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sentix Economic Index: Crisis in Germany remains stubborn

- The sentix Economic Sentiment Index for the eurozone rises for the fourth time in a row to -12.9 points. Nevertheless, the recovery process is proceeding slowly and the all-clear still cannot be given.
- This is mainly due to Germany. The situation there is precarious: the current assessment has fallen to -39.3 points and expectations are only recovering slowly. The recession theme remains.
- Things are looking much better internationally. The US region in particular is flourishing once again. Japan is also scoring points economically. The Asia ex Japan region is similarly trying to develop economic grip. As a result, the sentix Global Aggregate climbs to its highest level since February 2022.

Statistics

Poll from **1st Feb. to 3rd Feb. 2024**
Survey participants: **1,306 investors**
(**247** of those are institutional investors)

Current economic regimes* of countries /regions in focus:

Region / country	Regime	Region / country	Regime
 Eurozone	Downturn	 USA	Upswing
 Germany	Recession	 Japan	Upswing
 Switzerland	Slight upswing	Asia ex-Japan	Slight upswing
 Austria	Downturn	Latin America	Stabilization
Eastern Europe	Recession	Global Aggregate	Slight upswing

* 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: February 2024

Euro Area	Sep. 23	Oct. 23	Nov. 23	Dec. 23	Jan. 24	Feb. 24		
Overall index	-21,5	-21,9	-18,6	-16,8	-15,8	-12,9	Highest since 04.2023	4. increase in a row
Headline Index								
- Current situation	-22,0	-27,0	-26,8	-23,5	-22,5	-20,0	Highest since 06.2023	4. increase in a row
- Expectations	-21,0	-16,8	-10,0	-9,8	-8,8	-5,5	Highest since 02.2022	5. Increase in a row



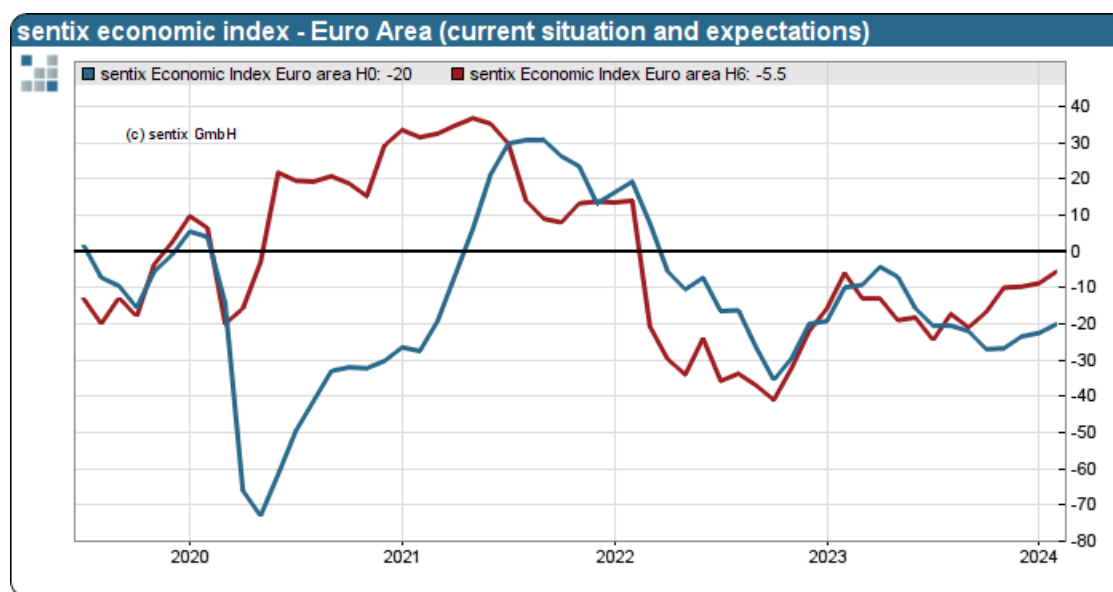
Commentary on the survey results for February 2024

Crisis in Germany remains stubborn

The sentix economic index for the eurozone rises by +2.9 points to -12.9 points in February, the fourth consecutive increase. Nevertheless, the recovery process remains sluggish. This is mainly due to Germany. The current assessment there fell to -39.3 points, while expectations recovered only sluggishly by 2.3 points. With the expectations component still at -14.0 points, the recession theme therefore remains. Internationally, there are increasing signs of recovery. The US region in particular is scoring well, with the overall index rising by 5.9 points to 12.1 points. Asia also continues to impress. The Asia ex Japan (China) region and Japan itself continue to try to develop economic momentum. As a result, the sentix Global Aggregate climbs to its highest level since February 2022.

Euro area: Moderate recovery continues

The sentix Economic Sentiment Index rose for the fourth time in a row to -12.9 points at the beginning of February. This is the highest value since April 2023. Both the current assessment (+2.5 points) and the expectations (+3.3 points) improved. Expectations have thus risen for the fifth time in a row. Nevertheless, the recovery can be classified as "moderate". At -20.0 points, the current situation values remain at a very weak level. The expectation values have been laboriously creeping upwards for 5 months, but at -5.5 points still remain in the contraction range. The eurozone is thus continuing to fight against recessionary tendencies in the economy. The expectation values would have to become clearly positive in order to give hope for a turnaround.



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

Many investors are still betting on a possible turnaround in interest rates by the ECB and the US Federal Reserve. The "central bank policy" barometer continues to rise, signaling prospective support for the economy and capital markets. Investors are betting that inflation will continue to ease and that the economic weakness will encourage the ECB to act. This could prove to be a fallacy for the US Federal Reserve, as the US economic figures provide no reason for hasty interest rate cuts (see next page).



