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sentix Economic Index: Headwinds increase again

- The sentix economic indices fall by 3.1 points to -11.1 points in March. Even if a recession could be averted for the time being, the overall situation remains fragile. The slump in economic expectations by 7 points shows that the coming months could be even tougher.
- In Germany, too, the overall index fell by almost 3 points to -9.6 points. While the situation improved slightly, expectations dropped sharply to -11.8 points.
- Internationally, the picture is comparable. While the assessments of the current situation improved slightly in almost all regions, the expectations dropped, in some cases significantly. In the USA we measure a decline of almost 6 points and even in the Asia ex Japan region, the only region with still positive values, economic expectations fell by 5.2 points.

Statistics

Poll from **2nd Mar. to 4th Mar. 2023**
Survey participants: **1,309 investors**
(**253** of those are institutional investors)

Current economic regimes* of countries /regions in focus:

Region / country	Regime	Region / country	Regime
Eurozone	Downturn	USA	Stagnation
Germany	Downturn	Japan	Stagnation
Switzerland	Downturn	Asia ex-Japan	Upturn
Austria	Downturn	Latin America	Downturn
Eastern Europe	Recession	Global Aggregate	Stagnation

* 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: March 2023

Euro Area	Oct. 22	Nov. 22	Dec. 22	Jan. 23	Feb. 23	Mar. 23
Overall index	-38.3	-30.9	-21.0	-17.5	-8.0	-11.1
Headline Index						
- Current situation	-35.5	-29.5	-20.0	-19.3	-10.0	-9.3
- Expectations	-41.0	-32.3	-22.0	-15.8	-6.0	-13.0

Highest since 06.2022 5. increase in a row



Commentary on the survey results for March 2023

Headwinds increase again

After several months of improvement in investors' assessments of the economic situation and expectations, there is a new headwind for economic development at the beginning of March. In the Eurozone, the economic situation scores improved again, for the fifth time in a row. However, the economic expectations show that we are by no means at the beginning of an upswing. Eurozone economic expectations dropped sharply to -13 points. The situation is similar in the other regions of the world. The expectation values are characterised by clear declines across the board.

Euro area: Is the spring revival threatening to short-circuit?

At the beginning of March we measure a clear decline in the economic expectations of the approximately 1,300 investors surveyed by sentix. After several months of relative improvement, these fall by 7 points to -13 points in March. Over the next six months, investors expect the Eurozone economy to deteriorate. The situation indicators improved again slightly by 0.7 points. However, a value of -9.3 still means that the economy is currently in a stagnation phase at best. The usual early-year revival of the economy is in danger of being short-circuited.



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

This stagnation phase could soon turn into renewed recession worries if the negative economic expectations materialise. Indeed, it should not be forgotten that the central banks are on the brakes of monetary policy in the current environment. Money supply growth remains weak and, together with the rise in interest rates, is likely to prove a serious burden on the economy in the further course of the year.

A look at the sentix topic barometers shows that the phase of easing inflation rates is already being questioned again by investors. The corresponding index has fallen from -14.25 to -32.25. This means that all hopes of an early end to the cycle of interest rate hikes are likely to be unfounded for the time being.



Germany: In Tandem with the Eurozone

In the largest economy in the Eurozone, too, we measure another slight improvement in the situation. The corresponding index rises for the fifth time in a row to its highest value since June 2022, but remains negative at -7.5 points. Germany's economic expectations also declined sharply, by 7 points. The probability of a renewed downturn has thus increased significantly.

Germany	Oct. 22	Nov. 22	Dec. 22	Jan. 23	Feb. 23	Mar. 23	
Overall index	-37.4	-30.0	-20.3	-16.5	-6.8	-9.6	
Headline Index							
- Current situation	-33.5	-28.0	-18.3	-18.0	-8.8	-7.5	Highest since 06.2022
- Expectations	-41.3	-32.0	-22.3	-15.0	-4.8	-11.8	5. increase in a row

USA: Still in the realm of stagnation

The US economy continues to show signs of weakness, even though the data are relatively better than elsewhere in a global context. At +10 points, the situation indicator remains in positive territory. So the economy is still growing, albeit moderately. However, expectations are also coming under pressure in the USA. At -7.5 points, the economic headwind is also increasing in the USA. Restrictive monetary policy is also acting as a brake here.

