



**DUKASCOPY**  
RESEARCH PRODUCTS

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# Dukascopy Bank Sentiment Index

## Summary

- The current, six-month and three-year global economic sentiment improved considerably in November from October. Gauges assessing the economic prospects climbed to 0.49, 0.59, and 0.72.
- Respondents became more optimistic about the European economic prospects in November. The current, six-month and three-year economic expectations climbed to 0.27, 0.38, and 0.59, respectively.
- North American economic outlook also improved, a Dukascopy Bank SA poll showed. The current, six-month, and three year economic sentiment indices advanced 0.11, 0.18, and 0.16 to 0.53, 0.67, and 0.76, accordingly.
- Asia-Pacific current and six-month economic outlooks improved 0.11 to 0.66 and 0.71, respectively. The three-year economic outlook climbed to 0.82, up from 0.67 in October.

Parameter/ Region	Global	Europe	North America	Asia- Pacific
Current economic outlook	0.49 ↑(0.09)	0.27 ↑(0.03)	0.53 ↑(0.11)	0.66 ↑(0.11)
Six-month economic outlook	0.59 ↑(0.15)	0.38 ↑(0.15)	0.67 ↑(0.18)	0.71 ↑(0.11)
Three-year economic outlook	0.72 ↑(0.16)	0.59 ↑(0.18)	0.76 ↑(0.16)	0.82 ↑(0.15)

Figure 1: Mood indicator

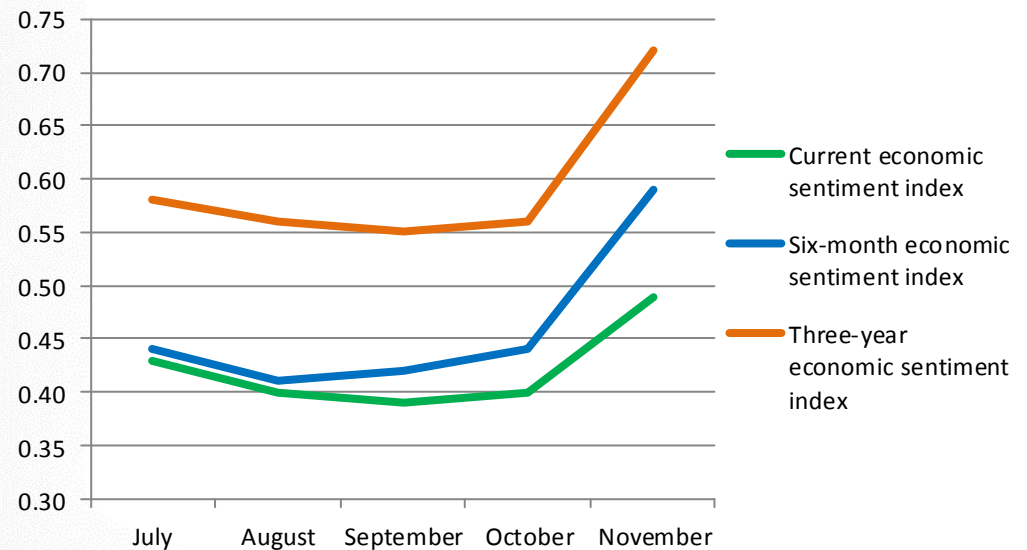


Figure 2: Global economic sentiment index

## Economic outlook (term structure)

Parameter/Region	Europe		North America		Asia-Pacific	
	DBSI	Growth f.	DBSI	Growth f.	DBSI	Growth f.
Current economic outlook	0.27 <b>↑(0.03)</b>	-0.43%	0.53 <b>↑(0.11)</b>	1.20%	0.66 <b>↑(0.11)</b>	3.33%
6-month economic outlook	0.38 <b>↑(0.15)</b>	-0.20%	0.67 <b>↑(0.18)</b>	1.20%	0.71 <b>↑(0.11)</b>	3.87%
3-year economic outlook	0.59 <b>↑(0.18)</b>	1.00%	0.76 <b>↑(0.16)</b>	2.20%	0.82 <b>↑(0.15)</b>	4.07%

Figure 3 presents the term structure of the Dukascopy Bank Sentiment Index (Y-axis) mapped against GDP growth forecasts made by poll respondents (X-axis). Overall, DBSI values and GDP growth forecasts match directionally, supporting the view that the economic conditions in all three regions will improve gradually three-years from now.

