

ifo Business Climate Index for Eastern Germany Slips Slightly

Dresden, September 29, 2021 – Sentiment among companies in eastern Germany cooled a bit in September. The ifo Business Climate Index for the entire regional economy slipped to 101.1 points from 101.4 points in August. Compared to the previous month, companies' assessments of the current situation declined somewhat, even as their expectations rose slightly.

In eastern German *manufacturing*, the business climate cooled significantly in September. Industrial companies rated their current business much less positively and lowered their expectations marginally for the coming months.

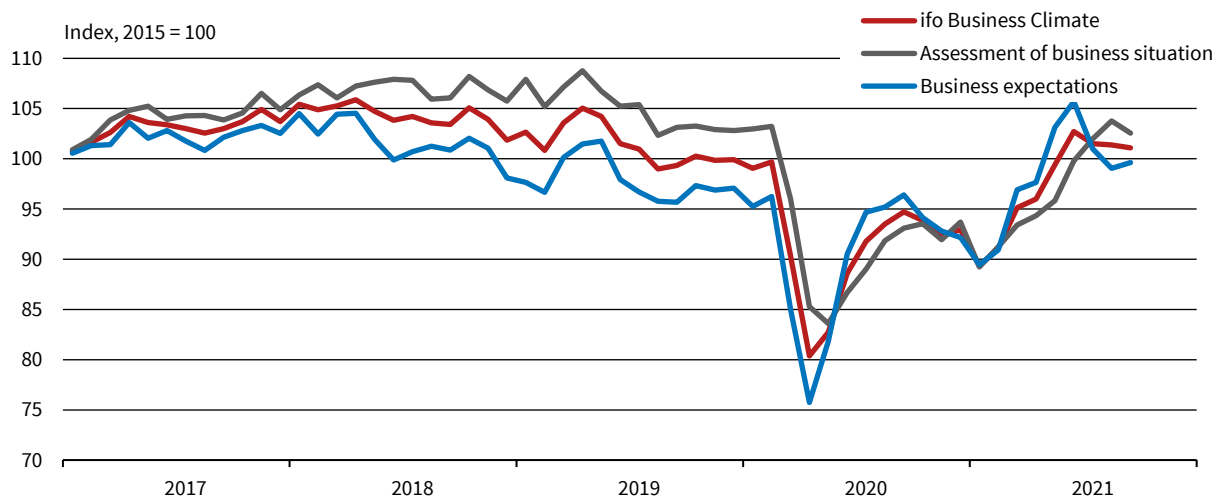
The ifo Business Climate Index climbed a little in the eastern German *service sector* in September. The service providers surveyed lowered their overall assessments of the current situation slightly, while they raised their expectations for the coming months considerably.

The mood in eastern German *trade* improved a little in September. While both subindices rose in retail, they both declined in wholesale.

In eastern German *construction*, the business climate turned a lot brighter in September. The construction companies surveyed assessed their current business as perceptibly better than in the previous month, and they raised their expectations for the next few months somewhat.

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ifo Business Climate Eastern Germany^a Seasonally adjusted



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

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

	09/20	10/20	11/20	12/20	01/21	02/21	03/21	04/21	05/21	06/21	07/21	08/21	09/21
Climate	94.7	93.8	92.4	92.9	89.3	91.1	95.1	96.0	99.4	102.7	101.5	101.4	101.1
Situation	93.1	93.5	91.9	93.7	89.2	91.2	93.4	94.3	95.8	99.8	102.0	103.8	102.6
Expectations	96.4	94.1	92.8	92.2	89.5	90.9	96.9	97.7	103.1	105.7	101.0	99.0	99.6

