

ifo Business Climate Eastern Germany Treads Water

Dresden, November 2, 2023 – The ifo Business Climate Index for eastern Germany rose minimally in October. The barometer of business sentiment for the regional economy in eastern Germany improved by 0.1 point to 89.9 points. While the eastern German companies surveyed assessed their current situation as slightly worse, they also raised their business expectations a little.

In eastern German *manufacturing*, the business climate cooled marginally in October. Although the manufacturers surveyed reported noticeably worse business than in the previous month, they expected somewhat better business in the coming months than in September.

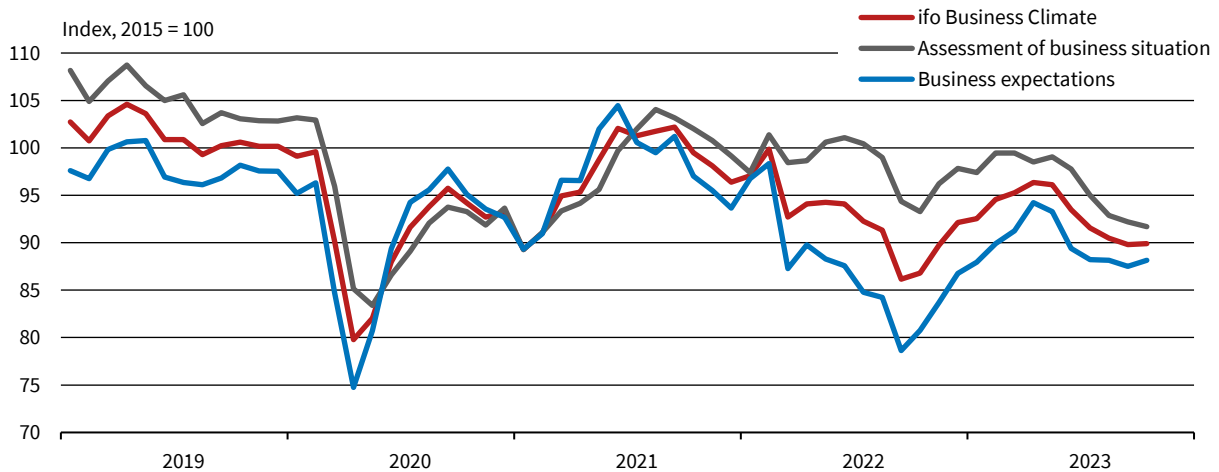
The ifo Business Climate Index rose slightly in the eastern German *service sector* in October. The service providers surveyed raised both their assessments of the current situation and their business expectations somewhat.

In eastern German *trade*, the business climate improved noticeably overall in October. Compared with the previous month, the retail businesses surveyed in eastern Germany lifted both their assessments of the current situation and their expectations sharply. By contrast, eastern German wholesalers reported slightly worse business than in September and lowered their business expectations minimally.

In eastern German *construction*, the Business Climate Index deteriorated marginally in October. Although the construction companies surveyed assessed their current business situation as slightly worse than in September, they were somewhat less pessimistic about their future business performance than in the previous month.

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, October 2023

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

| | 10/22 | 11/22 | 12/22 | 01/23 | 02/23 | 03/23 | 04/23 | 05/23 | 06/23 | 07/23 | 08/23 | 09/23 | 10/23 |
|---------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Climate | 86.8 | 89.7 | 92.1 | 92.5 | 94.6 | 95.3 | 96.4 | 96.1 | 93.5 | 91.6 | 90.5 | 89.8 | 89.9 |
| Situation | 93.3 | 96.2 | 97.8 | 97.4 | 99.4 | 99.5 | 98.5 | 99.0 | 97.8 | 95.0 | 92.9 | 92.2 | 91.7 |
| Expectations | 80.8 | 83.7 | 86.8 | 87.9 | 89.9 | 91.3 | 94.2 | 93.3 | 89.4 | 88.2 | 88.1 | 87.5 | 88.1 |