Respondents revised the European current, six-month and three year economic growth forecasts to -0.43%, -0.20% and 1.00% in October from -0.80%, -0.47% and 0.50% the previous month.

Poll respondents suggest that the North-American economy will expand around 1.2 per cent in the next six months and that U.S. economic growth will accelerate to 2.20 per cent three years from now.

Asia-Pacific economic outlook remains the most prominent with economic growth forecast of 4.07 per cent three years from now, the Dukascopy Bank SA poll showed.

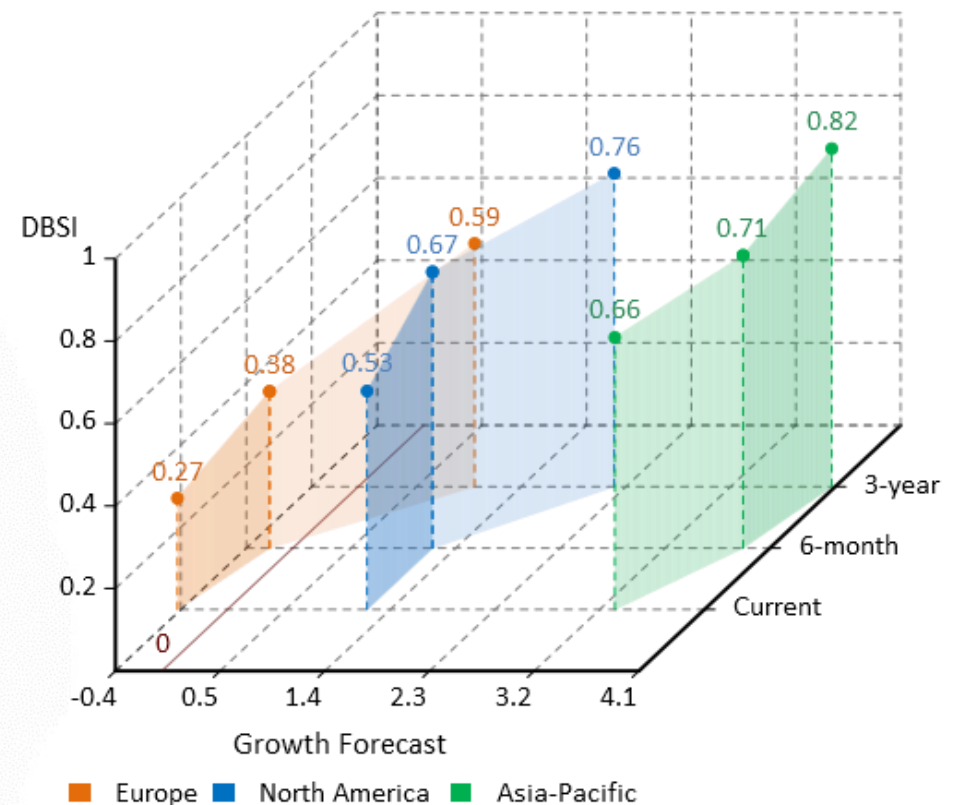


Figure 3: Global economic outlook (term structure)

## Economic development stages

Parameter/Region	Europe			North America			Asia-Pacific		
	Current EDS	6-month EDS	3-year EDS	Current EDS	6-month EDS	3-year EDS	Current EDS	6-month EDS	3-year EDS
Initial recovery	3	8	14	13	15	1	6	4	1
Early expansion			10	6	9	17	5	9	9
Late expansion				1	2	9	4	2	11
Peak						1	2	2	1
Slowdown	6	7	4	9	2	1	11	11	8
Recession	16	9	1	1	1	1		1	
Trough	5	6	1		1		2	1	

