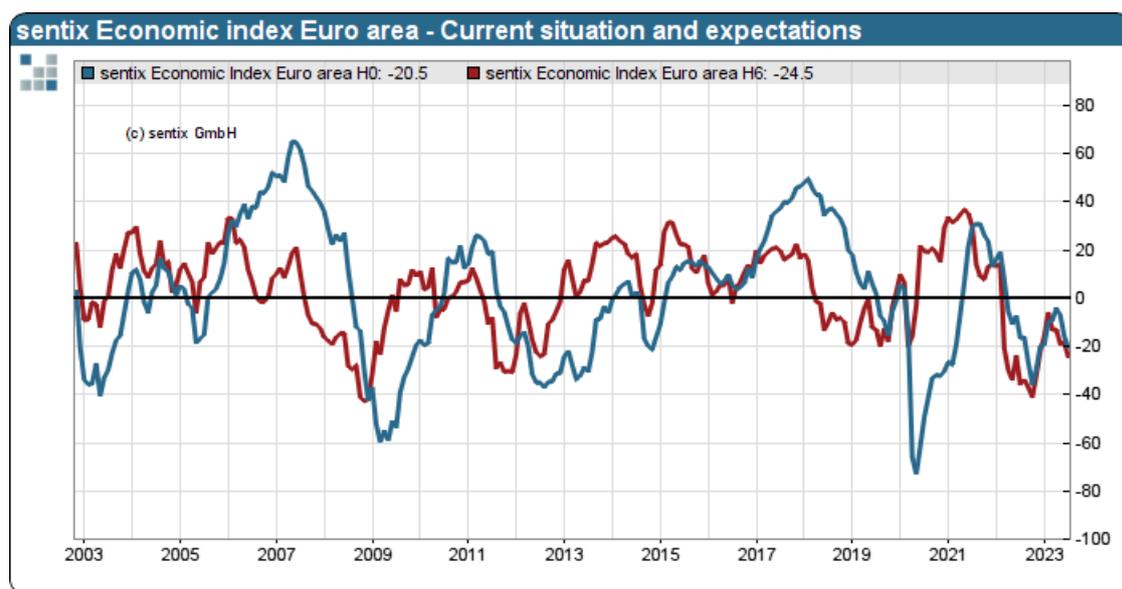
Commentary on the survey results for July 2023

More than a summer lull

Concerns about the further development of the global economy have probably not diminished with the latest values of the sentix business cycle indices. For in the "Global Aggregate Index" we note the fifth decline in a row. The Eurozone is certainly making a particular contribution to this. At -22.5 points, the overall index for the Eurozone has fallen to its lowest level since November 2022. The values for Germany, the most important economy in the Eurozone, can only be described as "dramatically bad". However, the "Asia ex Japan" region also contributes significantly to the weak global picture, as the overall index here also falls for the fifth time in a row.

Euro area: Weak economy without compensation

As of early July 2023, the Eurozone economy remains in recession mode. The sentix overall economic index falls for the third time in a row to -22.5 points, the weakest reading since November 2022 when Europe's energy security was in question. The situation score falls by almost 5 points to -20.5, underlining the current recessionary circumstances. There is also nothing positive to report in terms of forward-looking expectations. The corresponding index for the Eurozone even drops by 6.2 points and, at -24.5, also reaches its lowest value since November 2022.



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

The question is where an improvement could come from. Looking at the global regions, the US economy is tenaciously keeping its head above water, but is also not spraying any positive momentum. In the past, it was often the central banks that countered economic downturns with loose monetary policy. However, the investors surveyed by sentix do not expect any support from this side.

On the contrary: the topic index "central bank policy" sank from -13 to -24 points. In other words, the restrictive influence of the central banks is likely to increase! The fact that investors have this expectation is probably related to their assessment of inflation. The corresponding inflation barometer is falling from -6 to -14.5 points. So what we are currently experiencing is clearly more serious than the usual summer lull.

Germany: Finally summer!

Germans are especially lucky to have summer this year. Because the season also brings with it a parliamentary summer break. According to a representative survey, Germans currently consider their own government to be the "greatest risk". A unique, frightening finding. Economically, the damage, which has both home-made and external causes, can be read very well in the sentix indices. With -28.4 points, the overall index plunges by more than seven points. Situation and expectation values are falling equally, the situation values even to the lowest value since October 2022, when concerns about an energy policy meltdown were particularly high.

Germany	Feb. 23	Mar. 23	Apr. 23	May. 23	Jun. 23	Jul. 23		
Overall index	-6.8	-9.6	-6.9	-14.5	-21.1	-28.4	Lowest since 11.2022	3. decline in a row
Headline Index								
- Current situation	-8.8	-7.5	-2.3	-9.0	-22.0	-28.0	Lowest since 10.2022	3. decline in a row
- Expectations	-4.8	-11.8	-11.5	-19.8	-20.3	-28.8	Lowest since 11.2022	3. decline in a row

USA: How long will the US economy hold out?

