



Registration for the press distribution list and further information at www.sentix.co.uk



Manfred Hübner

CEFA, Managing Director

manfred.huebner@sentix.de



sentix GmbH

Wiesenhüttenstraße 17, 60329 Frankfurt am Main

Tel. +49 (69) 3487 961-0, info@sentix.de

sentix Economic Index: Is Italy tipping over the euro economy?







- The sentix economic expectations literally collapse in June. At -13.3 points, expectations are at their lowest level since August 2012! The overall index also falls significantly.
- The current economic engine in Europe, the German economy, is also under pressure. For the fifth time in a row, the overall index for Germany has fallen to its lowest level since July 2016.
- Internationally, the US economy is proving relatively robust, although the negative expectations of investors here also signal that the USA should not overstretch the curve. The Asia ex Japan region remains a source of hope for the global economy, where only positive expectations can be measured.

Statistics

Poll running: **31-May to 2-June, 2018**

Survey participants: **920 investors**
(**247** of those are institutional investors)

Current economic regimes* of countries /regions in focus:

Region / country	Regime	Region / country	Regime
 Eurozone	downturn	 USA	slowdown
 Germany	downturn	 Japan	slowdown
 Switzerland	slowdown	Asia ex-Japan	upturn
 Austria	upturn	Latin America	Slight downturn
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: June 2018

Euro Area	Jan. 18	Feb. 18	Mar. 18	Apr. 18	May. 18	Jun. 18		
Overall index	32.9	31.9	24.0	19.6	19.2	9.3	Lowest since 10.2016	5. decline in a row
Headline Index								
- Current situation	48.0	49.5	45.8	43.0	42.8	34.5	Lowest since 04.2017	4. decline in a row
- Expectations	18.8	15.5	4.3	-1.5	-2.0	-13.3	Lowest since 08.2012	5. decline in a row



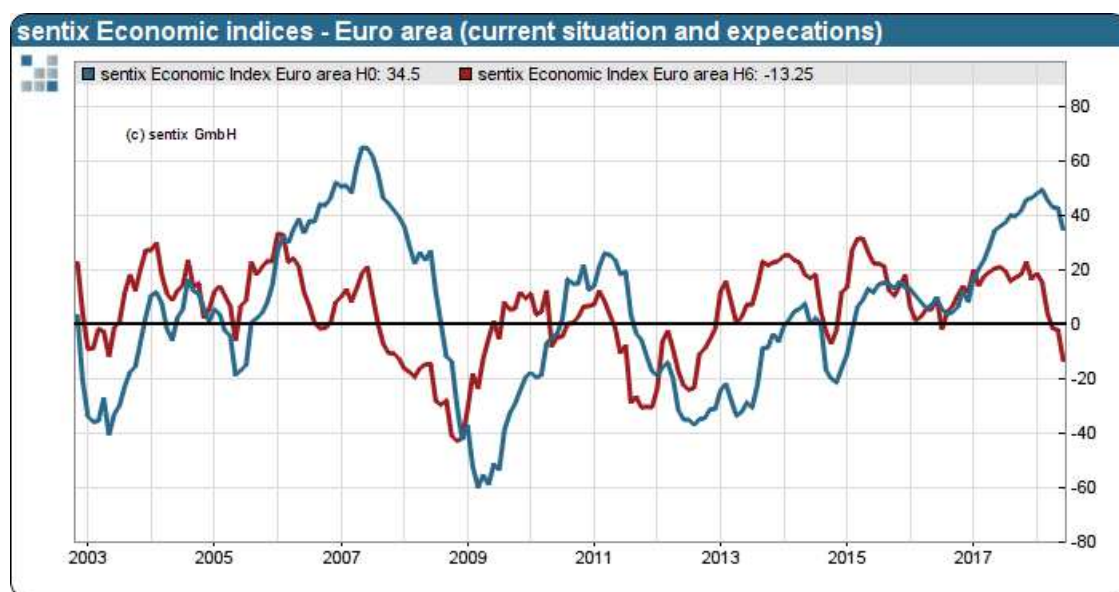
Commentary on the survey results for June 2018

Is Italy tipping over the euro economy?

Now they are here, the American punitive tariffs. So far, this has done less harm than one might think to global economic expectations. It appears that investors still hope that the world's trade dispute with the US will not get out of control. Investors, on the other hand, are far less lenient with developments within the euro zone. The new government in Rome is very sceptical. This is so strong that economic expectations in the euro zone are downright tilting.

Euro area: Italian concerns

The new government in Italy is giving investors fears for the eurozone. For no other region in the sentix survey, economic expectations are falling more sharply. Economic expectations for the Euro zone fell by more than 11 points to -13.3. This is the lowest level since August 2012, the month after Draghi's famous "whatever it takes" speech. But not only economic expectations, but also the situation values are losing, which leads to a sharp drop in the overall index by almost 10 points.



