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sentix Economic Index: Asia is also getting into the negative suction







- Economic expectations in the euro zone may stabilize slightly in July following the sharp slide in June. The overall index rose from 9.3 to 12.1 points.
- However, this seems more of a "technical" counter-movement. The index for Germany, for example, has dropped again, for the sixth time in a row, to just 16.2 points.
- The global environment is also showing more and more signs of an economic slowdown. For Japan, for example, we are recording the sixth consecutive decline in the overall index and economic expectations for Asia ex Japan are slumping by more than 10 points. US economic expectations are also falling to their lowest level since August 2012.

Statistics

Poll running: **5-July to 7-July, 2018**

Survey participants: **917 investors**
(**243** 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	slowdown
 Switzerland	slowdown	Asia ex-Japan	slowdown
 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: July 2018

Euro Area	Feb. 18	Mar. 18	Apr. 18	May. 18	Jun. 18	Jul. 18
Overall index	31.9	24.0	19.6	19.2	9.3	12.1
Headline Index						
- Current situation	49.5	45.8	43.0	42.8	34.5	36.8
- Expectations	15.5	4.3	-1.5	-2.0	-13.3	-10.0



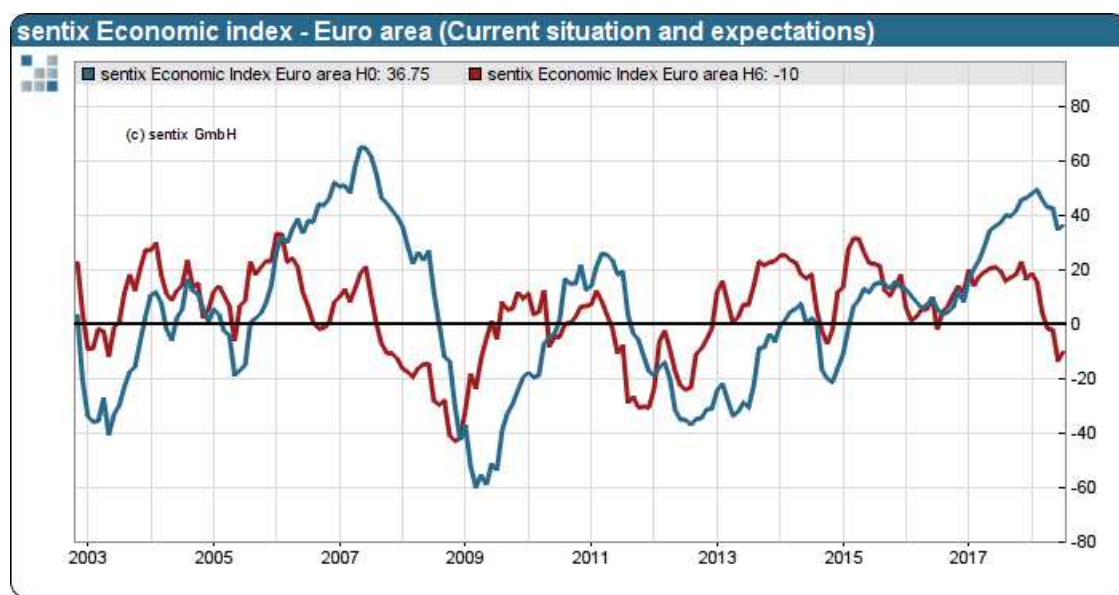
Commentary on the survey results for July 2018

Asia is also getting into the negative suction

The economic situation continued to be depressed in July. Economic expectations in the euro zone have indeed recovered by around 3 points. However, this is probably only a countermove to the strong discount of June. Other regions continue to show signs of weakening. Expectations for Germany and Japan are falling for the sixth time in a row. And also the Asian region ex Japan, hitherto the bearer of hope, has to cope with a slump in expectations.

Euro area: Interim stabilization

The overall economic index for the Euro zone rose by around 3 points to 12.1 points in July. The situation and expectations can recover in equal measure. Nevertheless, this development is unlikely to herald the start of a new upswing. On the one hand, expectations remain negative, and on the other hand, the majority of other regions of the world are still weak. The slump in Asian ex Japan values clearly shows that a continuation of the trade dispute will ultimately have a negative impact on the economies of those with hopes.



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

The next stage of escalation in the trade dispute between the US and the rest of the world has been reached and countermeasures by the EU and China are under way. If US President Trump now targets the European car-industry, the trade dispute could lead to more than a slowdown in economic sentiment.

From the investors' point of view, the central banks are unlikely to play a supporting role in this. The corresponding topic barometer remains negative. The reason for this is that investors continue to expect burdens on the inflation front. The inflation theme index is barely changed at -27. Although the economic dynamic is weakening, there will be no relief at this point. And so the monetary headwind that exists alongside political issues is maintained.



