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sentix Economic Index: Sink flight

- All regions of the world are on an economic downturn in April. Despite the still good assessment of the situation, there is no doubt that the global economy is cooling off.
- Expectations for the Euro area are negative again for the first time since July 2016. The downward dynamic for Germany is even more pronounced.
- The euphoria for the US economy is also fading noticeably. Expectations drop to a value of -7 percentage points. Trump's statements and measures on punitive tariffs raise serious concerns. The component for Expectations of the sentix Global Aggregate falls to its lowest value since February 2016.

Statistics

Poll running: **April 05th to 7th, 2018**
Survey participants: **982 investors**
(**260** of those are institutional investors)

Current economic regimes* of countries /regions in focus:

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

* 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: April 2018

Euro area	Nov 17	Dec 17	Jan 18	Feb 18	Mar 18	Apr 18
Overall Index	34.0	31.1	32.9	31.9	24.0	19.6
Headline Index						
- Current situation	45.8	46.5	48.0	49.5	45.8	43.0
- Expectations	22.8	16.8	18.8	15.5	4.3	-1.5



Commentary on the survey results for April 2018

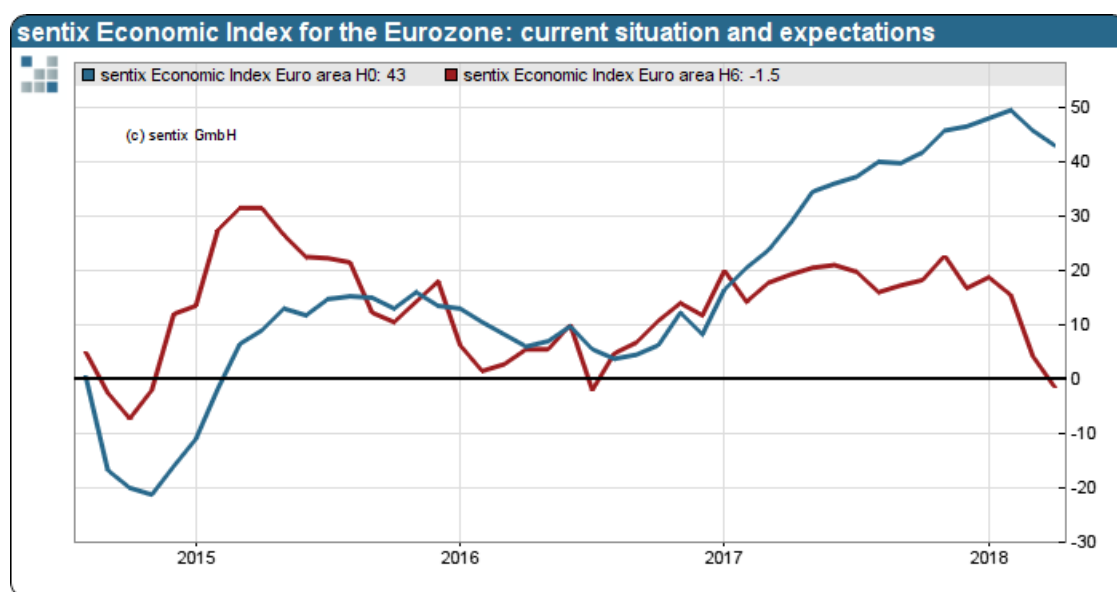
Sink flight

After the declines in expectations had already indicated a turnaround in the previous months, a significant economic slowdown must now be assumed. All regions of the world are on a downward economic trend. Expectations in the Euro zone are also negative for the first time since July 2016. The customs disputes, fueled by US President Donald Trump, are leaving their traces. The emerging markets are holding up marginally better, even if the same basic trend prevails there.

Euro area: Cooling clearly visible

The good weather period for the economy in the euro area is coming to an end. The overall index fell by 4.4 points to 19.6 index points. The third decline in a row is due to a significant deterioration in economic expectations, which fell by 5.8 points and are negative again for the first time since July 2016. The first mover among the leading indicators thus again points out an economic slowdown at a very early stage. Even though the current situation is still rated as excellent at +43 points, the prospects for the future have become massively gloomier.

The reason for this is quickly found. Investors are deeply concerned about US President Donald Trump's customs announcements, which trigger countermeasures (China). This presents a serious problem for free world trade. Trump's rude dealings with trading partners and allies cause massive uncertainty among all economic entities.