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

In addition to the problems in the Euro zone, the punitive tariffs on steel and aluminium that came into force in the USA, which have already provoked initial counter-reactions from Europe, are of course also having a negative impact. However, investors' fears of an escalating trade conflict seem to be even lower than those before the government in Rome reopened the euro crisis. Either way, investors expect a serious slowdown in growth in the Eurozone!

The eyes are now once again on another Italian, Mario Draghi. How will the ECB respond to the new political situation? If we look at the sentix theme barometer, investors do not expect a new edition of the "whatever it takes" rhetoric. The central bank continues to be expected to be a burden, especially as the inflation dynamics are also expected to remain negative.



Germany: Multiple loser

The German economy, which seemed invulnerable at the beginning of the year, is now facing a relatively rough headwind. Expectations drop significantly to -13.8 points. As in the Euro zone, this is the lowest level since August 2012, but not only the expectations, but also the situation values are now falling noticeably, for the 5th time in a row! Germany seems particularly vulnerable to an expansion of trade disputes with the USA. In addition, key sectors, such as automobiles and banks, are increasingly suffering.

Germany	Jan. 18	Feb. 18	Mar. 18	Apr. 18	May. 18	Jun. 18		
Overall index	40.1	36.2	29.1	24.4	23.5	18.5	Lowest since 07.2016	5. decline in a row
Headline Index								
- Current situation	72.3	71.5	65.8	62.0	59.8	56.3	Lowest since 02.2017	5. decline in a row
- Expectations	11.8	5.5	-2.5	-7.8	-7.8	-13.8	Lowest since 08.2012	

USA: Robust, but not invulnerable

The US economy is still giving a relatively robust impression, partly thanks to the tax reform. The overall index yields less than 2 points. However, it should not be overlooked that the expectations are also negative for the USA. From the investors' point of view, the US economy is by no means invulnerable. The special effects of the tax reform and deregulation measures currently cover the burdens resulting from rising interest rates and declining money supply.

United States	Jan. 18	Feb. 18	Mar. 18	Apr. 18	May. 18	Jun. 18		
Overall index	32.8	33.4	26.6	19.8	22.1	20.3		
Headline Index								
- Current situation	56.5	58.5	56.0	52.0	52.8	50.8	Lowest since 12.2017	
- Expectations	11.3	10.8	0.5	-8.3	-4.8	-6.5		

Asia ex Japan: Hope for the future

We believe that the Asian region remains the global hope. It is the only region of the world that still has positive economic expectations. This is probably due to the prudent attitude of the Chinese government to date. On the one hand, it cooperates with Trump in North Korea, and on the other hand, it is pragmatic on trade issues. Investors reward this policy in the sentix economic indices.

Asia ex Japan	Jan. 18	Feb. 18	Mar. 18	Apr. 18	May. 18	Jun. 18		
Overall index	31.9	32.8	26.5	21.9	22.7	20.6	Lowest since 02.2017	
Headline Index								
- Current situation	44.8	47.5	44.5	43.3	42.3	38.5	Lowest since 09.2017	4. decline in a row
- Expectations	19.8	19.0	9.8	2.5	4.8	4.0		



Further result tables

Japan	Jan. 18	Feb. 18	Mar. 18	Apr. 18	May. 18	Jun. 18		
Overall index	29.4	28.3	22.0	18.3	17.3	14.3	Lowest since 08.2017	5. decline in a row
Headline Index								
- Current situation	43.0	43.5	41.5	38.5	36.8	32.0	Lowest since 09.2017	4. decline in a row
- Expectations	16.5	14.0	4.0	-0.3	-0.5	-2.0	Lowest since 07.2016	5. decline in a row
Eastern Europe	Jan. 18	Feb. 18	Mar. 18	Apr. 18	May. 18	Jun. 18		
Overall index	20.3	21.9	16.2	12.6	12.2	6.0	Lowest since 02.2017	4. decline in a row
Headline Index								
- Current situation	25.3	29.0	25.0	24.3	21.5	17.3	Lowest since 10.2017	4. decline in a row
- Expectations	15.5	15.0	7.8	1.5	3.3	-4.8	Lowest since 02.2016	
Latin America	Jan. 18	Feb. 18	Mar. 18	Apr. 18	May. 18	Jun. 18		
Overall index	11.8	14.2	9.9	8.1	7.1	-4.5	Lowest since 12.2016	4. decline in a row
Headline Index								
- Current situation	7.8	12.0	11.0	12.3	11.8	-1.5	Lowest since 09.2017	
- Expectations	16.0	16.5	8.8	4.0	2.5	-7.5	Lowest since 02.2016	4. decline in a row
Global	Jan. 18	Feb. 18	Mar. 18	Apr. 18	May. 18	Jun. 18		
Overall index	29.5	30.0	23.5	18.8	19.4	15.0	Lowest since 11.2016	
Headline Index								
- Current situation	43.5	45.9	43.0	40.9	40.3	34.4	Lowest since 10.2017	4. decline in a row
- Expectations	16.4	15.2	5.6	-1.3	0.3	-2.7	Lowest since 02.2016	
Switzerland	Jan. 18	Feb. 18	Mar. 18	Apr. 18	May. 18	Jun. 18		
Overall index	35.8	28.6	23.0	27.0	23.5	16.9	Lowest since 12.2016	
Headline Index								
- Current situation	51.3	46.5	47.5	48.3	43.8	47.5		
- Expectations	21.3	12.0	1.0	7.5	5.0	-10.0	Lowest since 03.2015	
Austria	Jan. 18	Feb. 18	Mar. 18	Apr. 18	May. 18	Jun. 18		
Overall index	45.5	45.5	42.8	44.8	41.7	38.1	Lowest since 08.2017	
Headline Index								
- Current situation	70.5	62.0	62.0	64.0	67.0	64.0		
- Expectations	22.8	30.0	25.0	27.0	18.8	14.8	Lowest since 03.2017	



