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sentix Economic Index: Global economy on the brink

- The sentix economic index for the euro area falls again in February 2016. The overall index lost 3.6 points to +6.0 points.
- The values for the current assessment as well as the expectation values are under pressure. The former locomotive Germany cools noticeably.
- While the values for Asia ex Japan were somewhat overstated last month and it comes here a slight recovery, all other global regions remain in a negative fairway. The global economy is thus currently on the brink, led by a US economic downturn!

Statistics

Poll running: **04.02.-06.02.2016**

Survey participants: **1.101 investors**
(of which institutional investors: **285**)

Current economic regimes* of countries /regions in focus:

Region / country	Regime	Region / country	Regime
Eurozone	upturn	USA	downturn
Germany	cooling	Japan	slight downturn
Switzerland	stagnation	Asia ex Japan	slight downturn
Austria	stagnation	Latin America	recession
Eastern Europe	downturn	Global Aggregate	slight downturn

* 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 Eurozone economy: February 2016

Euro area	Sep 15	Oct 15	Nov 15	Dec 15	Jan 16	Feb 16	
Overall Index	13.6	11.7	15.1	15.7	9.6	6.0	Lowest since April 15
Headline Index							
- Current situation	15.0	13.0	16.0	13.5	13.0	10.5	
- Expectations	12.3	10.5	14.3	18.0	6.3	1.5	



Commentary on the survey results for February 2016

Global economy on the brink

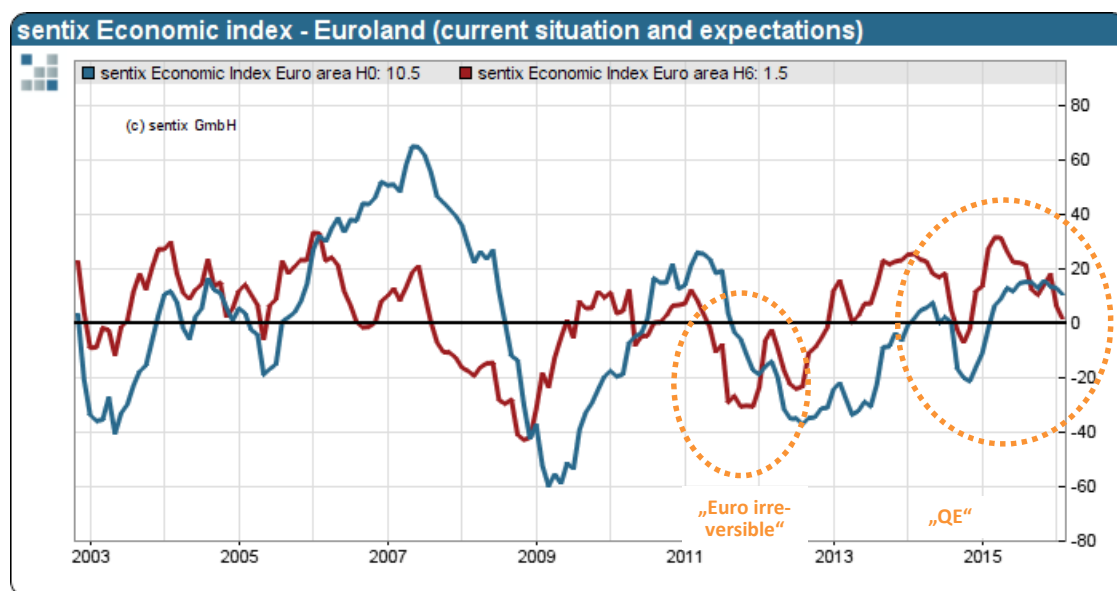
Who thought the collapse of sentix-economic indices in January were a one-time event will be disappointed with the February data. Although the values for Asia ex Japan recover something, this month results do not shape a fundamentally new image. In particular, the loss of momentum in Germany and the United States weighs heavily and stresses that the global economy is now in a very fragile state.

Eurozone – Not immune

The euro zone proves, is it any wonder there, as not immune to the enormous loss of momentum in the global economy. The sentix economic sentiment indicator for the euro zone loses again 3.6 points and is thus at only +6 points. The current assessment index falls for the third time in a row to its lowest level since April 2015. The expectation index got hit even harder. With +1.5 points the index is at the lowest level since November 2014.

What is already apparent in the weekly sentix surveys, is now confirmed in the economic index too: The wordy protestations of central banks, to affect the economy with planned further rate actions (ECB) or with concrete implementation decisions (Bank of Japan) positively, currently fade among investors. Rather, two other factors currently dominate the scenery negatively.

Firstly, the interest rate increase by the Fed in December 2015, which is now considered by the majority of investors a big mistake. Secondly, the situation in commodity markets and Emerging Markets burdened prospects of the investors. The common denominator of these negative factors is the strong US dollar. Do we need a new "plaza accord" for a trend change?



sentix Economic Index, Euro area: **current situation** (blue) and **expectations** (red)

From the perspective of the investors interviewed by sentix, a continuation of the monetary and exchange rate policies of the past two years seems in any case not the appropriate measure to break the current, negative dynamics of the global economy.



USA – Downturn is becoming more tangible

The rate hike by the Fed could not be placed worse from the perspective of investors. Because the investors had already in December the perception that the US economy is likely to have peaked. The loss of momentum in the last two months is still breathtaking. The current situation values have halved within two months and the expectation values are now at -8.8 points clearly negative.

