

ifo Business Climate Index for Eastern Germany Rises Sharply

Dresden, March 31, 2021 – Sentiment among companies in eastern Germany improved greatly in March. The ifo Business Climate Index for the entire regional economy climbed to 94.9 points from 91.0 points in February. The survey participants' assessments of the current situation improved markedly, and pessimism regarding future expectations also ebbed.

In eastern German *manufacturing*, the upward trend of recent months intensified and the business climate brightened noticeably in March. Manufacturers assessed their current business as much better than in the previous month, once again raising their expectations for the next six months considerably.

The ifo Business Climate Index climbed significantly in the eastern German *services sector* in March. The service providers surveyed raised both their assessments of the current situation and their business expectations substantially.

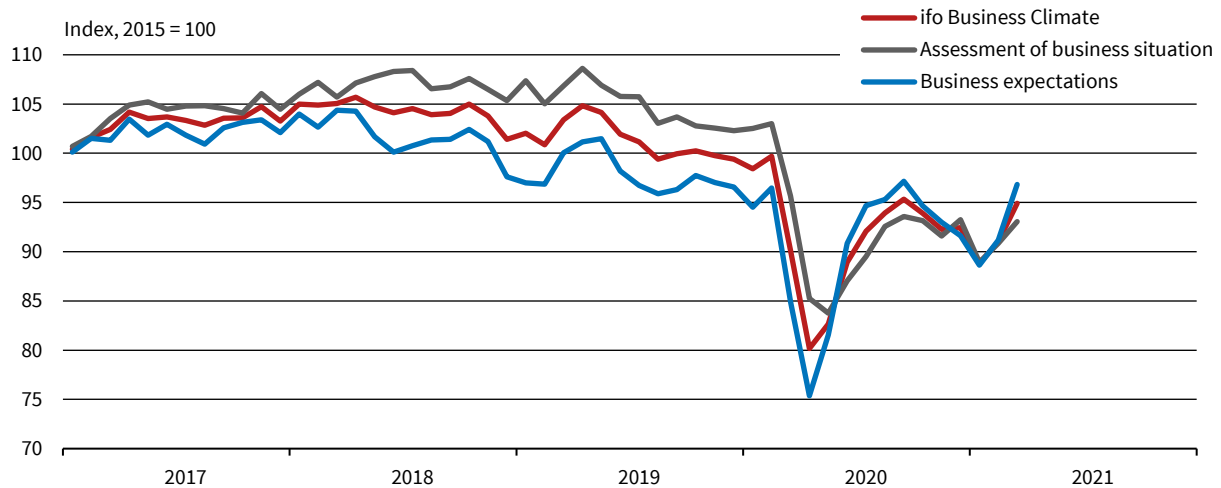
The mood in eastern German *trade* improved noticeably, with a surge in the business climate indices for both wholesale and retail trade. All sub-indicators were on an upward trajectory.

In eastern German *construction*, the business climate turned much brighter in March. The construction companies surveyed raised both their assessments of the current situation and their business outlook very significantly.

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, March 2021

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

	03/20	04/20	05/20	06/20	07/20	08/20	09/20	10/20	11/20	12/20	01/21	02/21	03/21
Climate	90.1	80.2	82.6	88.9	92.1	93.9	95.3	93.9	92.3	92.4	88.8	91.0	94.9
Situation	95.7	85.3	83.8	87.0	89.5	92.6	93.6	93.1	91.6	93.2	88.9	90.8	93.0
Expectations	84.9	75.4	81.5	90.9	94.7	95.3	97.1	94.6	93.0	91.6	88.6	91.2	96.8

