

## ifo Business Climate Eastern Germany: Index Stabilizes at a Low Level

Dresden, October 28, 2022 – Sentiment among companies in Saxony improved slightly in October. The ifo Business Climate Index for the entire regional economy rose to 86.2 points, up from 85.2 points in September. The companies surveyed lowered their assessments of the current situation somewhat while they raised their expectations for the next six months considerably.

In eastern German *manufacturing*, the business climate brightened substantially in October. The main reason for this was a major improvement in expectations. The current business situation was also assessed by the manufacturing companies surveyed as somewhat better than in the previous month.

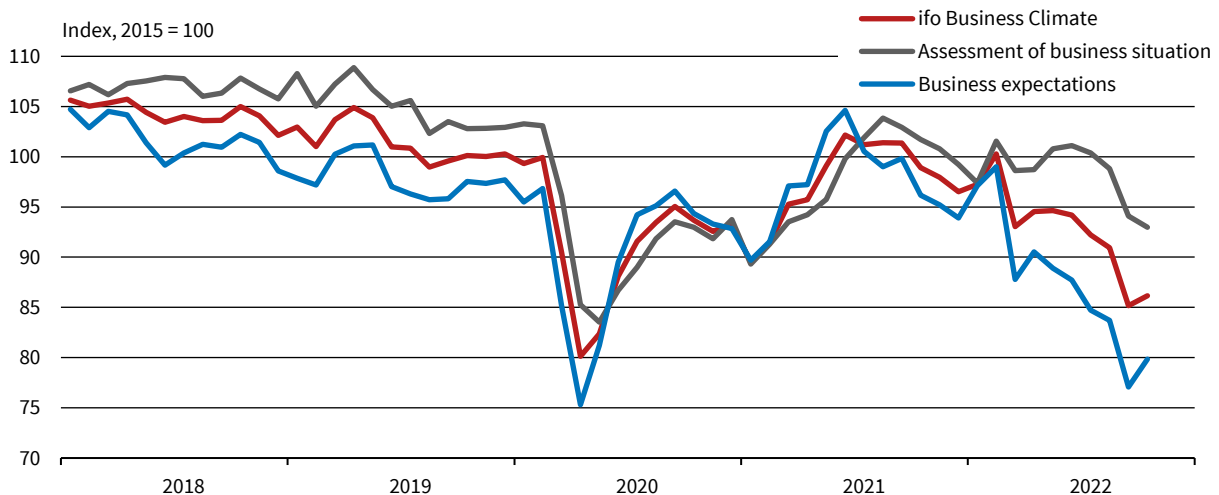
In the eastern German *service sector*, sentiment in October deteriorated a bit. Compared to the previous month, companies' assessments of the current situation took a plunge, while business expectations recovered significantly.

In eastern German *trade*, the sentiment barometer regained ground in October. The trading businesses surveyed assessed both their current situation and their outlook as better than a month earlier. Current business in particular recorded a strong recovery.

In eastern German *construction*, the business climate turned a lot cooler in October. The construction companies surveyed scaled back their assessments of the current situation noticeably and their business expectations declined slightly.

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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, October 2022

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

	10/21	11/21	12/21	01/22	02/22	03/22	04/22	05/22	06/22	07/22	08/22	09/22	10/22
<b>Climate</b>	98.9	98.0	96.5	97.3	100.3	93.1	94.5	94.7	94.2	92.2	90.9	85.2	86.2
<b>Situation</b>	101.7	100.8	99.2	97.4	101.6	98.6	98.7	100.8	101.1	100.4	98.8	94.1	93.0
<b>Expectations</b>	96.2	95.2	93.9	97.1	99.0	87.8	90.5	88.9	87.7	84.7	83.7	77.1	79.8