Source: ifo Business Survey

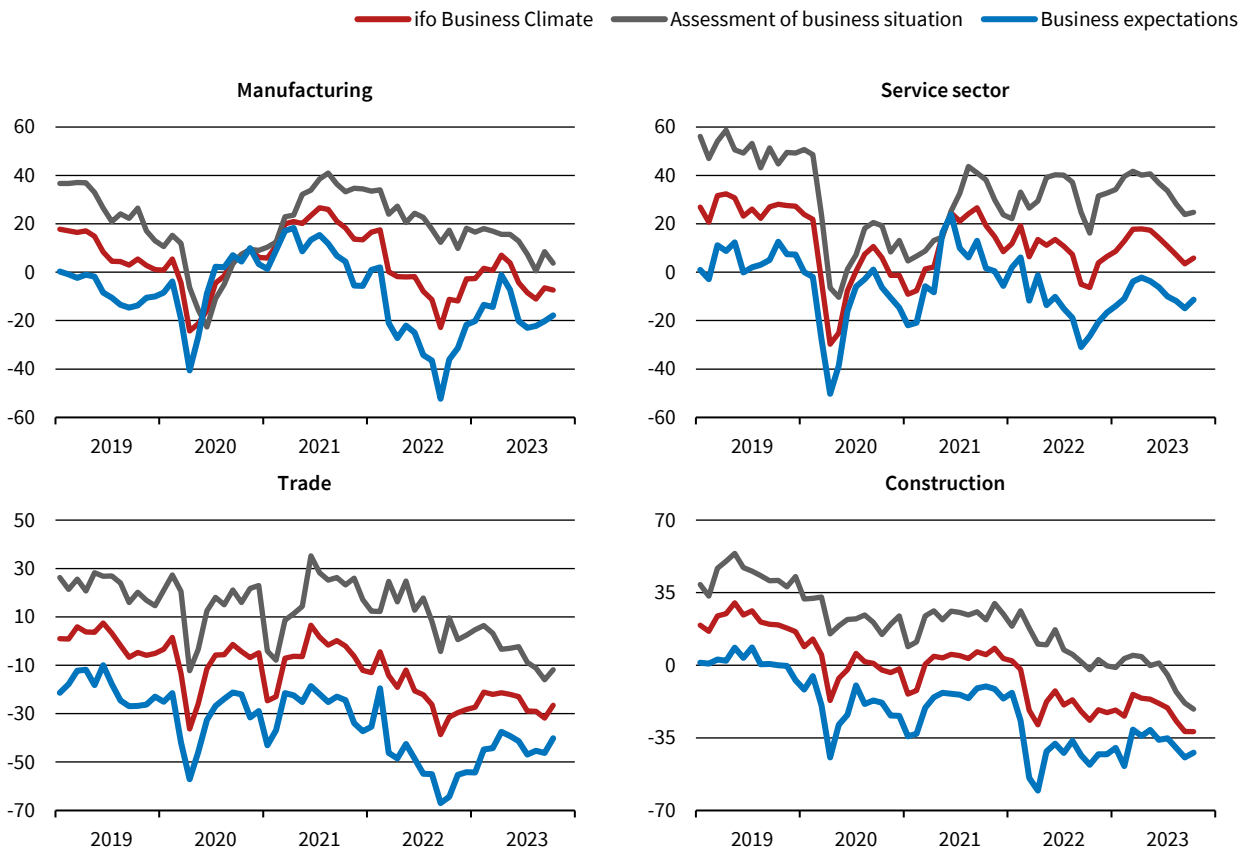
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The ifo Institute's Dresden Branch is partly financed by tax revenues on the basis of the budget approved by the members of Saxony's state parliament.

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



Source: ifo Business Survey, October 2023

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ifo Business Climate Eastern Germany (Balances, seasonally adjusted)

| | 10/22 | 11/22 | 12/22 | 01/23 | 02/23 | 03/23 | 04/23 | 05/23 | 06/23 | 07/23 | 08/23 | 09/23 | 10/23 |
|------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Eastern Germany | -12.7 | -6.4 | -1.2 | -0.3 | 4.0 | 5.6 | 7.9 | 7.4 | 1.7 | -2.5 | -4.8 | -6.2 | -6.0 |
| Manufacturing | -11.2 | -11.8 | -2.7 | -2.6 | 1.6 | 0.7 | 7.1 | 3.9 | -4.3 | -8.4 | -11.1 | -6.4 | -7.4 |
| Service sector | -6.2 | 3.8 | 6.5 | 8.7 | 12.9 | 17.8 | 17.9 | 17.4 | 14.2 | 10.7 | 7.2 | 3.5 | 5.9 |
| Trade | -31.4 | -29.6 | -28.2 | -27.4 | -21.0 | -22.1 | -21.3 | -22.1 | -23.0 | -28.9 | -29.1 | -31.8 | -26.6 |
| Construction | -26.6 | -21.5 | -22.9 | -21.5 | -24.6 | -14.0 | -15.9 | -16.3 | -18.4 | -20.5 | -26.8 | -31.9 | -32.0 |

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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