

## ifo Business Climate Eastern Germany: Sentiment Improves Further

Dresden, January 6, 2023 – Sentiment among companies in eastern Germany once again improved strongly in December. The ifo Business Climate Index for the entire regional economy rose to 92.0 points, up from 89.4 points in November. The companies surveyed raised their overall assessments of the current situation perceptibly, while their outlook for the next six months improved considerably. The economy is on an upward trend.

In eastern German *manufacturing*, the business climate brightened appreciably in December. Both the business situation and the outlook of the manufacturing companies surveyed rose sharply.

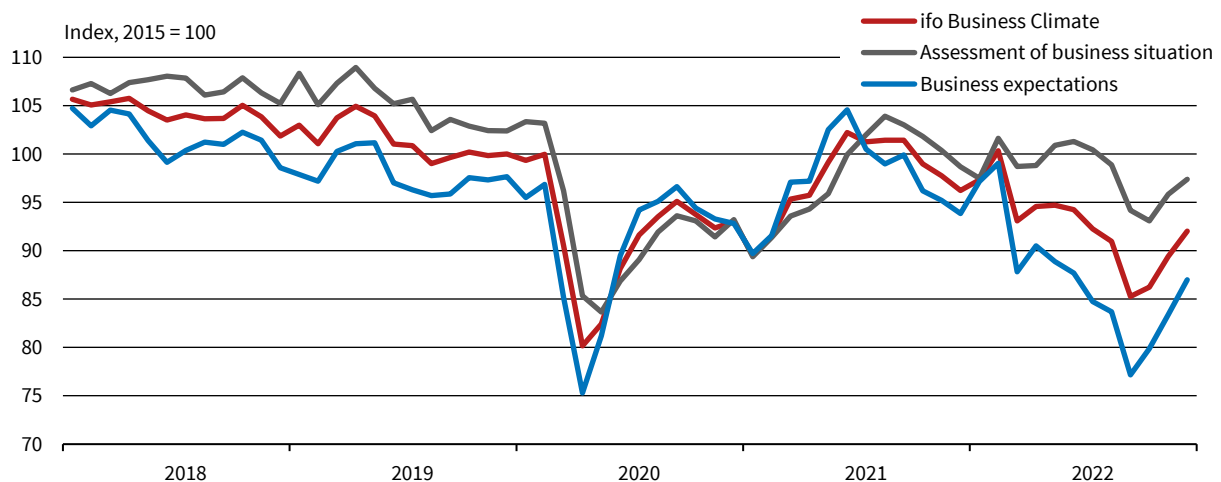
In the eastern German *service sector*, sentiment improved somewhat in December. Assessments of the current situation and business expectations both improved a little.

In eastern German *trade*, the barometer of business sentiment rose marginally in December. Compared to the previous month, the businesses surveyed gave somewhat improved assessments of their current business. They also raised their expectations for the next six months slightly.

In eastern German *construction*, the business climate was somewhat cooler in December. Participating construction companies reported a slight decline in their assessments of the current situation, but their business expectations were slightly higher.

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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, December 2022

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

	12/21	01/22	02/22	03/22	04/22	05/22	06/22	07/22	08/22	09/22	10/22	11/22	12/22
<b>Climate</b>	96.2	97.3	100.3	93.1	94.6	94.7	94.2	92.3	91.0	85.3	86.2	89.4	92.0
<b>Situation</b>	98.7	97.5	101.6	98.7	98.8	100.9	101.3	100.4	98.9	94.2	93.1	95.8	97.4
<b>Expectations</b>	93.8	97.2	99.0	87.8	90.5	88.9	87.7	84.7	83.7	77.2	79.9	83.4	87.0

