

ifo Business Climate Index for Eastern Germany Rises Noticeably

Dresden, April 28, 2022 – Sentiment among companies in eastern Germany improved considerably once again in April. The ifo Business Climate Index for the entire regional economy rose from 92.8 to 96.5 points, driven by the marked rise in business expectations. Assessments of the current business situation remained largely in line with the previous month. Eastern German companies seem to have coped well with the initial shock of the Russian war of aggression.

In eastern German *manufacturing*, the Business Climate Index took a slight dip in April. Assessments of the current situation improved markedly, even as business expectations for the coming six months saw a noticeable decline. Capacity utilization, which is measured at the beginning of each quarter, remained roughly constant at 84.2 percent (January: 84.0 percent).

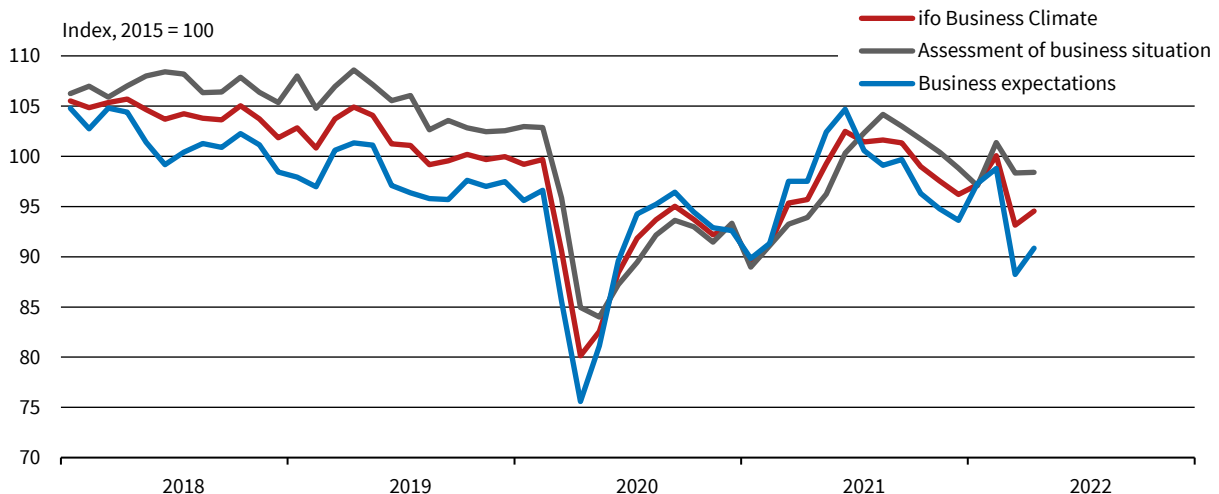
In the eastern German *service sector*, sentiment surged upward. This was largely as a result of the strong increase in business expectations. Companies' assessments of the current situation improved slightly as well. The easing of the coronavirus situation is probably also responsible for these developments.

In eastern German *trade*, the barometer of business sentiment cooled in April once more. The companies surveyed lowered their assessments of the current situation considerably, and the outlook for the coming six months was worse again as well.

In eastern German *construction*, the Business Climate Index plummeted again, as the companies surveyed massively scaled back both their assessments of the current situation and their business expectations.

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, April 2022

© ifo Institute

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

	04/21	05/21	06/21	07/21	08/21	09/21	10/21	11/21	12/21	01/22	02/22	03/22	04/22
Climate	95.7	99.3	102.5	101.4	101.6	101.3	99.0	97.6	96.2	97.2	100.1	93.2	94.6
Situation	93.9	96.2	100.3	102.3	104.2	103.0	101.7	100.4	98.8	97.1	101.4	98.3	98.4
Expectations	97.5	102.4	104.7	100.6	99.1	99.7	96.3	94.8	93.6	97.3	98.8	88.3	90.8