Data availability

Bloomberg L.P.

FACTSET



Macrobond



HAVER ANALYTICS®

sentix 
expertise in behavioral finance

About sentix

sentix is the pioneer and leading provider of sentiment analyses (behavioural finance) in Europe. Since 2001 sentix surveys on a weekly basis around 5.000 investors from over 20 countries (comprising over 1.000 institutional and almost 4.000 individual investors) about their expectations for financial markets as well as for economic developments and their portfolio actions. The sentix survey results are representative of a broadly diversified group of investors.

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>



Disclaimer

Important information concerning liability, compliance, protection of investors and copyright

This information is meant only for distribution in countries in which law permits this.

This analysis is for information purposes only and (i) does not constitute or form part of any offer for sale or subscription of or solicitation of any offer to buy or subscribe for any financial, money market or investment instrument or any security, (ii) is neither intended as such an offer for sale or subscription of or solicitation of an offer to buy or subscribe for any financial, money market or investment instrument or any security nor (iii) as an advertisement thereof. The investment possibilities discussed in this report may not be suitable for certain investors depending on their specific investment objectives and time horizon or in the context of their overall financial situation. The investments discussed may fluctuate in price or value. Investors may get back less than they invested.

Changes in rates of exchange may hurt the value of investments. Furthermore, past performance is not necessarily indicative of future results. In particular, the risks associated with an investment in the financial, money market or investment instrument or security under discussion are not explained in their entirety.

We assume no liability for the information contained in this analysis. The analysis is no substitute for personal investment consultation. Even by the depicted opportunities and risks, investors must individually assess – by their personal investment strategies, the financial, legal and fiscal situation - whether an investment in the financial instruments depicted here is sensible for them. As this document is in no way a direct investment recommendation, this document or parts of it should not be used as the basis for any conclusion of the contract or any commitment to obligations of any kind. Investors are asked to contact the investment analysts of their banks for individual investment advice and other individual explanations and advice.

Neither the sentix GmbH nor any of its managing directors, employees or other persons assumes liability for losses or damages caused in connection with the use of this document or its contents.

The sentiment analysis is made available via the internet to those sentix participants of which is assumed that they do not base their investment decisions inappropriately by this analysis.

Statements or conclusions made through data or services do not include warrants or guarantees for the future market- or price changes. The opinions and assessments expressed therein can change without prior notice.

The sentix GmbH explicitly points out that both the sentix GmbH, its legal agents as well as their employees (in the following: the Involved) regularly conduct transactions in equity and other financial instruments which the data and services refer to. They do this both in their names and for their accounts as well as in the name and accounts of third parties. Should the Involved have been involved in an emission of instruments for the finance markets in the past 12 months, this is separately indicated at the corresponding place.

All rights of use for this analysis, its data and services are the property of the sentix GmbH and are copyrighted. The sentix GmbH reserves its right to inflict penalties for the unauthorised usage of data and services, especially unauthorised commercial use. Reproduction or subsequent processing of website elements, analyses, data or services in electronic, written or another form is prohibited without prior consent by the sentix GmbH. Analyses that are only available in the secure customer area may be quoted, neither in full nor in part. An exception to this are analyses, data or services which have been posted by the sentix GmbH via the press mailing list or which have been presented in another form for public propagation.

This analysis may not – either in full or in part, regardless of underlying intent – be forwarded, reproduced or published.

„sentix“ is a registered trademark of sentix Holding GmbH.

DAX, TecDAX, Xetra und Eurex have registered trademarks of the Deutsche Börse AG. Dow Jones EURO STOXX 50 is a registered trademark of the STOXX Limited. Other names of products and companies which may be mentioned on this site could also be protected or be registered trademarks of other companies.

ANALYST DECLARATION

Neither in the past, present or future is the remuneration of the author linked – either directly or indirectly – to his or her recommendations or views expressed in this context.