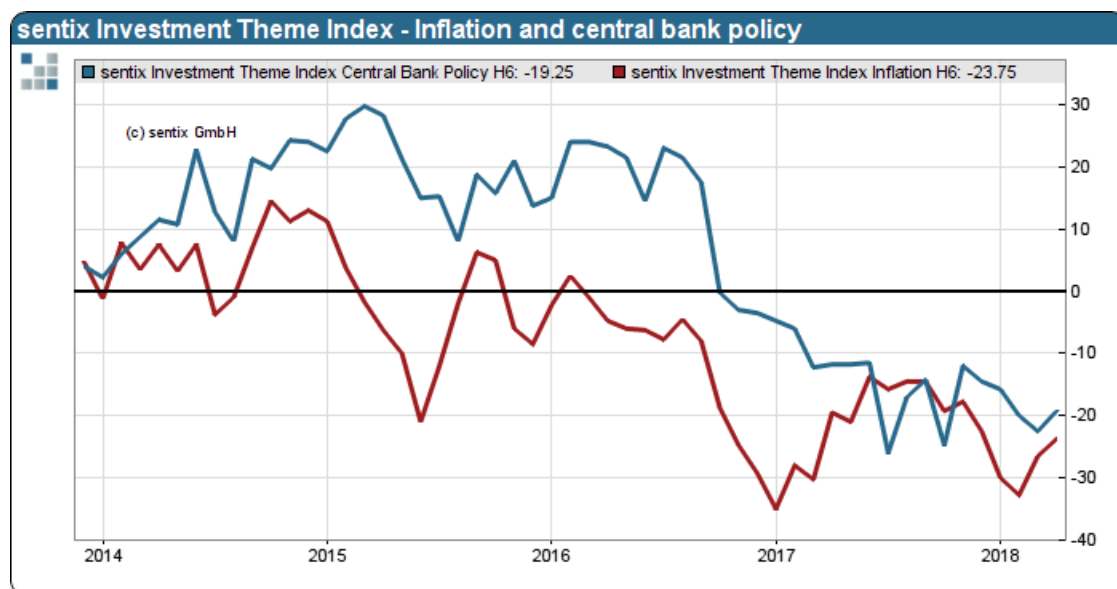
sentix Economic Index for the Eurozone: **current situation** and **expectations**

Several other leading indicators followed the sentix trend in March, especially the purchasing managers' indices. The trend is once again confirmed by the latest April sentix figures. So far, economists have referred to the still good current situation in their analyses and ignored the dynamic descent of expectations.

However, the uncertainty has long since reached the stock markets and is weighing on share prices. Whether the central banks are prepared or able to continue their (more or less restrictive) course in this environment is doubtful. This becomes clear in the sentix topic barometers, which were raised parallel to the economic sentiment.



In April, the topic index for inflation rises for the second time in a row, signaling easing inflationary pressure. This also reduces the pressure on the ECB and the FED to act. The central bank policy index shows a first, moderate reaction. Investors do not yet have a completely different central bank policy on the agenda. This is due to the behavior of the central banks, which have been "behind the curve" in recent years and will again wait for "evidence from the real economy".



sentix Investment Theme Index - **Inflation** and **central bank policy**

Germany: Negative trendsetter

The German economy is facing powerful headwinds. The domestic political framework conditions (GroKo) are increasingly perceived as a burden, and geopolitics is also making its contribution to the export nation's restrained optimism. At -7.8 points, economic expectations for Germany are as low as they were last in October 2014!

Germany	Nov 17	Dec 17	Jan 18	Feb 18	Mar 18	Apr 18
Overall Index	42.4	39.1	40.1	36.2	29.1	24.4
Headline Index						
- Current situation	71.8	71.0	72.3	71.5	65.8	62.0
- Expectations	16.3	11.0	11.8	5.5	-2.5	-7.8

Lowest since 10.2014

USA: Trumps won't let up

Trump frightens and frightens the world with demands and threats. The fact that he is serious also shows his willingness to implement. Observers rely on the common sense of the US government and assume that the demands are merely negotiation tactics. However, Trump is consistently working through its "America first" agenda. The positive effects of the tax reform have quickly evaporated, and expectations for the US economy are plummeting. At -8.3 points, the expected value is the lowest of all world regions. No wonder that the sentix Global Aggregate also suffers and reaches a 6-month low of 18.8 points.