Germany: The crisis is persistent

The negative economic pull for the eurozone comes primarily from Germany. The assessment here fell to - 39.3 points. Germany is stuck in recession and is struggling to emerge from it. The rise in the expectations component from -16.3 points to - 14.0 is therefore no cause for celebration. The negative values still indicate a continuing contraction process, but the pressure of the deterioration is easing. The economic crisis is persistent and the political responses so far give little hope of improvement.

Germany

	Sep. 23	Oct. 23	Nov. 23	Dec. 23	Jan. 24	Feb. 24
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Overall index	-33,1	-31,1	-26,3	-25,5	-26,1	-27,1
Headline Index						
- Current situation	-38,3	-39,5	-37,8	-35,3	-35,5	-39,3
- Expectations	-27,8	-22,3	-14,0	-15,3	-16,3	-14,0

Highest since
04.2023

USA: Strong statement

The US, on the other hand, has delivered a positive surprise: the overall index for the US economy has risen to +12.1 points. The situation values in particular sent out a strong statement: with a plus of 7.8 points, the assessment of the current situation climbed to its highest level since March 2022! The expectations component also picked up further by 4.2 points. The zero line has meanwhile been reached and investors are now writing the status quo (good situation values) into the future.

United States

	Sep. 23	Oct. 23	Nov. 23	Dec. 23	Jan. 24	Feb. 24
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Overall index	2,2	0,8	5,0	5,6	6,2	12,1
Headline Index						
- Current situation	14,0	11,8	18,0	19,3	17,5	25,3
- Expectations	-9,0	-9,5	-7,3	-7,3	-4,5	-0,3

Highest since
02.2022

4. increase in a row

Highest since
03.2022
Highest since
02.2022

Asia and Japan pick up

There are also further improvements to report from Asia. Japan in particular is impressing with a marked increase in the current assessment (+8.2 points) to a level of +18.5 points. All components are moving dynamically. The same applies to the Asia ex Japan region. Even though the current assessments here are still much more moderate than in Japan, the positive trend in economic expectations is encouraging. The sub-index there improved to +10.3 points.

Japan

	Sep. 23	Oct. 23	Nov. 23	Dec. 23	Jan. 24	Feb. 24
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Overall index	3,5	3,3	4,5	4,6	6,8	13,2
Headline Index						
- Current situation	10,5	10,3	8,5	9,3	10,3	18,5
- Expectations	-3,3	-3,5	0,5	0,0	3,5	8,0

Highest since
02.2022

4. increase in a row

Highest since
11.2021
Highest since
02.2022

3. increase in a row

For the global economic trend, this means that a slight/moderate upswing is emerging. With the highest index level since February 2022, the sentix Global Aggregate Overall Index improves to +2.0 points, while the expectations component even rises to +3.2 points.



Further result tables

Asia ex Japan	Sep. 23	Oct. 23	Nov. 23	Dec. 23	Jan. 24	Feb. 24		
Overall index	0,9	0,7	2,7	4,1	6,7	6,7		
Headline Index								
- Current situation	0,3	1,0	1,3	2,0	4,8	3,3		
- Expectations	1,5	0,5	4,3	6,3	8,8	10,3	Highest since 03.2023	4. Increase in a row
Eastern Europe	Sep. 23	Oct. 23	Nov. 23	Dec. 23	Jan. 24	Feb. 24		
Overall index	-22,5	-23,1	-21,1	-19,2	-17,9	-15,7	Highest since 02.2022	4. increase in a row
Headline Index								
- Current situation	-28,8	-30,0	-29,0	-27,5	-25,3	-23,8	Highest since 02.2022	4. increase in a row
- Expectations	-16,0	-16,0	-12,8	-10,5	-10,3	-7,3	Highest since 02.2022	4. Increase in a row
Latin America	Sep. 23	Oct. 23	Nov. 23	Dec. 23	Jan. 24	Feb. 24		
Overall index	-11,6	-11,5	-11,5	-10,2	-6,5	-5,7	Highest since 02.2022	5. increase in a row
Headline Index								
- Current situation	-14,0	-15,0	-16,8	-16,3	-10,5	-11,8		
- Expectations	-9,3	-8,0	-6,0	-4,0	-2,5	0,5	Highest since 02.2022	5. Increase in a row
Global	Sep. 23	Oct. 23	Nov. 23	Dec. 23	Jan. 24	Feb. 24		
Overall index	-5,4	-5,8	-3,3	-2,0	-0,1	2,0	Highest since 02.2022	4. increase in a row
Headline Index								
- Current situation	-3,9	-5,0	-3,8	-2,5	-0,8	0,9	Highest since 05.2023	4. increase in a row
- Expectations	-6,8	-6,6	-2,8	-1,6	0,5	3,2	Highest since 02.2023	5. Increase in a row
Switzerland	Sep. 23	Oct. 23	Nov. 23	Dec. 23	Jan. 24	Feb. 24		
Overall index	-5,6	-3,7	-2,3	3,3	2,9	4,1	Highest since 07.2023	
Headline Index								
- Current situation	5,8	0,5	3,5	10,5	11,8	12,0	Highest since 08.2023	4. increase in a row
- Expectations	-16,3	-7,8	-8,0	-3,8	-5,5	-3,5	Highest since 02.2023	
Austria	Sep. 23	Oct. 23	Nov. 23	Dec. 23	Jan. 24	Feb. 24		
Overall index	-13,3	-26,3	-20,7	-23,0	-17,1	-12,6	Highest since 06.2023	
Headline Index								
- Current situation	-14,0	-29,5	-26,3	-35,5	-28,8	-22,0	Highest since 09.2023	
- Expectations	-12,5	-23,0	-15,0	-9,5	-4,8	-2,8	Highest since 02.2022	4. Increase in a row



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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