

ifo Business Climate Eastern Germany Rises Once More

Dresden, September 30, 2019 – In September, the mood among eastern German company managers brightened once again. The ifo Business Climate Index for the entire regional economy rose slightly from 99.6 to 100.2 points. The businesses surveyed raised both their assessments of the current situation and their business expectations somewhat compared to the previous month. The Business Climate Index for eastern Germany thus rose again for the first time in five months.

In eastern German *manufacturing*, sentiment was marginally gloomier. The businesses surveyed rated their current business less positively than in the previous month, while they raised their expectations for the coming six months slightly.

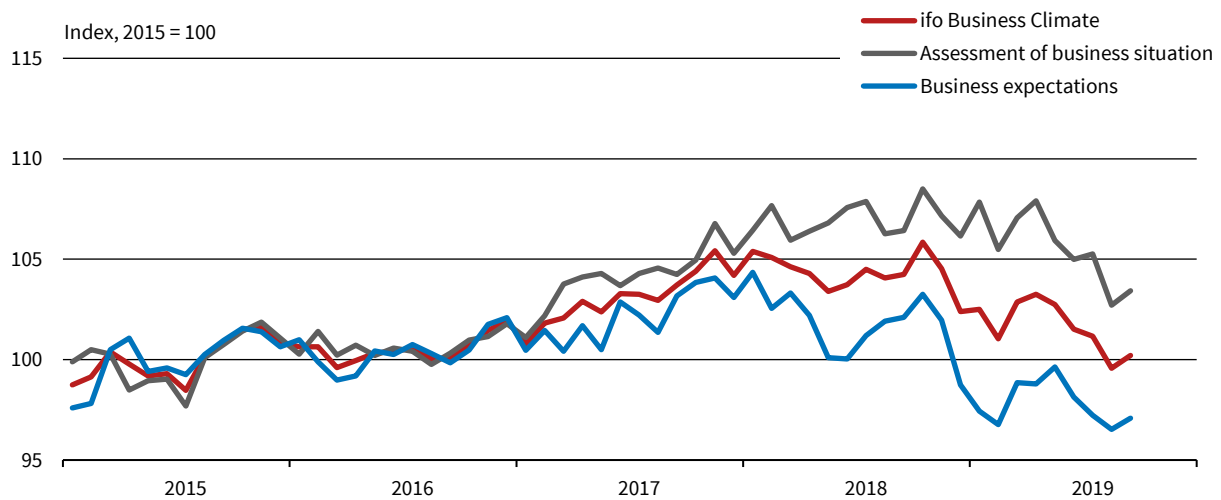
Meanwhile, the ifo Business Climate Index in the eastern German *service sector* turned much brighter. Both the assessment of the situation and business expectations of the service providers surveyed were on the up.

In eastern German *trade*, September saw a definite continuation of the downward trend of the previous months. This was mainly due to the noticeably less optimistic assessments of current business. The sub-indices for both wholesale and retail trade declined.

There was a marginal rise in the ifo Business Climate Index in eastern German *construction*. The businesses surveyed significantly lowered their assessments of the current situation compared with the previous month, while they raised their business expectations for the coming six months markedly.

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ifo Business Climate Eastern Germany^a Seasonally adjusted



^a Manufacturing, service sector, trade, and construction.
Source: ifo Business Survey, September 2019

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ifo Business Climate Eastern Germany (Index, 2015 = 100, seasonally adjusted)

