

## ifo Business Climate Index Eastern Germany Rises Sharply

Dresden, May 28, 2021 – The mood of eastern German companies saw a powerful upswing in May. The ifo Business Climate Index for the entire regional economy climbed to 99.2 points from 95.8 points in April. Compared to the previous month, expectations of the companies surveyed surged and their assessments of the current situation also improved significantly. Developments among service providers were particularly positive.

In eastern German *manufacturing*, the business climate brightened slightly in May, mainly because industrial companies' business was much better. Expectations for the future, however, were less optimistic than before.

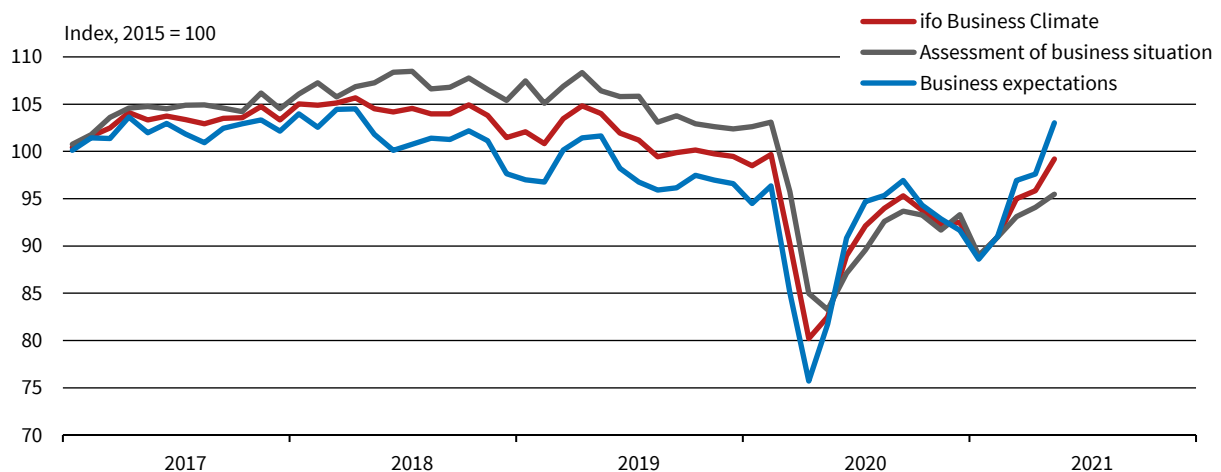
In the eastern German *service sector*, the ifo Business Climate Index saw a very significant climb in May. The service providers surveyed raised their overall assessments of the current situation slightly, while their expectations rose steeply.

In eastern German *trade*, sentiment remained constant. This is the only area that was still pessimistic in May. Although the business climate improved further in retail, it cooled slightly in wholesale. The development in retail was driven by better assessments of the situation, while lower expectations prevailed in wholesale.

In eastern German *construction*, the business climate was a touch cooler in May. The construction businesses surveyed rated their current business less positively, but raised their expectations somewhat.

Joachim Ragnitz and Marcel Thum  
Executive Directors, Dresden Branch of the ifo Institute

### ifo Business Climate Eastern Germany<sup>a</sup> Seasonally adjusted



<sup>a</sup> Manufacturing, service sector, trade, and construction.  
Source: ifo Business Survey, May 2021

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

	05/20	06/20	07/20	08/20	09/20	10/20	11/20	12/20	01/21	02/21	03/21	04/21	05/21
<b>Climate</b>	82.5	89.0	92.1	94.0	95.3	93.8	92.3	92.5	88.8	91.0	95.0	95.8	99.2
<b>Situation</b>	83.3	87.1	89.6	92.6	93.7	93.3	91.7	93.3	89.0	90.9	93.1	94.1	95.5
<b>Expectations</b>	81.7	90.9	94.7	95.3	96.9	94.3	92.9	91.6	88.6	91.0	96.9	97.6	103.0

