

## ifo Business Climate Eastern Germany: Index Falls Again

Dresden, June 29, 2023 – Sentiment among companies in eastern Germany saw a decidedly strong decrease in June. The ifo Business Climate Index for the entire regional economy fell to 93.3 points, down from 96.0 points in May. While the companies surveyed lowered their assessments of the current situation slightly, their outlook for the next six months worsened drastically.

In eastern German *manufacturing*, the business climate cooled down significantly in June. The manufacturing companies surveyed assessed the business situation as somewhat less positive than in the previous month. At the same time, their outlook for the coming six months was dramatically worse.

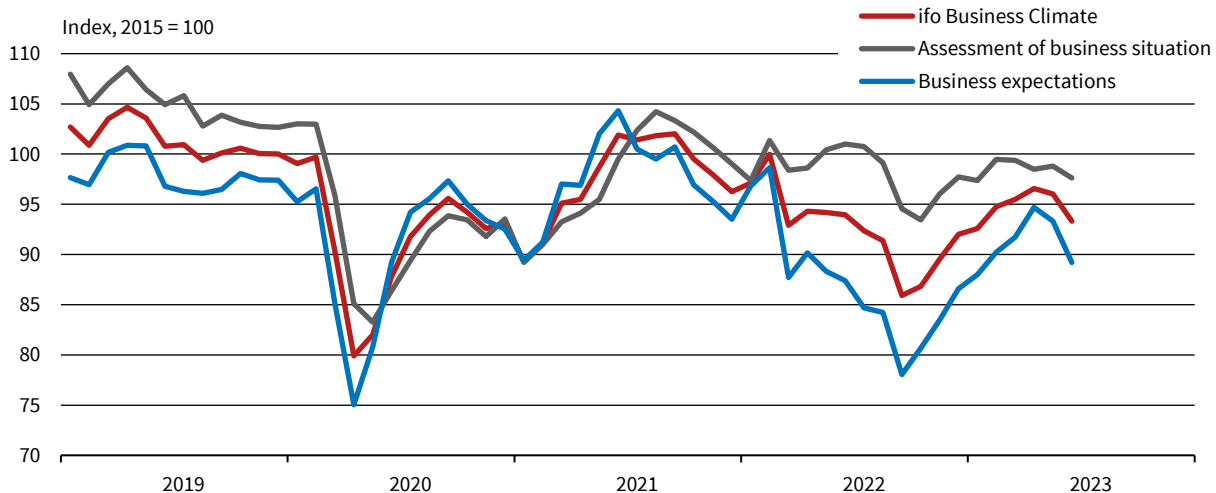
Sentiment in eastern Germany's *service sector* worsened slightly in June. Service providers' assessments of the current situation declined a little. Their business expectations worsened marginally.

In eastern German *trade*, the barometer of business sentiment fell moderately in June. Compared to the previous month, the businesses surveyed gave marginally 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 was a touch cooler in June. The companies surveyed raised their overall assessments of the current situation somewhat, while their expectations darkened noticeably.

Joachim Ragnitz and Marcel Thum  
Executive Directors, Dresden Branch of the ifo Institute

### ifo Business Climate Eastern Germany<sup>a</sup> Seasonally adjusted



<sup>a</sup> Manufacturing, service sector, trade, and construction.  
Source: ifo Business Survey, June 2023

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

	06/22	07/22	08/22	09/22	10/22	11/22	12/22	01/23	02/23	03/23	04/23	05/23	06/23
<b>Climate</b>	94.0	92.4	91.4	85.9	86.8	89.5	92.0	92.6	94.7	95.5	96.6	96.0	93.3
<b>Situation</b>	101.0	100.8	99.1	94.6	93.4	96.0	97.7	97.4	99.5	99.4	98.5	98.8	97.6
<b>Expectations</b>	87.4	84.7	84.2	78.1	80.7	83.5	86.6	88.0	90.2	91.7	94.7	93.3	89.2

