

ifo Business Climate Eastern Germany Cools Again Slightly

Dresden, September 28, 2023 – The ifo Business Climate Index Eastern Germany saw a small decline in September. The barometer of business sentiment for the entire regional economy slipped to 89.6 points, down from 90.4 points in August. The eastern German companies surveyed reported slightly worse business than in the previous month and lowered their expectations somewhat for the months ahead.

Only in eastern German *manufacturing* did the business climate brighten substantially in September. The manufacturers surveyed reported that their business was much better than in August. They also raised their business expectations a little more.

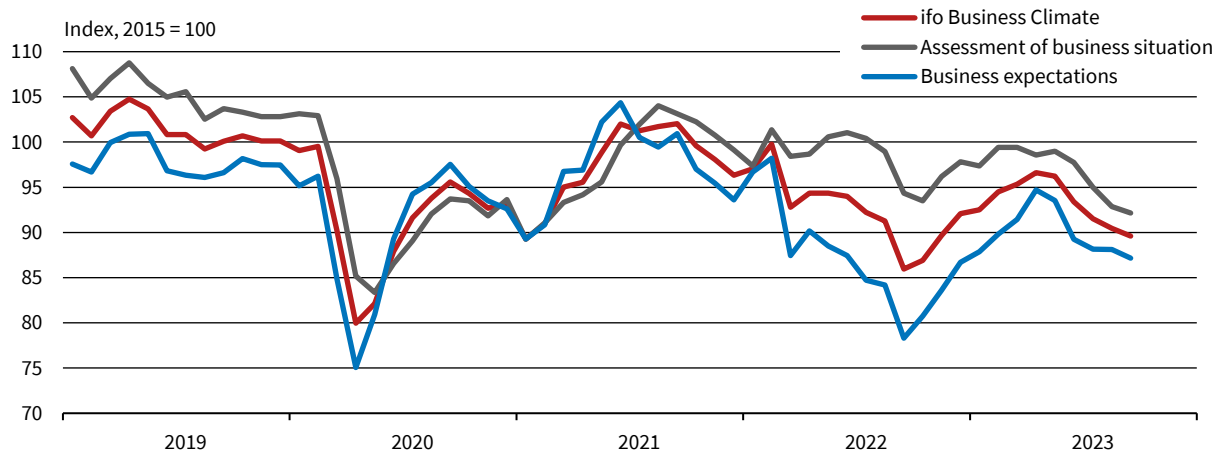
In eastern Germany's *service sector*, the Business Climate Index tumbled in September. The service providers surveyed were noticeably less satisfied with their current business situation and somewhat more pessimistic about business developments in the coming months.

In eastern German *trade*, the business climate cooled a little overall in September. Compared with the previous month, the wholesale businesses surveyed in eastern Germany hardly changed either their assessments of the current situation or their expectations. Eastern German retailers, meanwhile, assessed their business situation as noticeably worse than in August and lowered their business expectations slightly.

In eastern German *construction*, the business climate once again turned a lot cooler in September. As in the previous month, the construction companies surveyed were markedly less satisfied with their current business situation and again expected somewhat worse business in the next six months.

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ifo Business Climate Eastern Germany^a Seasonally adjusted



^a Manufacturing, service sector, trade, and construction
Source: ifo Business Survey, September 2023

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

	09/22	10/22	11/22	12/22	01/23	02/23	03/23	04/23	05/23	06/23	07/23	08/23	09/23
Climate	86.0	86.9	89.7	92.1	92.5	94.5	95.4	96.6	96.2	93.4	91.5	90.4	89.6
Situation	94.3	93.5	96.2	97.8	97.4	99.4	99.4	98.5	99.0	97.7	95.0	92.8	92.2
Expectations	78.3	80.8	83.6	86.7	87.9	89.8	91.5	94.7	93.5	89.3	88.1	88.1	87.1

