

## ifo Business Climate Eastern Germany: Economy on the Upswing

Dresden, July 30, 2020 – The eastern German economy continued to recover in July 2020. The ifo Business Climate Index for the entire regional economy in eastern Germany climbed from 88.8 points to 92.5 points. Survey participants' assessments of the current situation and their business expectations both rose strongly compared to the previous month.

Eastern German *manufacturing* recorded the strongest increase in the business climate. The industrial companies surveyed rated their current business much better and are now looking to the future with greater optimism.

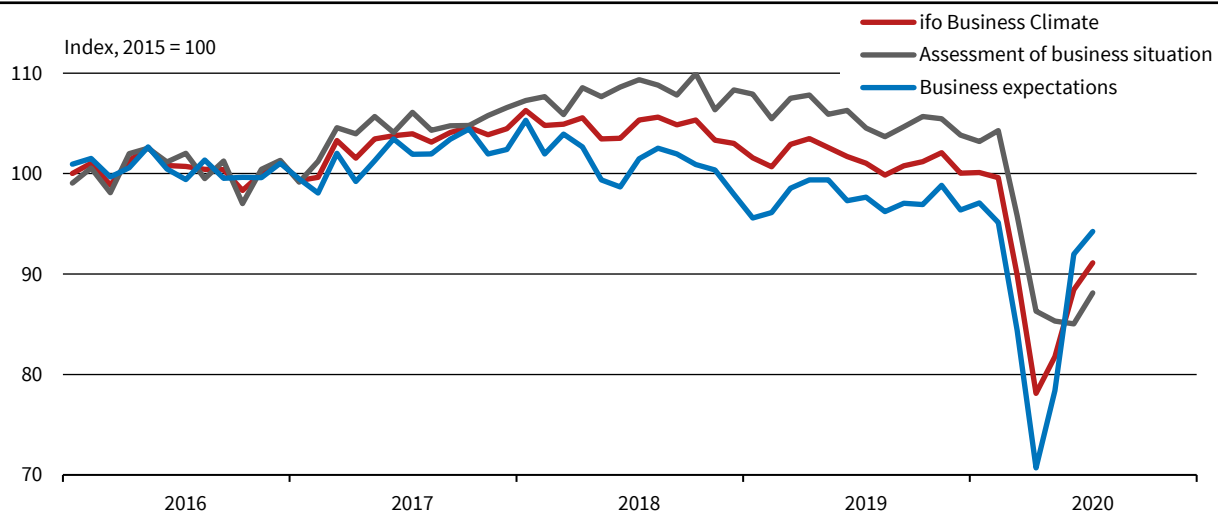
In the eastern German *service sector*, too, the ifo Business Climate Index rose strongly in July. Participating service providers raised their outlook considerably higher, while their assessments of the current situation also improved significantly.

The business climate in eastern German *trade* was tangibly brighter. However, the wholesalers surveyed assessed their current business less positively than in the previous month. Among retailers, both subindices rose.

In eastern German *construction*, the ifo Business Climate Index saw a strong uptick in July. While the construction companies surveyed raised their assessments of the current situation only slightly, their business expectations improved enormously.

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Executive Directors, Dresden Branch of the ifo Institute

**ifo Business Climate Saxony<sup>a</sup>**  
Seasonally adjusted



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

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

	07/19	08/19	09/19	10/19	11/19	12/19	01/20	02/20	03/20	04/20	05/20	06/20	07/20
<b>Climate</b>	101.5	100.1	100.6	100.6	100.0	99.8	98.4	99.3	89.7	78.9	81.6	88.8	92.5
<b>Situation</b>	105.3	103.2	103.9	103.0	102.7	102.5	102.3	103.1	95.8	85.2	83.5	86.7	89.3
<b>Expectations</b>	97.7	97.1	97.5	98.3	97.4	97.1	94.7	95.7	84.0	73.2	79.8	90.9	95.8