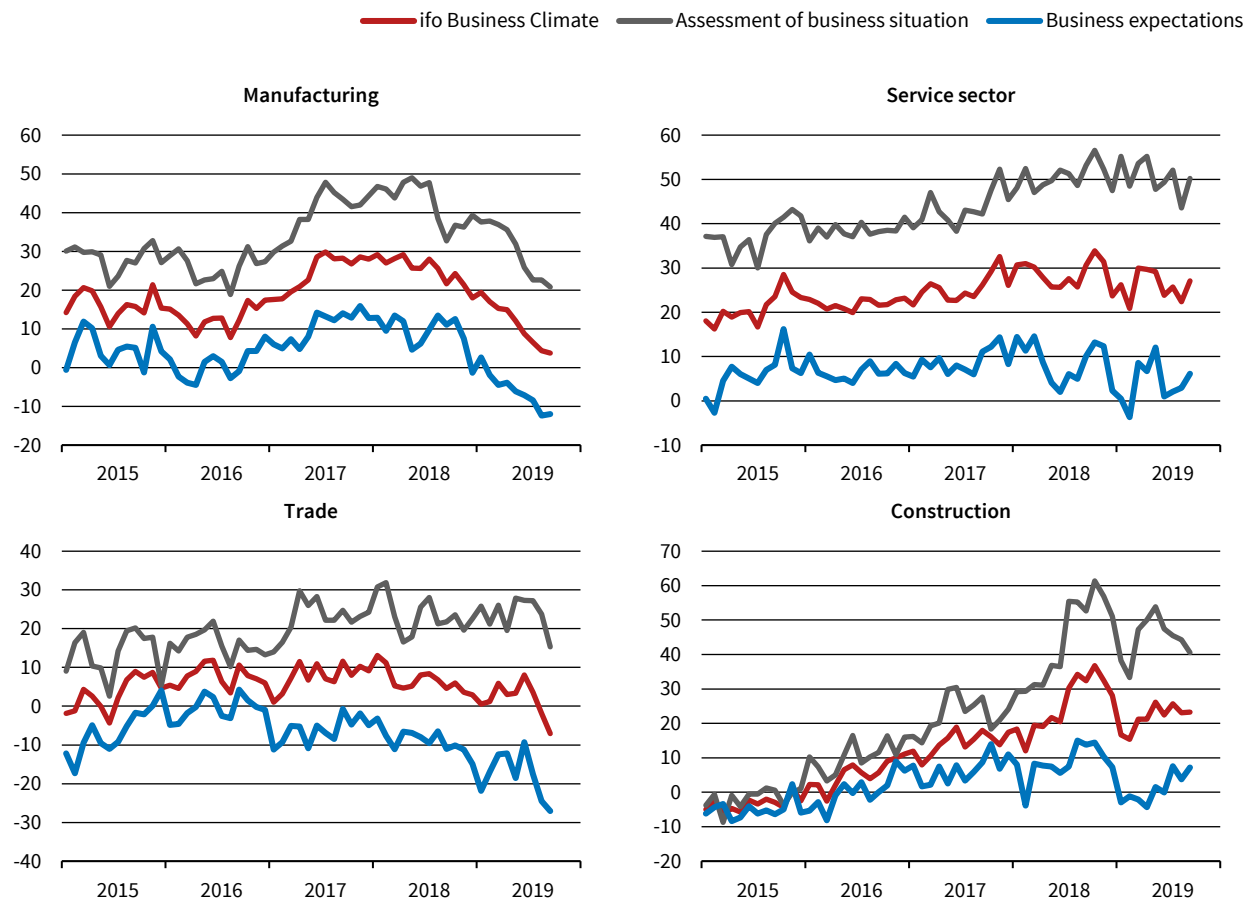
	09/18	10/18	11/18	12/18	01/19	02/19	03/19	04/19	05/19	06/19	07/19	08/19	09/19
Climate	104.2	105.8	104.5	102.4	102.5	101.0	102.9	103.2	102.7	101.5	101.2	99.6	100.2
Situation	106.4	108.5	107.2	106.2	107.8	105.5	107.1	107.9	105.9	105.0	105.3	102.7	103.4
Expectations	102.1	103.3	102.0	98.7	97.4	96.8	98.8	98.8	99.6	98.1	97.2	96.5	97.1

Source: ifo Business Survey

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Business Situation and Expectations Eastern Germany by Sector
Balances, seasonally adjusted



Source: ifo Business Survey, September 2019

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ifo Business Climate Eastern Germany (Balances, seasonally adjusted)

	09/18	10/18	11/18	12/18	01/19	02/19	03/19	04/19	05/19	06/19	07/19	08/19	09/19
Eastern Germany	24.9	28.4	25.5	20.9	21.2	18.0	22.0	22.8	21.7	19.0	18.3	14.9	16.2
Manufacturing	21.6	24.3	21.4	18.0	19.4	17.0	15.3	15.0	12.0	8.7	6.5	4.4	3.8
Service sector	30.6	33.9	31.4	23.7	26.2	20.9	30.0	29.7	29.2	23.9	25.7	22.4	27.1
Trade	4.6	6.0	3.6	2.9	0.6	1.2	5.9	3.0	3.3	8.0	3.6	-1.9	-7.1
Construction	32.4	36.8	32.5	28.1	16.7	15.4	21.2	21.2	26.2	22.4	25.7	23.1	23.3

Source: ifo Business Survey

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The Ifo Business Climate Eastern Germany is based on approx. 1,700 monthly survey responses from businesses in manufacturing, the service sector, trade, and construction. Companies are asked to give their assessments of the current business situation and their expectations for the next six months. They can describe their situation as “good,” “satisfactory,” or “poor” and their business expectations for the next six months as “more favorable,” “unchanged,” or “less favorable.” The balance value of the current business situation is the difference in the percentage shares of the responses “good” and “poor”; the balance value of the expectations is the difference in the percentage shares of the responses “more favorable” and “less favorable.” The business climate is a transformed mean of the balances of the business situation and the expectations. To calculate the index values, the transformed balances are all normalized to the average for the year 2015.



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