

ifo Business Climate Eastern Germany Cools Slightly

Dresden, February 29, 2024 – The ifo Business Climate Index Eastern Germany saw a small decline in February. The barometer of business sentiment for the regional economy in eastern Germany fell from 89.0 points in January to 88.5 points in February. The eastern German companies surveyed provided assessments of their business situation that were somewhat worse than the previous month and also lowered their business expectations slightly.

In eastern German *manufacturing*, the business climate deteriorated marginally in February. The companies surveyed again assessed their current business situation as somewhat worse than in the previous month. Their expectations for future business development were noticeably lower.

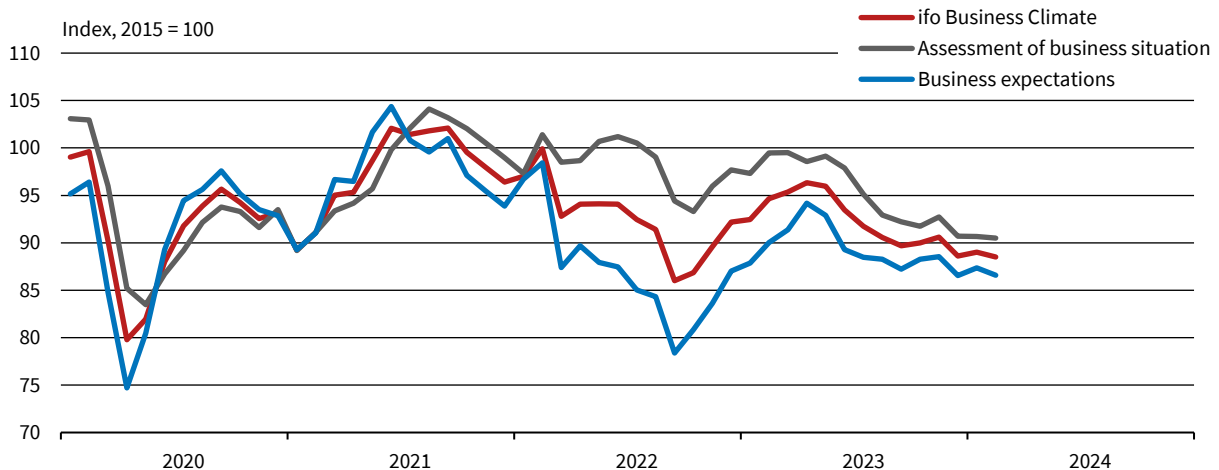
In the eastern German *service sector*, the Business Climate Index fell a little. While the service providers surveyed were somewhat less satisfied with their current business situation, they raised their business expectations minimally compared to January.

In eastern German *trade*, the business climate deteriorated slightly overall in February. Retail companies in eastern Germany reported significantly worse business than in the previous month, but raised their expectations a little. Wholesalers, on the other hand, assessed their business as slightly less poor than in January, but lowered their expectations somewhat.

In eastern German *construction*, the business climate brightened notably in February. The construction companies surveyed stated that their business situation was now significantly better than in January. At the same time, however, they lowered their expectations for future business somewhat.

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ifo Business Climate Eastern Germany^a Seasonally adjusted



^a Manufacturing, service sector, trade, and construction
Source: ifo Business Survey, February 2024

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

	02/23	03/23	04/23	05/23	06/23	07/23	08/23	09/23	10/23	11/23	12/23	01/24	02/24
Climate	94.6	95.4	96.3	96.0	93.5	91.7	90.6	89.7	90.0	90.6	88.6	89.0	88.5
Situation	99.5	99.5	98.6	99.1	97.9	95.1	92.9	92.2	91.7	92.7	90.7	90.7	90.5
Expectations	90.0	91.4	94.2	92.9	89.3	88.5	88.3	87.2	88.3	88.5	86.6	87.4	86.6