Source: ifo Business Survey

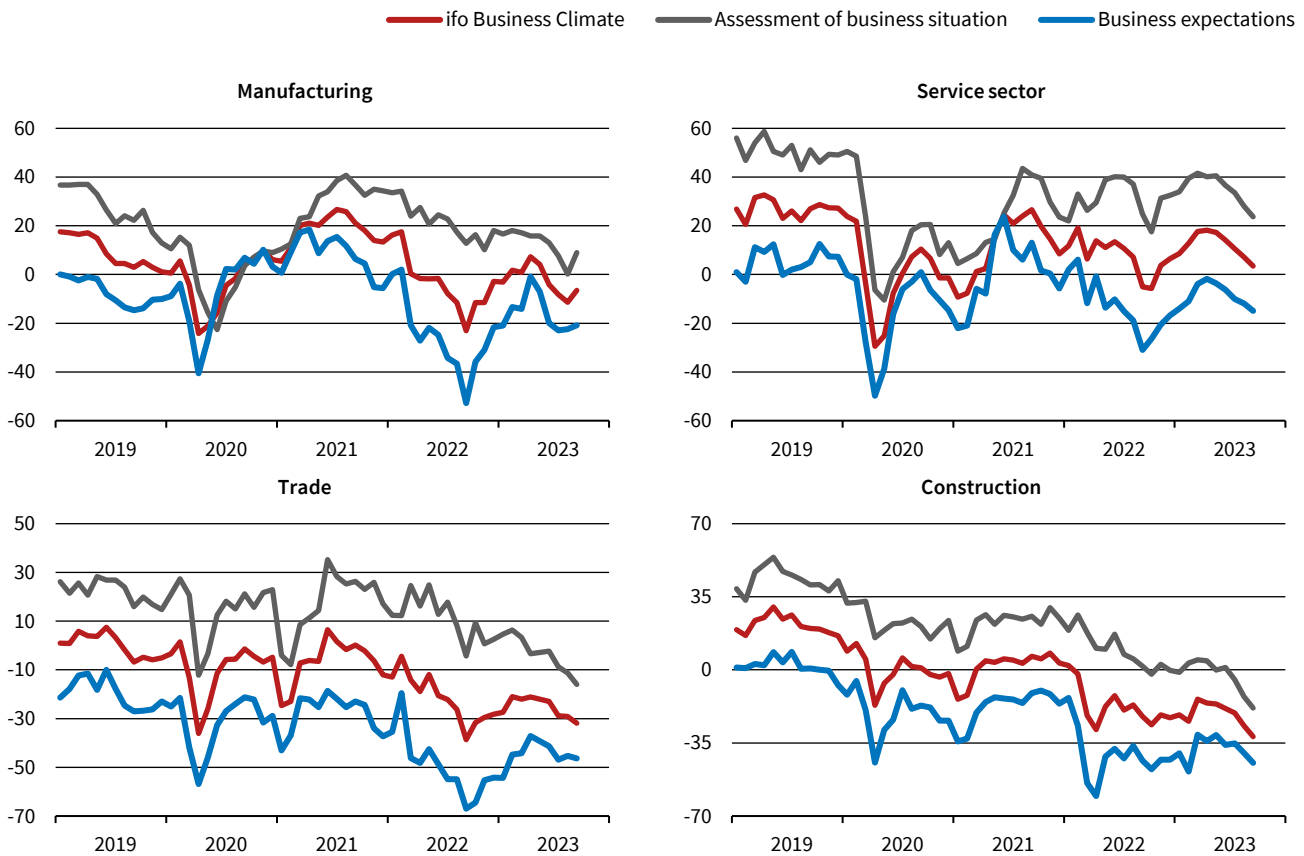
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The ifo Institute's Dresden Branch is partly financed by tax revenues on the basis of the budget approved by the members of Saxony's state parliament.

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



Source: ifo Business Survey, September 2023

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ifo Business Climate Eastern Germany (Balances, seasonally adjusted)

	09/22	10/22	11/22	12/22	01/23	02/23	03/23	04/23	05/23	06/23	07/23	08/23	09/23
Eastern Germany	-14.6	-12.5	-6.5	-1.3	-0.4	3.9	5.7	8.4	7.6	1.5	-2.6	-4.9	-6.6
Manufacturing	-23.0	-11.5	-11.5	-2.8	-3.1	1.7	0.9	7.3	4.1	-4.1	-8.3	-11.4	-6.5
Service sector	-5.1	-5.7	3.8	6.5	8.6	12.8	17.7	18.2	17.3	14.2	10.6	7.1	3.4
Trade	-38.7	-31.6	-29.6	-28.3	-27.4	-21.0	-22.1	-21.2	-22.1	-23.0	-28.9	-29.1	-31.8
Construction	-22.3	-26.3	-21.6	-22.9	-21.6	-24.6	-14.0	-15.8	-16.3	-18.4	-20.6	-26.8	-32.0

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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