

ifo Business Climate Eastern Germany Falls Slightly

Dresden, June 29, 2022 – Sentiment among companies in eastern Germany saw a slight decrease in June. The ifo Business Climate Index for the entire regional economy fell to 94.1 points, down from 94.5 points in May. The survey participants' assessments of their current situation improved marginally. At the same time, their outlook became slightly more negative. The gap between situation and expectations is widening, which is an expression of great uncertainty.

In eastern Germany's *manufacturing* sector, the ifo Business Climate Index declined somewhat in June. Assessments of the current business situation improved considerably, while business expectations for the coming six months decreased noticeably.

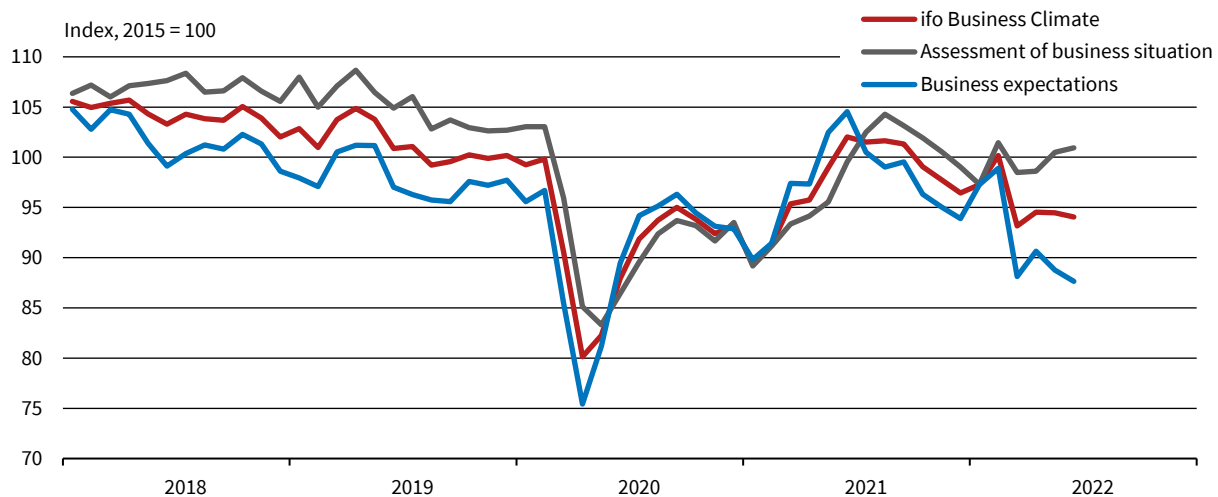
In the eastern German *service sector*, sentiment brightened a bit in June. Assessments of the current situation and expectations both improved marginally.

In eastern German *trade*, the barometer of business sentiment fell appreciably in June. This was largely due to wholesalers adjusting their assessments of the current business situation massively downward. The outlook for the coming six months worsened markedly as well.

In eastern German *construction*, the business climate turned a little brighter in June. The construction businesses surveyed raised both their assessments of the current situation and their business expectations somewhat.

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ifo Business Climate Eastern Germany^a Seasonally adjusted



^a Manufacturing, service sector, trade, and construction.
Source: ifo Business Survey, June 2022

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

	06/21	07/21	08/21	09/21	10/21	11/21	12/21	01/22	02/22	03/22	04/22	05/22	06/22
Climate	102.0	101.5	101.6	101.3	99.1	97.8	96.4	97.3	100.2	93.2	94.5	94.5	94.1
Situation	99.5	102.5	104.3	103.1	101.9	100.6	99.0	97.3	101.5	98.5	98.6	100.5	101.0
Expectations	104.6	100.5	99.0	99.5	96.3	95.0	93.9	97.3	98.9	88.1	90.6	88.8	87.6