Source: ifo Business Survey

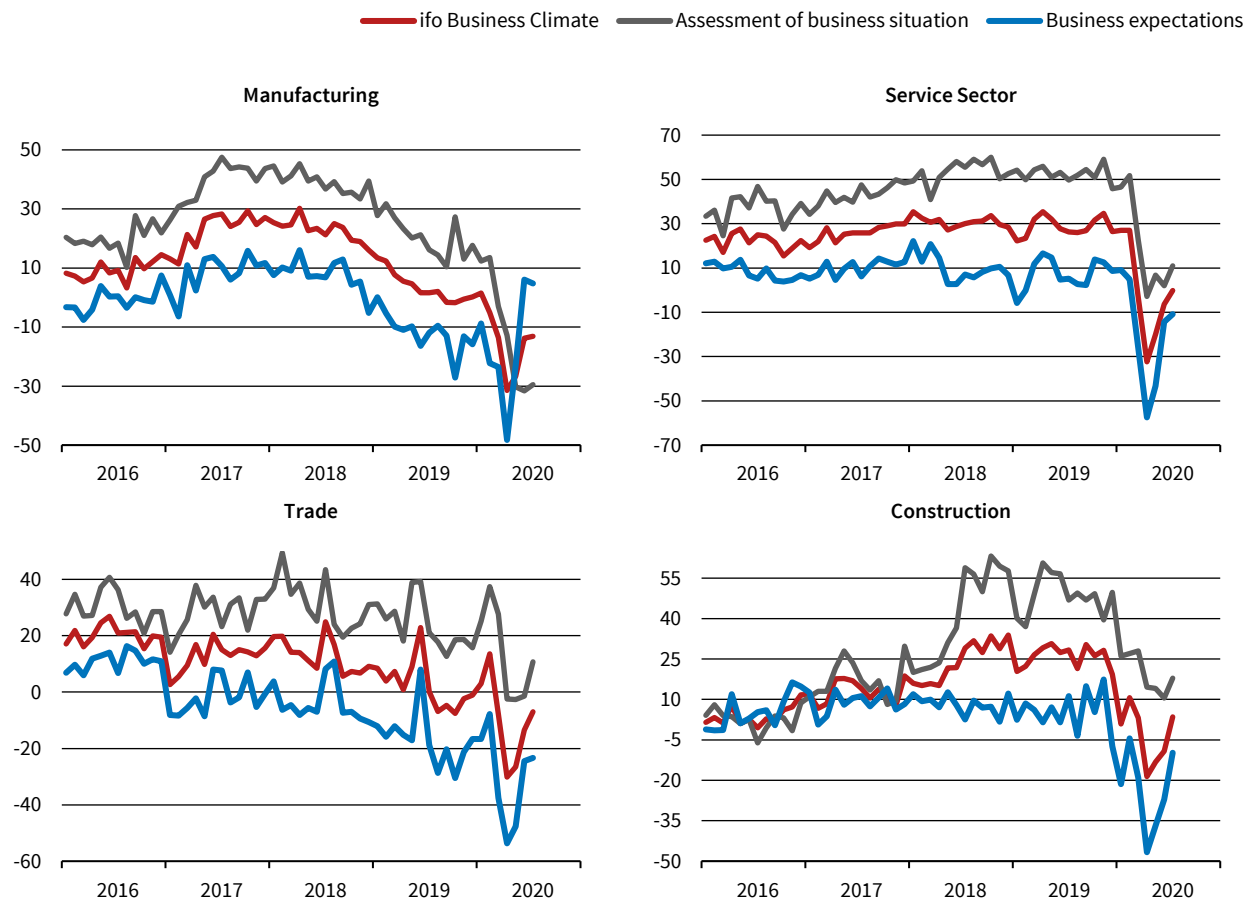
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The ifo Institute's Dresden Branch is partly financed by tax revenues on the basis of the budget approved by the members of Saxony's state parliament.

**Business Situation and Expectations Saxony by Sector**  
Balances, seasonally adjusted



Source: ifo Business Survey, July 2020

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

	07/19	08/19	09/19	10/19	11/19	12/19	01/20	02/20	03/20	04/20	05/20	06/20	07/20
<b>Eastern Germany</b>	18.9	16.0	17.1	17.1	15.8	15.3	12.4	14.3	-6.4	-29.7	-23.9	-8.5	-0.5
Manufacturing	5.0	4.8	4.4	5.5	3.8	1.2	1.8	6.6	-4.8	-26.9	-23.5	-14.6	-4.2
Service sector	26.1	23.3	27.8	27.6	26.3	25.5	21.7	21.7	-6.2	-31.3	-26.2	-7.7	0.6
Trade	3.3	-1.6	-6.8	-4.6	-5.8	-5.0	-4.2	1.8	-13.4	-36.7	-26.0	-11.1	-5.6
Construction	25.5	22.9	22.6	21.9	22.0	16.0	6.9	11.1	3.0	-20.9	-9.1	-5.0	5.6

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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