

ifo Business Climate Eastern Germany Treads Water

Dresden, May 30, 2022 – The mood of eastern German companies held more or less steady in May. The ifo Business Climate Index for the entire regional economy hovered at 94.5 points. The survey participants' assessments of their current situation improved considerably, even as they revised their outlook markedly downward. Such strongly contrasting developments are likely due to the easing of the coronavirus situation and the ongoing war in Ukraine.

In eastern Germany's *manufacturing* sector, the ifo Business Climate Index rose perceptibly in May. Assessments of the current business situation declined markedly, while expectations for the coming six months surged upward.

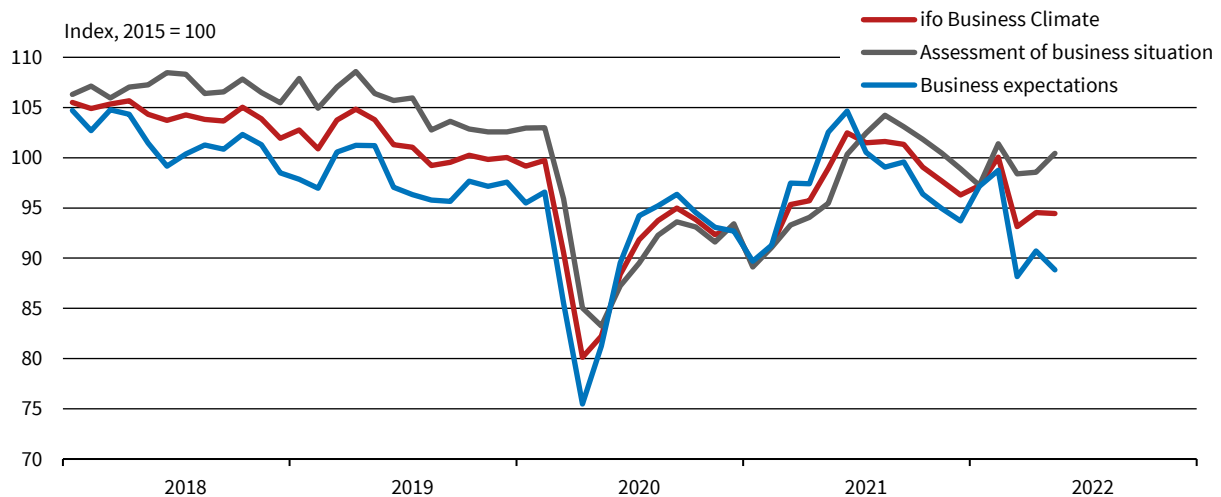
The mood in eastern Germany's *service sector* clouded over a little, mainly due to the steep decline in business expectations. At the same time, companies' assessments of the situation saw strong improvement.

In eastern German *trade*, the barometer of business sentiment rose significantly. The companies surveyed raised both their assessments of current business and their outlook appreciably.

In eastern German *construction*, the Business Climate Index recovered noticeably in May. While the companies surveyed reported slightly less favorable assessments of their current situation, they expect business to improve significantly in the coming months.

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ifo Business Climate Eastern Germany^a
Seasonally adjusted



^a Manufacturing, service sector, trade, and construction.
Source: ifo Business Survey, May 2022

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

	05/21	06/21	07/21	08/21	09/21	10/21	11/21	12/21	01/22	02/22	03/22	04/22	05/22
Climate	98.9	102.5	101.5	101.6	101.3	99.1	97.7	96.3	97.2	100.1	93.2	94.5	94.5
Situation	95.5	100.3	102.5	104.2	103.1	101.8	100.5	98.9	97.3	101.4	98.4	98.6	100.4
Expectations	102.5	104.6	100.5	99.1	99.6	96.4	95.0	93.7	97.2	98.8	88.2	90.7	88.8