Source: ifo Business Survey

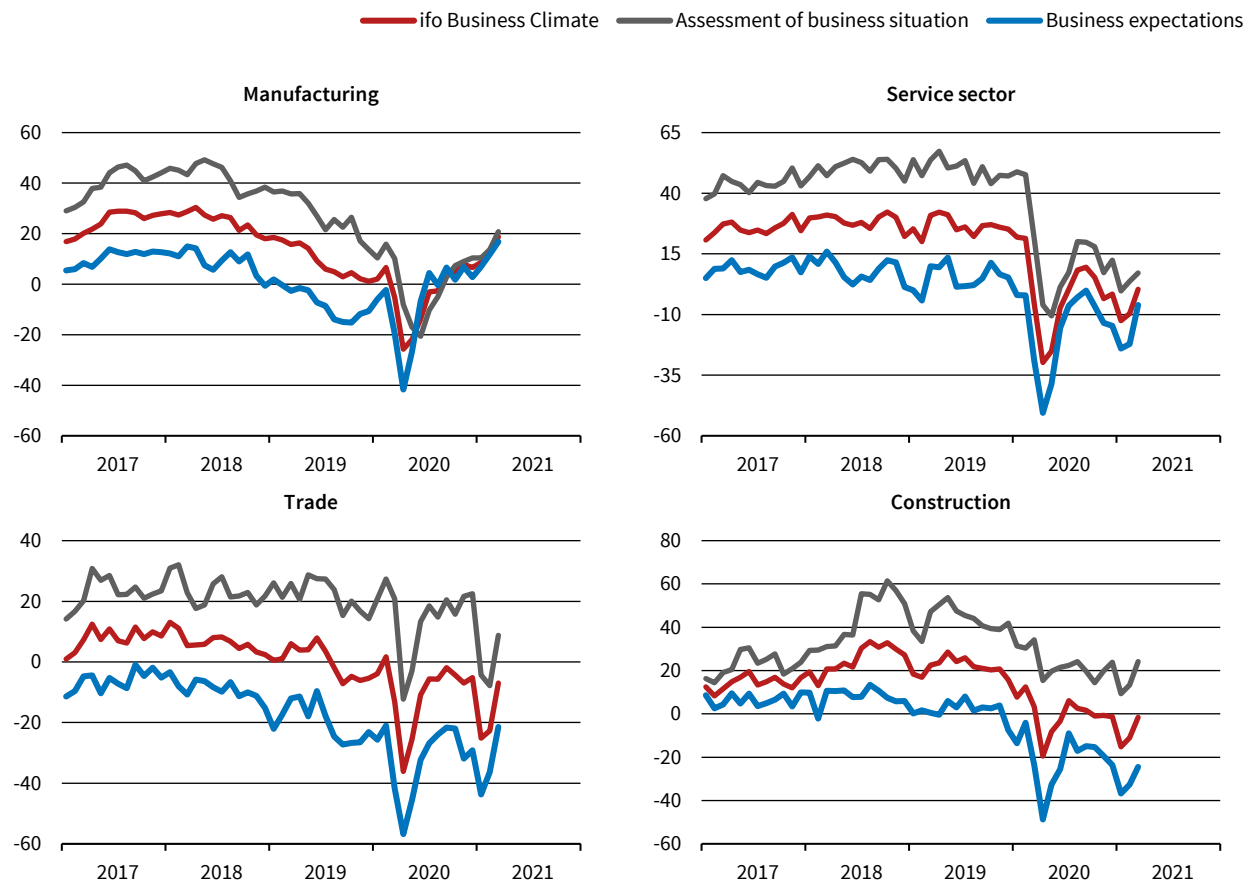
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The ifo Institute's Dresden Branch is partly financed by tax revenues on the basis of the budget approved by the members of Saxony's state parliament.

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



Source: ifo Business Survey, March 2021

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ifo Business Climate Eastern Germany (Balances, seasonally adjusted)

	03/20	04/20	05/20	06/20	07/20	08/20	09/20	10/20	11/20	12/20	01/21	02/21	03/21
Eastern Germany	-5.5	-27.0	-21.7	-8.1	-1.4	2.6	5.7	2.6	-0.9	-0.6	-8.4	-3.7	4.8
Manufacturing	-5.2	-25.7	-22.0	-13.9	-3.0	-2.7	4.7	4.5	7.9	6.6	8.6	12.7	18.8
Service sector	10.1	-8.1	-17.0	-20.6	-10.2	-5.0	2.9	7.3	9.0	10.4	10.3	13.7	20.8
Trade	-13.1	-36.1	-25.6	-10.9	-5.6	-5.7	-1.9	-4.3	-7.0	-5.2	-25.1	-22.7	-6.9
Construction	3.2	-19.5	-8.2	-3.4	6.1	2.5	1.7	-1.0	-0.7	-1.3	-15.1	-11.0	-1.6

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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