

ifo Business Climate Eastern Germany: Index Decreased

Dresden, May 30, 2023 – Sentiment among eastern German companies cooled a bit in May. The ifo Business Climate Index for the entire regional economy fell to 96.2 points, down from 96.5 points in April. The companies surveyed slightly raised their assessments of the current situation, while their outlook for the next six months worsened noticeably.

In eastern German *manufacturing*, the business climate brightened slightly in May. The manufacturing companies surveyed assessed the business situation as somewhat better than in the previous month. Their outlook improved as well.

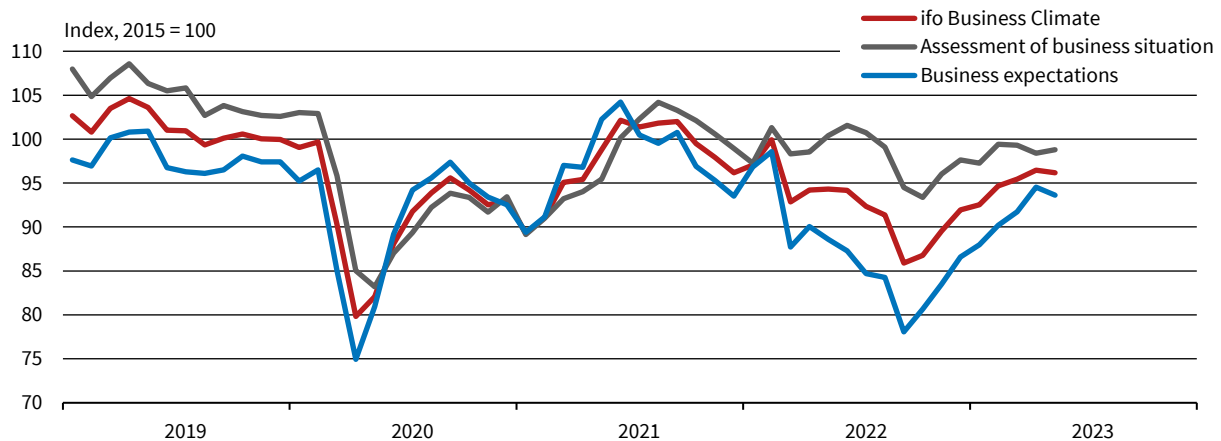
Sentiment in eastern Germany's *service sector* worsened somewhat in May. Service providers' assessments of the current situation saw a sideways trend. Their business expectations worsened slightly.

In eastern German *trade*, the barometer of business sentiment fell slightly in May. 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 turned slightly more negative.

In eastern German *construction*, the business climate was a touch cooler in May. The construction companies surveyed scaled back their assessments of the current situation noticeably 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, May 2023

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

	05/22	06/22	07/22	08/22	09/22	10/22	11/22	12/22	01/23	02/23	03/23	04/23	05/23
Climate	94.3	94.2	92.4	91.4	85.9	86.8	89.5	91.9	92.5	94.7	95.4	96.5	96.2
Situation	100.4	101.6	100.7	99.1	94.5	93.4	96.0	97.6	97.3	99.4	99.3	98.4	98.8
Expectations	88.6	87.3	84.7	84.3	78.1	80.6	83.5	86.6	88.0	90.2	91.7	94.5	93.6