Source: ifo Business Survey

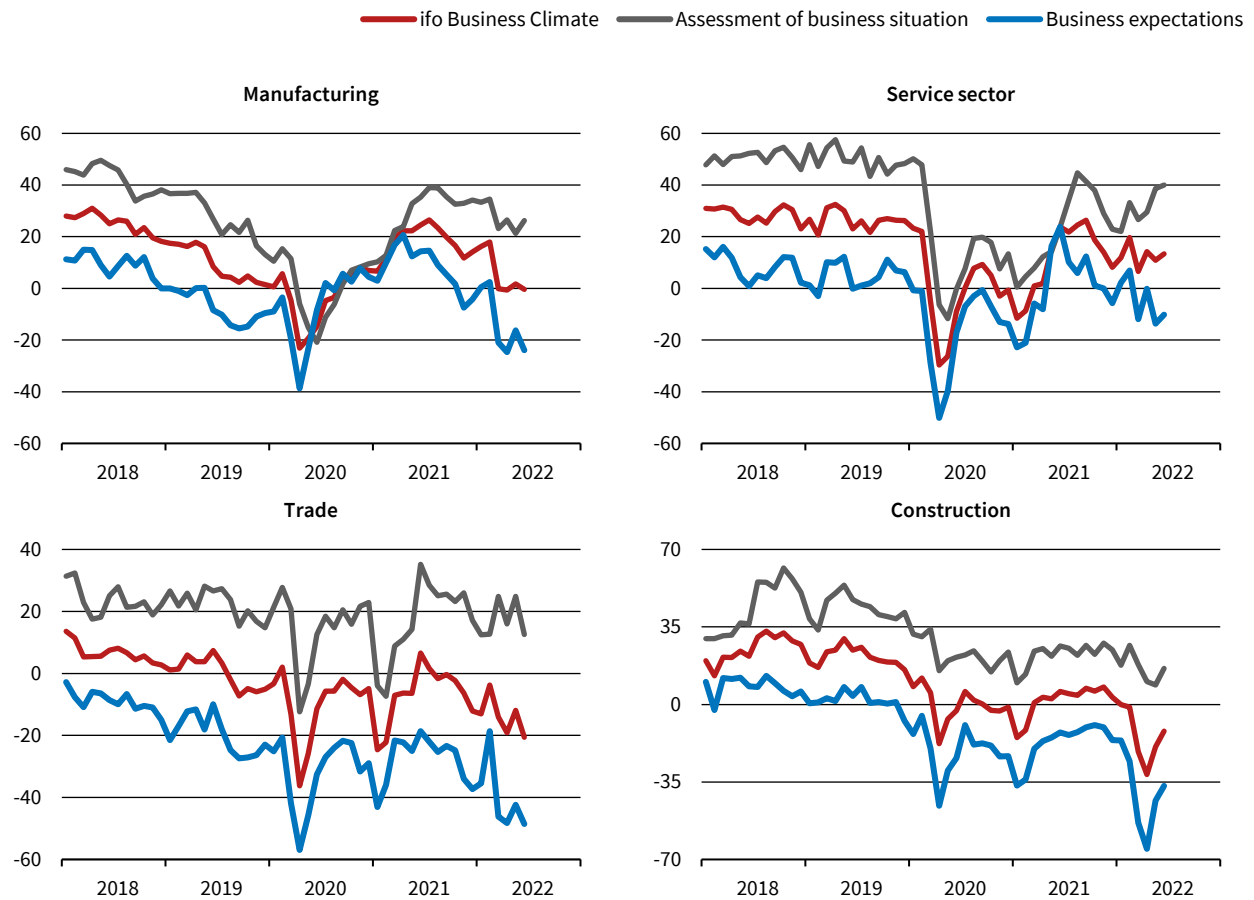
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The ifo Institute's Dresden Branch is partly financed by tax revenues on the basis of the budget approved by the members of Saxony's state parliament.

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



Source: ifo Business Survey, June 2022

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ifo Business Climate Eastern Germany (Balances, seasonally adjusted)

	06/21	07/21	08/21	09/21	10/21	11/21	12/21	01/22	02/22	03/22	04/22	05/22	06/22
Eastern Germany	20.1	19.0	19.3	18.6	13.7	10.9	8.0	9.9	16.1	1.0	4.0	3.8	2.9
Manufacturing	24.6	26.5	23.4	19.8	16.6	11.8	14.1	16.3	18.0	-0.1	-0.7	1.7	-0.4
Service sector	23.8	21.9	24.5	26.4	18.7	13.9	8.1	11.9	19.7	6.5	14.2	10.9	13.4
Trade	6.5	1.6	-1.7	-0.4	-2.3	-6.3	-12.1	-13.0	-3.7	-14.1	-19.1	-11.9	-20.6
Construction	5.9	4.8	4.1	7.3	6.0	7.8	3.2	0.0	-1.2	-21.3	-31.6	-19.2	-12.1

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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