

## ifo Business Climate Index Eastern Germany Falls Further

Dresden, July 28, 2023 – Sentiment among companies in eastern Germany fell once again in July. The Business Climate Index for the entire regional economy dropped from 93.4 to 91.4 points. This means that the barometer of business sentiment fell for the third time in a row. Survey participants were noticeably less satisfied with their current business and slightly scaled back their business expectations for the coming six months.

In eastern German *manufacturing*, the business climate cooled significantly in July. The manufacturing companies surveyed were markedly less satisfied with their business situation than in the previous month. And the outlook for the coming six months was worse again as well.

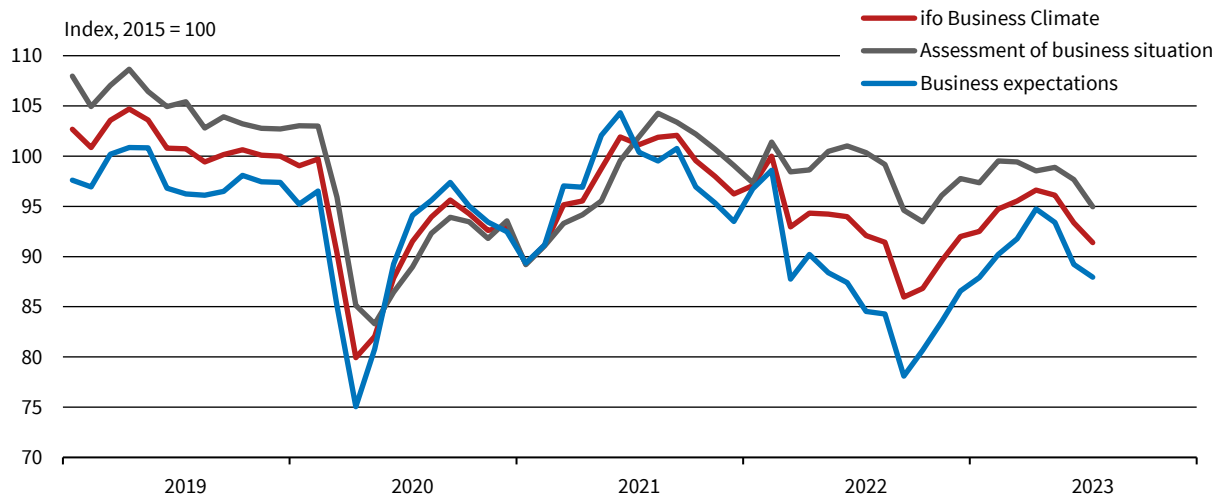
In eastern Germany's *service sector*, the Business Climate Index slipped a little in July. Participating service providers' assessments of the business situation and business expectations declined in equal measure.

In eastern German *trade*, the barometer of business sentiment fell discernibly in June. The businesses surveyed were even less satisfied with their current business than in the previous month. Their expectations for the coming six months were more pessimistic as well.

In eastern German *construction*, the business climate was somewhat cooler in July. The construction companies surveyed lowered their assessments of the current situation appreciably, while their business expectations improved slightly.

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



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

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

	07/22	08/22	09/22	10/22	11/22	12/22	01/23	02/23	03/23	04/23	05/23	06/23	07/23
<b>Climate</b>	92.1	91.4	86.0	86.8	89.6	92.0	92.5	94.7	95.5	96.6	96.1	93.4	91.4
<b>Situation</b>	100.3	99.2	94.6	93.5	96.1	97.8	97.3	99.5	99.4	98.5	98.9	97.7	94.9
<b>Expectations</b>	84.6	84.3	78.1	80.7	83.5	86.6	87.9	90.2	91.8	94.7	93.4	89.2	87.9

