

ifo Business Climate Eastern Germany Cools Slightly

Dresden, August 30, 2023 – The ifo Business Climate Index Eastern Germany saw a small decline in August. The barometer of business sentiment for the entire regional economy slipped to 90.4 points, down from 91.5 points in July. The eastern German companies surveyed were noticeably less satisfied with their current business situation, but did not change their business expectations for the coming months.

In eastern German *manufacturing*, the business climate cooled noticeably in August. The companies surveyed assessed their business situation as considerably worse than in July. With regard to business expectations, they expressed somewhat less pessimism than in the previous month.

In eastern Germany's *service sector*, too, the Business Climate Index dipped noticeably in August. The service providers surveyed reported significantly worse business than in the previous month and also lowered their business expectations slightly.

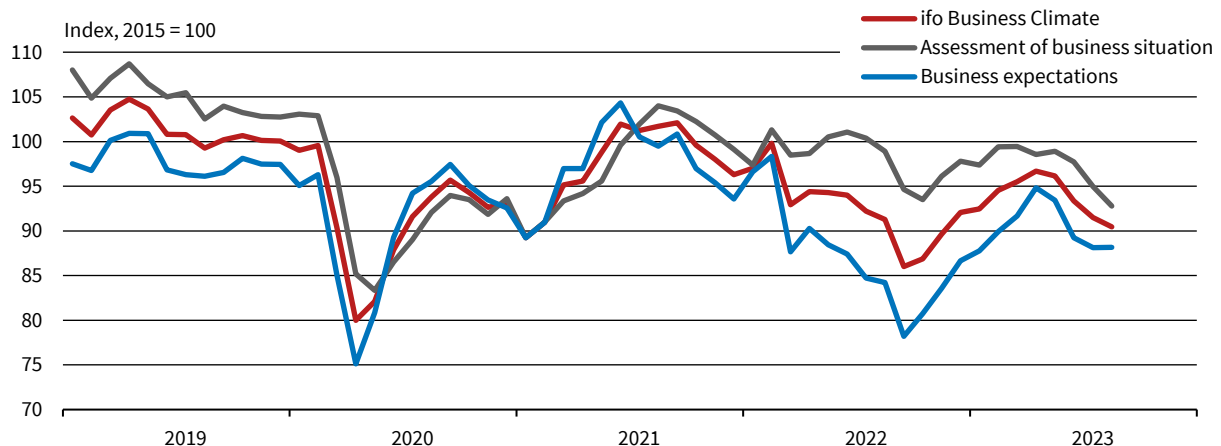
In eastern German *trade*, the Business Climate Index remained largely in line with the previous month. The companies surveyed assessed their business situation as only slightly worse than in July. While eastern German wholesalers also expected business to deteriorate slightly in the coming months, the retail companies surveyed raised their expectations a bit.

In eastern German *construction*, the business climate turned much cooler in August. The construction companies surveyed were markedly less satisfied with their current business situation than in the previous month and also expected somewhat worse business in the coming six months.

Joachim Ragnitz and Marcel Thum
Executive Directors, Dresden Branch of the ifo Institute

ifo Business Climate Eastern Germany^a

Seasonally adjusted



^a Manufacturing, service sector, trade, and construction.
Source: ifo Business Survey, August 2023

© ifo Institute

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

	08/22	09/22	10/22	11/22	12/22	01/23	02/23	03/23	04/23	05/23	06/23	07/23	08/23
Climate	91.3	86.0	86.9	89.6	92.1	92.5	94.6	95.5	96.7	96.1	93.4	91.5	90.4
Situation	98.9	94.6	93.5	96.1	97.8	97.4	99.4	99.5	98.6	98.9	97.7	95.0	92.8
Expectations	84.2	78.2	80.7	83.6	86.7	87.8	89.9	91.7	94.8	93.4	89.2	88.1	88.1

