

ifo Business Climate Eastern Germany: Economic Engine Gathers Speed

Dresden, February 28, 2023 – Sentiment among companies in eastern Germany improved markedly in February. The ifo Business Climate Index for the entire regional economy rose to 94.7 points, up from 92.6 points in January. The companies surveyed raised their overall assessments of the current situation appreciably, while their outlook for the next six months improved noticeably.

In eastern German *manufacturing*, the business climate brightened considerably in February. The manufacturing companies surveyed assessed the business situation as somewhat better than in the previous month. There was also a marked improvement in their outlook.

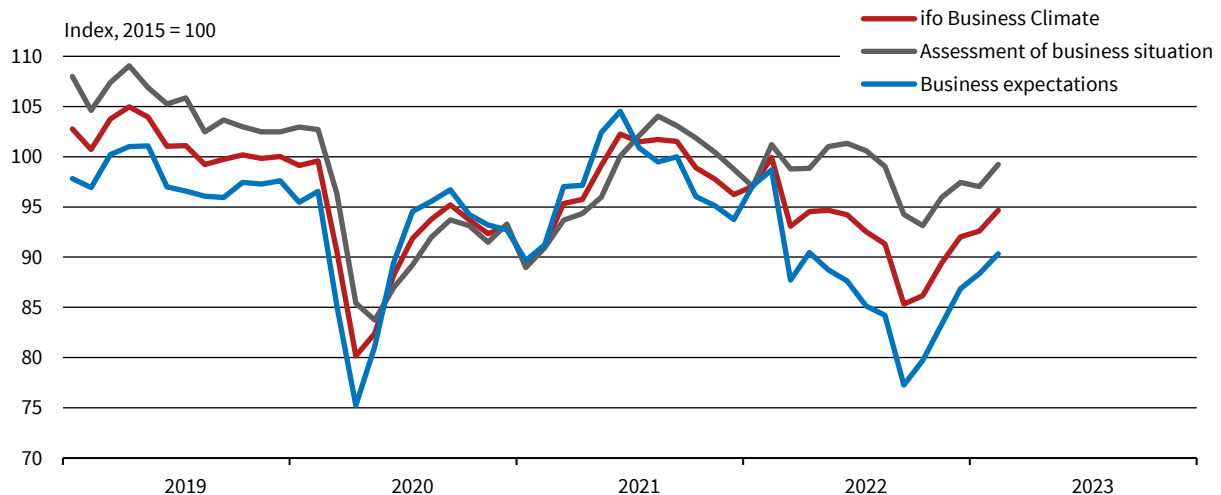
In the eastern German *service sector*, sentiment rose substantially in February. Assessments of the current situation and business expectations both improved considerably.

In eastern German *trade*, the barometer of business sentiment rose noticeably in February. Compared to the previous month, the businesses surveyed gave somewhat improved assessments of their current business. At the same time, they raised their expectations for the next six months considerably.

In eastern German *construction*, the business climate brightened slightly in February. Participating construction companies reported a palpable improvement in their assessments of the current situation, while their business expectations declined slightly.

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, February 2023

© ifo Institute

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

| | 02/22 | 03/22 | 04/22 | 05/22 | 06/22 | 07/22 | 08/22 | 09/22 | 10/22 | 11/22 | 12/22 | 01/23 | 02/23 |
|---------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Climate | 99.9 | 93.1 | 94.6 | 94.7 | 94.2 | 92.5 | 91.3 | 85.3 | 86.2 | 89.4 | 92.0 | 92.6 | 94.7 |
| Situation | 101.2 | 98.8 | 98.8 | 101.0 | 101.3 | 100.6 | 99.0 | 94.3 | 93.1 | 96.0 | 97.5 | 97.0 | 99.2 |
| Expectations | 98.7 | 87.7 | 90.4 | 88.7 | 87.6 | 85.1 | 84.2 | 77.3 | 79.7 | 83.3 | 86.9 | 88.4 | 90.3 |

