

ifo Business Climate Eastern Germany: Sentiment Improves Further

Dresden, January 31, 2023 – Sentiment among companies in eastern Germany improved marginally in January. The ifo Business Climate Index for the entire regional economy rose to 92.6 points, up from 92.0 points in December. The companies surveyed lowered their assessments of the current situation slightly, while their outlook for the next six months improved a little.

In eastern German *manufacturing*, the business climate was marginally gloomier in January. The manufacturing companies surveyed assessed the business situation as slightly less positive. Their outlook, too, took a small dip.

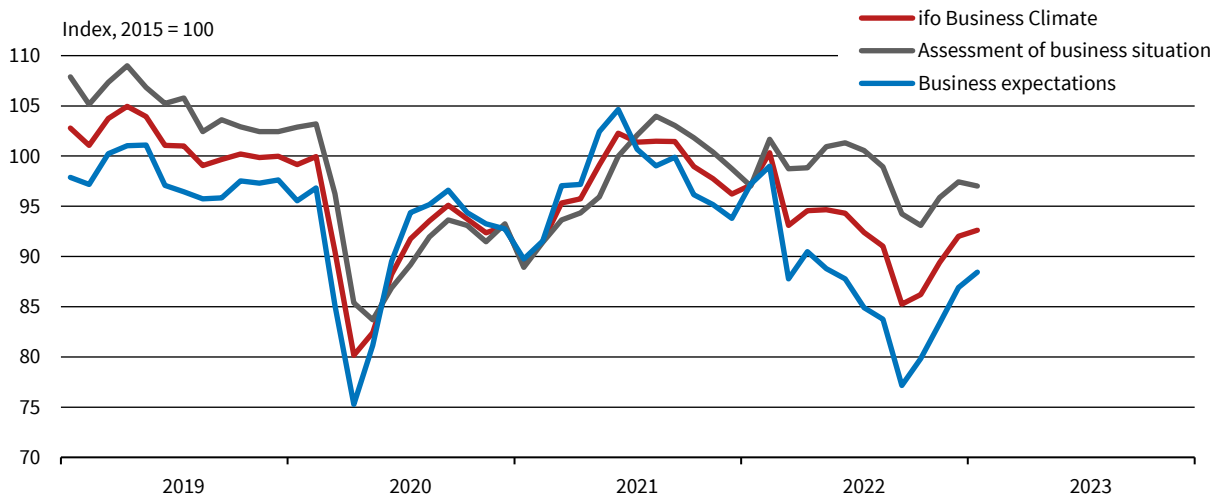
In the eastern German *service sector*, sentiment rose a bit in January. Assessments of the current situation and business expectations both improved somewhat.

In eastern German *trade*, the barometer of business sentiment rose marginally in January. Compared to the previous month, the businesses surveyed gave somewhat improved assessments of their current business. But at the same time, their outlook for the coming six months was slightly more negative.

In eastern German *construction*, the business climate turned a little brighter in January. Participating construction companies reported a minimal decline in their assessments of the current situation, while their business expectations improved marginally.

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ifo Business Climate Eastern Germany^a Seasonally adjusted



^a Manufacturing, service sector, trade, and construction.
Source: ifo Business Survey, January 2023

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

	01/22	02/22	03/22	04/22	05/22	06/22	07/22	08/22	09/22	10/22	11/22	12/22	01/23
Climate	97.1	100.3	93.1	94.6	94.7	94.3	92.4	91.0	85.3	86.2	89.4	92.0	92.6
Situation	97.0	101.7	98.7	98.8	100.9	101.3	100.5	98.9	94.2	93.1	95.9	97.4	97.0
Expectations	97.2	99.0	87.8	90.5	88.8	87.8	84.9	83.7	77.1	79.8	83.3	86.9	88.4