Source: ifo Business Survey

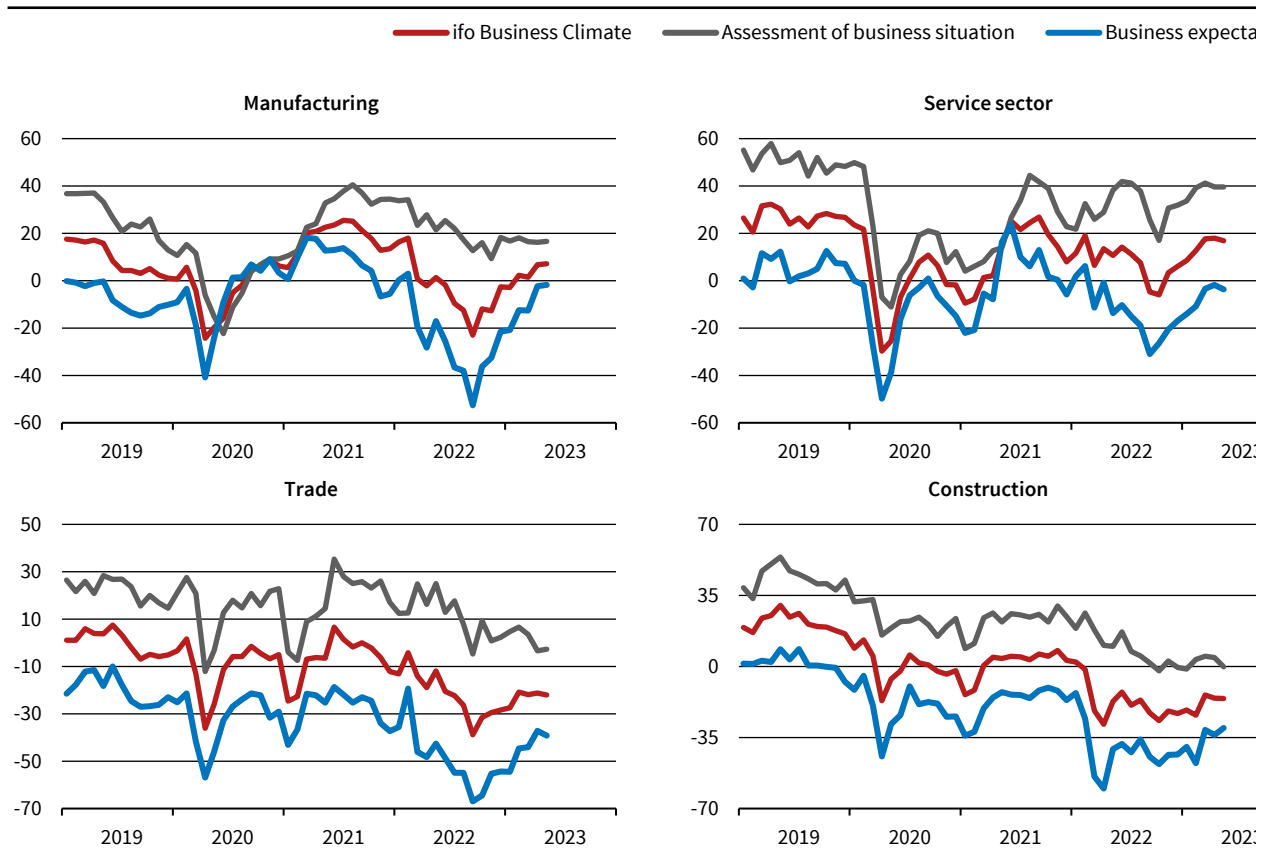
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Business Situation and Expectations in Eastern Germany by Sector
Balances, seasonally adjusted



Source: ifo Business Survey, May 2023

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ifo Business Climate Eastern Germany (Balances, seasonally adjusted)

	05/22	06/22	07/22	08/22	09/22	10/22	11/22	12/22	01/23	02/23	03/23	04/23	05/23
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	1.3	-1.7	-9.6	-12.4	-22.9	-11.9	-12.8	-2.6	-2.9	2.2	1.4	6.8	7.2
Service sector	10.7	14.2	11.2	7.5	-4.7	-5.9	3.4	6.0	8.4	12.7	17.8	17.9	16.9
Trade	-11.9	-20.6	-22.3	-26.4	-38.8	-31.6	-29.5	-28.4	-27.4	-20.9	-21.9	-21.2	-22.0
Construction	-17.1	-12.6	-19.1	-16.5	-22.9	-26.6	-21.9	-23.2	-21.5	-24.0	-14.0	-15.7	-15.8

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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