

ifo Business Climate Eastern Germany: Index Rises

Dresden, April 27, 2023 – Sentiment among companies in eastern Germany improved slightly in April. The ifo Business Climate Index for the entire regional economy rose to 96.5 points, up from 95.4 points in March. The companies surveyed adjusted their assessments of the current situation a little downward, while their outlook for the next six months improved considerably.

In eastern German *manufacturing*, the business climate brightened substantially in April. The manufacturing companies surveyed assessed the business situation as marginally worse than in the previous month. Their outlook improved significantly.

In the eastern German *service sector*, sentiment trended sideward in April. Service providers' assessments of their current situation declined a little, while their business expectations increased slightly.

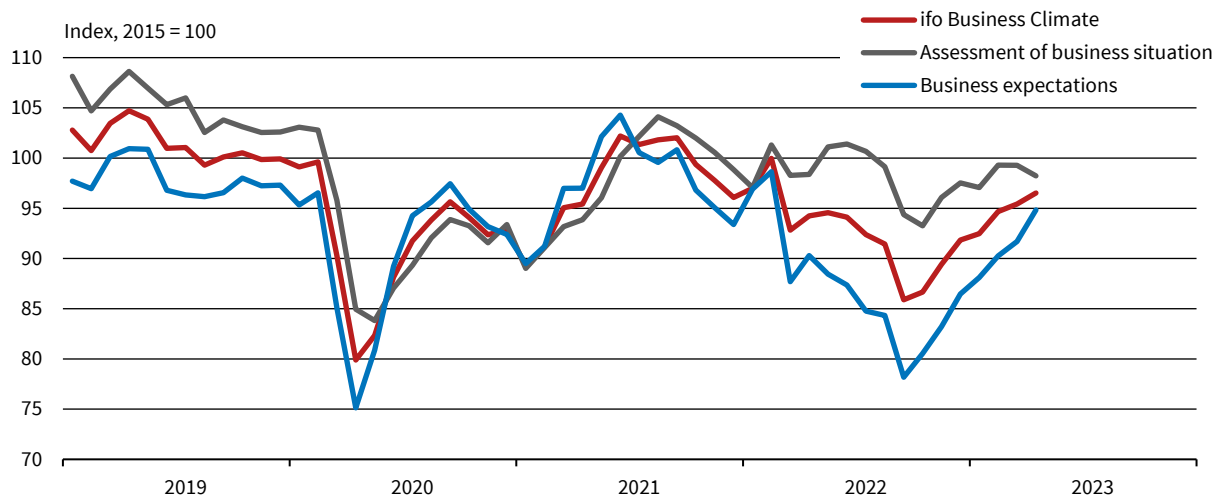
In eastern German *trade*, the barometer of business sentiment rose slightly in April. Compared to the previous month, the businesses surveyed gave noticeably gloomier assessments of their current business. At the same time, they raised their expectations for the next six months markedly.

In eastern German *construction*, the business climate was a touch cooler in April. Assessments of the current situation and business expectations both deteriorated compared to the previous month.

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ifo Business Climate Eastern Germany^a

Seasonally adjusted



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

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

	04/22	05/22	06/22	07/22	08/22	09/22	10/22	11/22	12/22	01/23	02/23	03/23	04/23
Climate	94.2	94.6	94.1	92.4	91.4	85.9	86.7	89.4	91.8	92.5	94.7	95.4	96.5
Situation	98.4	101.1	101.4	100.7	99.1	94.4	93.3	96.1	97.5	97.1	99.3	99.3	98.2
Expectations	90.3	88.4	87.4	84.8	84.3	78.2	80.5	83.2	86.5	88.1	90.3	91.7	94.8