Germany: Without Fortune

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	Feb. 18	Mar. 18	Apr. 18	May. 18	Jun. 18	Jul. 18		
Overall index	36.2	29.1	24.4	23.5	18.5	16.2	Lowest since 02.2016	6. decline in a row
Headline Index								
- Current situation	71.5	65.8	62.0	59.8	56.3	51.3	Lowest since 12.2016	6. decline in a row
- Expectations	5.5	-2.5	-7.8	-7.8	-13.8	-14.0	Lowest since 08.2012	

USA: The headwind is growing

Last month, we emphasized that the US economy is unlikely to be immune to the storm that the US president is trying to start. The USA is still benefiting from the effects of the tax reform adopted at the beginning of the year. However, the negative expectations, which have fallen to their lowest level since August 2012, show that here too the zenith should have been passed by the middle of the year.

United States	Feb. 18	Mar. 18	Apr. 18	May. 18	Jun. 18	Jul. 18		
Overall index	33.4	26.6	19.8	22.1	20.3	18.6	Lowest since 09.2017	
Headline Index								
- Current situation	58.5	56.0	52.0	52.8	50.8	53.8		
- Expectations	10.8	0.5	-8.3	-4.8	-6.5	-11.8	Lowest since 08.2012	

Asia ex Japan: Now also infected

So far, China and its region have been the hope of the global economy. That'll be over in July. The overall index collapsed by more than 8 points, partly because the expectation values fell even more sharply by 10.5 points. The strong price movements of the Chinese currency underline this finding.

Asia ex Japan	Feb. 18	Mar. 18	Apr. 18	May. 18	Jun. 18	Jul. 18		
Overall index	32.8	26.5	21.9	22.7	20.6	12.4	Lowest since 07.2016	
Headline Index								
- Current situation	47.5	44.5	43.3	42.3	38.5	33.3	Lowest since 05.2017	5. decline in a row
- Expectations	19.0	9.8	2.5	4.8	4.0	-6.5	Lowest since 01.2016	



Further result tables

Japan	Feb. 18	Mar. 18	Apr. 18	May. 18	Jun. 18	Jul. 18		
Overall index	28.3	22.0	18.3	17.3	14.3	10.9	Lowest since 12.2016	6. decline in a row
Headline Index								
- Current situation	43.5	41.5	38.5	36.8	32.0	30.5	Lowest since 09.2017	5. decline in a row
- Expectations	14.0	4.0	-0.3	-0.5	-2.0	-7.0	Lowest since 05.2016	6. decline in a row

Eastern Europe	Feb. 18	Mar. 18	Apr. 18	May. 18	Jun. 18	Jul. 18		
Overall index	21.9	16.2	12.6	12.2	6.0	4.9	Lowest since 12.2016	5. decline in a row
Headline Index								
- Current situation	29.0	25.0	24.3	21.5	17.3	18.8		
- Expectations	15.0	7.8	1.5	3.3	-4.8	-8.0	Lowest since 02.2016	

Latin America	Feb. 18	Mar. 18	Apr. 18	May. 18	Jun. 18	Jul. 18		
Overall index	14.2	9.9	8.1	7.1	-4.5	-6.9	Lowest since 09.2016	5. decline in a row
Headline Index								
- Current situation	12.0	11.0	12.3	11.8	-1.5	-4.8	Lowest since 09.2017	3. decline in a row
- Expectations	16.5	8.8	4.0	2.5	-7.5	-9.0	Lowest since 02.2016	5. decline in a row

Global	Feb. 18	Mar. 18	Apr. 18	May. 18	Jun. 18	Jul. 18		
Overall index	30.0	23.5	18.8	19.4	15.0	11.2	Lowest since 09.2016	
Headline Index								
- Current situation	45.9	43.0	40.9	40.3	34.4	32.8	Lowest since 09.2017	5. decline in a row
- Expectations	15.2	5.6	-1.3	0.3	-2.7	-8.4	Lowest since 08.2012	

Switzerland	Feb. 18	Mar. 18	Apr. 18	May. 18	Jun. 18	Jul. 18		
Overall index	28.6	23.0	27.0	23.5	16.9	25.5		
Headline Index								
- Current situation	46.5	47.5	48.3	43.8	47.5	44.8		
- Expectations	12.0	1.0	7.5	5.0	-10.0	7.8	Highest since 02.2018	

Austria	Feb. 18	Mar. 18	Apr. 18	May. 18	Jun. 18	Jul. 18		
Overall index	45.5	42.8	44.8	41.7	38.1	32.0	Lowest since 05.2017	3. decline in a row
Headline Index								
- Current situation	62.0	62.0	64.0	67.0	64.0	60.0	Lowest since 10.2017	
- Expectations	30.0	25.0	27.0	18.8	14.8	7.0	Lowest since 12.2016	3. decline in a row



Data availability

Bloomberg L.P.

FACTSET



Macrobond



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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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