

ifo Business Climate Saxony Plummet

Dresden, April 1, 2022 – The ifo Business Climate Index Saxony plummeted in March. The barometer of business sentiment in Saxony’s economy plunged from 101.7 to 92.8 points. Companies’ assessments of their current situation and expectations for the coming six months both fell drastically, with the decline in the latter even more pronounced. While the decline in the current situation was less severe than at the beginning of the coronavirus crisis, the decline in expectations was just as severe as it had been then. Saxony’s business community fears that the war in Ukraine will have a noticeable economic impact.

In Saxony’s *manufacturing*, sentiment darkened in March. The assessment of the current situation and the outlook for the coming six months both deteriorated to the same extent.

Sentiment in Saxony’s *service sector* worsened in March. Not only did the survey participants lower their assessments of the current situation significantly, but business expectations for the coming six months also took a nosedive.

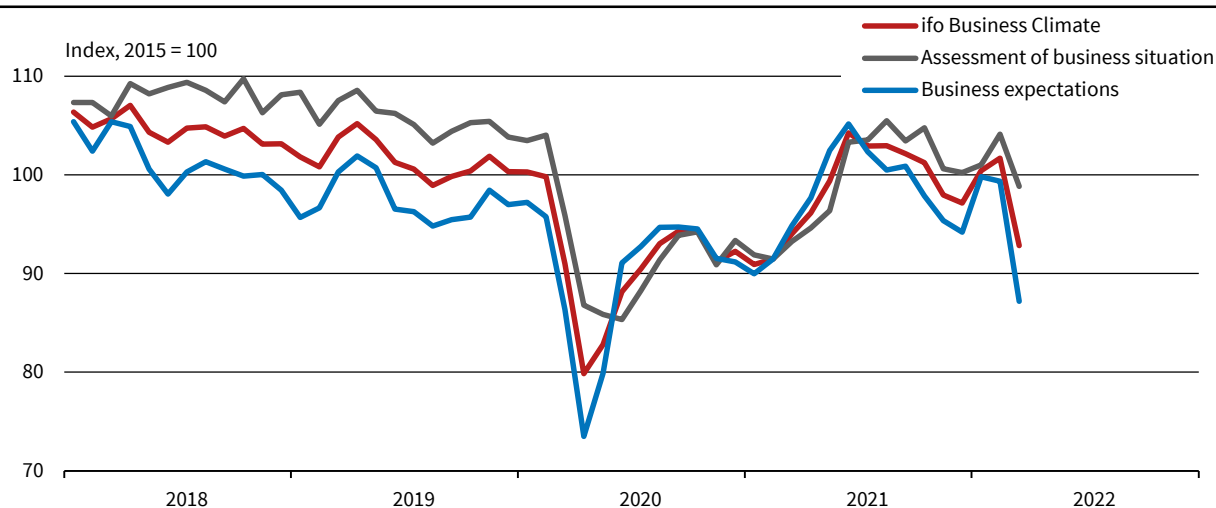
In Saxony’s *trade*, the business climate cooled. This was mainly due to lowered business expectations. Assessments of the current situation improved a little.

In Saxony’s *construction industry*, the barometer of business sentiment fell in March, primarily as a result of the drop in business expectations. Businesses were somewhat more positive in their assessments of the current situation.

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ifo Business Climate Saxony^a

Seasonally adjusted



^a Manufacturing, service sector, trade and construction.
Source: ifo Business Survey, March 2022.