Source: ifo Business Survey

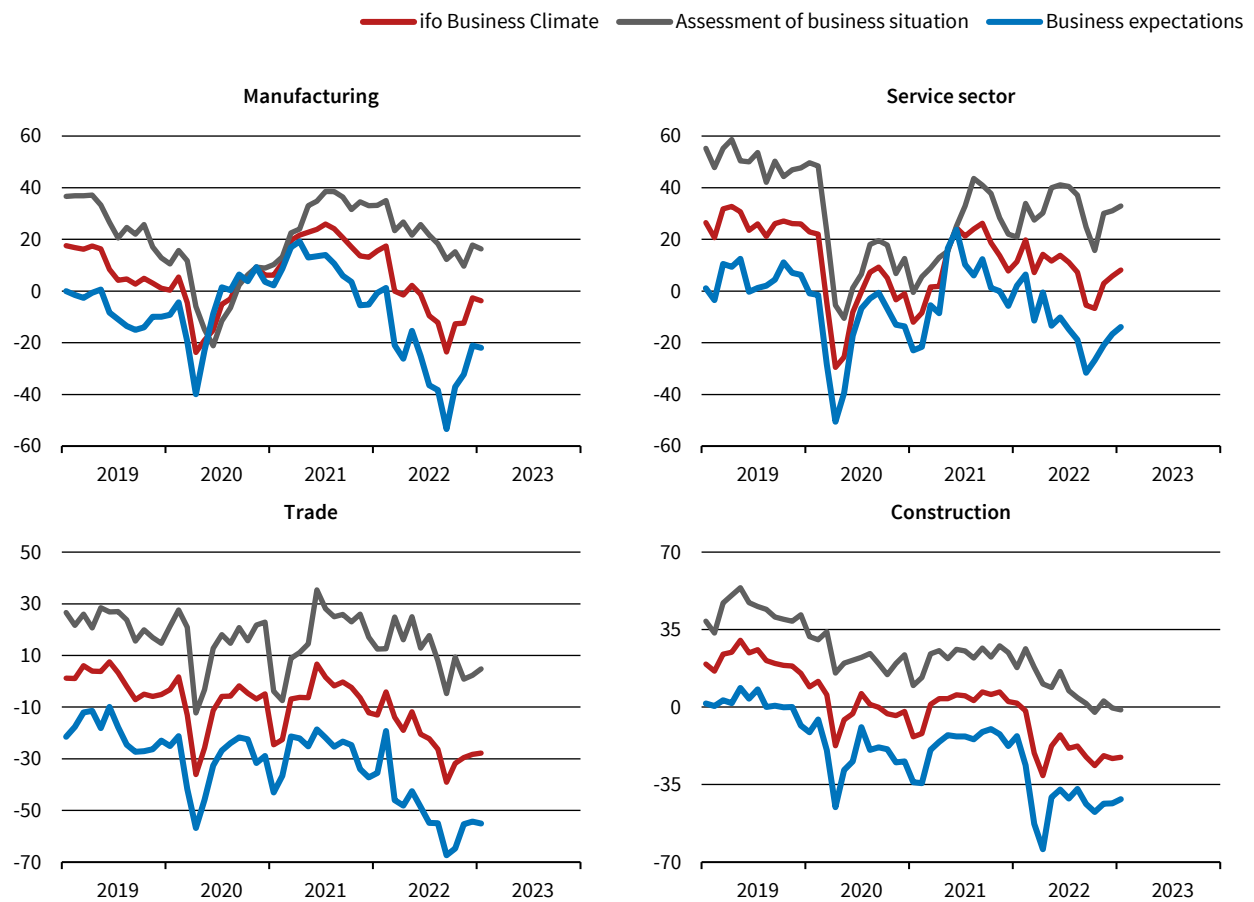
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The ifo Institute's Dresden Branch is partly financed by tax revenues on the basis of the budget approved by the members of Saxony's state parliament.

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



Source: ifo Business Survey, January 2023

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ifo Business Climate Eastern Germany (Balances, seasonally adjusted)

	01/22	02/22	03/22	04/22	05/22	06/22	07/22	08/22	09/22	10/22	11/22	12/22	01/23
Eastern Germany	9.5	16.5	0.8	4.0	4.2	3.4	-0.7	-3.6	-16.1	-14.0	-7.1	-1.5	-0.2
Manufacturing	15.6	17.5	0.0	-1.5	2.3	-1.3	-9.6	-12.1	-23.6	-12.7	-12.5	-2.6	-3.7
Service sector	11.3	19.8	7.1	14.3	11.6	13.9	11.1	7.2	-5.5	-6.7	2.9	5.8	8.2
Trade	-13.0	-4.1	-13.9	-19.0	-11.8	-20.5	-22.2	-26.3	-39.1	-31.8	-29.6	-28.3	-27.7
Construction	1.7	-1.6	-20.8	-30.9	-17.6	-12.5	-18.6	-17.5	-22.5	-26.3	-21.9	-23.2	-22.6

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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