Source: ifo Business Survey

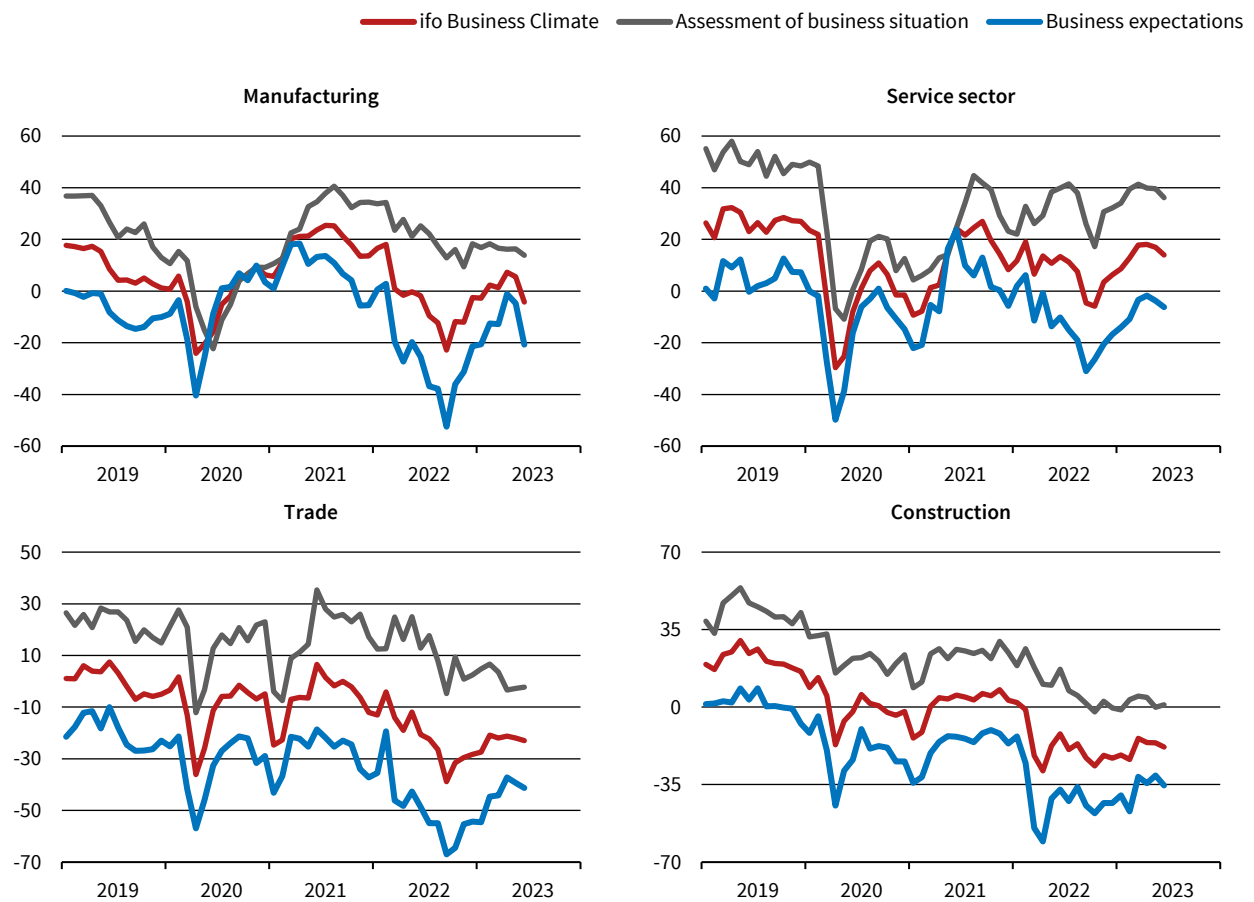
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The ifo Institute's Dresden Branch is partly financed by tax revenues on the basis of the budget approved by the members of Saxony's state parliament.

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



Source: ifo Business Survey, June 2023

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

	06/22	07/22	08/22	09/22	10/22	11/22	12/22	01/23	02/23	03/23	04/23	05/23	06/23
<b>Eastern Germany</b>	3.2	2.7	-0.7	-2.9	-14.6	-12.7	-6.8	-1.5	-0.3	4.4	6.0	8.4	7.2
Manufacturing	-1.7	-9.6	-12.3	-22.8	-11.8	-12.1	-2.5	-2.7	2.3	1.4	7.3	5.6	-4.2
Service sector	13.4	11.3	7.6	-4.7	-5.8	3.4	6.3	8.6	12.8	17.8	18.0	16.9	13.9
Trade	-20.6	-22.3	-26.4	-38.9	-31.6	-29.5	-28.3	-27.4	-20.9	-21.9	-21.2	-22.0	-23.0
Construction	-12.0	-19.2	-16.6	-22.9	-26.6	-21.8	-23.1	-21.6	-23.6	-14.1	-16.0	-16.2	-18.1

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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