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

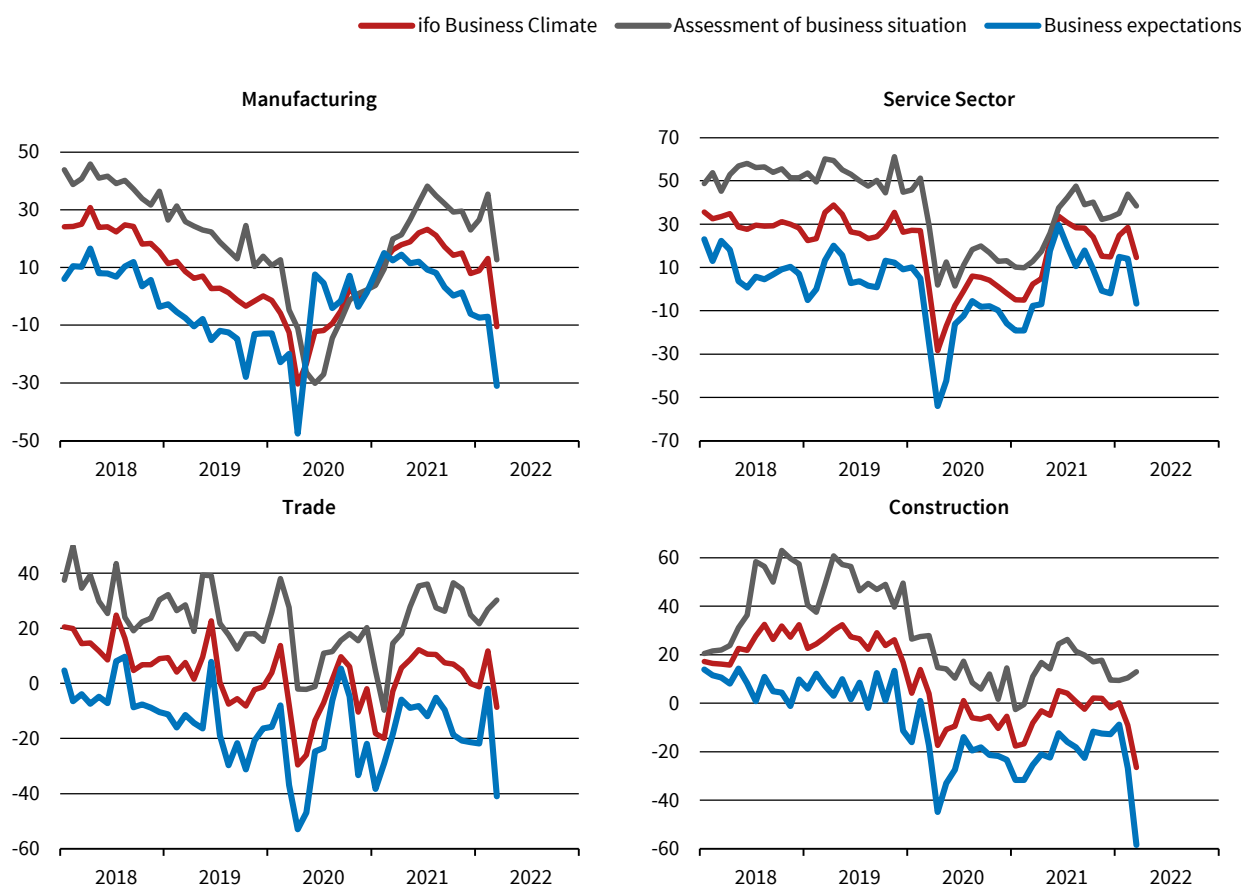
	03/21	04/21	05/21	06/21	07/21	08/21	09/21	10/21	11/21	12/21	01/22	02/22	03/22
Climate	94.0	96.1	99.4	104.2	102.9	102.9	102.1	101.2	98.0	97.1	100.4	101.7	92.8
Situation	93.2	94.6	96.4	103.3	103.5	105.5	103.4	104.7	100.6	100.2	101.0	104.1	98.8
Expectations	94.8	97.7	102.5	105.1	102.3	100.5	100.8	97.8	95.4	94.2	99.8	99.3	87.2

Source: ifo Business Survey

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Business Situation and Expectations Saxony by Sector
Balances, seasonally adjusted



Source: ifo Business Survey, March 2022.

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ifo Business Climate Saxony by Sector (Balances, seasonally adjusted)

	03/21	04/21	05/21	06/21	07/21	08/21	09/21	10/21	11/21	12/21	01/22	02/22	03/22
Saxony	3.4	7.9	14.9	25.4	22.6	22.6	20.9	18.9	11.8	10.1	17.1	19.9	0.8
Manufacturing	16.1	17.8	18.8	22.0	23.2	21.0	17.1	14.2	15.0	7.9	8.9	13.1	-10.5
Service sector	2.3	4.8	21.6	33.6	30.7	28.3	28.1	24.1	15.1	14.9	24.8	28.4	14.6
Trade	-2.9	5.6	8.6	12.2	10.6	10.5	7.5	7.0	4.7	0.0	-1.2	11.7	-8.6
Construction	-8.1	-3.1	-5.0	5.2	4.1	0.6	-2.5	2.1	2.0	-1.9	0.1	-9.0	-26.4

Source: ifo Business Survey

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