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sentix Economic Index: Will everything be fine now?

- The overall economic index for the eurozone rises for the sixth time in a row and reaches its best value since February 2022 at -5.9 points. Expectations are also positive again for the first time since the start of the Ukraine conflict.
- Although Germany remains at the bottom of the table in relative terms, it also improved significantly this month by 7.4 points in the overall index. Here, too, we are measuring the best expectation values since February 2022.
- The upturn is also gaining breadth internationally. Across all regions, with the exception of Austria, we are measuring improvements in the economic situation and expectations. The Milei effect in Latin America is likely to disappoint fans of Argentina's libertarian president so far.

Statistics

Poll from **4th Apr. to 6th Apr. 2024**
Survey participants: **1,201 investors**
(**237** of those are institutional investors)

Current economic regimes* of countries /regions in focus:

| Region / country | Regime | Region / country | Regime |
|------------------|---------------|------------------|---------------|
| Eurozone | Stabilization | USA | Upswing |
| Germany | Downturn | Japan | Upswing |
| Switzerland | Upswing | Asia ex-Japan | Upswing |
| Austria | Downturn | Latin America | Stabilization |
| Eastern Europe | Downturn | Global Aggregate | 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: April 2024

| Euro Area | Nov. 23 | Dec. 23 | Jan. 24 | Feb. 24 | Mar. 24 | Apr. 24 | | |
|---------------------|---------|---------|---------|---------|---------|---------|-----------------------|----------------------|
| Overall index | -18.6 | -16.8 | -15.8 | -12.9 | -10.5 | -5.9 | Highest since 02.2022 | 6. increase in a row |
| Headline Index | | | | | | | | |
| - Current situation | -26.8 | -23.5 | -22.5 | -20.0 | -18.5 | -16.3 | Highest since 06.2023 | 6. increase in a row |
| - Expectations | -10.0 | -9.8 | -8.8 | -5.5 | -2.3 | 5.0 | Highest since 02.2022 | 7. Increase in a row |



Commentary on the survey results for April 2024

Will everything be fine now?

Will there finally be a sustainable economic upturn? At least the economic recovery in the eurozone and worldwide is continuing. We are measuring the sixth consecutive rise in the overall index for the eurozone. The index rises to -5.9 points. Expectations for the eurozone have even risen for the seventh time and, at +5 points, are at their highest level since February 2022. The economic signals are also stabilising internationally. Only Austria is an exception here with a completely divergent development.

Euro area: Best expectations since February 2022

In April 2024, sentix economic expectations are back in positive territory for the first time since the start of the Ukraine conflict in February 2022. At 7.3 points, the seventh consecutive increase is strong. This should at least bring the recessionary period in the eurozone to an end. Overall, however, the economic recovery phase that started at the end of 2022 is comparatively weak. Expectations usually rise significantly faster after a lower turning point into positive territory. After all, as the first derivative, expectations represent a momentum and not a level. Just how weak the European economy remains overall is also shown by the development of the situation values. Although these are also improving for the sixth time in a row and the index level of -16.3 points is still the best value since June 2023, the index has "only" recovered from the low in October 2022, when fears of an acute energy crisis dominated, from -38.5 to the current -16.25.



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

Although the economic momentum is moving in the right direction, it lacks momentum. This is probably still due in no small part to the relative weakness of the German economy, which we analyse in more detail below. As much as the economic improvement is nevertheless cause for celebration, this weak upswing is already clearly dampening hopes for inflation and thus interest rate cuts. In any case, the support for the interest rate markets is becoming noticeably weaker. The inflation index is falling from +13 to +7 points. Investors still expect a more expansive central bank policy in the eurozone. However, should the global economy really gain momentum, these interest rate hopes are unlikely to be realised.



Germany: Economic signs of life

The German economy remains the relative problem child of the major industrialised nations. This also applies despite the significant improvement in expectations that we were able to measure in April. The corresponding sentix barometer rose by a strong 10.8 points to -3.5 points. This is the best value since February 2022, even though expectations still remain negative. As the situation values have also recovered somewhat from their lows, the overall index for the German economy has risen to -20.5 points. Despite the strong increase, Germany thus remains at the bottom of the economic league.

| Germany | Nov. 23 | Dec. 23 | Jan. 24 | Feb. 24 | Mar. 24 | Apr. 24 | |
|-----------------------|---------|---------|---------|---------|---------|---------|-----------------------|
| Overall index | -26.3 | -25.5 | -26.1 | -27.1 | -27.9 | -20.5 | Highest since 05.2023 |
| Headline Index | | | | | | | |
| - Current situation | -37.8 | -35.3 | -35.5 | -39.3 | -40.5 | -36.0 | |
| - Expectations | -14.0 | -15.3 | -16.3 | -14.0 | -14.3 | -3.5 | Highest since 02.2022 |

USA: Still very robust

The US economy paints a significantly different picture. The robust assessment of the situation is particularly striking here, which is also at its best level since February 2022. It should be noted that this refers to the situation, not expectations. However, the latter may also improve in April 2024 and are also at their best level since February 2022. The downside of this very robust US economy, however, could be that hopes of interest rate cuts not only have to be postponed into the future, but buried altogether. This thematic change is likely to characterise capital market developments in the short term.

