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## sentix Economic Index: Expectations overshoot

- The sentix overall economic index rises to a positive level at the start of the year for the first time since February 2020. This means that investors are ignoring the current lockdowns and have complete confidence in a successful vaccination strategy.
- In Germany, too, we measure rising expectations once again, which can additionally be justified by prospects for a good car economy. Nevertheless, the recovery in this country is also sluggish and signals that the current positive expectations are probably exaggerated.
- Globally, the situation is comparable. In the USA, the new administration must now show that it can get the economy going again. In Asia, there are surprising, small setbacks in the situation values. While in China it could be statistical noise, the situation in Japan is more serious due to Corona.

### Statistics

Poll running: **7<sup>th</sup> Nov. to 9<sup>th</sup> Nov. 2021**  
Survey participants: **1,168 investors**  
(**277** of those are institutional investors)

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

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

\* 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: January 2021

Euro Area	Aug. 20	Sep. 20	Oct. 20	Nov. 20	Dec. 20	Jan. 21	
Overall index	-13.4	-8.0	-8.3	-10.0	-2.7	1.3	Highest since 02.2020
Headline Index							
- Current situation	-41.3	-33.0	-32.0	-32.3	-30.3	-26.5	Highest since 03.2020
- Expectations	19.3	20.8	18.8	15.3	29.3	33.5	Alltime High!



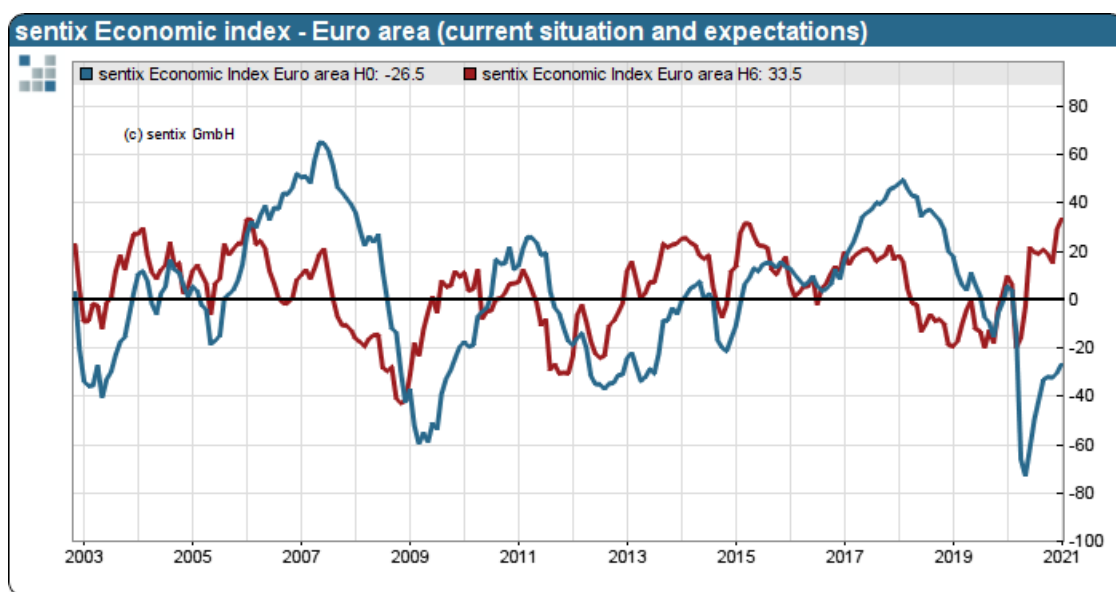
## Commentary on the survey results for January 2021

### Expectations overshoot

The sentix economic expectations for Euroland continue to develop very positively. Although large parts of Europe are suffering from a lockdown and the Corona pandemic seems to be flaring up again in other parts of the world, such as Japan, economic expectations continue to rise. In Euroland, they reach 33.5 points, the highest level since records began in 2003. This very positive assessment of expectations is likely to be very much in line with the prospects of a successful vaccination campaign. For in contrast, the situation is moving along very slowly, and in Asia we are even measuring a decline!

### Euro area: Vaccine euphoria

The sentix overall economic index for the euro area rose by 3.6 points at the start of the year and, at +1.3 points, is back in positive territory for the first time since February 2020! This development is very surprising in view of the far-reaching restrictions on economic activity in Germany and Austria, for example. This positive development is characterised by a further strong increase in the expectations score to 33.5 points. This is the highest measured value since the start of the economic surveys in 2003. The main reason for the expectations, despite the renewed lockdown extension in Germany, is probably the high hope for a successful vaccination campaign. Now that more vaccines have been approved, investors apparently expect a quick implementation of the vaccination strategy and thus a definitive end to the economic and personal freedom restrictions.



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

Nevertheless, we do not see the development so positively. This is because the assessment of the situation has been showing a much flatter trend than the stormy expectations for months now. There is a potential for a temporary sobering up here, because investors seem to underestimate the danger that the economies are more damaged than the data seem to reflect and that this will only become visible when the restrictions are actually lifted. That remains to be seen. For its part, the ECB should remain very expansionary from an investor perspective. This also supports economic sentiment.



