

ifo Business Climate Eastern Germany: Upward Trend Unbroken

Dresden, September 29, 2020 – Sentiment among eastern German companies continued to improve in September. The ifo Business Climate Index for the entire regional economy in eastern Germany rose from 94.5 points to 95.8 points. Both the assessments of the current situation and the business expectations of the eastern German companies surveyed increased, even if they are not yet back up to pre-crisis levels.

In eastern German *manufacturing*, the business climate brightened substantially in September. This month it is back in positive territory for the first time since the beginning of the pandemic. Both subindices contributed to this development with significant gains.

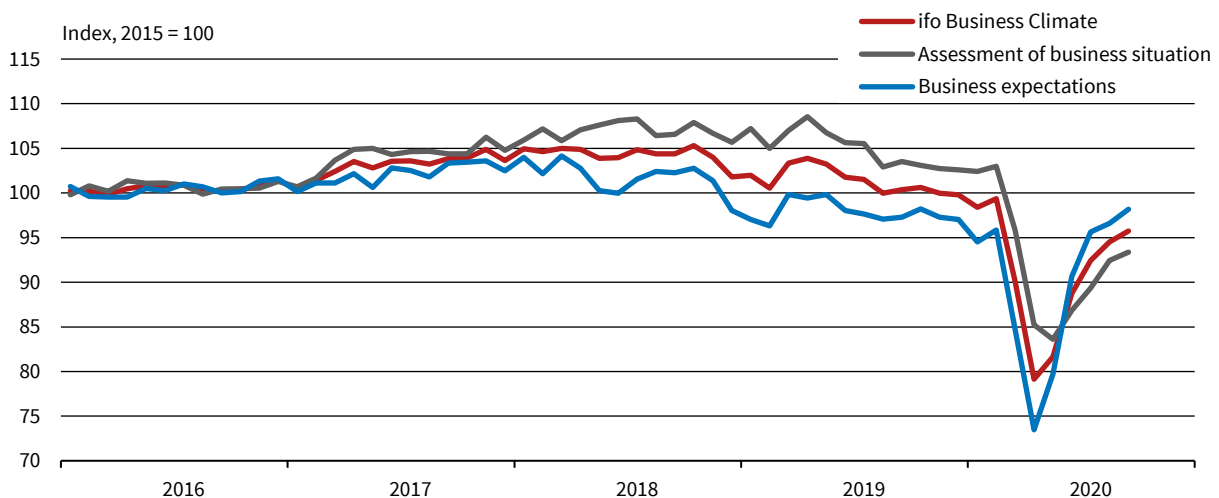
In the eastern German *service sector*, the ifo Business Climate Index rose only marginally in September. Although the service providers assessed their current situations as worse than in August, their outlook rose slightly.

The mood in eastern German *trade* improved noticeably in September, with the subindices for wholesale and retail trade both heading upward.

In eastern German *construction*, the business climate continued to cool in September. This was mainly due to assessments of the current situation that were much less positive. The construction companies surveyed raised their expectations slightly.

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ifo Business Climate Eastern Germany^a Seasonally adjusted



^a Manufacturing, service sector, trade, and construction.
Source: ifo Business Survey, September 2020

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

	09/19	10/19	11/19	12/19	01/20	02/20	03/20	04/20	05/20	06/20	07/20	08/20	09/20
Climate	100.3	100.6	100.0	99.8	98.4	99.3	90.1	79.1	81.6	88.7	92.5	94.5	95.8
Situation	103.5	103.1	102.7	102.6	102.4	103.0	95.8	85.2	83.6	86.8	89.4	92.4	93.4
Expectations	97.3	98.2	97.3	97.0	94.5	95.8	84.7	73.5	79.7	90.7	95.6	96.6	98.2