Source: ifo Business Survey

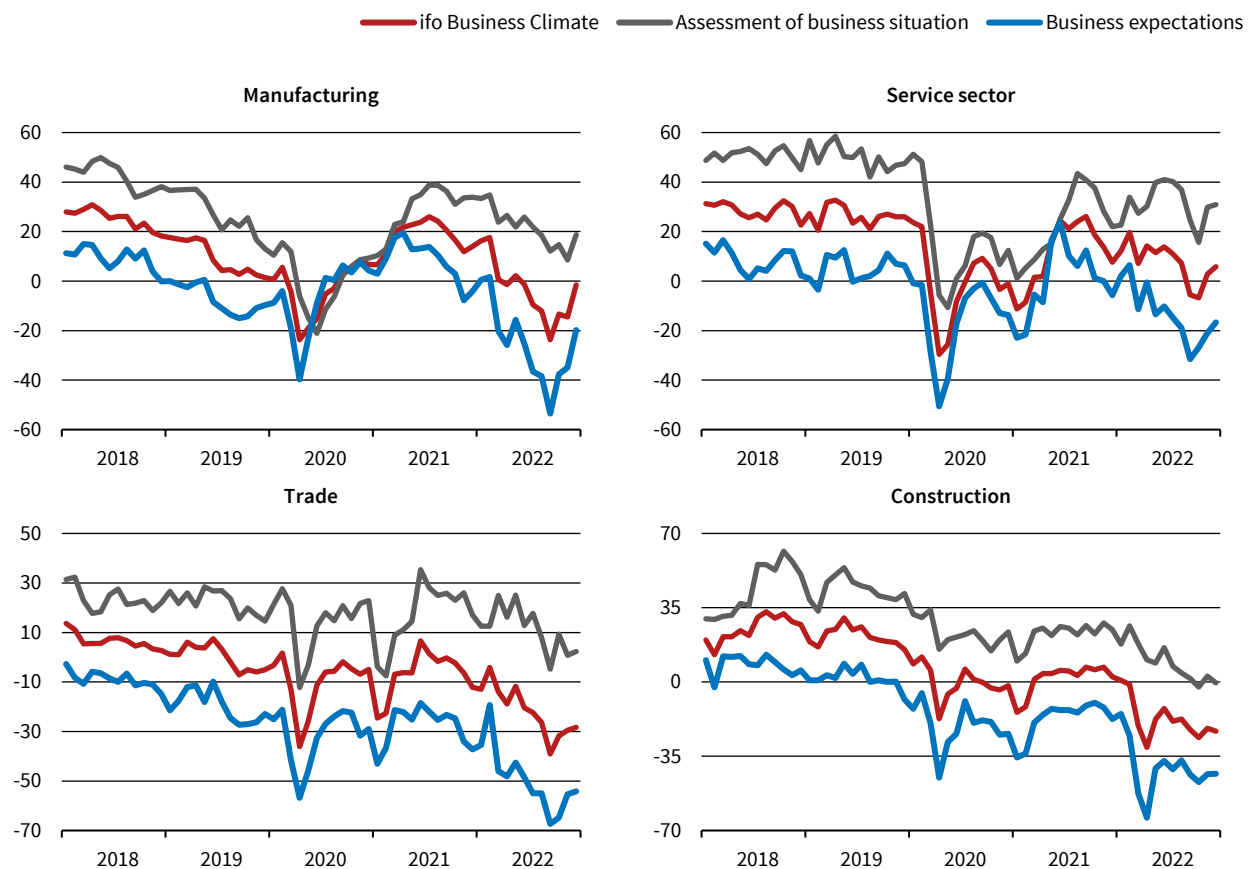
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The ifo Institute's Dresden Branch is partly financed by tax revenues on the basis of the budget approved by the members of Saxony's state parliament.

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



Source: ifo Business Survey, December 2022

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

	12/21	01/22	02/22	03/22	04/22	05/22	06/22	07/22	08/22	09/22	10/22	11/22	12/22
<b>Eastern Germany</b>	7.6	10.0	16.4	0.9	4.0	4.3	3.3	-1.0	-3.7	-16.1	-14.0	-7.1	-1.4
Manufacturing	14.0	16.3	17.6	0.6	-1.4	2.2	-1.4	-9.6	-12.1	-23.7	-13.3	-14.4	-1.5
Service sector	7.7	12.1	19.7	7.1	14.2	11.5	13.8	10.9	7.2	-5.5	-6.8	2.9	5.8
Trade	-12.1	-13.0	-4.1	-13.9	-18.9	-11.8	-20.5	-22.3	-26.3	-39.1	-31.8	-29.5	-28.3
Construction	2.5	0.7	-1.2	-20.7	-30.8	-17.6	-12.4	-18.5	-17.5	-22.4	-26.2	-21.8	-23.1

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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