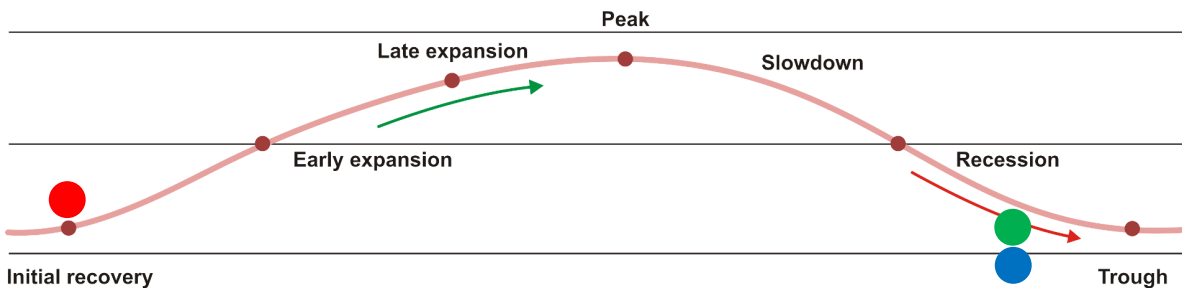


Figure 4: Europe's economic development stages

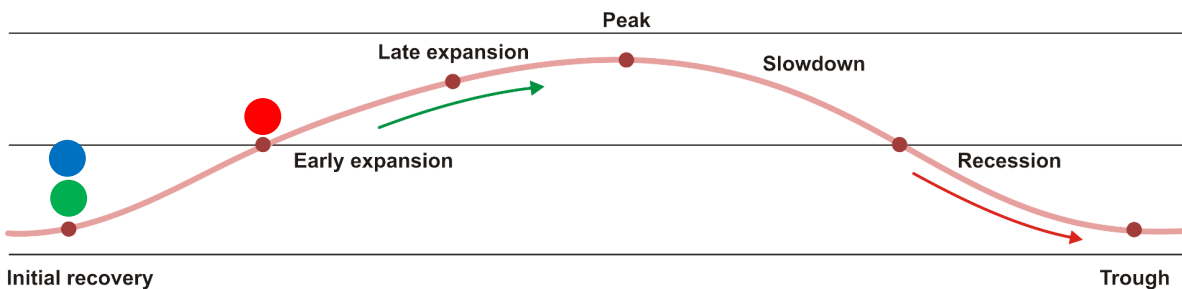


Figure 5: North America's economic development stages

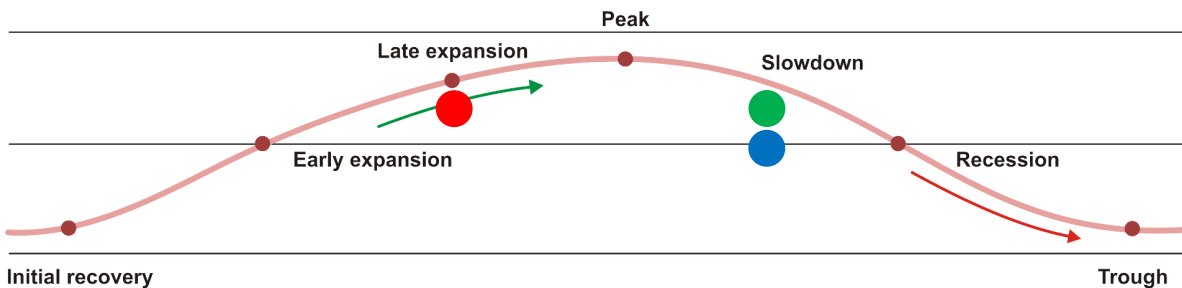


Figure 6: Asia-Pacific economic development stages

Figures 4, 5, & 6 present the current, six-month and three-year economic development stages for Europe, North America, and Asia-Pacific. On the figures, economic development stages are marked with bubbles (green - current EDS, blue - six-month EDS, red - three-year EDS). Each bubble represents a mode of a set of answers.

Respondents claim the European economy entered a recession. Three years from now the economy is expected to improve and enter initial recovery.

Approximately half of respondents say the North American economy is recovering and expect further amelioration of economic conditions at the end of 2015.

Asia-Pacific economic growth is losing pace, the Dukascopy Bank SA poll showed. Eleven respondents claim the economy is experiencing a slowdown.

## Current economic outlook

Parameter/Region	Global	Europe	North America	Asia-Pacific
Median	0.50	0.25	0.50	0.75
Mean (DBSI)	0.49 <b>↑(0.09)</b>	0.27 <b>↑(0.03)</b>	0.53 <b>↑(0.11)</b>	0.66 <b>↑(0.11)</b>
Mode	0.75	0.25	0.50	0.75
Standard Deviation	0.26 <b>↑(0.02)</b>	0.23 <b>↑(0.04)</b>	0.20 <b>↑(0.03)</b>	0.18 <b>↓(0.06)</b>

Figure 7 shows the current economic outlook for Europe, North America, and Asia-Pacific. The global outlook improved 0.09 points to 0.49, up from 0.40 in September.