Source: ifo Business Survey

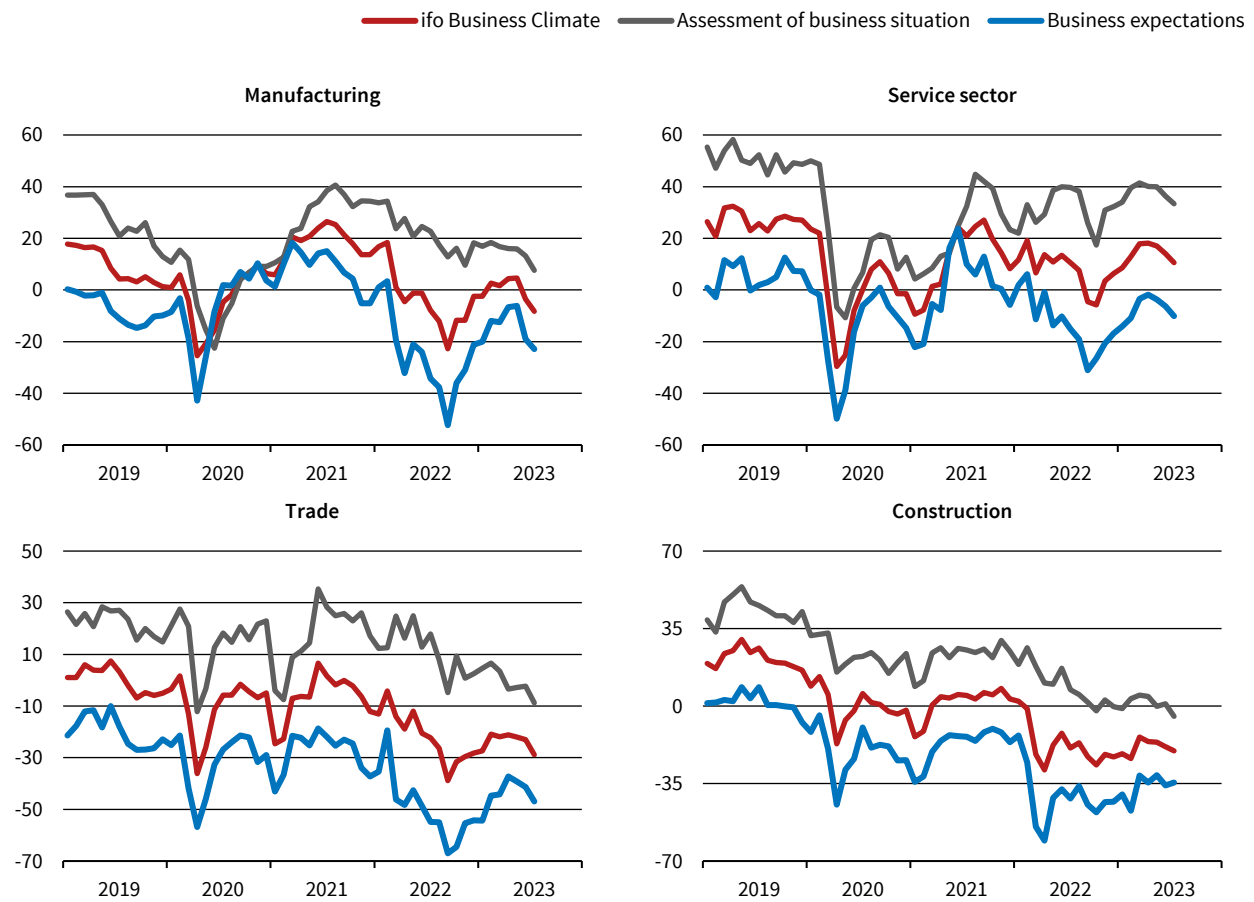
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The ifo Institute's Dresden Branch is partly financed by tax revenues on the basis of the budget approved by the members of Saxony's state parliament.

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



Source: ifo Business Survey, July 2023

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

	07/22	08/22	09/22	10/22	11/22	12/22	01/23	02/23	03/23	04/23	05/23	06/23	07/23
<b>Eastern Germany</b>	-1.3	-2.7	-14.5	-12.6	-6.7	-1.5	-0.4	4.4	6.1	8.4	7.3	1.4	-2.8
Manufacturing	-7.9	-12.1	-22.7	-11.7	-11.8	-2.4	-2.4	2.6	1.6	4.4	4.6	-3.6	-8.2
Service sector	10.5	7.6	-4.6	-5.8	3.5	6.3	8.6	12.9	17.9	18.1	17.0	14.0	10.5
Trade	-22.2	-26.4	-38.9	-31.6	-29.6	-28.3	-27.4	-20.9	-21.9	-21.2	-22.0	-23.0	-28.9
Construction	-18.9	-16.6	-22.9	-26.6	-21.8	-23.0	-21.6	-23.7	-14.0	-16.1	-16.3	-18.3	-20.2

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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