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sentix Economic Index: Nosedive stopped, but no all clear

- The sentix economic index for the euro zone stopped its nosedive. At -18.9 points, it is 3.6 points higher than in July. The assessment of the current situation remains weak at -20.5 points, while expectations rise by 7.3 points to -17.3.
- By contrast, the overall index for Germany falls to -30.7 points. The situation slumps by 7.3 points, while the expectations score of -26 points also gives little cause for hope. The largest economy in the euro zone is becoming the sick man of the euro zone and is weighing on the region.
- There are bright spots in the economic regions of the USA and Asia ex Japan. Here, almost all sub-components surprised with positive developments. This plus and the negative forecasts for the euro zone lead to an overall stagnation scenario for the global economy, with the global aggregate rising by 6.6 points to -1.0.

Statistics

Poll from **3rd August to 5th August 2023**
Survey participants: **1,202 investors**
(**222** of those are institutional investors)

Current economic regimes* of countries /regions in focus:

Region / country	Regime	Region / country	Regime
Eurozone	Recession	USA	Stagnation/Upswing
Germany	Recession	Japan	Stagnation
Switzerland	Downturn	Asia ex-Japan	Moderate Upswing
Austria	Recession	Latin America	Recession
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: August 2023

Euro Area	Mar. 23	Apr. 23	May. 23	Jun. 23	Jul. 23	Aug. 23
Overall index	-11.1	-8.7	-13.1	-17.0	-22.5	-18.9
Headline Index						
- Current situation	-9.3	-4.3	-7.0	-15.8	-20.5	-20.5
- Expectations	-13.0	-13.0	-19.0	-18.3	-24.5	-17.3



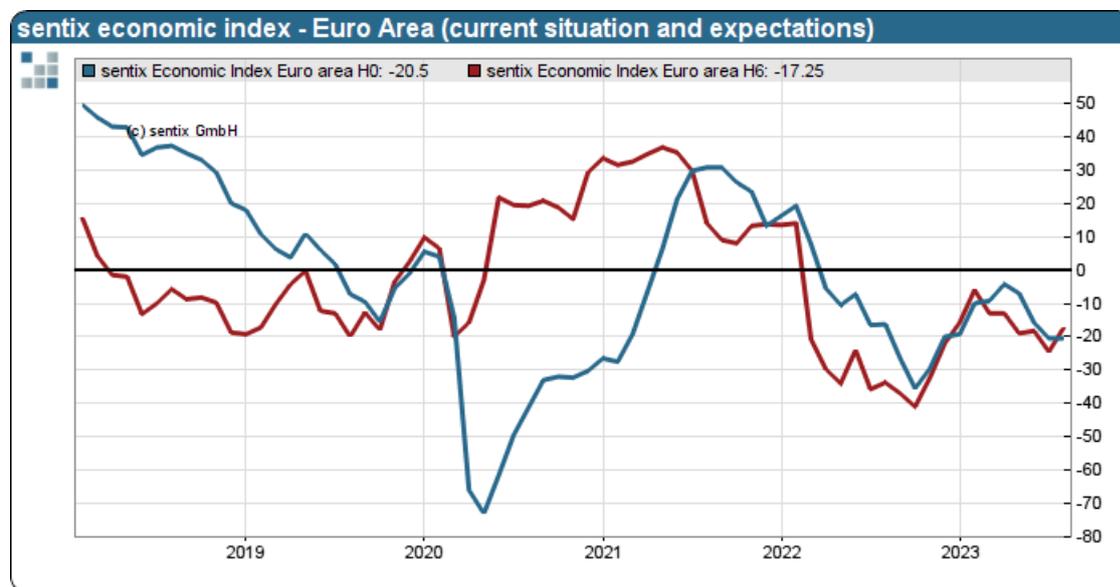
Commentary on the survey results for August 2023

Nosedive stopped, but no all clear

At -18.9 points, the sentix economic index for the euro zone is 3.6 points higher than in July. The overall index thus stopped its nosedive. However, the assessment of the current situation remains weak at -20.5 points, while expectations have risen by 7.3 points to -17.3. Germany is providing fuel for the fire: The largest economy in the euro zone is becoming the sick man of the euro zone and is weighing heavily on the region. The overall index for Germany falls for the fourth time in a row to -30.7 points. The situation slumped by 7.3 points, while the expectations score of -26 points also gave little cause for hope. By contrast, there are bright spots in the economic regions of the USA and Asia ex Japan.

Euro area: Crash stopped, but no reason to rejoice

The sentix overall economic index stopped its negative streak in August and improved by 3.6 points. Previously, there had been three setbacks in a row. The current economic situation remains in the cellar this month, confirming the July value of -20.5 points. The assessment of the status quo thus underscores the current recessionary conditions. The expectation values indicate somewhat "easing" stress "forward". The sub-index for future expectations rose by 7.3 points to -17.3 points. Investors are thus by no means positive about economic developments, the expected rate of deterioration is merely easing. Thus, at the beginning of August 2023, the economy in the euro zone remains in recession mode. There can therefore be no joy about this development.



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

What is the reason for investors' more lenient view in their 6-month assessment? In their eyes, the issue of inflation is losing some of its explosive power. The "Inflation" theme barometer, which is surveyed in parallel with the economic indices, rises to -11 points. Rising values indicate a decline in inflationary pressure. This development is likely to alleviate some of the pressure on central banks to take action. The corresponding "central bank policy" barometer also increased to -13 points. Overall, the figures are heading in the right direction, but they do not yet indicate a sustained easing of the situation.