Source: ifo Business Survey

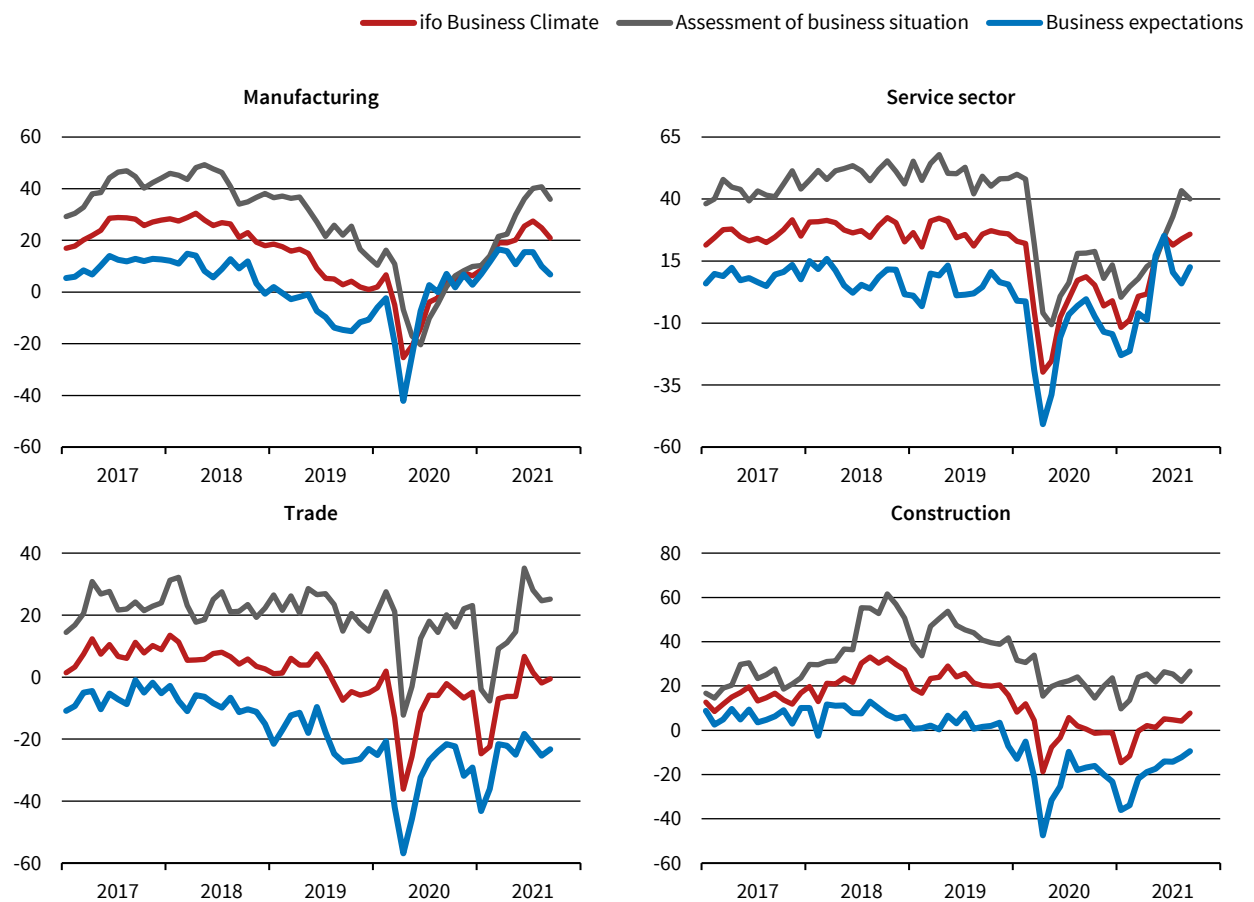
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The ifo Institute's Dresden Branch is partly financed by tax revenues on the basis of the budget approved by the members of Saxony's state parliament.

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



Source: ifo Business Survey, September 2021

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ifo Business Climate Eastern Germany (Balances, seasonally adjusted)

	09/20	10/20	11/20	12/20	01/21	02/21	03/21	04/21	05/21	06/21	07/21	08/21	09/21
Eastern Germany	4.3	2.5	-0.7	0.5	-7.3	-3.5	5.2	7.1	14.5	21.6	18.9	18.7	18.1
Manufacturing	4.5	4.1	7.6	6.3	8.5	13	19.0	19.1	20.2	25.5	27.5	24.9	20.9
Service sector	8.7	5.3	-3.0	-1.0	-11.7	-8.7	0.8	1.7	16.3	25.0	21.4	23.9	25.9
Trade	-2.1	-4.3	-6.8	-4.9	-24.7	-22.4	-6.9	-6.2	-6.2	6.7	1.5	-1.9	-0.6
Construction	0.5	-1.3	-1.0	-1.1	-14.6	-11.6	-0.3	2.1	1.2	5.2	4.7	4.2	7.8

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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