Source: ifo Business Survey

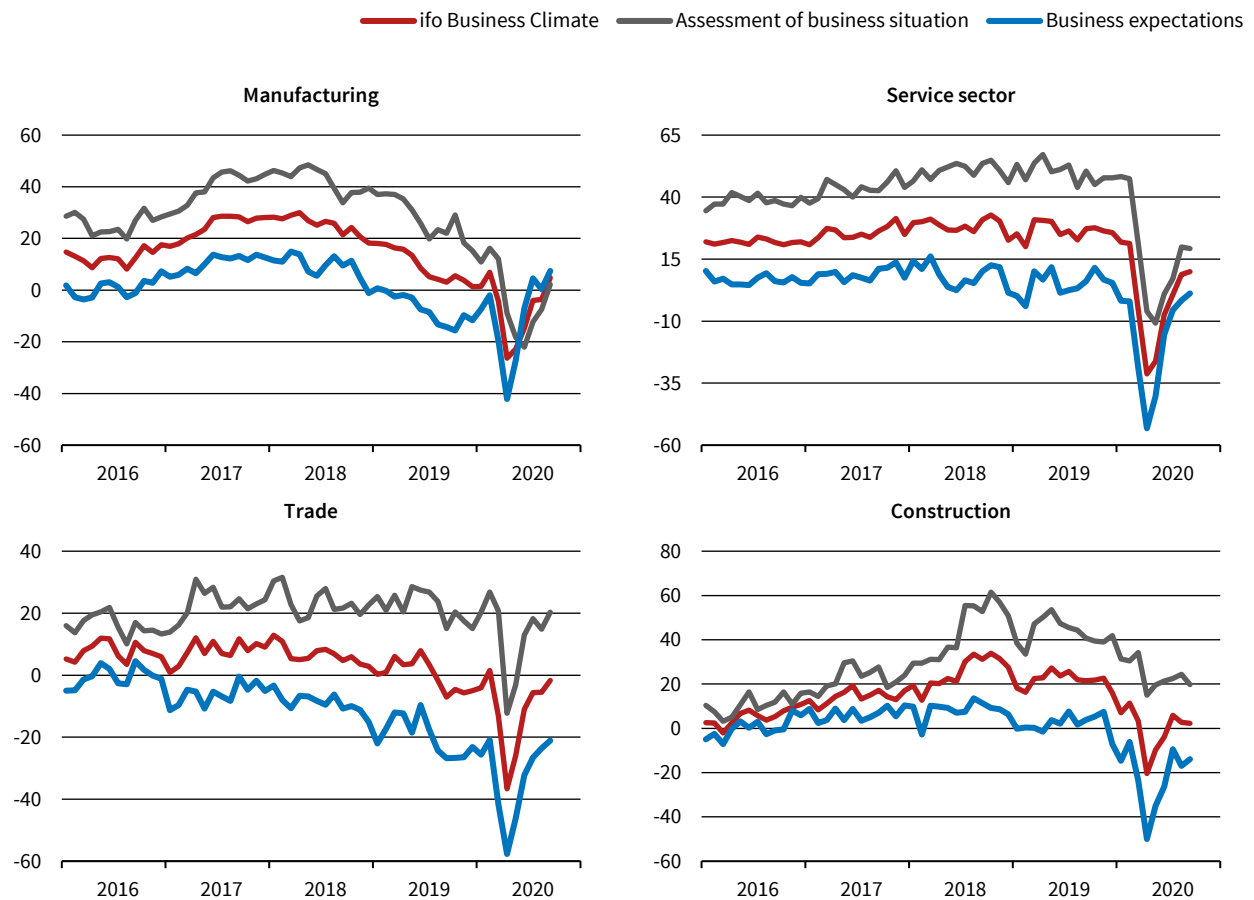
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For long time series in Excel format, please see www.ifo.de/en/umfragen/time-series.



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, September 2020

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ifo Business Climate Eastern Germany (Balances, seasonally adjusted)

	09/19	10/19	11/19	12/19	01/20	02/20	03/20	04/20	05/20	06/20	07/20	08/20	09/20
Eastern Germany	16.5	17.1	15.7	15.3	12.3	14.4	-5.6	-29.3	-23.8	-8.5	-0.5	3.9	6.6
Manufacturing	3.1	5.5	3.8	1.3	1.5	6.9	-4.3	-26.3	-22.8	-14.8	-4.0	-3.6	4.8
Service sector	27.2	27.7	26.3	25.7	21.8	21.3	-5.5	-31.3	-26.1	-7.5	0.7	8.9	10.0
Trade	-7.0	-4.5	-5.7	-5.0	-4.1	1.5	-13.1	-36.6	-26.0	-11.0	-5.6	-5.5	-1.7
Construction	21.5	21.8	22.7	16.0	7.1	11.4	3.3	-20.4	-9.7	-3.9	5.9	2.7	2.2

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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