

## ifo Business Climate Index for Eastern Germany Slips Slightly

Dresden, September 1, 2021 – Sentiment among companies in eastern Germany cooled a bit in August. The ifo Business Climate Index for the entire regional economy fell to 101.2 points, down from 101.5 points in July. Compared to the previous month, companies' assessments of the current situation rose noticeably even as their expectations plummeted.

In eastern German *manufacturing*, the business climate cooled significantly in August. While current business was rated slightly better, industrial companies lowered their expectations markedly for the coming months.

The ifo Business Climate Index climbed a little in the eastern German *service sector* in August. The service providers surveyed raised their overall assessments of the current situation again substantially, while they considerably lowered their expectations for the coming six months.

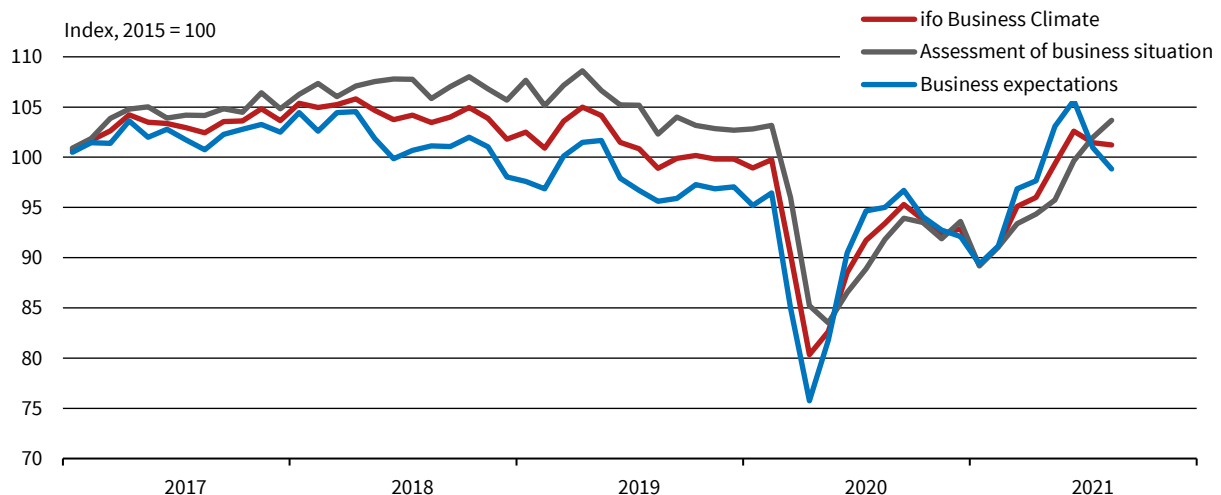
The mood in eastern German *trade* worsened somewhat in August: in retail it was mainly the outlook that was rated less favorably, while in wholesale it was the assessment of current business that fell sharply.

In eastern German *construction*, the business climate cooled off slightly again in August. The construction businesses surveyed rated their current business somewhat less positively, although they also raised their expectations to a certain extent compared to the previous month.

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

Seasonally adjusted



<sup>a</sup> Manufacturing, service sector, trade, and construction.  
Source: ifo Business Survey, August 2021

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

	08/20	09/20	10/20	11/20	12/20	01/21	02/21	03/21	04/21	05/21	06/21	07/21	08/21
<b>Climate</b>	93.4	95.3	93.8	92.3	92.9	89.3	91.1	95.1	96.0	99.3	102.6	101.5	101.2
<b>Situation</b>	91.8	93.9	93.5	91.9	93.6	89.2	91.0	93.4	94.3	95.7	99.6	102.0	103.7
<b>Expectations</b>	95.0	96.7	94.1	92.8	92.1	89.4	91.2	96.9	97.7	103.1	105.7	101.0	98.8

