

Mood among Saxony's Companies Continues to Plummet

Dresden, May 4, 2020 – Sentiment among companies in Saxony continued to nosedive in April, as the ifo Business Climate Index for Saxony plunged from 89.8 to 78.0 points. This is in line with the strong slump in eastern Germany and across Germany as a whole. The companies surveyed lowered their assessments of the current situation and business expectations to an unprecedented extent – the coronavirus crisis has hit all areas of Saxony's economy.

The Business Climate Index for Saxony's *manufacturing* accelerated its descent in April, due primarily to the dramatic drop in business expectations, as compared to March, when the drop was still within limits. Meanwhile, assessments of the current situation once again fell significantly.

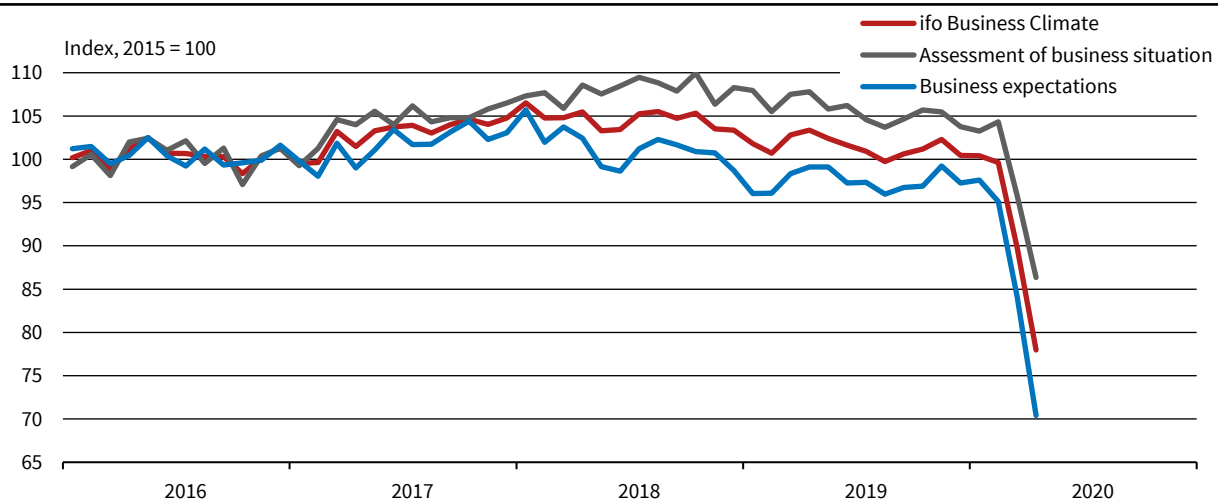
In Saxony's *service sector*, the Business Climate Index continued to nosedive; this was somewhat more pronounced in business expectations than in assessments of the current situation.

In Saxony's *trade*, the decline in sentiment that began in February picked up pace. Business expectations in wholesale fell drastically, but assessments of the current situation in retail plumbed new depths.

Sentiment in Saxony's *construction* worsened massively in April. This is primarily attributable once again to a drastic drop in business expectations. By comparison, assessments of the current situation declined less markedly.

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ifo Business Climate Saxony^a Seasonally adjusted



^a Manufacturing, service sector, trade, and construction.