Press release sentix Economic Index

09. April 2018

USA	Nov 17	Dec 17	Jan 18	Feb 18	Mar 18	Apr 18
Overall Index	27.5	26.5	32.8	33.4	26.6	19.8
Headline Index						
- Current situation	48.8	50.5	56.5	58.5	56.0	52.0
- Expectations	8.0	4.8	11.3	10.8	0.5	-8.3

Global Aggregate	Nov 17	Dec 17	Jan 18	Feb 18	Mar 18	Apr 18
Overall Index	27.3	26.0	29.5	30.0	23.5	18.8
Headline Index						
- Current situation	39.0	39.8	43.5	45.9	43.0	40.9
- Expectations	16.2	13.0	16.4	15.2	5.6	-1.3



Further result tables

Switzerland	Nov 17	Dec 17	Jan 18	Feb 18	Mar 18	Apr 18
Overall Index	30.4	28.8	35.8	28.6	23.0	27.0
Austria	Nov 17	Dec 17	Jan 18	Feb 18	Mar 18	Apr 18
Overall Index	44.5	40.7	45.5	45.5	42.8	44.8
Japan	Nov 17	Dec 17	Jan 18	Feb 18	Mar 18	Apr 18
Overall Index	27.3	26.2	29.4	28.3	22.0	18.3
Headline Index						
- Current situation	39.3	39.8	43.0	43.5	41.5	38.5
- Expectations	16.0	13.5	16.5	14.0	4.0	-0.3
Asia ex Japan	Nov 17	Dec 17	Jan 18	Feb 18	Mar 18	Apr 18
Overall Index	30.7	29.0	31.9	32.8	26.5	21.9
Headline Index						
- Current situation	41.8	41.8	44.8	47.5	44.5	43.3
- Expectations	20.3	17.0	19.8	19.0	9.8	2.5
Eastern Europe	Nov 17	Dec 17	Jan 18	Feb 18	Mar 18	Apr 18
Overall Index	17.7	17.9	20.3	21.9	16.2	12.6
Headline Index						
- Current situation	20.0	21.0	25.3	29.0	25.0	24.3
- Expectations	15.5	14.8	15.5	15.0	7.8	1.5
Latin America	Nov 17	Dec 17	Jan 18	Feb 18	Mar 18	Apr 18
Overall Index	8.9	8.8	11.8	14.2	9.9	8.1
Headline Index						
- Current situation	3.3	4.0	7.8	12.0	11.0	12.3
- Expectations	14.8	13.8	16.0	16.5	8.8	4.0



Data availability

Bloomberg L.P.

FACTSET



Macrobond



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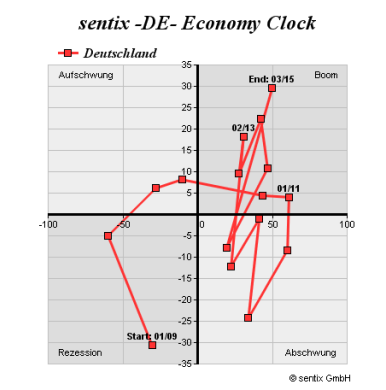
About sentix

The sentix GmbH is an independent research institute based in Frankfurt/Main, Germany. Founded in 2001, sentix provides analysts and investors, as well as the media and officials, with information about investors' preferences and their estimates and expectations about markets and economic trends.

Sentix is recognised in the industry as one of the leading experts in market sentiment and Behavioral Finance data. Among our clients are big fund managements groups as well as banks and independent fiduciaries. The data products are derived from the sentix Global Investor survey, to which more than 5.000 investors from 20+ countries contribute.

Background, methodology and more

See <http://economics.sentix.de>



The idea of the „economy clock“

The sentix economy clock shows the assessment of the current situation and investors' 6-month expectations in an x-y diagram. The evaluation of the current situation is displayed on the x-axis and 6-month expectations on the y-axis. An upturn, for instance, is characterised by still negative readings for the assessment of the current situation but already positive values for investors' expectations. This is why the upturn area lies in the upper left part of the clock. The graph on the left-hand side shows Germany starting in 2009 from a recession ending in 03/15 in a boom.



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