

ifo Business Climate Eastern Germany Rises Further

Dresden, May 31, 2024 – The ifo Business Climate Index for Eastern Germany rose slightly in May. The barometer of business sentiment for the regional economy in eastern Germany climbed to 92.8 points, up from 92.2 points in April. The eastern German companies surveyed provided assessments of their business situation that were somewhat better than the previous month, and they raised their business expectations slightly. The upward trend continues.

In eastern German *manufacturing*, the business climate brightened noticeably in May. The companies surveyed assessed their current business situation as substantially better than in the previous month. Their expectations for future business development rose considerably.

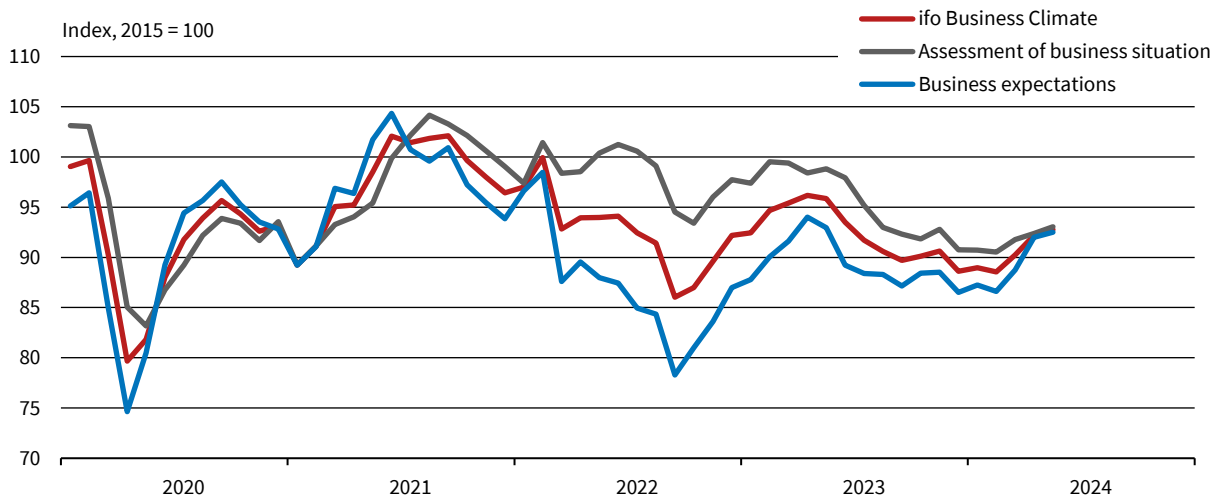
The ifo Business Climate Index rose a little in the eastern German *service sector* in May. Compared to the previous month, the service providers surveyed raised both their assessments of the current situation marginally and their business expectations for the coming months slightly.

The business climate in eastern German *trade* brightened substantially in May. Both retailers and wholesalers in eastern Germany reported better business than in the previous month. The outlook for retail and wholesale companies also improved somewhat.

In eastern German *construction*, the business climate turned a little brighter in May. The construction companies surveyed stated that their business situation was now slightly worse than in April. At the same time, they raised their expectations for future business greatly.

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ifo Business Climate Eastern Germany^a Seasonally adjusted



^a Manufacturing, service sector, trade and construction.
Source: ifo Business Survey, May 2024.

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

	05/23	06/23	07/23	08/23	09/23	10/23	11/23	12/23	01/24	02/24	03/24	04/24	05/24
Climate	95.8	93.5	91.7	90.6	89.7	90.1	90.6	88.6	89.0	88.6	90.3	92.2	92.8
Situation	98.8	97.9	95.2	93.0	92.3	91.8	92.8	90.7	90.7	90.5	91.8	92.4	93.0
Expectations	93.0	89.2	88.4	88.3	87.1	88.4	88.5	86.5	87.3	86.6	88.7	92.0	92.5

