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sentix Economic Index: The dust is settling

- In the eurozone, the situation has improved surprisingly to -19.3 points following the US tariff shock. Expectations have also rebounded strongly and are back in positive territory. The overall eurozone index improved accordingly by 11.4 points to -8.1.
- The calm reaction in Europe to the erratic US tariff policy has also led to an improvement in the situation in Germany. Expectations have jumped by more than 20 points.
- One month after the shock waves caused by US tariff policy, the dust is settling. The US economy remains damaged. The situation is at its weakest since January 2021. China's economy also continues to be affected, as does Switzerland. Overall, the global economy has not yet digested the tariff shock.

Statistics

Poll from **01st May to 3rd May 2025**
Survey participants: **1,068 investors**
(206 of those are institutional investors)

Current economic regimes* of countries /regions in focus:

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

* 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: May 2025

Euro Area	Dec. 24	Jan. 25	Feb. 25	Mar. 25	Apr. 25	May. 25
Overall index	-17.5	-17.7	-12.7	-2.9	-19.5	-8.1
Headline Index						
- Current situation	-28.5	-29.5	-25.5	-21.8	-23.3	-19.3
- Expectations	-5.8	-5.0	1.0	18.0	-15.8	3.8

Highest since 08.2024



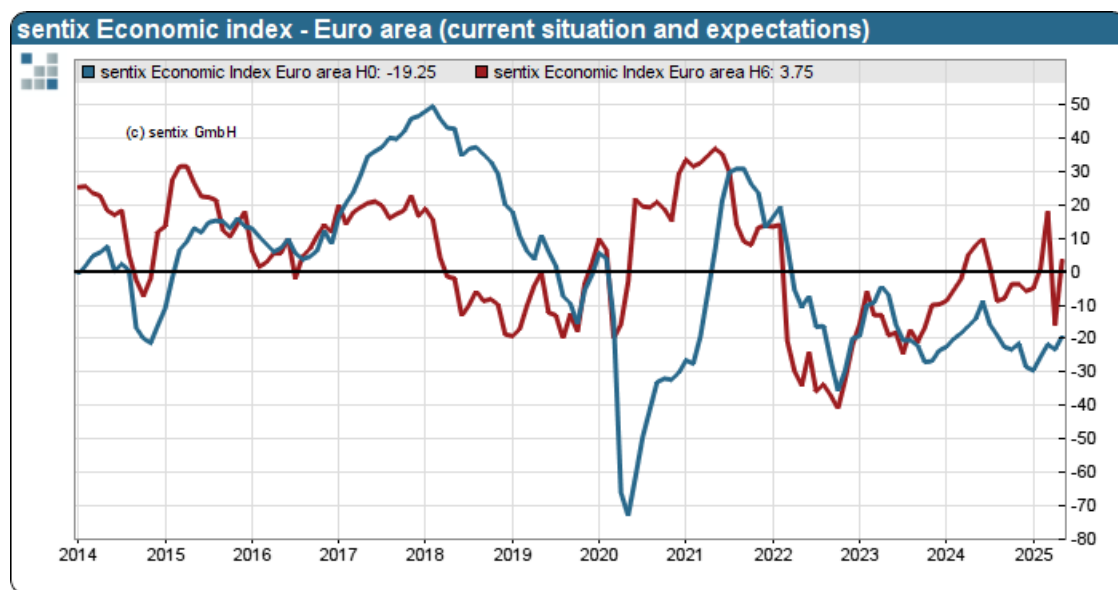
Commentary on the survey results for May 2025

The dust is settling

One month after the massive shock that rocked investors due to US tariff policy and sent sentix economic data into free fall, the dust is settling. Investors are revising their economic assessments, in some cases significantly. The data on the eurozone economy could be described as 'a rollback after the rollback'. Investors are acknowledging the calm response to US tariffs so far. Both the current situation and expectations are showing signs of recovery. The main victims of Trump's tariff policy are the US economy and, to some extent, the economies of China and Switzerland. However, the period of uncertainty is probably not over yet.

Euro area: Prudence pays off

Investors in the latest sentix survey appreciate the EU Commission's level-headed response to US tariff policy so far. The assessment of the current situation improved by 4 points but remains negative at -19.3 points. Expectations, on the other hand, jumped by 19.6 points. This is remarkable, as it shows that investors have largely abandoned the recession fears they expressed last month. On the other hand, expectations are still well below the March figures, when the German parliament paved the way for massive debt expansion. The overall index now stands at -8.1 points, its second-best figure this year.



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

The sentix theme barometers provide further insight into investors' current expectations for the economy. Inflation data came as a surprise with a significant improvement. At least for the eurozone, no negative inflation surprises are expected. From the perspective of ECB investors, this should enable further interest rate cuts, which are likely to be the basis for improved economic expectations.

All in all, investors now have a more subdued but basically 'calm' view of the economy than they did in March. Against the backdrop of Donald Trump's unpredictability and signs of weakness in the US economy, this is a surprisingly relaxed assessment.



