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## sentix Economic Index: Momentum continues to crumble

- The sentix overall index for the economy in Euroland fell again in November from 11.4 to 8.8 points.
- The problem areas in Europe and the global economy remain largely the same, which does not make it any better. Germany's weakness is also weighing on the Euroland economy.
- Internationally, the Latin America region is attracting attention. From the investors' perspective, the election of the new Brazilian president nourishes hope for an end to the recessionary phase. In the USA, on the other hand, it is becoming more and more apparent that the tax boom sparked by the US President in 2018 is slowly running out of steam. 2019 will be harder.

### Statistics

Poll running: **1-Nov. to 3-Nov., 2018**

Survey participants: **991 investors**  
(**281** of those are institutional investors)

## Current economic regimes\* of countries /regions in focus:

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

Euro Area	Jun. 18	Jul. 18	Aug. 18	Sep. 18	Oct. 18	Nov. 18		
Overall index	9.3	12.1	14.7	12.0	11.4	8.8	Lowest since 10.2016	3. decline in a row
Headline Index								
- Current situation	34.5	36.8	37.3	35.0	33.0	29.3	Lowest since 04.2017	3. decline in a row
- Expectations	-13.3	-10.0	-5.8	-8.8	-8.3	-9.8		



## Commentary on the survey results for November 2018

### Momentum continues to crumble

In November, economic momentum in the global economy continues to weaken. With the exception of Latin America, we are measuring a weakening of situation assessments for all regions of the world. At the same time, most of the expectation values remain negative. In the euro area, the overall index fell from 11.4 to 8.8 points. The situation remains clearly positive at 29.3, but the slowdown continues. There are many reasons for this.

### Euro area: The zenith is clearly passed

The Eurozone economy passed its zenith in January. Since then, economic expectations have reversed and since April they have been negative. The sentix economic index was the first leading indicator with this clear message. But not only the expectations are depressed, also the assessment of the situation of about 1,000 investors surveyed by sentix is giving way month by month. At a level of 29.3 points, it is not yet possible to speak of a recession or anything similar. However, the slowdown in economic momentum is also increasingly being felt in the real economy.



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

There are many reasons for this development. Foreign economic factors, such as the US President's trade policy, contribute to this, as do European issues. The discussion about the future of the car industry in Germany, the weakness of the banking sector and the budget question in Italy are worth mentioning here.

In addition to all this, there is an increasing perception of inflation, for whether it is the low tide in Germany, the US-Iran nuclear dispute (persistently high oil prices) or the effect of increasing protectionism in the world: investors expect inflation to continue to rise. This means that the central banks can hardly deviate from their current course towards a more restrictive monetary policy, at least not only because of an economic slowdown.



## Germany: The burdens are increasing

In Germany the main topic of the last weeks was politics. The election results in Bavaria and Hesse, as well as Chancellor Merkel's announcement that she would resign as party leader in December, have led to uncertainty among political actors. The battered Social Democrats are seeking their fortune in an expansive spending policy. It would be necessary, especially now, to keep an eye not only on the present but also on the future burdens. This is because Germany's economy is continuing to slide and, with an overall index at its lowest level since February 2016, stagnation is no longer far off.

Germany	Jun. 18	Jul. 18	Aug. 18	Sep. 18	Oct. 18	Nov. 18	
Overall index	18.5	16.2	20.4	18.1	20.0	15.6	Lowest since 02.2016
Headline Index							
- Current situation	56.3	51.3	54.8	51.8	53.0	47.0	Lowest since 12.2016
- Expectations	-13.8	-14.0	-9.3	-11.0	-8.8	-11.8	

## USA: 2019 will not get better

In the United States, too, there are increasing signs of an end to the economic boom, which was further fuelled by Trump's tax reform in 2018. Expectations fall to their lowest level since July 2012. The situation is still surprisingly robust. Like a long freight train, the US upswing does not simply come to a standstill. However, braking forces are also effective in the USA. 2019 is likely to be a more difficult year for the economy than 2018.