Source: ifo Business Survey

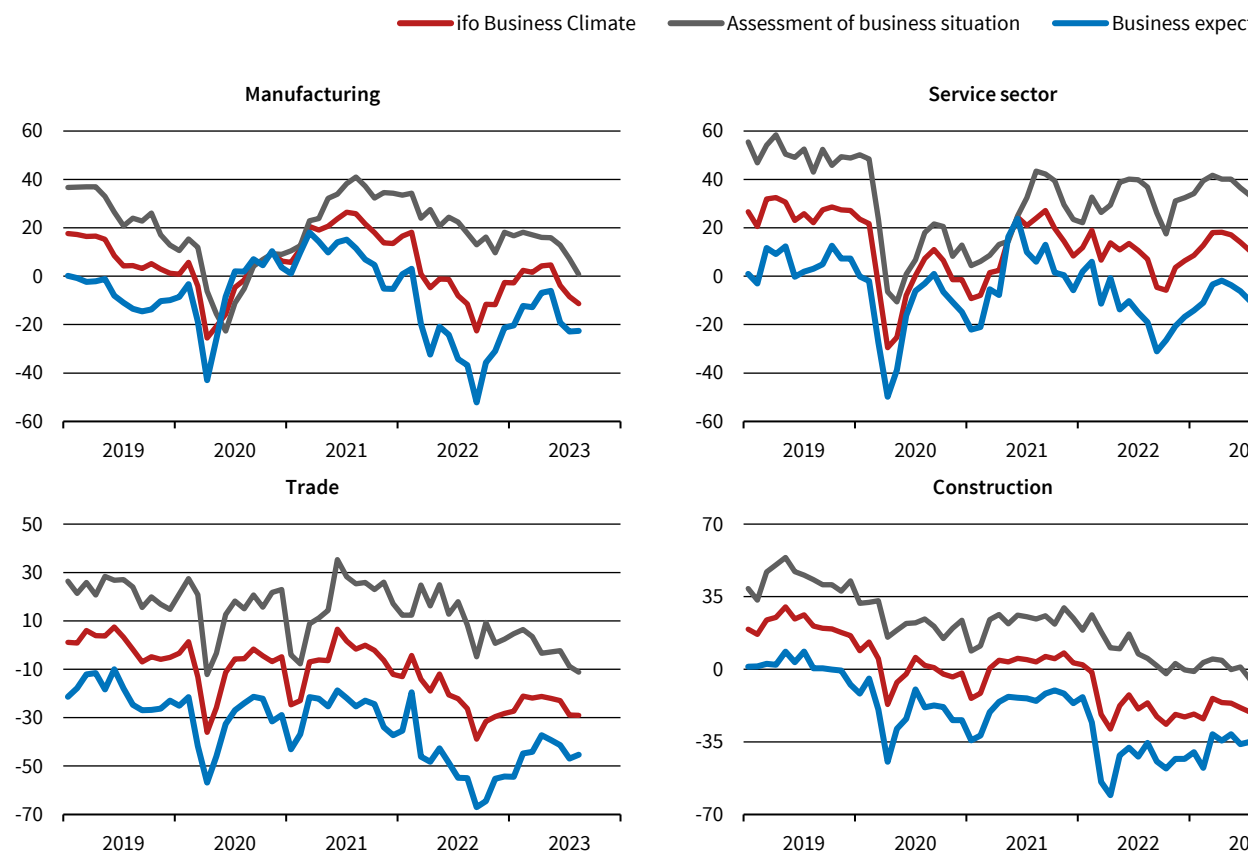
© ifo Institute

For long time series in Excel format, please see www.ifo.de/en/umfragen/time-series.



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, August 2023

© ifo

ifo Business Climate Eastern Germany (Balances, seasonally adjusted)

	08/22	09/22	10/22	11/22	12/22	01/23	02/23	03/23	04/23	05/23	06/23	07/23	08/23
Eastern Germany	-3.1	-14.4	-12.5	-6.6	-1.4	-0.5	4.0	6.0	8.6	7.4	1.5	-2.6	-4.9
Manufacturing	-11.4	-22.5	-11.5	-11.7	-2.6	-2.7	2.4	1.6	4.3	4.6	-3.8	-8.4	-11.3
Service sector	7.0	-4.5	-5.7	3.6	6.4	8.6	12.7	18.0	18.2	17.1	14.1	10.6	7.0
Trade	-26.2	-38.9	-31.6	-29.6	-28.3	-27.4	-21.1	-21.9	-21.2	-22.0	-23.0	-28.9	-29.1
Construction	-16.2	-22.8	-26.5	-21.7	-23.0	-21.6	-23.9	-14.0	-16.0	-16.3	-18.4	-20.5	-26.3

Source: ifo Business Survey

© ifo Institute

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.



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.