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

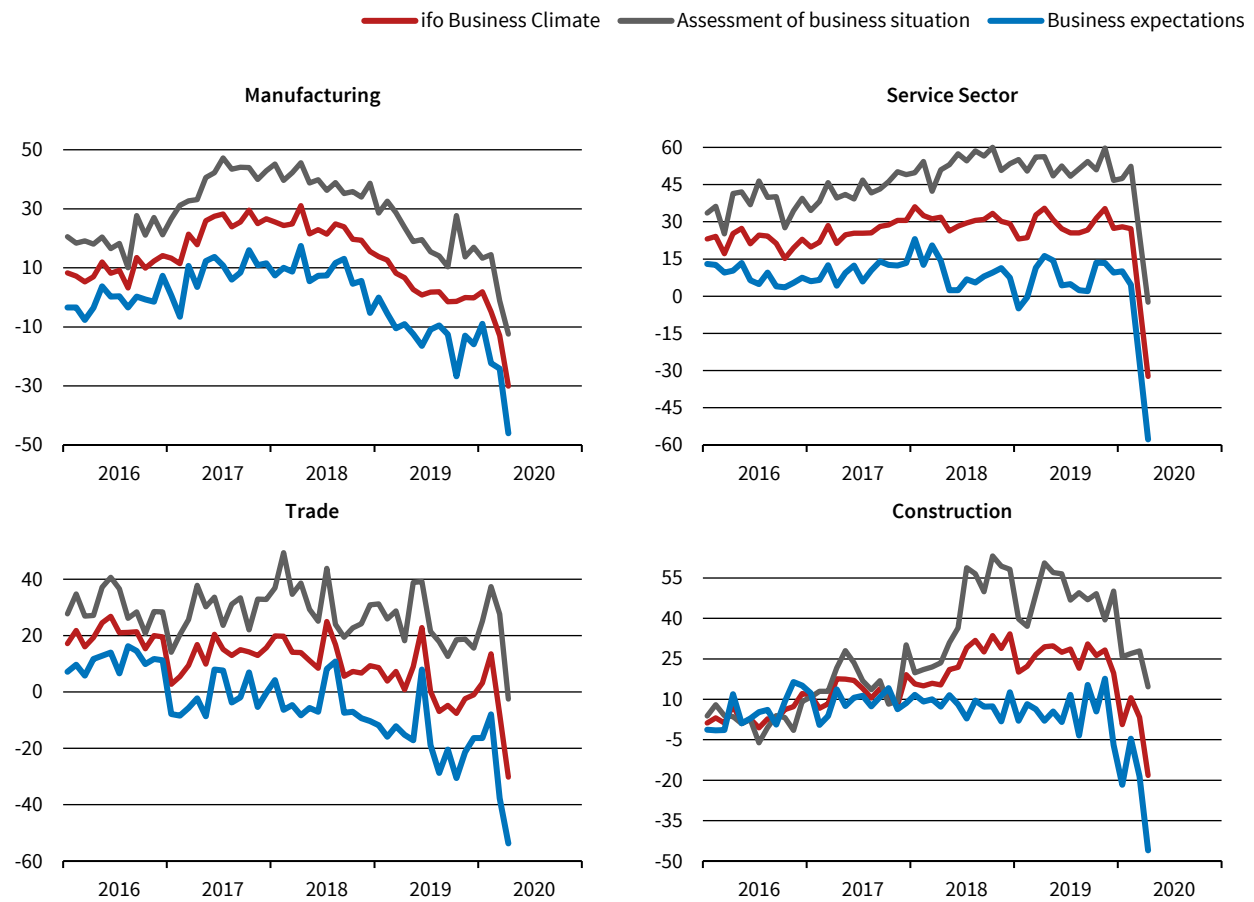
	04/19	05/19	06/19	07/19	08/19	09/19	10/19	11/19	12/19	01/20	02/20	03/20	04/20
Climate	103.4	102.4	101.6	100.9	99.8	100.6	101.2	102.3	100.5	100.4	99.6	89.8	78.0
Situation	107.8	105.8	106.2	104.6	103.7	104.7	105.7	105.5	103.8	103.3	104.3	95.8	86.3
Expectations	99.1	99.1	97.3	97.3	96.0	96.7	96.9	99.2	97.3	97.6	95.1	84.1	70.4

Source: ifo Business Survey

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Business Situation and Expectations Saxony by Sector
Balances, seasonally adjusted



Source: ifo Business Survey, April 2020

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ifo Business Climate Saxony (Balances, seasonally adjusted)

	04/19	05/19	06/19	07/19	08/19	09/19	10/19	11/19	12/19	01/20	02/20	03/20	04/20
Saxony	23.6	21.5	19.8	18.3	15.8	17.7	18.9	21.3	17.3	17.1	15.5	-5.8	-31.3
Manufacturing	6.7	2.7	0.8	1.8	1.9	-1.4	-1.4	-0.1	-0.2	1.9	-4.8	-13.0	-30.1
Service Sector	35.4	30.8	27.2	25.5	25.6	26.6	31.5	35.4	27.3	28.0	27.2	-2.6	-32.3
Trade	0.8	9.0	22.8	0.3	-6.9	-4.7	-7.6	-2.3	-1.0	3.2	13.6	-7.9	-30.2
Construction	29.5	29.8	27.4	28.6	21.5	30.6	26.3	28.3	19.7	0.6	10.6	3.3	-18.2

Source: ifo Business Survey

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The ifo Business Climate for Saxony is based on approx. 500 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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