Source: ifo Business Survey

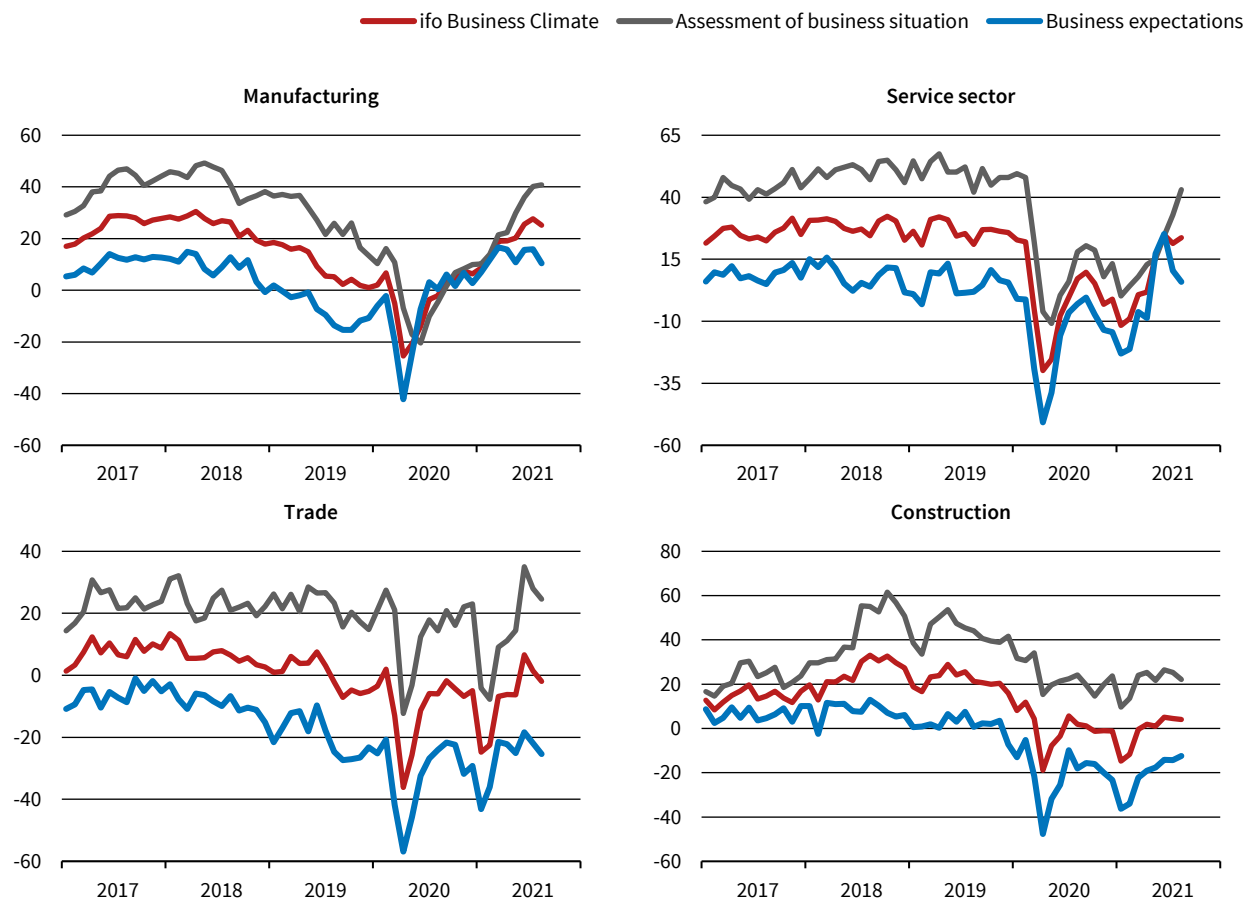
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The ifo Institute's Dresden Branch is partly financed by tax revenues on the basis of the budget approved by the members of Saxony's state parliament.

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



Source: ifo Business Survey, August 2021

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

	08/20	09/20	10/20	11/20	12/20	01/21	02/21	03/21	04/21	05/21	06/21	07/21	08/21
<b>Eastern Germany</b>	1.5	5.6	2.4	-0.8	0.3	-7.4	-3.5	5.2	7.1	14.3	21.4	18.9	18.4
Manufacturing	-2.1	3.9	4.2	7.5	6.3	8.5	12.8	19.0	19.1	20.2	25.6	27.7	25.1
Service sector	7.2	9.8	5.3	-3.1	-1.1	-11.7	-8.9	0.7	1.7	16.2	24.8	21.4	23.8
Trade	-5.9	-1.8	-4.4	-6.8	-5.0	-24.7	-22.5	-6.8	-6.2	-6.3	6.6	1.5	-2.0
Construction	1.9	1.2	-1.3	-1.1	-1.2	-14.7	-11.7	-0.4	1.9	1.1	5.1	4.6	4.1

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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