Germany: Sick man of the euro zone

Euroland suffers due to weak guidance from Germany. The largest economy in the euro zone drags down the result for Euroland considerably with the fourth decline in a row. At -30.7 points, the overall index for Germany falls to its lowest level since October 2022, with the current situation assessment plummeting by more than seven points to -35.3. The expectations component also remains weak at -26 points. It appears that the German economy is putting on the brakes. This is surprising, as the former export world champion is benefiting only insufficiently from the improved global trend.

Germany	Mar. 23	Apr. 23	May. 23	Jun. 23	Jul. 23	Aug. 23		
Overall index	-9.6	-6.9	-14.5	-21.1	-28.4	-30.7	Lowest since 10.2022	4. decline in a row
Headline Index								
- Current situation	-7.5	-2.3	-9.0	-22.0	-28.0	-35.3	Lowest since 07.2020	4. decline in a row
- Expectations	-11.8	-11.5	-19.8	-20.3	-28.8	-26.0		

USA: Bright spots

At the global level, investors do indeed differentiate between the individual economic regions. The economic outlook for the USA, for example, is assessed much more positively. Here, almost all sub-components surprise with positive developments. The overall index for the Americas rose by 8.8 points to reach +5.1 points, the highest level since April 2022. Remarkably, the assessment of the current situation jumped to +16.0 points, thus putting an exclamation mark on it. The pressure from the negative expectations values is also easing noticeably. The subindex improved by 9.3 points to -5.3. The US labor market in particular is defying all national and international negative factors. The "good" result is also likely to have been helped by the US Federal Reserve, which intervened courageously in the US regional banking crisis and provided liquidity, while at the same time continuing to push up interest rates.

United States	Mar. 23	Apr. 23	May. 23	Jun. 23	Jul. 23	Aug. 23		
Overall index	1.1	-2.3	-6.5	-3.7	-3.7	5.1	Highest since 04.2022	3. increase in a row
Headline Index								
- Current situation	10.0	8.5	5.3	5.5	7.8	16.0	Highest since 06.2022	3. increase in a row
- Expectations	-7.5	-12.5	-17.5	-12.5	-14.5	-5.3	Highest since 02.2023	

Asia ex Japan: Bright spot no. 2

The second region that stands out particularly positively is Asia ex Japan. The overall index for the "Asia ex Japan" region, which is dominated by China, rose dynamically to 7.7 points. The increase in the expectations component is particularly promising. An increase of a full 11 points brings the sub-index clearly into positive territory and stops the downward pull here as well. Investors are betting on fresh impetus from the Chinese central bank.

Asia ex Japan	Mar. 23	Apr. 23	May. 23	Jun. 23	Jul. 23	Aug. 23		
Overall index	11.5	11.1	8.3	3.7	0.2	7.7		
Headline Index								
- Current situation	12.3	14.8	13.5	6.3	3.5	7.5		
- Expectations	10.8	7.5	3.3	1.3	-3.0	8.0	Highest since 03.2023	



Further result tables

Japan	Mar. 23	Apr. 23	May. 23	Jun. 23	Jul. 23	Aug. 23	
Overall index	-1.0	-0.7	-2.1	2.1	0.4	3.5	Highest since 03.2022
Headline Index							
- Current situation	1.0	3.5	3.0	7.5	9.3	8.0	
- Expectations	-3.0	-4.8	-7.0	-3.3	-8.0	-1.0	Highest since 02.2023
Eastern Europe	Mar. 23	Apr. 23	May. 23	Jun. 23	Jul. 23	Aug. 23	
Overall index	-24.1	-19.8	-21.4	-23.6	-25.7	-20.8	
Headline Index							
- Current situation	-31.3	-25.8	-24.8	-29.5	-30.0	-27.8	
- Expectations	-16.8	-13.8	-18.0	-17.5	-21.3	-13.5	Highest since 02.2023
Latin America	Mar. 23	Apr. 23	May. 23	Jun. 23	Jul. 23	Aug. 23	
Overall index	-10.4	-11.5	-13.0	-13.1	-13.6	-8.4	Highest since 02.2022
Headline Index							
- Current situation	-13.8	-13.8	-14.3	-16.0	-14.0	-11.0	Highest since 04.2022
- Expectations	-7.0	-9.3	-11.8	-10.3	-13.3	-5.8	Highest since 02.2023
Global	Mar. 23	Apr. 23	May. 23	Jun. 23	Jul. 23	Aug. 23	
Overall index	0.1	0.0	-3.0	-5.0	-7.6	-1.0	
Headline Index							
- Current situation	1.5	3.7	2.1	-2.6	-3.7	0.0	
- Expectations	-1.3	-3.6	-8.0	-7.4	-11.4	-2.1	Highest since 03.2023
Switzerland	Mar. 23	Apr. 23	May. 23	Jun. 23	Jul. 23	Aug. 23	
Overall index	4.2	-1.2	-4.6	1.8	8.2	2.3	
Headline Index							
- Current situation	18.5	17.3	14.5	21.0	23.5	15.5	
- Expectations	-9.3	-18.0	-22.0	-15.8	-6.0	-10.0	
Austria	Mar. 23	Apr. 23	May. 23	Jun. 23	Jul. 23	Aug. 23	
Overall index	-7.4	-3.1	-5.3	-8.3	-12.6	-17.4	Lowest since 01.2023
Headline Index							
- Current situation	3.5	7.0	5.3	-5.0	-10.5	-16.5	Lowest since 01.2023
- Expectations	-17.8	-12.8	-15.3	-11.5	-14.8	-18.3	Lowest since 01.2023

4. decline in a row

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Data availability

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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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