Source: ifo Business Survey

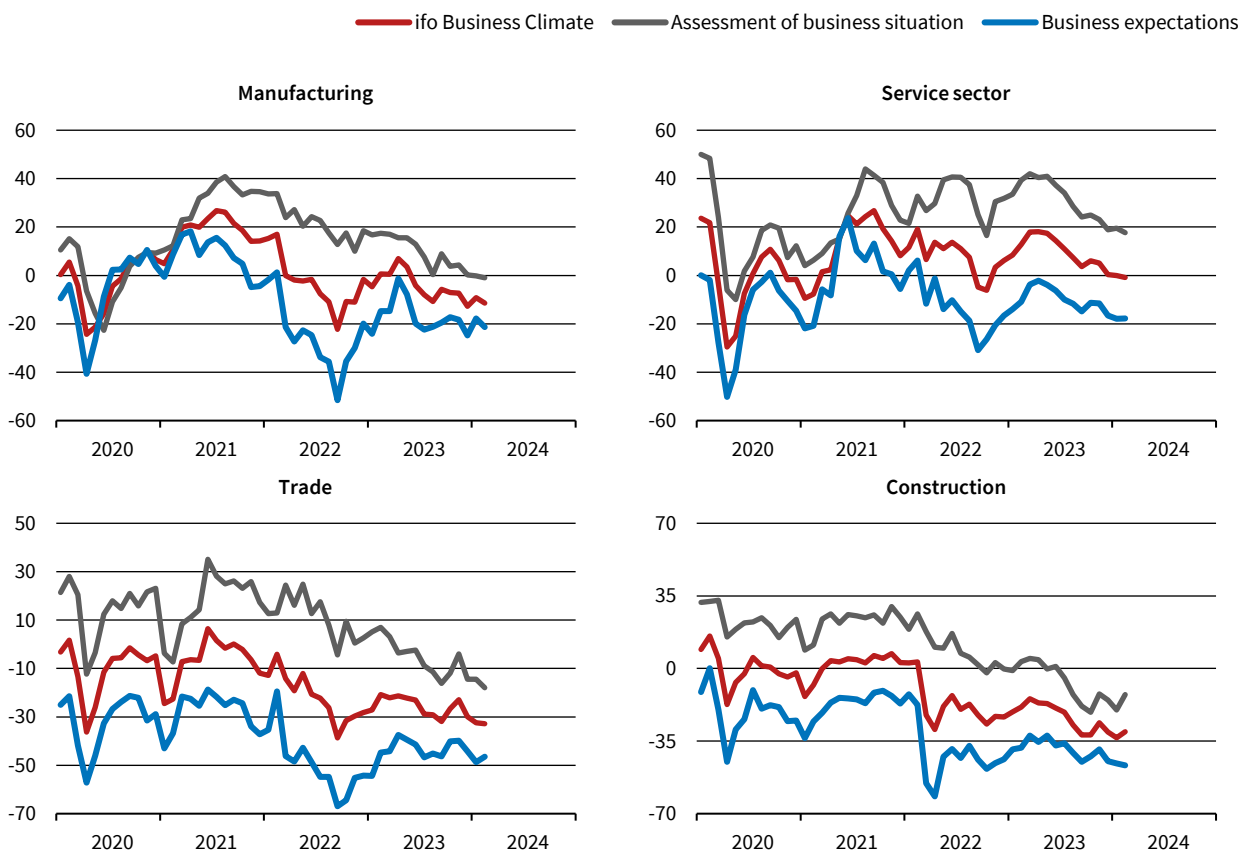
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The ifo Institute's Dresden Branch is partly financed by tax revenues on the basis of the budget approved by the members of Saxony's state parliament.

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



Source: ifo Business Survey, February 2024

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ifo Business Climate Eastern Germany (Balances, seasonally adjusted)

	02/23	03/23	04/23	05/23	06/23	07/23	08/23	09/23	10/23	11/23	12/23	01/24	02/24
Eastern Germany	4.2	5.7	7.8	7.0	1.7	-2.1	-4.6	-6.5	-5.8	-4.5	-8.8	-8.0	-9.0
Manufacturing	0.7	0.5	7.0	3.5	-4.2	-8.0	-10.8	-5.8	-7.0	-7.3	-12.7	-9.2	-11.5
Service sector	12.8	18.0	18.1	17.4	14.4	10.9	7.4	3.7	6.0	5.1	0.3	-0.1	-0.9
Trade	-20.8	-22.1	-21.4	-22.2	-23.1	-28.9	-29.1	-31.9	-26.6	-22.9	-30.0	-32.5	-32.8
Construction	-18.7	-14.7	-16.7	-17.0	-19.1	-21.1	-27.3	-32.1	-32.1	-26.1	-30.6	-33.4	-30.6

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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