

ifo Business Climate Eastern Germany Continues to Rise Steeply

Dresden, June 29, 2021 – Sentiment among companies in eastern Germany once again improved strongly in June. The ifo Business Climate Index for the entire regional economy jumped to 102.7 points from 99.2 points in May. Compared to the previous month, companies' assessments of the current situation surged. Their expectations also improved significantly. Developments among trading companies were particularly positive.

In eastern German *manufacturing*, the business climate brightened substantially in June. Manufacturers assessed both their current business and their expectations as much better than in the previous month.

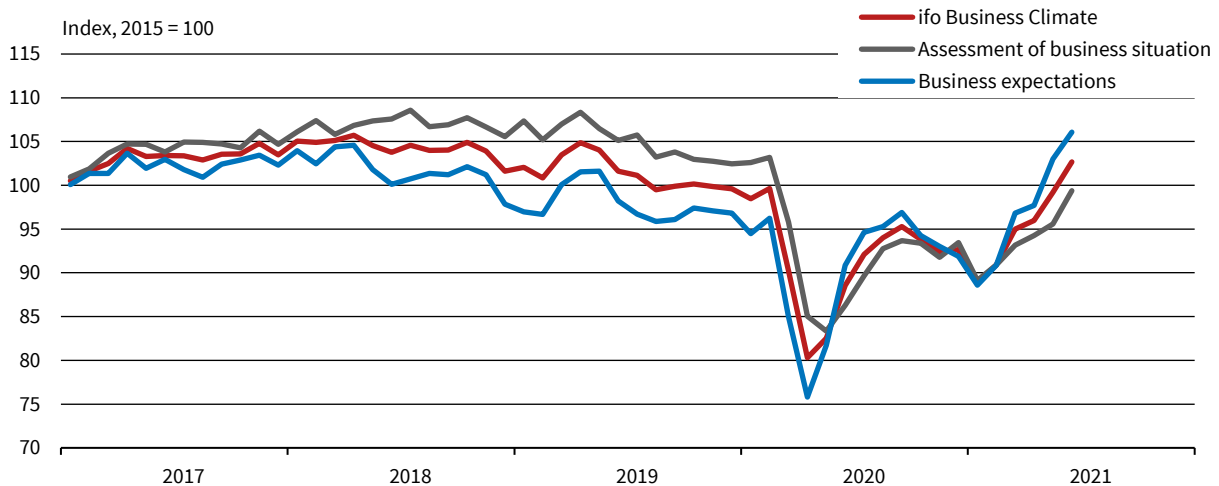
In the eastern German *service sector*, the ifo Business Climate Index jumped higher. The service providers surveyed raised their overall assessments of the current situation substantially, and their expectations also rose steeply.

The mood in eastern German *trade* improved immensely in June, mainly because business was much better. Expectations rose very significantly in wholesale and modestly in retail.

In eastern German *construction*, the business climate turned a lot brighter in June. The construction businesses surveyed rated their current business much more positively. They also raised their expectations somewhat compared to the previous month.

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ifo Business Climate Eastern Germany^a Seasonally adjusted



^a Manufacturing, service sector, trade, and construction.
Source: ifo Business Survey, June 2021

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

	06/20	07/20	08/20	09/20	10/20	11/20	12/20	01/21	02/21	03/21	04/21	05/21	06/21
Climate	88.5	92.1	94.0	95.3	93.8	92.4	92.7	88.9	90.9	95.0	96.0	99.2	102.7
Situation	86.3	89.6	92.7	93.7	93.4	91.8	93.4	89.1	90.9	93.2	94.3	95.6	99.4
Expectations	90.8	94.6	95.3	96.9	94.2	93.0	91.9	88.6	90.9	96.8	97.7	103.0	106.1