| United States | Nov. 23 | Dec. 23 | Jan. 24 | Feb. 24 | Mar. 24 | Apr. 24 | |
|-----------------------|---------|---------|---------|---------|---------|---------|--|
| Overall index | 5.0 | 5.6 | 6.2 | 12.1 | 16.9 | 18.9 | Highest since 02.2022 6. increase in a row |
| Headline Index | | | | | | | |
| - Current situation | 18.0 | 19.3 | 17.5 | 25.3 | 29.5 | 31.5 | Highest since 02.2022 3. increase in a row |
| - Expectations | -7.3 | -7.3 | -4.5 | -0.3 | 5.0 | 7.0 | Highest since 02.2022 4. increase in a row |

Global aggregate: The upturn is stabilising

The economic recovery is also evident at a global level. The global aggregate is rising for the sixth time in a row and, at +9.2 points, is also at its best level since February 2022. Practically all regions of the world are contributing to this positive development. Supporters of the libertarian president of Argentina are likely to be somewhat disappointed. His record of turning around the economic mood is not yet fully convincing.

| Global | Nov. 23 | Dec. 23 | Jan. 24 | Feb. 24 | Mar. 24 | Apr. 24 | |
|-----------------------|---------|---------|---------|---------|---------|---------|--|
| Overall index | -3.3 | -2.0 | -0.1 | 2.0 | 6.6 | 9.2 | Highest since 02.2022 6. increase in a row |
| Headline Index | | | | | | | |
| - Current situation | -3.8 | -2.5 | -0.8 | 0.9 | 5.5 | 8.0 | Highest since 03.2022 6. increase in a row |
| - Expectations | -2.8 | -1.6 | 0.5 | 3.2 | 7.7 | 10.4 | Highest since 02.2022 7. Increase in a row |



Further result tables

| Japan | Nov. 23 | Dec. 23 | Jan. 24 | Feb. 24 | Mar. 24 | Apr. 24 | |
|-----------------------|---------|---------|---------|---------|---------|---------|--|
| Overall index | 4.5 | 4.6 | 6.8 | 13.2 | 12.5 | 13.9 | Highest since 02.2022 |
| Headline Index | | | | | | | |
| - Current situation | 8.5 | 9.3 | 10.3 | 18.5 | 14.5 | 16.8 | |
| - Expectations | 0.5 | 0.0 | 3.5 | 8.0 | 10.5 | 11.0 | Highest since 02.2022 4. Increase in a row |
| Asia ex Japan | | | | | | | |
| | Nov. 23 | Dec. 23 | Jan. 24 | Feb. 24 | Mar. 24 | Apr. 24 | |
| Overall index | 2.7 | 4.1 | 6.7 | 6.7 | 13.0 | 15.6 | Highest since 02.2022 |
| Headline Index | | | | | | | |
| - Current situation | 1.3 | 2.0 | 4.8 | 3.3 | 10.3 | 14.0 | Highest since 04.2023 |
| - Expectations | 4.3 | 6.3 | 8.8 | 10.3 | 15.8 | 17.3 | Highest since 02.2022 6. Increase in a row |
| Eastern Europe | | | | | | | |
| | Nov. 23 | Dec. 23 | Jan. 24 | Feb. 24 | Mar. 24 | Apr. 24 | |
| Overall index | -21.1 | -19.2 | -17.9 | -15.7 | -11.8 | -9.7 | Highest since 02.2022 6. increase in a row |
| Headline Index | | | | | | | |
| - Current situation | -29.0 | -27.5 | -25.3 | -23.8 | -18.8 | -18.8 | |
| - Expectations | -12.8 | -10.5 | -10.3 | -7.3 | -4.5 | -0.3 | Highest since 02.2022 6. Increase in a row |
| Latin America | | | | | | | |
| | Nov. 23 | Dec. 23 | Jan. 24 | Feb. 24 | Mar. 24 | Apr. 24 | |
| Overall index | -11.5 | -10.2 | -6.5 | -5.7 | -2.6 | -1.6 | Highest since 02.2022 7. increase in a row |
| Headline Index | | | | | | | |
| - Current situation | -16.8 | -16.3 | -10.5 | -11.8 | -8.8 | -8.0 | Highest since 05.2019 |
| - Expectations | -6.0 | -4.0 | -2.5 | 0.5 | 3.8 | 5.0 | Highest since 02.2022 7. Increase in a row |
| Switzerland | | | | | | | |
| | Nov. 23 | Dec. 23 | Jan. 24 | Feb. 24 | Mar. 24 | Apr. 24 | |
| Overall index | -2.3 | 3.3 | 2.9 | 4.1 | 11.8 | 14.7 | Highest since 02.2022 3. increase in a row |
| Headline Index | | | | | | | |
| - Current situation | 3.5 | 10.5 | 11.8 | 12.0 | 15.3 | 19.8 | Highest since 07.2023 |
| - Expectations | -8.0 | -3.8 | -5.5 | -3.5 | 8.5 | 9.8 | Highest since 02.2022 3. Increase in a row |
| Austria | | | | | | | |
| | Nov. 23 | Dec. 23 | Jan. 24 | Feb. 24 | Mar. 24 | Apr. 24 | |
| Overall index | -20.7 | -23.0 | -17.1 | -12.6 | -10.5 | -20.9 | |
| Headline Index | | | | | | | |
| - Current situation | -26.3 | -35.5 | -28.8 | -22.0 | -21.3 | -34.0 | |
| - Expectations | -15.0 | -9.5 | -4.8 | -2.8 | 1.0 | -6.8 | |



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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