## Germany: Will 2021 be a good year for industry?

At least that is what investors expect, as the sentix economic expectations for Germany rise to 37.5 points at the start of the year. This is the highest value since 2009, when we started the Germany survey. Even though the situation values have improved for the sixth time in a row to -15.8 points, this negative value shows that the recessionary tendencies in this country have by no means disappeared completely and that the recovery is proving to be slow. On the positive side, the strong price increases for copper and other industrial metals are indicative of a good global economy. In addition, demand for electric cars should be high in 2021, especially in this country. All in all, the direction is right, but expectations are too euphoric, as in the eurozone, and show little respect for the negative effects of the lockdown policy.

Germany	Aug. 20	Sep. 20	Oct. 20	Nov. 20	Dec. 20	Jan. 21		
Overall index	-4.5	-0.1	1.4	1.3	6.9	9.2	Highest since 11.2018	
Headline Index								
- Current situation	-30.8	-22.8	-19.3	-17.5	-17.3	-15.8	Highest since 03.2020	8. increase in a row
- Expectations	25.8	25.5	24.5	22.0	34.3	37.5	Alltime High!	

## USA: Biden must deliver

The stock market was quick to pass judgement and gave the new US president the typical honeymoon. Economic expectations have also improved considerably in the last two months. But anticipation is one thing, the new US president must also deliver. For the situation in the USA is also improving only slowly. At -11.3 points, recessionary moments are still present here, too. Expectations seem to be running ahead of the difficult situation in the USA as well, because investors will be looking very closely in the coming weeks to see whether and which programme the new president wants to work through. Hopes of improvement alone are not enough; the new administration must also deliver.

United States	Aug. 20	Sep. 20	Oct. 20	Nov. 20	Dec. 20	Jan. 21		
Overall index	-15.6	-4.8	-1.1	4.8	9.1	10.7	Highest since 02.2020	9. increase in a row
Headline Index								
- Current situation	-40.8	-27.3	-20.5	-10.5	-11.8	-11.3		
- Expectations	13.5	20.5	20.5	21.3	32.3	35.3	Alltime High!	3. Increase in a row

## Asia: Unexpected damper

Asia has stood out positively from the global economy in recent months. At the beginning of the year there is a surprising damper. The economic situation has declined slightly. This development is not yet dramatic, but it should not be repeated.

Asia ex Japan	Aug. 20	Sep. 20	Oct. 20	Nov. 20	Dec. 20	Jan. 21		
Overall index	0.6	6.6	10.3	23.3	29.7	29.6		
Headline Index								
- Current situation	-20.8	-12.5	-5.0	16.0	19.8	17.8		
- Expectations	24.5	27.8	26.8	30.8	40.0	42.0	Highest since 04.2004	3. Increase in a row



## Further result tables

Japan	Aug. 20	Sep. 20	Oct. 20	Nov. 20	Dec. 20	Jan. 21		
Overall index	-8.6	-2.3	-2.6	6.1	14.5	13.6		
Headline Index								
- Current situation	-31.5	-23.0	-21.0	-8.3	-2.3	-5.0		
- Expectations	17.5	20.8	17.8	21.5	32.8	34.0	Highest since 08.2004	3. Increase in a row
Eastern Europe	Aug. 20	Sep. 20	Oct. 20	Nov. 20	Dec. 20	Jan. 21		
Overall index	-17.8	-12.7	-12.8	-11.9	-6.3	-1.8	Highest since 02.2020	3. increase in a row
Headline Index								
- Current situation	-42.8	-35.8	-33.5	-31.8	-30.0	-26.0	Highest since 03.2020	8. increase in a row
- Expectations	11.0	13.5	10.5	10.3	20.8	25.8	Highest since 02.2006	
Latin America	Aug. 20	Sep. 20	Oct. 20	Nov. 20	Dec. 20	Jan. 21		
Overall index	-35.6	-28.9	-26.9	-22.2	-16.5	-11.2	Highest since 02.2020	8. increase in a row
Headline Index								
- Current situation	-63.5	-55.8	-51.5	-45.3	-43.8	-38.0	Highest since 03.2020	8. increase in a row
- Expectations	-2.0	3.0	1.8	4.3	15.5	20.0	Highest since 02.2013	3. Increase in a row
Global	Aug. 20	Sep. 20	Oct. 20	Nov. 20	Dec. 20	Jan. 21		
Overall index	-9.7	-2.9	-0.5	7.1	13.2	14.9	Highest since 08.2018	9. increase in a row
Headline Index								
- Current situation	-33.8	-24.6	-19.3	-6.9	-4.6	-4.1	Highest since 02.2020	8. increase in a row
- Expectations	17.8	21.6	20.3	22.1	32.7	35.7	Alltime High!	3. Increase in a row
Switzerland	Aug. 20	Sep. 20	Oct. 20	Nov. 20	Dec. 20	Jan. 21		
Overall index	-1.5	10.0	13.3	0.9	10.7	11.1		
Headline Index								
- Current situation	-19.0	-1.8	2.5	-6.0	-5.3	-2.3		
- Expectations	17.8	22.5	24.8	8.0	28.0	25.3		
Austria	Aug. 20	Sep. 20	Oct. 20	Nov. 20	Dec. 20	Jan. 21		
Overall index	-10.1	3.4	-9.4	-9.1	3.4	9.5	Highest since 02.2020	3. increase in a row
Headline Index								
- Current situation	-39.0	-13.3	-31.8	-28.3	-33.3	-23.5		
- Expectations	24.0	21.5	16.0	12.3	48.0	48.8	Alltime High!	





## Data availability

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**FACTSET**

**REFINITIV™**



**Macrobond**



**HAVER ANALYTICS®**

**sentix**   
expertise in behavioral finance

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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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