United States	Jun. 18	Jul. 18	Aug. 18	Sep. 18	Oct. 18	Nov. 18	
Overall index	20.3	18.6	25.6	23.6	25.3	21.4	
Headline Index							
- Current situation	50.8	53.8	62.8	63.3	66.5	61.5	
- Expectations	-6.5	-11.8	-6.3	-10.0	-9.5	-12.5	Lowest since 07.2012

## Latin America: Political hope

Investors sense a glimmer of hope for the Latin American region. The election of the new president in Brazil gives hope that stability will return to a country beset by corruption and violence. We are the only region to measure an increase in the situation and expectations for Latin America. Although the recessionary tendencies have not yet been overcome, every upswing begins with stabilization.

Latin America	Jun. 18	Jul. 18	Aug. 18	Sep. 18	Oct. 18	Nov. 18	
Overall index	-4.5	-6.9	-3.9	-19.0	-12.9	-10.2	
Headline Index							
- Current situation	-1.5	-4.8	-3.8	-21.0	-17.3	-14.3	
- Expectations	-7.5	-9.0	-4.0	-17.0	-8.5	-6.0	



## Further result tables

### Japan

	Jun. 18	Jul. 18	Aug. 18	Sep. 18	Oct. 18	Nov. 18
Overall index	14.3	10.9	13.2	12.3	17.9	13.5
Headline Index						
- Current situation	32.0	30.5	30.3	30.8	37.0	32.0
- Expectations	-2.0	-7.0	-2.5	-4.8	0.3	-3.5

### Asia ex Japan

	Jun. 18	Jul. 18	Aug. 18	Sep. 18	Oct. 18	Nov. 18
Overall index	20.6	12.4	16.1	11.9	13.9	12.5
Headline Index						
- Current situation	38.5	33.3	34.8	28.5	29.3	27.8
- Expectations	4.0	-6.5	-1.0	-3.5	-0.5	-1.8

Lowest since  
02.2017

### Eastern Europe

	Jun. 18	Jul. 18	Aug. 18	Sep. 18	Oct. 18	Nov. 18
Overall index	6.0	4.9	8.2	1.4	3.3	3.3
Headline Index						
- Current situation	17.3	18.8	20.5	13.0	13.3	13.0
- Expectations	-4.8	-8.0	-3.5	-9.5	-6.3	-6.0

Lowest since  
08.2017

### Global

	Jun. 18	Jul. 18	Aug. 18	Sep. 18	Oct. 18	Nov. 18
Overall index	15.0	11.2	15.2	10.7	12.8	11.1
Headline Index						
- Current situation	34.4	32.8	35.5	30.4	31.7	29.5
- Expectations	-2.7	-8.4	-3.3	-7.3	-4.6	-5.9

Lowest since  
08.2017

### Switzerland

	Jun. 18	Jul. 18	Aug. 18	Sep. 18	Oct. 18	Nov. 18
Overall index	16.9	25.5	24.4	21.7	19.6	16.9
Headline Index						
- Current situation	47.5	44.8	49.5	49.5	50.8	49.3
- Expectations	-10.0	7.8	1.8	-3.0	-7.8	-11.3

Lowest since  
06.2018

4. decline in a row

Lowest since  
03.2015

4. decline in a row

### Austria

	Jun. 18	Jul. 18	Aug. 18	Sep. 18	Oct. 18	Nov. 18
Overall index	38.1	32.0	33.8	34.0	32.3	21.0
Headline Index						
- Current situation	64.0	60.0	53.0	64.5	58.3	52.0
- Expectations	14.8	7.0	16.0	7.0	9.0	-6.3

Lowest since  
03.2017

Lowest since  
09.2017  
Lowest since  
05.2016



## Data availability

**Bloomberg L.P.**

**FACTSET**



**Macrobond**



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## 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>





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