

## ifo Business Climate Eastern Germany on an Upward Trajectory

Dresden, February 27, 2020 – In February 2020, the ifo business climate for eastern Germany brightened again somewhat. The ifo Business Climate Index for the region’s economy as a whole rose from 98.8 to 99.4 points. Among the companies surveyed, both their assessments of the current situation and their business expectations improved. Overall, the eastern German economy seemed to be back in a better mood in February.

In eastern German *manufacturing*, there was a marked improvement in sentiment in February. The industrial companies surveyed assessed both their outlook and their business situation as better than in the previous month. In other words, eastern German industry seems to be continuing last month’s positive trend.

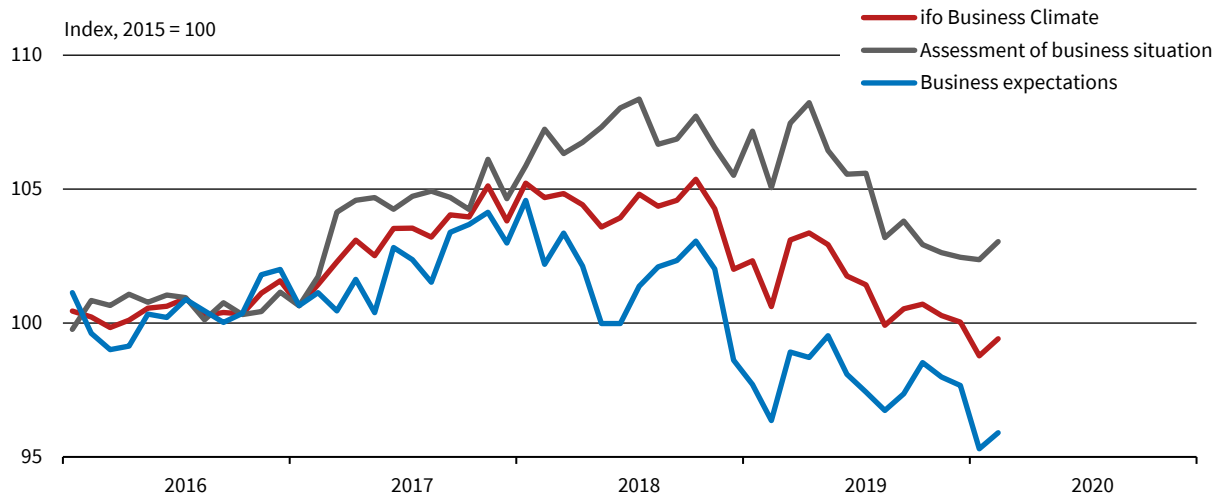
In the eastern German *service sector*, the Business Climate Index fell slightly. Service providers’ assessments in both subindices were less positive than in January.

The mood in eastern German *trade* improved considerably. Survey participants from both wholesale and retail trade revised their assessment of the current situation upward. Business expectations in the two branches of trade also rose in February.

The business climate in eastern German *construction* brightened noticeably. While the survey participants assessed their current business as somewhat worse than in the previous month, they raised their expectations for the next six months considerably.

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

### ifo Business Climate Eastern Germany<sup>a</sup> Seasonally adjusted



<sup>a</sup> Manufacturing, service sector, trade, and construction.  
Source: ifo Business Survey, February 2020

