

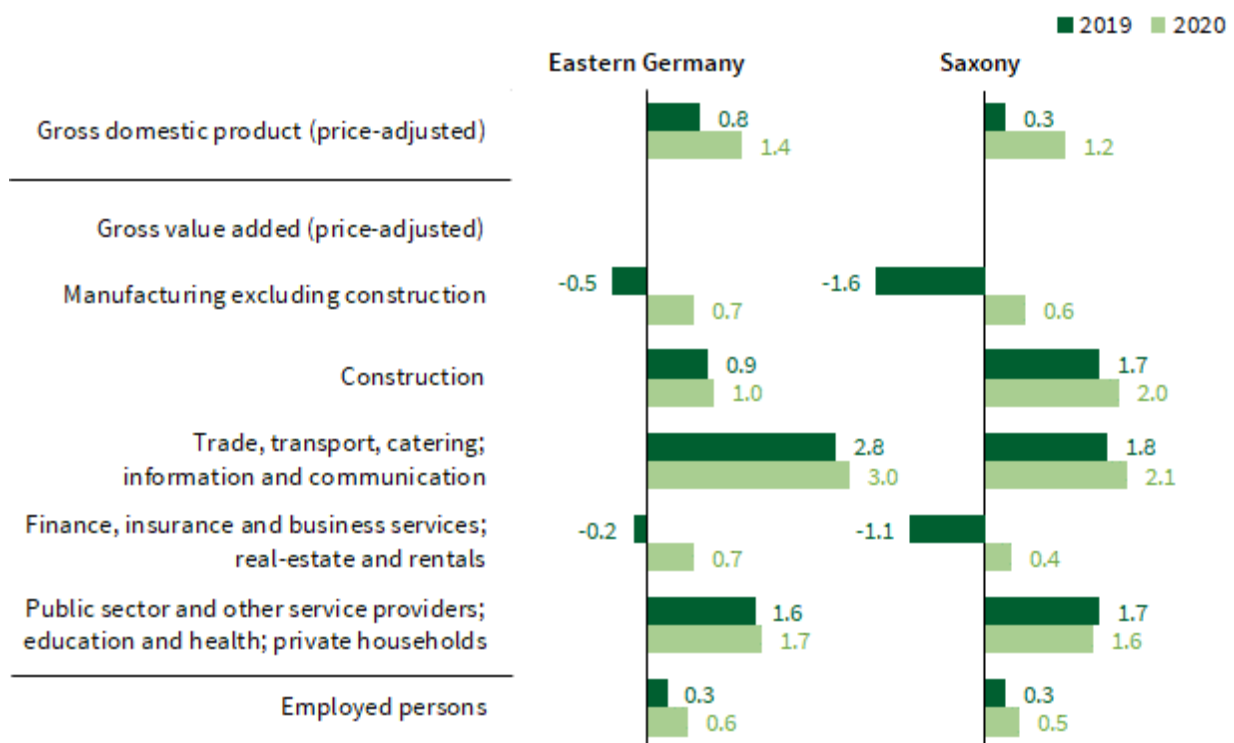
## Eastern German Economy: Recession Averted, but Risks Remain

Dresden, December 19, 2019 – The ifo Institute expects economic growth of 0.8 percent in eastern Germany for the current year, slightly higher than for Germany as a whole (0.5 percent). In Saxony, growth is likely to be significantly lower, at 0.3 percent, due to the continuing recession in industry. In the coming year, however, economic growth will accelerate again, at rates of 1.4 percent in eastern Germany and 1.2 percent in Saxony – also above the figures for Germany as a whole (1.1 percent). However, some of this growth is due to the fact that there are more working days in 2020.

This forecast is more cautious than it was in the summer, which is attributable primarily to the continuing weak development of world trade and the recession in the manufacturing sector. “It’s true that a macroeconomic recession has been averted for the time being,” says economic expert Joachim Ragnitz from the ifo Institute’s Dresden Branch. “Nevertheless, the structural adjustments made by industry, especially in the automotive sector, are increasingly impacting economic development. This is having a particularly noticeable effect on the economy of Saxony.”

ifo researchers expect a total of 24,000 new jobs in the current year, 7,000 of them in Saxony. For 2020, they expect employment growth to continue at a higher rate, with the addition of 51,000 and 10,000 jobs respectively.

### Key figures from the economic forecast for eastern Germany and Saxony Year-on-year change in percent



Source: ifo Institute, forecast from December 2017.

© ifo Institut

