

ifo Business Climate in Eastern Germany Improves

Dresden, November 29, 2023 – The ifo Business Climate Index for Eastern Germany rose slightly in November. The barometer of business sentiment for the regional economy in eastern Germany reached 90.7 points, up from 90.0 points in the previous month. Among the companies surveyed, both their assessments of the current situation and their business expectations improved somewhat.

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

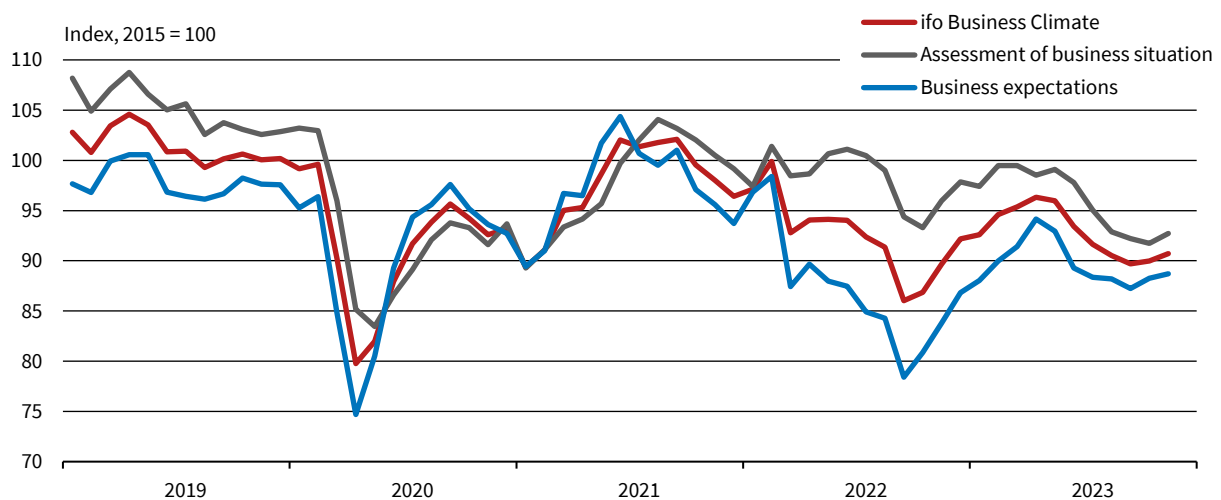
In the eastern German *service sector*, the Business Climate Index fell a little in November. The service providers surveyed lowered both their assessments of the current situation and their business expectations slightly.

In eastern German *trade*, the Business Climate Index rose slightly in November. While the trend in wholesale was extremely positive compared to the previous month, retailers were more pessimistic about the future.

In eastern German *construction*, the business climate turned much brighter in November. The construction companies surveyed assessed their current business situation as considerably better than in October, and they were somewhat less pessimistic about their future business performance.

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ifo Business Climate Eastern Germany^a Seasonally adjusted



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

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

	11/22	12/22	01/23	02/23	03/23	04/23	05/23	06/23	07/23	08/23	09/23	10/23	11/23
Climate	89.7	92.2	92.6	94.6	95.4	96.3	96.0	93.4	91.6	90.5	89.7	90.0	90.7
Situation	96.0	97.9	97.4	99.5	99.5	98.5	99.1	97.8	95.0	92.9	92.2	91.7	92.7
Expectations	83.8	86.8	88.0	90.0	91.4	94.1	92.9	89.3	88.3	88.2	87.3	88.3	88.7

Source: ifo Business Survey.