Source: ifo Business Survey

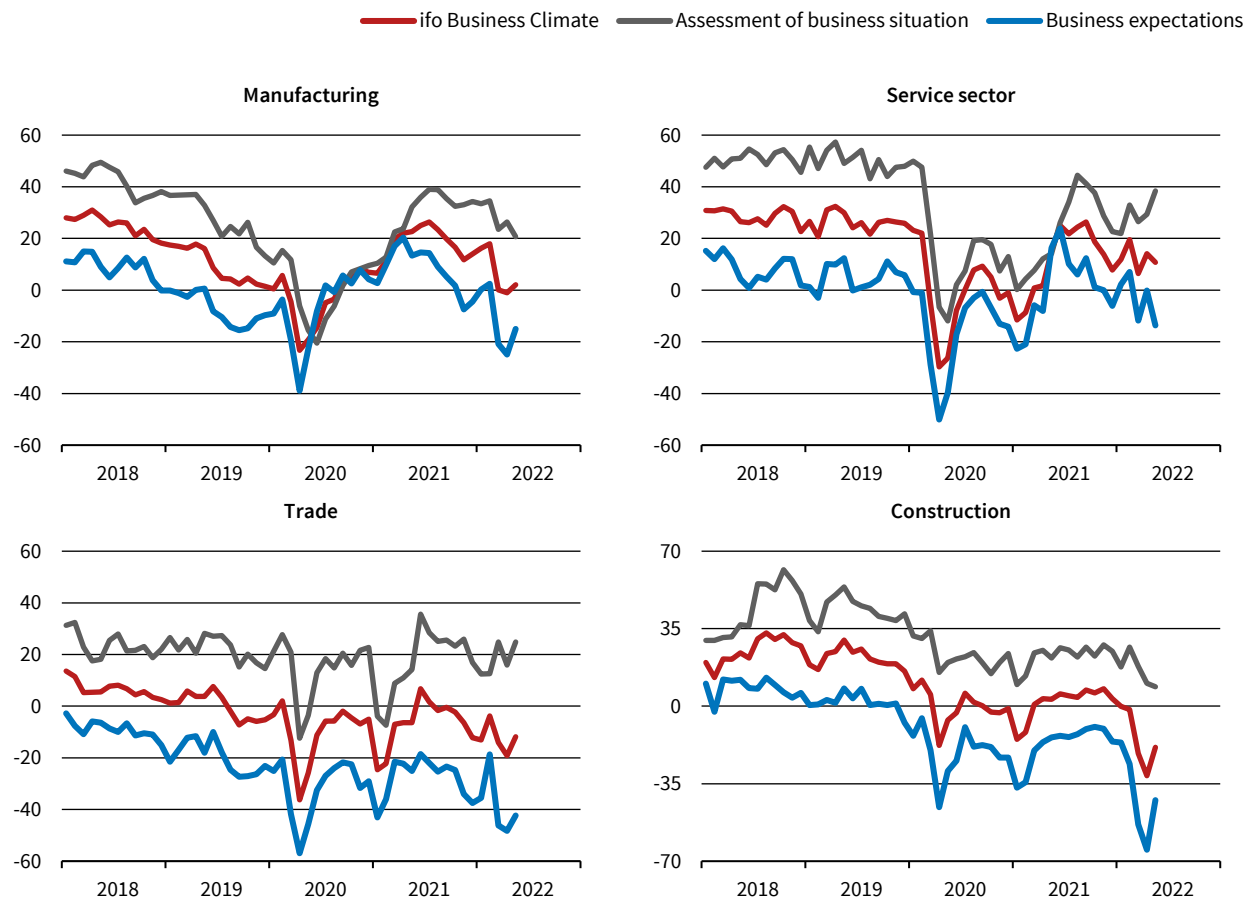
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The ifo Institute's Dresden Branch is partly financed by tax revenues on the basis of the budget approved by the members of Saxony's state parliament.

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



Source: ifo Business Survey, May 2022

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ifo Business Climate Eastern Germany (Balances, seasonally adjusted)

	05/21	06/21	07/21	08/21	09/21	10/21	11/21	12/21	01/22	02/22	03/22	04/22	05/22
Eastern Germany	13.5	21.1	19.0	19.2	18.6	13.8	10.7	7.7	9.7	15.9	1.0	4.0	3.8
Manufacturing	22.59	25.00	26.33	23.41	19.83	16.53	11.78	14.04	16.16	17.91	0.12	-0.96	2.04
Service sector	15.21	24.97	21.79	24.44	26.34	18.63	13.87	7.74	11.84	19.60	6.43	14.12	10.79
Trade	-6.43	6.74	1.64	-1.73	-0.38	-2.26	-6.35	-12.27	-13.03	-3.75	-14.07	-19.10	-11.87
Construction	3.05	5.51	4.77	4.04	7.31	6.04	7.91	3.35	-0.09	-1.49	-21.26	-31.40	-18.61

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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