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

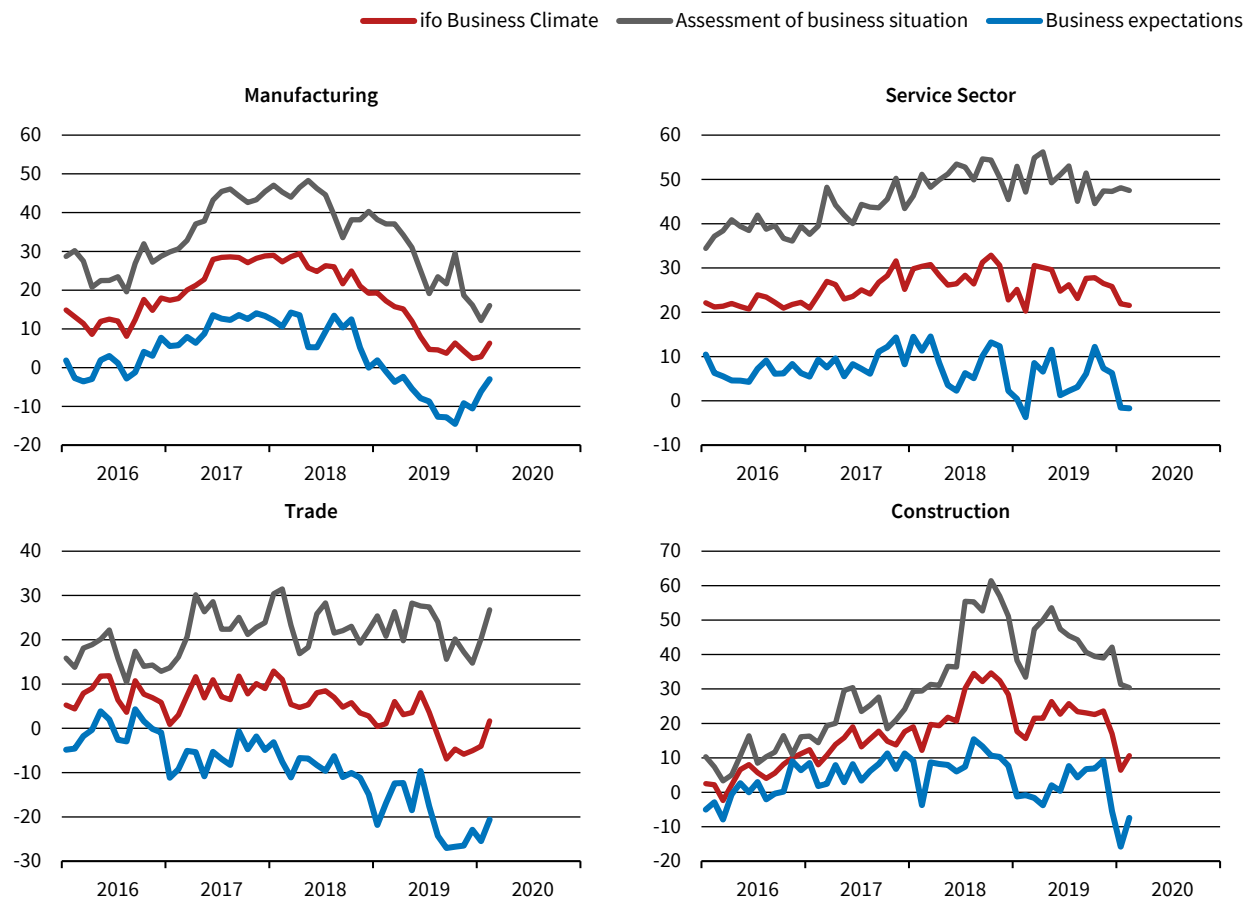
	02/19	03/19	04/19	05/19	06/19	07/19	08/19	09/19	10/19	11/19	12/19	01/20	02/20
<b>Climate</b>	100.6	103.1	103.4	102.9	101.8	101.4	99.9	100.5	100.7	100.3	100.0	98.8	99.4
<b>Situation</b>	105.1	107.5	108.2	106.4	105.6	105.6	103.2	103.8	102.9	102.6	102.5	102.4	103.0
<b>Expectations</b>	96.4	98.9	98.7	99.5	98.1	97.4	96.7	97.4	98.5	98.0	97.7	95.3	95.9

Source: ifo Business Survey

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For long time series in Excel format, please see [www.ifo.de/en/umfragen/time-series](http://www.ifo.de/en/umfragen/time-series).

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



Source: ifo Business Survey, February 2020

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**ifo Business Climate Eastern Germany** (Balances, seasonally adjusted)

	02/19	03/19	04/19	05/19	06/19	07/19	08/19	09/19	10/19	11/19	12/19	01/20	02/20
<b>Eastern Germany</b>	<b>17.1</b>	<b>22.5</b>	<b>23.0</b>	<b>22.1</b>	<b>19.6</b>	<b>18.8</b>	<b>15.6</b>	<b>16.9</b>	<b>17.3</b>	<b>16.4</b>	<b>15.8</b>	<b>13.1</b>	<b>14.5</b>
Manufacturing	17.2	15.7	15.2	12.0	7.9	4.7	4.6	3.7	6.3	4.3	2.4	2.8	6.3
Service sector	20.3	30.6	30.1	29.6	24.8	26.6	23.1	27.7	27.8	26.5	25.8	21.9	21.5
Trade	1.0	6.1	3.1	3.5	8.0	3.6	-1.7	-6.9	-4.7	-5.8	-5.0	-4.0	1.7
Construction	15.6	21.5	21.5	26.3	22.7	25.7	23.4	23.1	22.6	23.6	17.0	6.4	10.6

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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