Source: ifo Business Survey

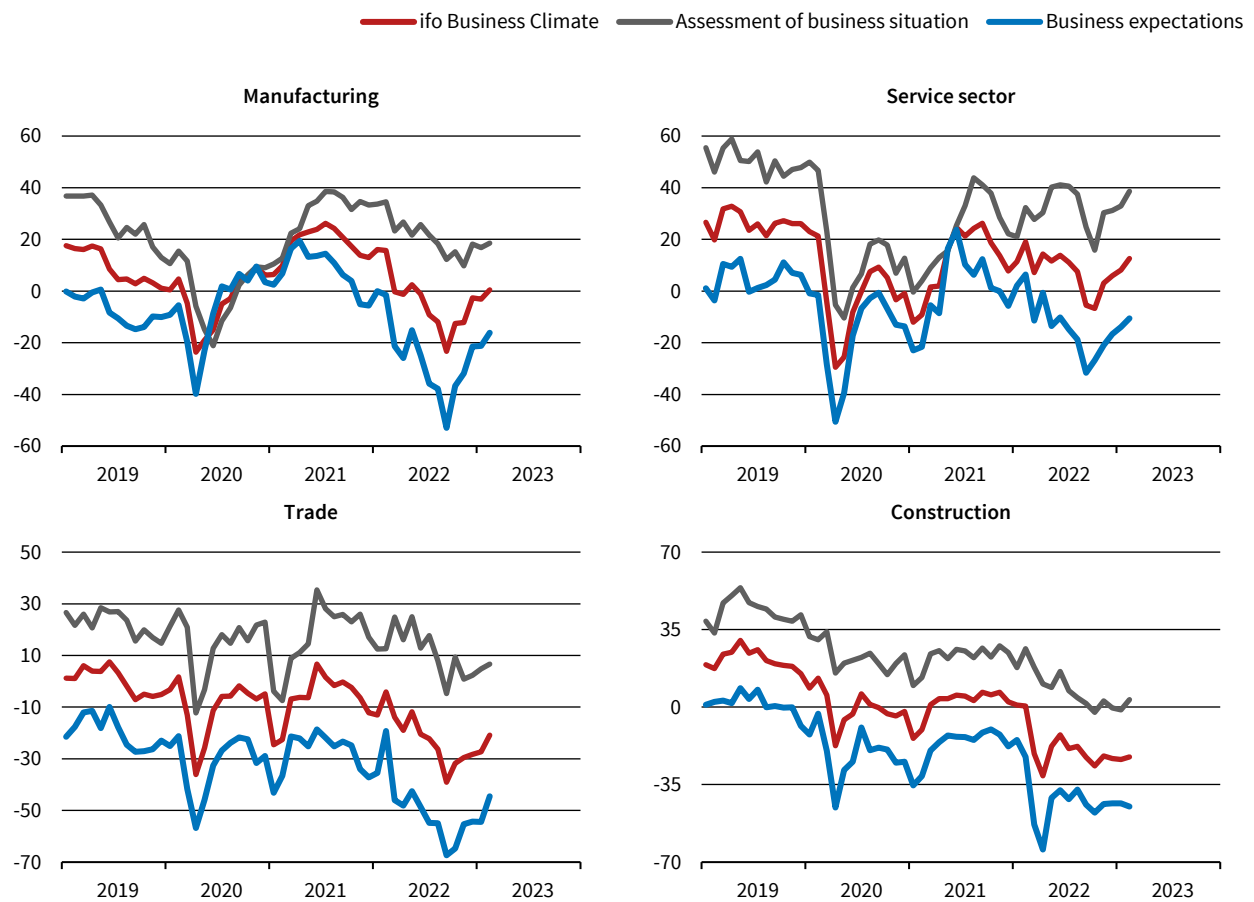
© ifo Institute

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, February 2023

© ifo Institute

ifo Business Climate Eastern Germany (Balances, seasonally adjusted)

| | 02/22 | 03/22 | 04/22 | 05/22 | 06/22 | 07/22 | 08/22 | 09/22 | 10/22 | 11/22 | 12/22 | 01/23 | 02/23 |
|------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Eastern Germany | 15.6 | 0.8 | 4.0 | 4.3 | 3.3 | -0.3 | -3.0 | -15.9 | -14.1 | -7.1 | -1.5 | -0.2 | 4.2 |
| Manufacturing | 15.7 | -0.3 | -1.3 | 2.4 | -1.1 | -9.3 | -11.9 | -23.4 | -12.5 | -12.2 | -2.7 | -3.2 | 0.4 |
| Service sector | 19.0 | 7.2 | 14.3 | 11.7 | 13.9 | 11.1 | 7.5 | -5.4 | -6.7 | 3.0 | 5.9 | 8.2 | 12.6 |
| Trade | -4.1 | -13.9 | -19.0 | -11.8 | -20.5 | -22.2 | -26.3 | -39.1 | -31.8 | -29.6 | -28.3 | -27.4 | -20.8 |
| Construction | 0.5 | -21.0 | -31.0 | -17.7 | -12.6 | -18.7 | -17.7 | -22.7 | -26.5 | -22.0 | -23.3 | -23.6 | -22.4 |

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.