Source: ifo Business Survey

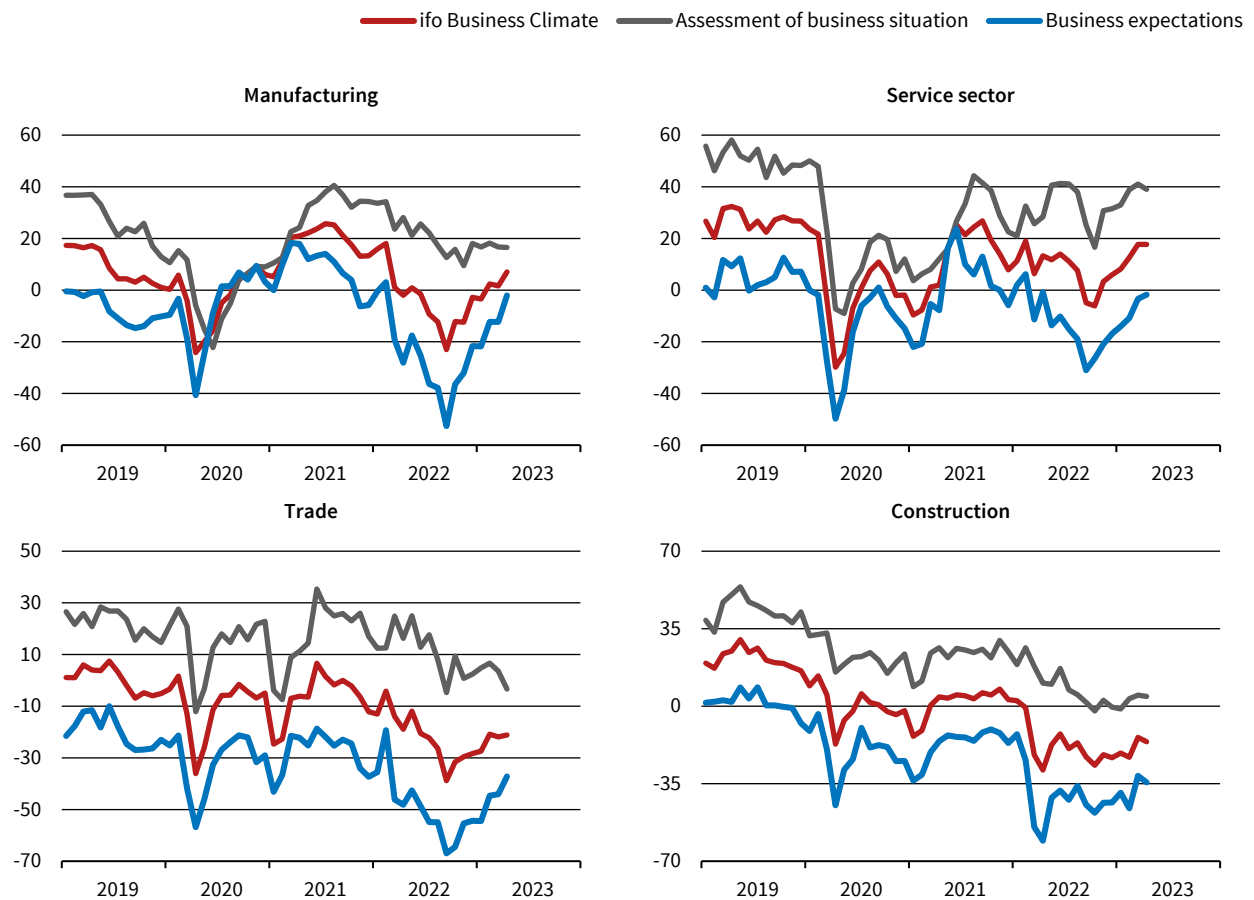
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The ifo Institute's Dresden Branch is partly financed by tax revenues on the basis of the budget approved by the members of Saxony's state parliament.

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



Source: Ifo Business Survey, April 2023

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Ifo Business Climate Eastern Germany (Balances, seasonally adjusted)

	04/22	05/22	06/22	07/22	08/22	09/22	10/22	11/22	12/22	01/23	02/23	03/23	04/23
Eastern Germany	3.3	4.0	3.1	-0.7	-2.7	-14.7	-13.0	-7.1	-1.9	-0.5	4.3	5.9	8.2
Manufacturing	-2.0	0.9	-1.4	-9.3	-12.3	-23.0	-12.1	-12.4	-2.8	-3.5	2.4	1.7	7.0
Service sector	13.3	11.8	14.0	11.2	7.6	-4.9	-6.1	3.3	5.9	8.1	12.6	17.7	17.7
Trade	-18.9	-11.9	-20.6	-22.3	-26.4	-38.8	-31.5	-29.6	-28.4	-27.4	-20.8	-21.9	-21.2
Construction	-28.8	-17.5	-12.5	-19.1	-16.5	-22.9	-26.7	-21.9	-23.3	-21.2	-23.1	-14.1	-16.0

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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