Source: ifo Business Survey

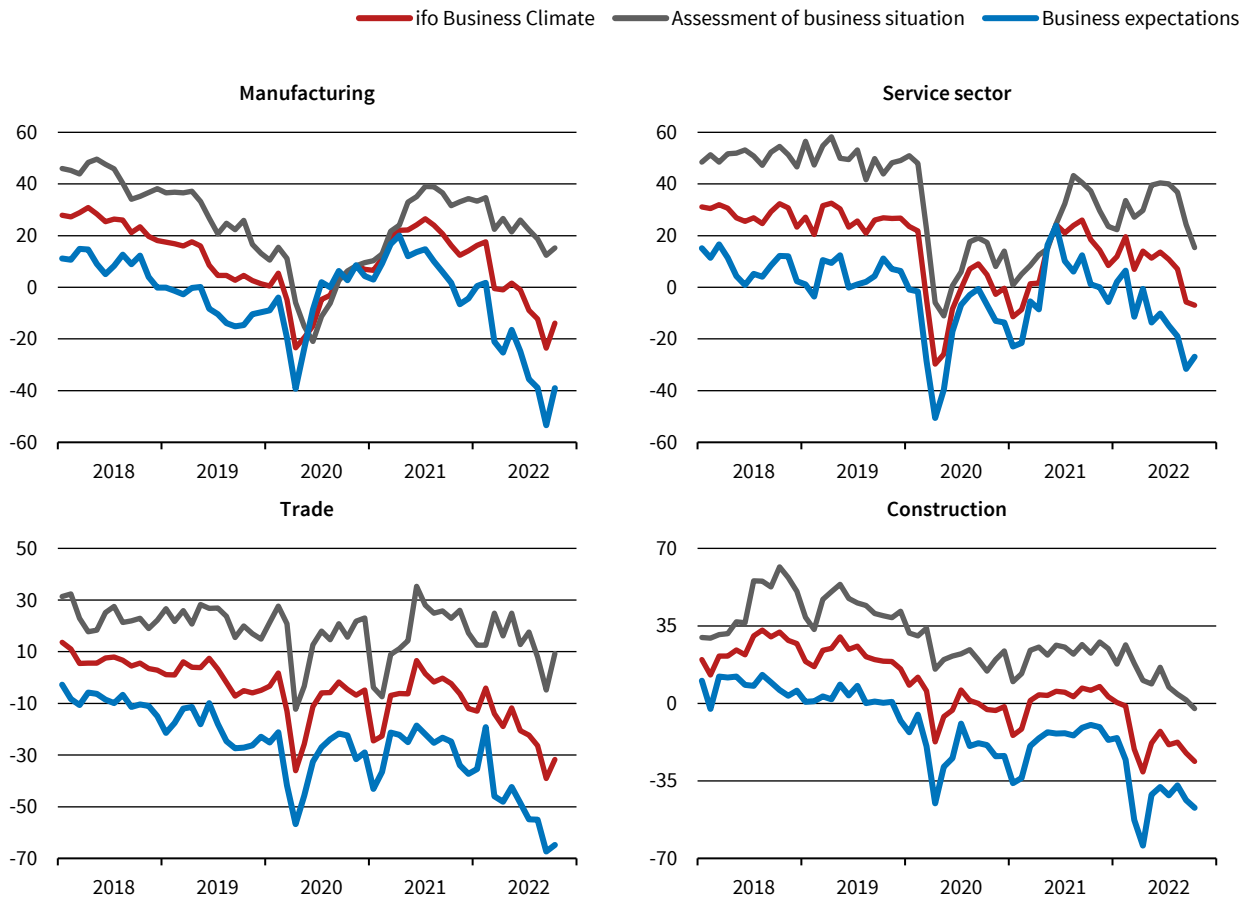
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For long time series in Excel format, please see [www.ifo.de/en/umfragen/time-series](http://www.ifo.de/en/umfragen/time-series).

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



Source: ifo Business Survey, October 2022

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

	10/21	11/21	12/21	01/22	02/22	03/22	04/22	05/22	06/22	07/22	08/22	09/22	10/22
<b>Eastern Germany</b>	<b>13.4</b>	<b>11.3</b>	<b>8.2</b>	<b>9.8</b>	<b>16.3</b>	<b>0.8</b>	<b>3.9</b>	<b>4.2</b>	<b>3.2</b>	<b>-1.0</b>	<b>-3.8</b>	<b>-16.2</b>	<b>-14.1</b>
Manufacturing	16.2	12.4	14.1	16.3	17.6	-0.5	-1.0	1.6	-1.0	-8.9	-12.3	-23.5	-13.8
Service sector	18.5	14.3	8.4	11.9	19.6	6.9	14.1	11.3	13.7	10.8	7.1	-5.7	-6.9
Trade	-2.3	-6.3	-12.0	-13.0	-4.1	-13.9	-19.0	-11.8	-20.5	-22.3	-26.3	-39.1	-31.8
Construction	5.9	7.6	3.0	0.4	-1.3	-20.8	-31.0	-18.0	-12.6	-18.7	-17.6	-22.4	-26.2

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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