Germany: First a new government

Germany is also benefiting from the fact that there are no signs of an imminent escalation in the tariff dispute within the EU. On the other hand, there is also hope that a ceasefire could soon be reached in Ukraine. In addition, with the election of a new chancellor, the new government is taking office. It will be interesting to see whether and what priorities will now be set for Germany. In any case, investors are prepared to give the new government a certain amount of leeway.

Germany	Dec. 24	Jan. 25	Feb. 25	Mar. 25	Apr. 25	May. 25	
Overall index	-33.2	-33.3	-29.7	-12.5	-27.8	-16.0	
Headline Index							
- Current situation	-50.8	-50.8	-50.8	-40.5	-39.0	-35.3	Highest since 07.2024 3. increase in a row
- Expectations	-13.5	-13.8	-5.8	20.5	-15.8	5.5	

USA: Self-harm

So far, the sentix economic data suggest that Trump's erratic tariff policy has primarily damaged the US itself. While all other regions recorded only slight declines or increases in their assessment of the current situation compared with the previous month, the US figures fell significantly by 10.3 points. This is the weakest figure since January 2021. Although expectations for the US economy have also recovered, they are still at -25.8 points, the second-weakest figure of the year and clearly in negative territory. Despite the weak economic data, however, a rapid response by the Fed is unlikely, because if there are negative inflationary effects from the US tariffs, then these should be reflected in the US data.

United States	Dec. 24	Jan. 25	Feb. 25	Mar. 25	Apr. 25	May. 25	
Overall index	21.6	19.2	21.2	-2.7	-22.0	-17.9	
Headline Index							
- Current situation	33.3	30.5	35.3	13.5	0.5	-9.8	Lowest since 01.2021 3. decline in a row
- Expectations	10.5	8.5	8.0	-17.8	-42.0	-25.8	

Global economy: Digestion problems

The global economy remains sluggish. The US tariff shock has not yet been digested. The situation values are falling for the third time in a row. The improved expectations are positive, but remain negative at -1.6 points. The current weakness is focused on the US economy and China, so it is probably too early to sound the all-clear.

Global	Dec. 24	Jan. 25	Feb. 25	Mar. 25	Apr. 25	May. 25	
Overall index	5.3	5.0	7.5	4.6	-12.0	-3.7	
Headline Index							
- Current situation	3.6	3.3	5.8	2.3	-4.0	-5.7	Lowest since 01.2023 3. decline in a row
- Expectations	7.1	6.7	9.1	6.9	-19.6	-1.6	



Further result tables

Japan	Dec. 24	Jan. 25	Feb. 25	Mar. 25	Apr. 25	May. 25
Overall index	6.6	7.6	8.0	4.6	-10.4	-0.5
Headline Index						
- Current situation	7.5	8.5	8.3	5.0	-2.0	0.0
- Expectations	5.8	6.8	7.8	4.3	-18.5	-1.0

Asia ex Japan	Dec. 24	Jan. 25	Feb. 25	Mar. 25	Apr. 25	May. 25
Overall index	11.4	11.5	13.1	13.5	-3.3	5.0
Headline Index						
- Current situation	9.3	10.5	11.8	11.8	5.5	3.8
- Expectations	13.5	12.5	14.5	15.3	-11.8	6.3

Lowest since
02.2024

Eastern Europe	Dec. 24	Jan. 25	Feb. 25	Mar. 25	Apr. 25	May. 25
Overall index	-12.0	-11.7	-8.5	-5.0	-18.3	-8.2
Headline Index						
- Current situation	-20.5	-20.8	-19.5	-16.5	-18.5	-17.0
- Expectations	-3.0	-2.3	3.3	7.3	-18.0	1.0

Latin America	Dec. 24	Jan. 25	Feb. 25	Mar. 25	Apr. 25	May. 25
Overall index	-4.6	-4.1	-1.3	-2.3	-15.0	-4.1
Headline Index						
- Current situation	-11.5	-12.5	-8.8	-8.0	-13.0	-9.8
- Expectations	2.5	4.8	6.5	3.5	-17.0	1.8

Switzerland	Dec. 24	Jan. 25	Feb. 25	Mar. 25	Apr. 25	May. 25
Overall index	14.0	14.3	24.5	15.1	-1.1	4.8
Headline Index						
- Current situation	22.5	19.0	25.3	18.8	19.5	11.8
- Expectations	5.8	9.8	23.8	11.5	-19.8	-2.0

Lowest since
09.2024

Austria	Dec. 24	Jan. 25	Feb. 25	Mar. 25	Apr. 25	May. 25
Overall index	-37.2	-31.4	-17.4	-11.6	-36.3	-26.7
Headline Index						
- Current situation	-52.0	-43.0	-35.0	-27.0	-40.5	-43.3
- Expectations	-21.0	-19.0	2.0	5.3	-32.0	-8.5



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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