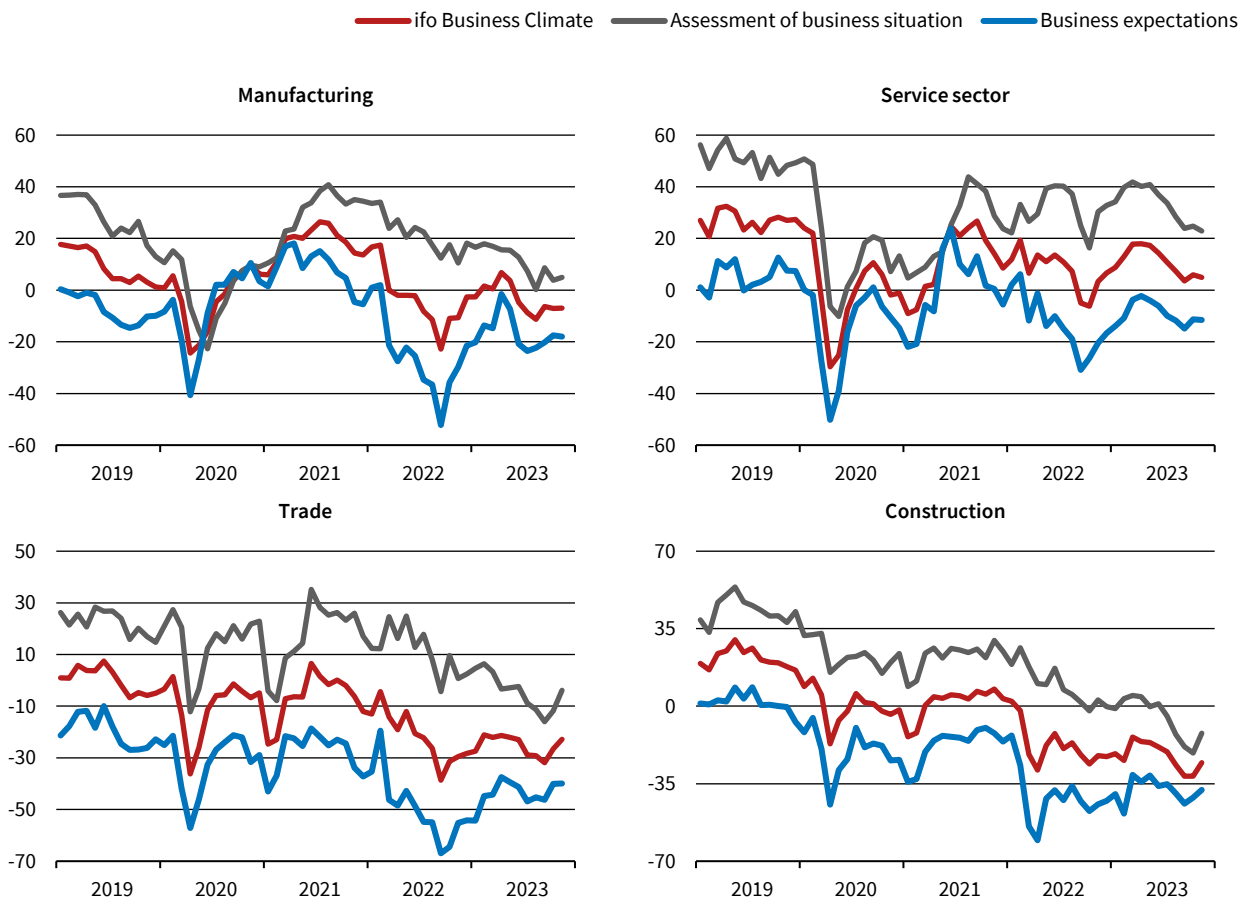
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The ifo Institute's Dresden Branch is partly financed by tax revenues on the basis of the budget approved by the members of Saxony's state parliament.

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



Source: ifo Business Survey, November 2023

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ifo Business Climate Eastern Germany (Balances, seasonally adjusted)

	11/22	12/22	01/23	02/23	03/23	04/23	05/23	06/23	07/23	08/23	09/23	10/23	11/23
Eastern Germany	-6.5	-1.1	-0.2	4.1	5.7	7.8	7.1	1.6	-2.3	-4.7	-6.5	-5.9	-4.3
Manufacturing	-10.7	-2.7	-2.6	1.5	0.5	6.8	3.7	-4.7	-8.7	-11.4	-6.3	-7.1	-6.9
Service sector	3.4	6.6	8.7	12.9	17.9	17.9	17.3	14.3	10.8	7.3	3.6	6.0	5.0
Trade	-29.5	-28.2	-27.4	-21.0	-22.1	-21.3	-22.1	-23.0	-28.9	-29.1	-31.8	-26.6	-22.8
Construction	-22.4	-22.8	-21.5	-24.5	-14.0	-16.0	-16.4	-18.5	-20.6	-26.6	-31.6	-31.5	-25.5

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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