Source: ifo Business Survey

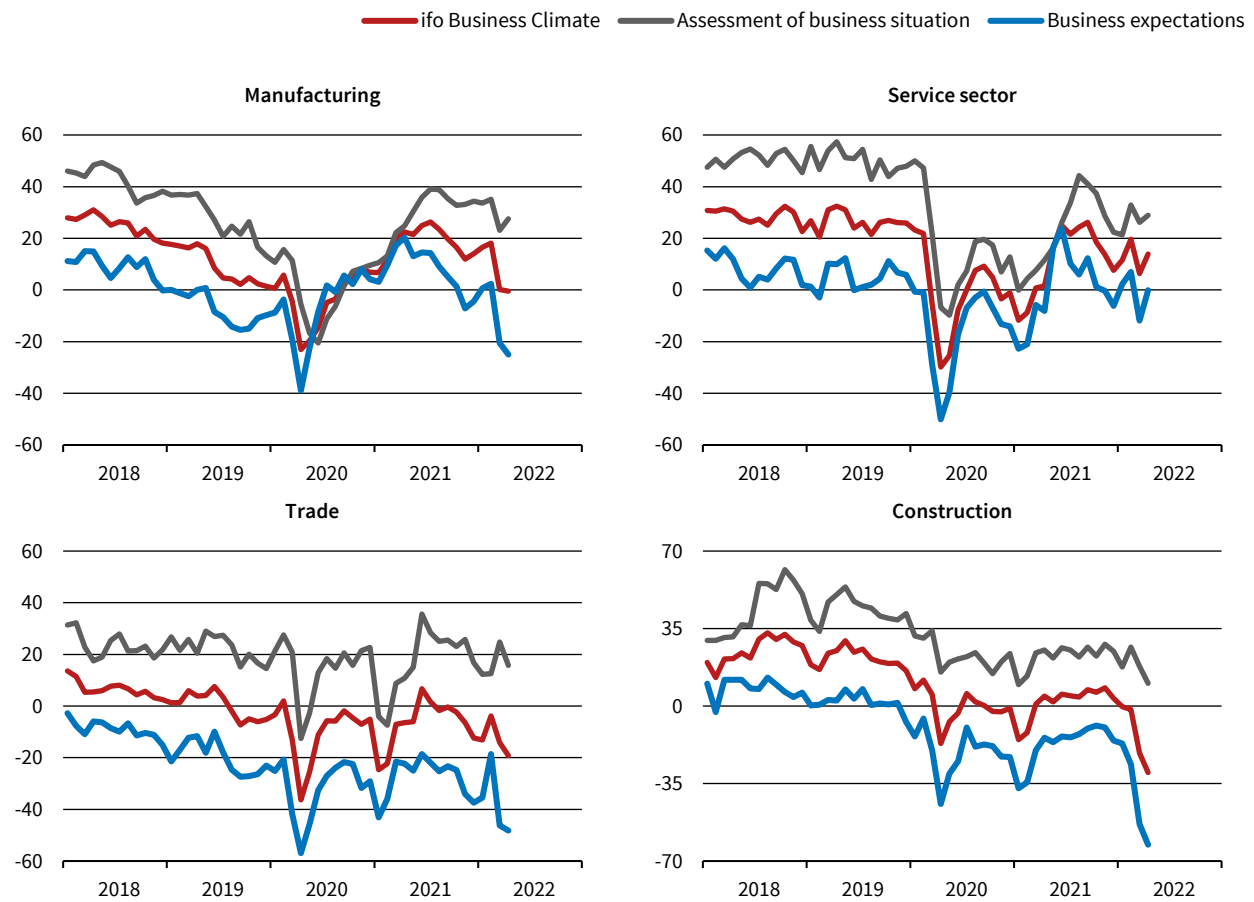
© ifo Institute

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, April 2022

© ifo Institut

ifo Business Climate Eastern Germany (Balances, seasonally adjusted)

	04/21	05/21	06/21	07/21	08/21	09/21	10/21	11/21	12/21	01/22	02/22	03/22	04/22
Eastern Germany	6.5	14.2	21.1	18.9	19.2	18.6	13.5	10.5	7.5	9.6	15.9	1.0	4.0
Manufacturing	22.5	21.5	25.0	26.4	23.5	19.8	16.5	12.0	14.1	16.5	18.1	0.1	-0.5
Service sector	1.5	16.3	25.0	21.6	24.4	26.3	18.5	13.7	7.6	11.6	19.6	6.4	13.9
Trade	-6.5	-6.1	6.7	1.6	-1.8	-0.4	-2.3	-6.5	-12.3	-13.1	-3.8	-14.1	-19.2
Construction	4.5	1.8	5.3	4.6	4.0	7.4	6.3	8.3	3.5	-0.3	-1.6	-21.2	-30.0

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.