The US economy is on the verge of a downturn. And the Fed probably will not react as they have to, because it would require to admit a significant miscalculation.

USA	Sep 15	Oct 15	Nov 15	Dec 15	Jan 16	Feb 16	
Overall Index	19.8	16.4	20.8	18.8	9.6	3.7	Lowest since October 12
Headline Index							
- Current situation	36.8	31.5	35.5	33.0	26.5	17.0	Lowest since April 13
- Expectations	4.0	2.3	7.0	5.5	-6.0	-8.8	Lowest since August 12

Globale Tendenz – On the brink

The good news first: The sentix economic values for the Asian region, which is dominated by China, have not fallen further in February. But the moderate increase of -7.6 to -4.3 points is merely a "technical correction". The investors had over-reacted in January due to the sharp deterioration of the environment.

But the big picture hasn't changed at all The global economy is on the brink as none of the regions covered by sentix are sending signs of hope. Particularly battered are the regions of Latin America and Eastern Europe. But also in Japan failed the administration to reverse the trend with the newest "stimulus package" of negative interest rates.

Asia ex Japan	Sep 15	Oct 15	Nov 15	Dec 15	Jan 16	Feb 16
Overall Index	-4.3	-0.4	9.9	8.5	-7.6	-4.3
Headline Index						
- Current situation	-4.0	-2.5	9.3	6.3	-6.8	-3.8
- Expectations	-4.5	1.8	10.5	10.8	-8.5	-4.8

Global Aggregate	Sep 15	Oct 15	Nov 15	Dec 15	Jan 16	Feb 16	
Overall Index	3.3	3.0	9.5	8.5	-1.6	-3.6	Lowest since August 12



More tables

Germany	Sep 15	Oct 15	Nov 15	Dec 15	Jan 16	Feb 16	
Overall Index	20.6	17.8	20.1	22.7	18.1	14.5	Lowest since November 14
Headline Index							
- Current situation	37.9	35.1	36.4	36.4	35.6	33.0	Lowest since December 14
- Expectations	4.4	1.8	5.0	9.7	1.8	-2.6	Lowest since October 14
Switzerland	Sep 15	Oct 15	Nov 15	Dec 15	Jan 16	Feb 16	
Overall Index	7.7	5.5	10.2	-2.5	1.4	5.0	
Austria	Sep 15	Oct 15	Nov 15	Dec 15	Jan 16	Feb 16	
Overall Index	-5.1	6.7	-0.6	9.6	2.1	6.2	
Japan	Sep 15	Oct 15	Nov 15	Dec 15	Jan 16	Feb 16	
Overall Index	1.1	-2.5	3.9	2.9	-3.0	-6.9	Lowest since November 11
Headline Index							
- Current situation	4.0	-2.5	4.3	-0.3	-0.3	-6.5	
- Expectations	-1.8	-2.5	3.5	6.0	-5.8	-7.3	
Eastern Europe	Sep 15	Oct 15	Nov 15	Dec 15	Jan 16	Feb 16	
Overall Index	-13.0	-12.7	-6.8	-7.1	-14.7	-17.3	Lowest since September 09
Headline Index							
- Current situation	-18.3	-20.3	-14.5	-16.3	-20.6	-24.3	
- Expectations	-7.5	-4.8	1.3	2.5	-8.5	-10.0	
Latin America	Sep 15	Oct 15	Nov 15	Dec 15	Jan 16	Feb 16	
Overall Index	-25.7	-26.2	-19.5	-19.7	-26.6	-28.8	Lowest since December 08
Headline Index							
- Current situation	-38.8	-42.5	-35.8	-36.3	-42.8	-45.3	
- Expectations	-11.5	-8.3	-1.6	-1.5	-8.8	-10.5	



Data availability

Bloomberg

FACTSET



Macrobond



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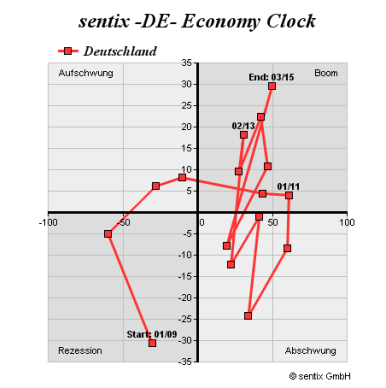
About sentix

The sentix GmbH is a Germany-based independent research institute, located in Frankfurt / Main. Founded in 2001, sentix provides analysts and investors, as well as the media and officials, with information about investors' preferences and their estimates and expectations about markets and economic trends.

Sentix is recognized in the industry as one of the leading experts in market sentiment and Behavioral Finance data. Among our clients are big fund managements groups as well as banks and independent fiduciaries. The data products are derived from the sentix Global Investor survey, to which more than 5.000 investors from 20+ countries contribute.

Background, methodology and more

See <http://economics.sentix.de>



The idea of the „economy clock“

The sentix economy clock shows the assessment of the current situation and investors' 6-month expectations in a x-y diagram. The assessment of the current situation is displayed on the x-axis and 6-month expectations on the y-axis. An upturn, for instance, is characterised by still negative readings for the assessment of the current situation but already positive values for investors' expectations. This is why the upturn area lies in the upper left part of the clock. The graph on the left hand side shows Germany starting in 2009 from a recession ending in 03/15 in a boom.



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