Europe's economic outlook improved for a third consecutive month to 0.27, the highest level since records began in 2011. Twenty four experts (80%) rated the current economic performance as either "fairly" or "definitely" negative and four experts (13%) claim the current economic outlook is "neutral".

Current North American economic prospects improved to 0.53 in November, after rising to 0.42 in October. Seven experts (23%) claim economic conditions are "fairly" negative, thirteen (43%) say the current economic outlook is "neutral" and ten (33%) are optimistic about the current economic performance.

Current Asia-Pacific economic sentiment climbed to 0.66 from October. Absolute majority of respondents (87%) claim the current economic outlook is either "neutral" or "fairly" positive. Only two (7%) say the outlook is "definitely" positive.

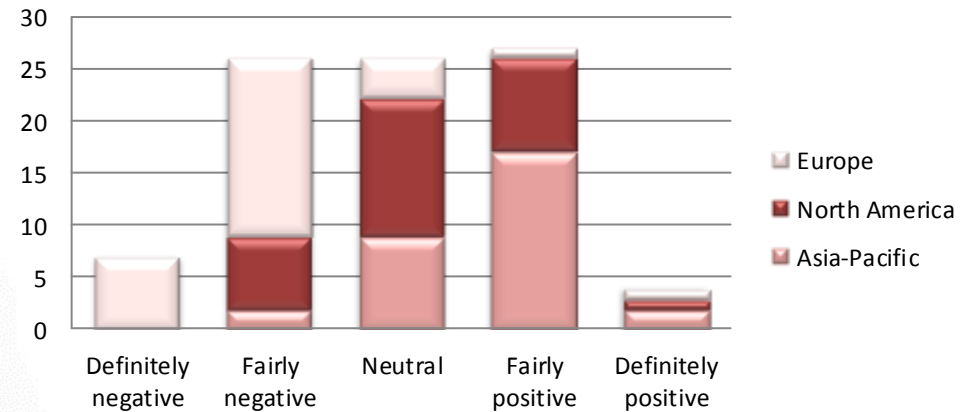


Figure 7: Current global economic outlook

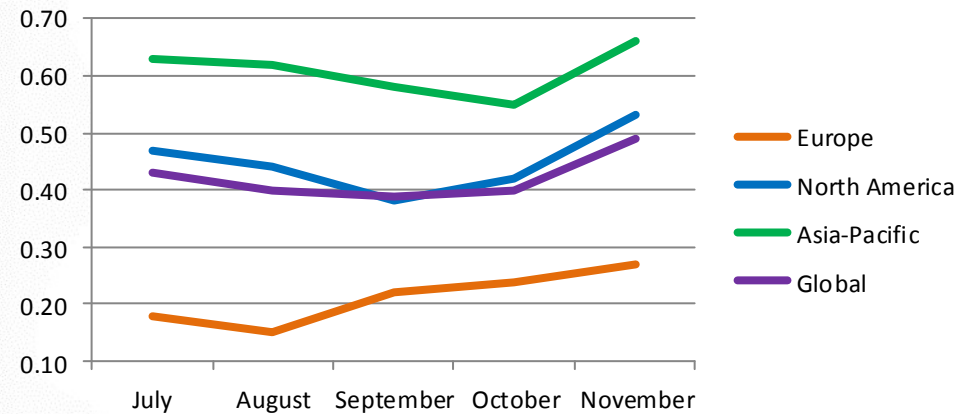


Figure 8: Current economic sentiment index

## Six-month economic outlook

Parameter/Region	Global	Europe	North America	Asia-Pacific
Median	0.50	0.38	0.75	0.75
Mean (DBSI)	0.59 <b>↑(0.15)</b>	0.38 <b>↑(0.15)</b>	0.67 <b>↑(0.18)</b>	0.71 <b>↑(0.11)</b>
Mode	0.75	0.50	0.75	0.75
Standard Deviation	0.25 <b>↑(0.01)</b>	0.24 <b>↑(0.05)</b>	0.15 <b>↓(0.02)</b>	0.21 <b>↑(0.02)</b>

Figure 9 shows the six-month economic outlook for Europe, North America, and Asia-Pacific. The poll conducted by Dukascopy Bank SA reveals that respondents are more optimistic about the economic outlook six-months from now, compared to the current economic prospects.