Source: ifo Business Survey

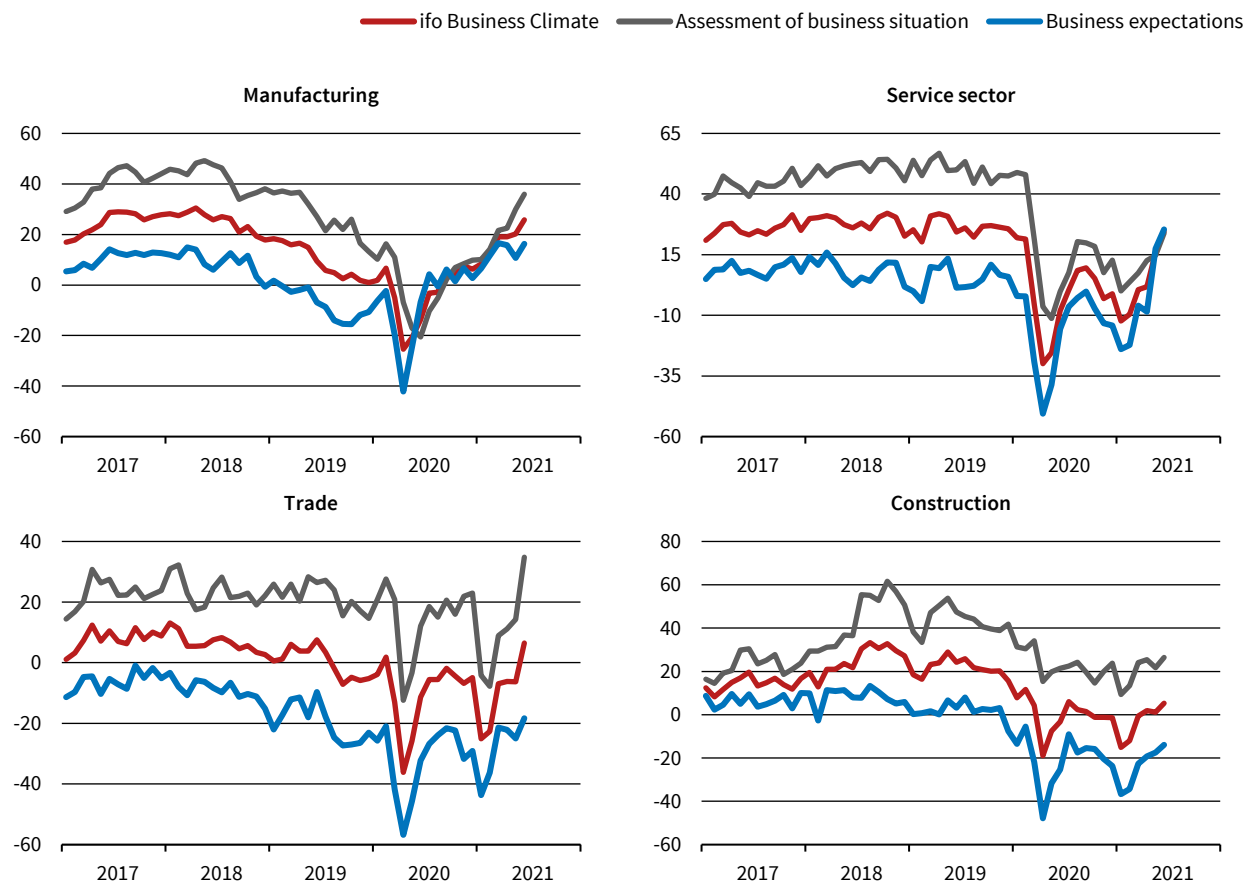
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The ifo Institute's Dresden Branch is partly financed by tax revenues on the basis of the budget approved by the members of Saxony's state parliament.

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



Source: ifo Business Survey, June 2021

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ifo Business Climate Eastern Germany (Balances, seasonally adjusted)

	06/20	07/20	08/20	09/20	10/20	11/20	12/20	01/21	02/21	03/21	04/21	05/21	06/21
Eastern Germany	-9.0	-1.3	2.8	5.5	2.4	-0.7	-0.1	-8.3	-3.9	4.9	7.0	14.0	21.5
Manufacturing	-13.8	-3.2	-2.8	4.2	4.2	7.5	6.3	8.3	12.9	19.1	19.1	20.2	25.8
Service sector	-8.1	0.5	8.5	9.6	5.2	-3.1	-1.1	-12.3	-9.6	0.5	1.8	16.1	24.6
Trade	-11.4	-5.6	-5.6	-1.8	-4.4	-6.8	-5.0	-25.0	-22.6	-6.9	-6.2	-6.3	6.5
Construction	-3.3	6.0	2.3	1.4	-1.2	-1.3	-1.4	-15.1	-12.0	-0.6	1.8	1.2	5.2

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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