The US economy is the only region to hold tenaciously at the level of the previous month. The US labour market in particular has so far defied all national and international pressures. The US Federal Reserve may have contributed to the "good" result by intervening courageously in the US regional banking crisis and providing liquidity, while at the same time pushing up interest rates. However, this factor is likely to be exhausted, which the investors surveyed reflected with a drop in expectations to -14.5. The pressure on the US economy is thus increasing rather than decreasing.

United States	Feb. 23	Mar. 23	Apr. 23	May. 23	Jun. 23	Jul. 23		
Overall index	3.6	1.1	-2.3	-6.5	-3.7	-3.7		
Headline Index								
- Current situation	9.0	10.0	8.5	5.3	5.5	7.8		
- Expectations	-1.8	-7.5	-12.5	-17.5	-12.5	-14.5		

Asia ex Japan: Weak momentum

By Asia-China standards, the current economic data are decidedly weak. The overall in-dex for the region "Asia ex Japan", which is dominated by China, drops for the fifth time in a row to 0.2 points. The situation is also only marginally positive. So the economy is facing stagnation here, too. Expectations are negative again for the first time since December, so further deterioration is to be expected here as well.

Asia ex Japan	Feb. 23	Mar. 23	Apr. 23	May. 23	Jun. 23	Jul. 23		
Overall index	11.7	11.5	11.1	8.3	3.7	0.2	Lowest since 12.2022	5. decline in a row
Headline Index								
- Current situation	7.5	12.3	14.8	13.5	6.3	3.5	Lowest since 01.2023	3. decline in a row
- Expectations	16.0	10.8	7.5	3.3	1.3	-3.0	Lowest since 12.2022	5. decline in a row



Further result tables

Japan	Feb. 23	Mar. 23	Apr. 23	May. 23	Jun. 23	Jul. 23		
Overall index	-0.5	-1.0	-0.7	-2.1	2.1	0.4		
Headline Index								
- Current situation	-1.0	1.0	3.5	3.0	7.5	9.3	Highest since 03.2022	
- Expectations	0.0	-3.0	-4.8	-7.0	-3.3	-8.0	Lowest since 12.2022	
Eastern Europe	Feb. 23	Mar. 23	Apr. 23	May. 23	Jun. 23	Jul. 23		
Overall index	-21.6	-24.1	-19.8	-21.4	-23.6	-25.7	Lowest since 01.2023	3. decline in a row
Headline Index								
- Current situation	-31.0	-31.3	-25.8	-24.8	-29.5	-30.0	Lowest since 12.2022	
- Expectations	-11.8	-16.8	-13.8	-18.0	-17.5	-21.3		
Latin America	Feb. 23	Mar. 23	Apr. 23	May. 23	Jun. 23	Jul. 23		
Overall index	-8.6	-10.4	-11.5	-13.0	-13.1	-13.6	Lowest since 01.2023	5. decline in a row
Headline Index								
- Current situation	-15.3	-13.8	-13.8	-14.3	-16.0	-14.0	Lowest since 11.2022	
- Expectations	-1.8	-7.0	-9.3	-11.8	-10.3	-13.3		
Global	Feb. 23	Mar. 23	Apr. 23	May. 23	Jun. 23	Jul. 23		
Overall index	1.6	0.1	0.0	-3.0	-5.0	-7.6	Lowest since 12.2022	5. decline in a row
Headline Index								
- Current situation	-1.0	1.5	3.7	2.1	-2.6	-3.7	Lowest since 01.2023	3. decline in a row
- Expectations	4.2	-1.3	-3.6	-8.0	-7.4	-11.4	Lowest since 11.2022	
Switzerland	Feb. 23	Mar. 23	Apr. 23	May. 23	Jun. 23	Jul. 23		
Overall index	7.2	4.2	-1.2	-4.6	1.8	8.2	Highest since 04.2022	
Headline Index								
- Current situation	17.0	18.5	17.3	14.5	21.0	23.5	Highest since 04.2022	
- Expectations	-2.3	-9.3	-18.0	-22.0	-15.8	-6.0	Highest since 02.2023	
Austria	Feb. 23	Mar. 23	Apr. 23	May. 23	Jun. 23	Jul. 23		
Overall index	-11.3	-7.4	-3.1	-5.3	-8.3	-12.6	Lowest since 01.2023	3. decline in a row
Headline Index								
- Current situation	-11.3	3.5	7.0	5.3	-5.0	-10.5	Lowest since 02.2023	3. decline in a row
- Expectations	-11.3	-17.8	-12.8	-15.3	-11.5	-14.8		



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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