Europe's economic outlook advanced 0.15 points to 0.38. Half of respondents (50%) are pessimistic about the six-month economic outlook and eleven (37%) claim the outlook is "neutral".

The North American six-month economic sentiment index rose 0.18 points to 0.67 in November, the highest reading since 2011. Twelve (40%) experts say the six-month economic outlook is "neutral" and eighteen (60%) suggest the outlook is either "fairly" or "definitely" positive.

Asia-Pacific six-month economic sentiment index climbed to 0.71, up from 0.60 in October. Twenty one respondents (70%) are optimistic about the economic outlook and seven (23%) claim the outlook is "neutral."

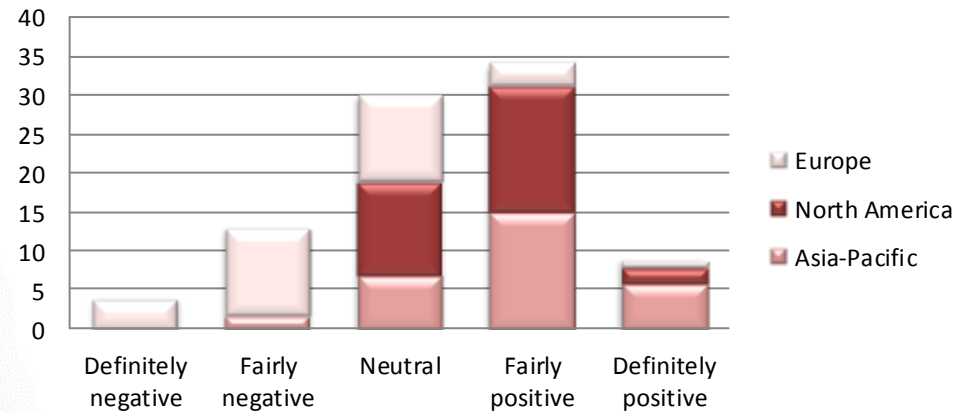


Figure 9: Six-month economic outlook

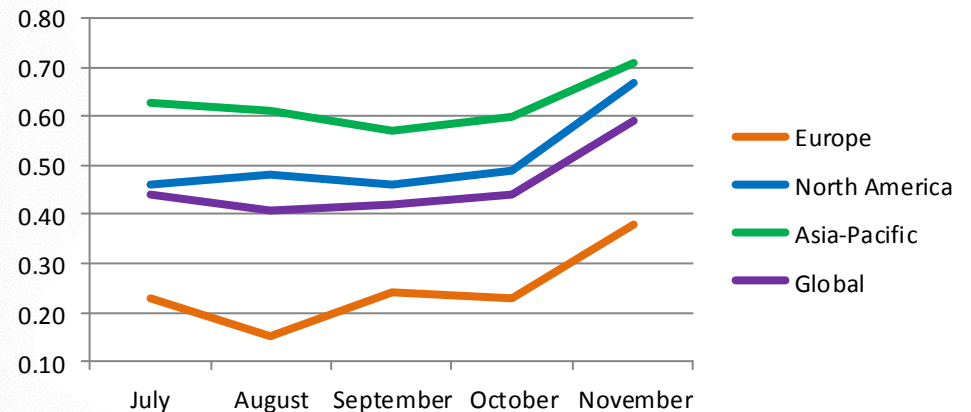


Figure 10: Six-month economic sentiment index

## Three-year economic outlook

Parameter/Region	Global	Europe	North America	Asia-Pacific
Median	0.75	0.63	0.75	0.75
Mean (DBSI)	0.72 <b>↑(0.16)</b>	0.59 <b>↑(0.18)</b>	0.76 <b>↑(0.16)</b>	0.82 <b>↑(0.15)</b>
Mode	0.75	0.75	0.75	1.00
Standard Deviation	0.22 <b>↓(0.01)</b>	0.23 <b>→(0.00)</b>	0.18 <b>→(0.00)</b>	0.18 <b>↓(0.01)</b>

Figure 11 presents the three-year economic outlook for Europe, North America, and Asia-Pacific. The three-year global economic outlook index jumped to 0.72 in November, up from 0.56 in October.

The European three-year economic forecast rose 0.18 points to 0.59. Half of respondents (50%) believe that the three-year economic outlook is either “fairly” or “definitely” positive. Ten (33%) claim that the outlook is “neutral” and the rest are pessimistic about three-year economic prospects.