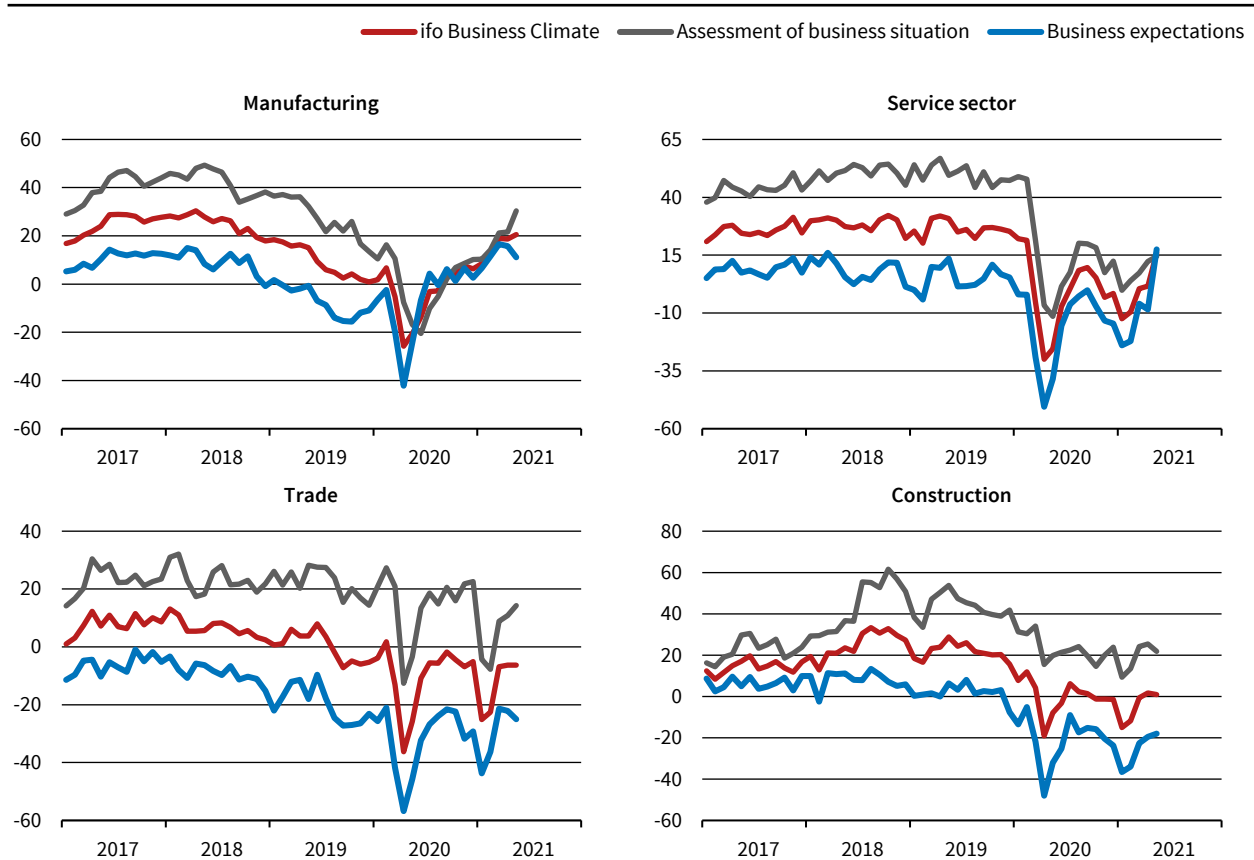
Source: ifo Business Survey

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



Source: ifo Business Survey, May 2021

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**ifo Business Climate Eastern Germany** (Balances, seasonally adjusted)

	05/20	06/20	07/20	08/20	09/20	10/20	11/20	12/20	01/21	02/21	03/21	04/21	05/21
<b>Eastern Germany</b>	-22.0	-8.1	-1.3	2.7	5.6	2.4	-0.9	-0.5	-8.4	-3.7	5.0	6.7	14.0
Manufacturing	-20.6	-13.7	-3.0	-2.8	4.2	4.1	7.6	6.3	8.4	12.9	18.9	18.7	20.5
Service sector	-25.5	-7.2	0.5	8.4	9.6	5.2	-3.2	-1.5	-12.4	-9.6	0.5	1.6	16.0
Trade	-25.8	-10.9	-5.6	-5.7	-1.8	-4.4	-6.9	-5.1	-25.1	-22.6	-6.9	-6.3	-6.4
Construction	-7.9	-3.3	6.1	2.4	1.4	-1.2	-1.3	-1.4	-15.1	-11.8	-0.6	1.7	0.9

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.



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.