United States	Oct. 22	Nov. 22	Dec. 22	Jan. 23	Feb. 23	Mar. 23	
Overall index	-12.6	-9.4	-0.5	-3.5	3.6	1.1	
Headline Index							
- Current situation	-0.3	4.0	9.3	4.3	9.0	10.0	Highest since 06.2022
- Expectations	-24.3	-22.0	-9.8	-11.0	-1.8	-7.5	

Asia ex Japan: Relatively good, but by no means stable

In the international context, the data for the Asia ex Japan region, which is largely shaped by China, remain relatively the most favourable. The overall index remains almost unchanged. The situation score rises for the fourth consecutive month to the best level since March 2022, after the Chinese government largely lifted Corona restrictions. However, China is also showing some international signs of slowing down, with economic expectations falling to 10.8. It is still the only region in the world with a positive economic expectations score.

Asia ex Japan	Oct. 22	Nov. 22	Dec. 22	Jan. 23	Feb. 23	Mar. 23	
Overall index	-12.9	-12.5	-4.8	1.4	11.7	11.5	
Headline Index							
- Current situation	-10.3	-11.5	-5.8	-4.3	7.5	12.3	Highest since 03.2022
- Expectations	-15.5	-13.5	-3.8	7.3	16.0	10.8	4. increase in a row



Further result tables

Japan

	Oct. 22	Nov. 22	Dec. 22	Jan. 23	Feb. 23	Mar. 23
Overall index	-16.6	-15.2	-8.0	-6.6	-0.5	-1.0
Headline Index						
- Current situation	-10.5	-10.0	-4.0	-5.3	-1.0	1.0
- Expectations	-22.5	-20.3	-12.0	-8.0	0.0	-3.0

Highest since
06.2022

Eastern Europe

	Oct. 22	Nov. 22	Dec. 22	Jan. 23	Feb. 23	Mar. 23
Overall index	-41.8	-37.8	-31.2	-27.6	-21.6	-24.1
Headline Index						
- Current situation	-47.0	-44.3	-38.8	-36.8	-31.0	-31.3
- Expectations	-36.5	-31.0	-23.3	-18.0	-11.8	-16.8

Latin America

	Oct. 22	Nov. 22	Dec. 22	Jan. 23	Feb. 23	Mar. 23
Overall index	-24.5	-21.4	-16.2	-16.9	-8.6	-10.4
Headline Index						
- Current situation	-24.5	-22.8	-19.5	-23.8	-15.3	-13.8
- Expectations	-24.5	-20.0	-12.8	-9.8	-1.8	-7.0

Highest since
06.2022

Global

	Oct. 22	Nov. 22	Dec. 22	Jan. 23	Feb. 23	Mar. 23
Overall index	-20.3	-17.7	-10.1	-7.2	1.6	0.1
Headline Index						
- Current situation	-16.6	-15.1	-9.3	-9.8	-1.0	1.5
- Expectations	-23.9	-20.3	-10.8	-4.5	4.2	-1.3

Highest since
04.2022

Switzerland

	Oct. 22	Nov. 22	Dec. 22	Jan. 23	Feb. 23	Mar. 23
Overall index	0.9	-10.3	5.6	2.9	7.2	4.2
Headline Index						
- Current situation	19.3	6.8	15.8	21.0	17.0	18.5
- Expectations	-16.0	-26.0	-4.0	-13.8	-2.3	-9.3

Austria

	Oct. 22	Nov. 22	Dec. 22	Jan. 23	Feb. 23	Mar. 23
Overall index	-32.1	-24.2	-12.7	-20.5	-11.3	-7.4
Headline Index						
- Current situation	-21.0	-12.5	-2.0	-19.5	-11.3	3.5
- Expectations	-42.5	-35.3	-22.8	-21.5	-11.3	-17.8

Highest since
08.2022

Highest since
09.2022



Data availability

Bloomberg L.P.

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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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