The North American economic forecast for late 2015 improved 0.16 to 0.76, the highest reading since records began in 2011, with absolute majority of respondents (90%) claiming the economic outlook is “fairly” or “definitely” positive.

The three-year Asia-Pacific economic outlook is more favourable, compared to European and North American economic outlooks, with a sentiment index value of 0.82 points, up by 0.15 points from November. Twenty five respondents (83%) claim the long-term economic outlook is either “fairly” or “definitely” positive.

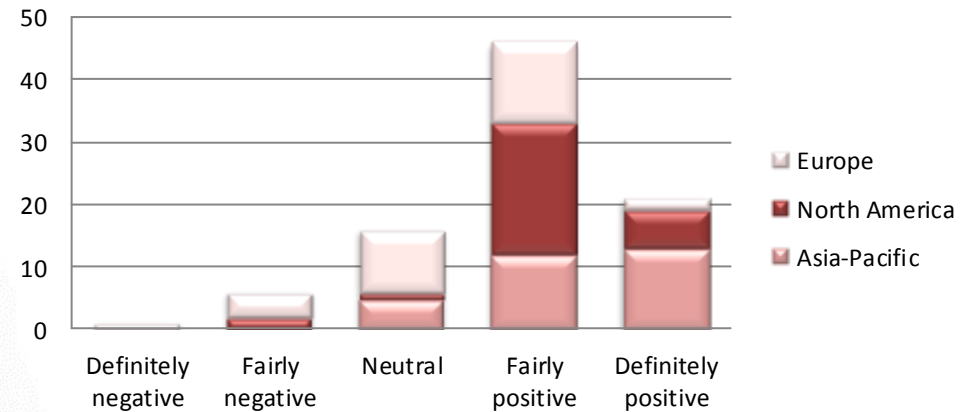


Figure 11: Three-year economic outlook

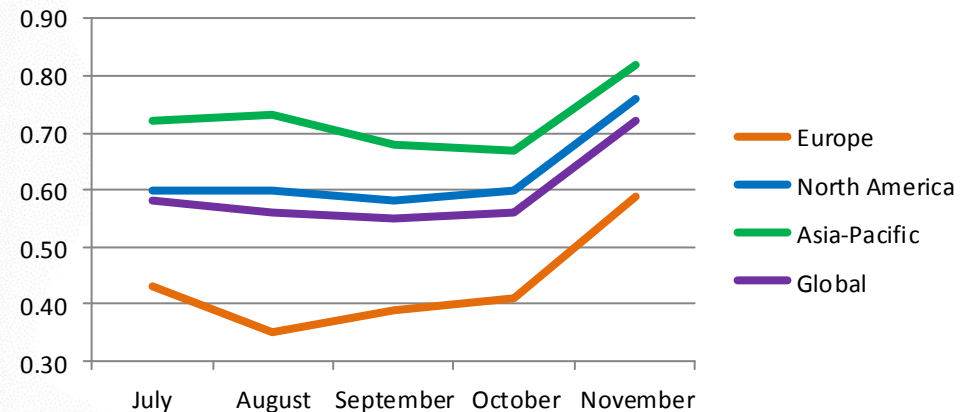


Figure 12: Three-year economic sentiment index

## Economic outlook comparison

Parameter/Region	Europe		North America		Asia-Pacific	
	Local experts	Foreign experts	Local experts	Foreign experts	Local experts	Foreign experts
Current economic outlook	0.30	0.25	0.53	0.54	0.65	0.66
6-month economic outlook	0.40	0.37	0.65	0.68	0.68	0.73
3-year economic outlook	0.60	0.59	0.73	0.78	0.78	0.84

Figure 13 presents a discrepancy in views on the economic outlook among local and foreign experts. November poll results reveal that experts from Europe are more confident about the outlook for Europe, compared to their foreign colleagues.

**Europe:** Local experts are more optimistic about the European economic outlook, compared to their foreign colleagues, with a discrepancy in views of 0.01, 0.01 and 0.13 for the current, six month, and three-year economic outlooks, respectively.

**North America:** Local experts are more pessimistic about the North American current economic outlook, compared to their foreign colleagues (0.53 versus 0.54). The discrepancy widens to -0.03 and -0.06 for the six-month and three-year outlooks.

**Asia-Pacific:** Respondents from Asia-Pacific are more pessimistic about the current local economic outlook (0.65), compared to experts from overseas (0.66). The discrepancy widens to -0.05 for the six-month economic outlook and further to -0.06 for the three-year economic outlook.

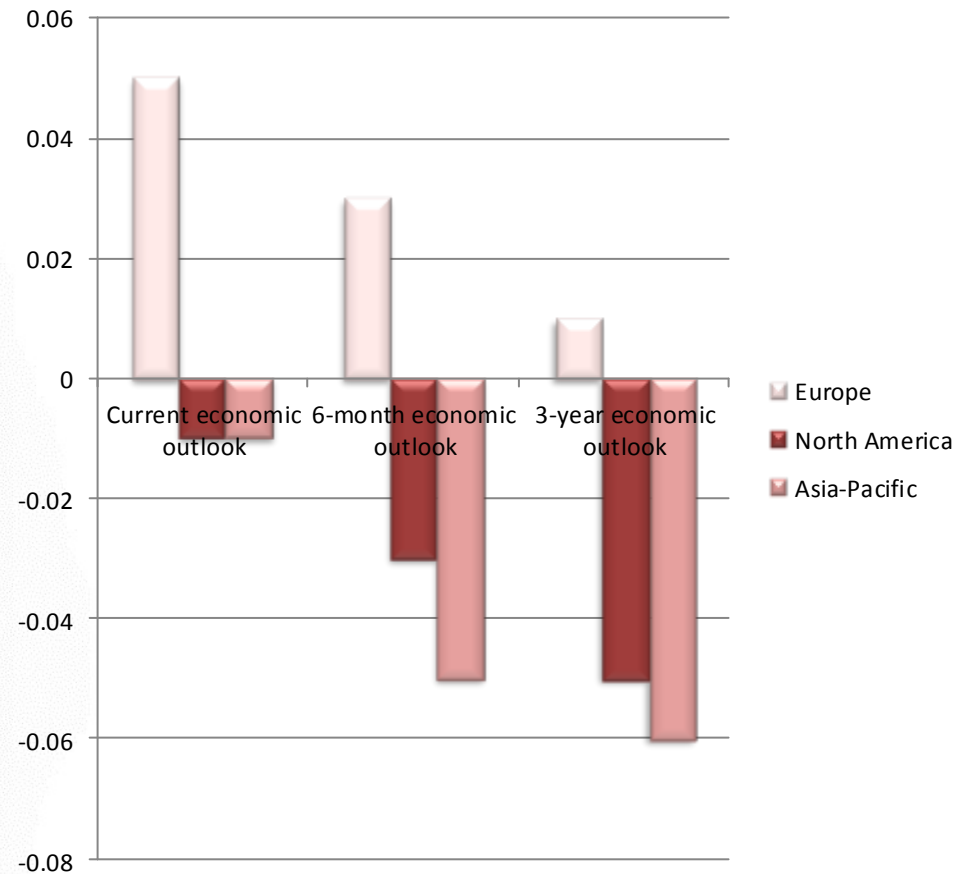


Figure 13: Discrepancy in views on economic outlook among local and foreign experts (\*1)



## Explanations

### Description

Starting from November 2011, Dukascopy Bank SA is publishing a monthly Dukascopy Bank Sentiment Index (DBSI). The index is based on a survey of 30 experts from academia (10 from every region in focus), who are asked to assess the current and future (six-month and three-year) economic prospects of the three regions: Europe, North America and Asia-Pacific.

The DBSI can take values from 0 to 1 as outlined below.

Value	Outlook
0	Extremely negative
0 – 0.5	Negative
0.5	Balanced
0.5 – 1	Positive
1	Extremely positive

### Parameters

- Median – the middle observation in a data set;
- Mean – the sum of the values divided by the number of values;
- Mode – the value that occurs most frequently in a data set;
- Standard deviation – the variation from the average (mean).

### Calculations

(\*1) – difference between local experts mean estimate and foreign experts mean estimate.

### Universities that have participated in November's poll

University of Nebraska, University of Vienna, Temple University, RISEBA, Howard University, Tufts, Simon Fraser University, SSE Riga, Loughborough University, International Business Academy, Trinity college Dublin, Central European University Business School, Erasmus University Rotterdam, Nottingham Trent University, University of Leicester, University of Sydney, China Europe International Business school, University of New South Wales, Institute of Business Administration (Karachi), Indian Institute of Management Indore, Sungkyunkwan University, Peking University



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