Source: ifo Business Survey

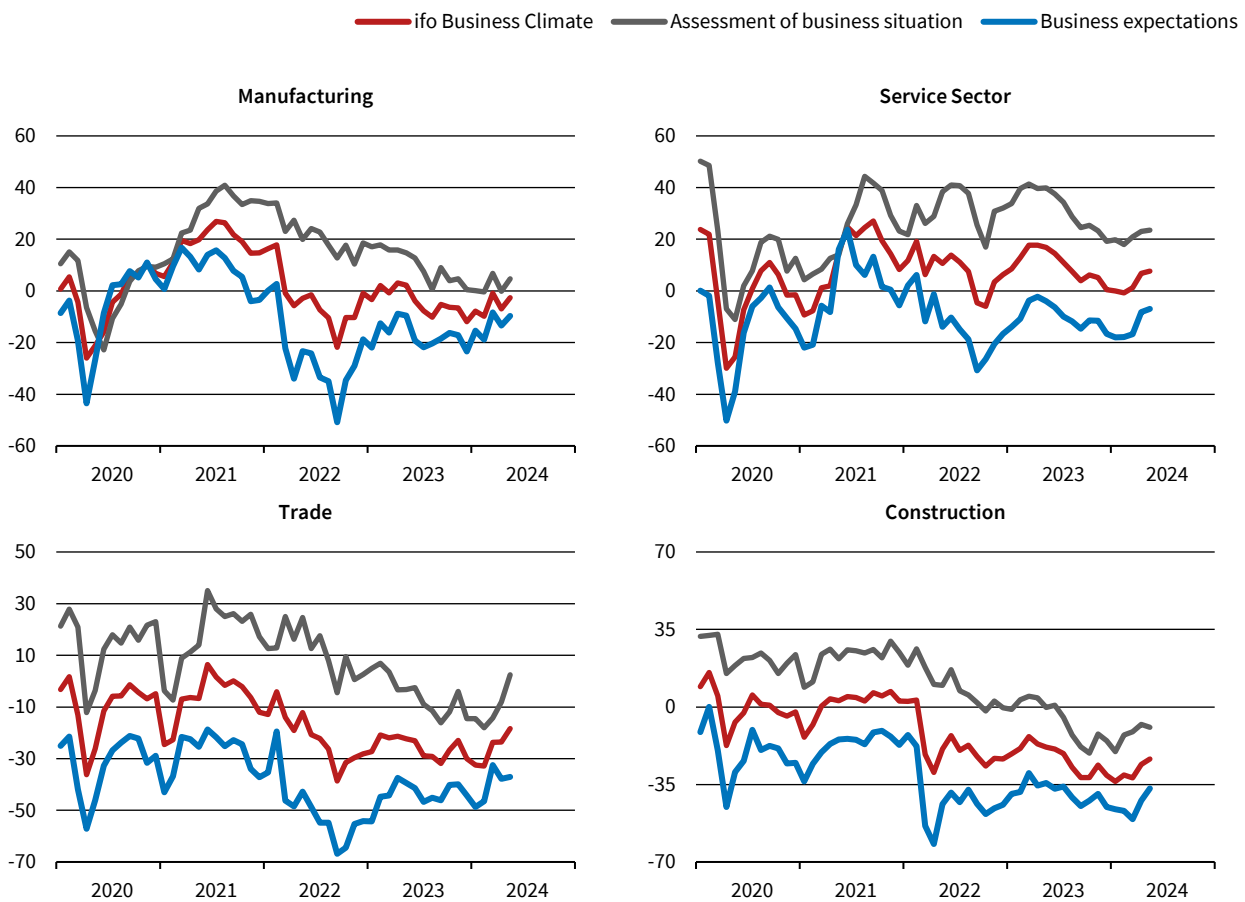
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The ifo Institute's Dresden Branch is partly financed by tax revenues on the basis of the budget approved by the members of Saxony's state parliament.

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



Source: ifo Business Survey, May 2024.

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ifo Business Climate Eastern Germany (Balances, seasonally adjusted)

	05/23	06/23	07/23	08/23	09/23	10/23	11/23	12/23	01/24	02/24	03/24	04/24	05/24
Eastern Germany	6.8	1.7	-2.1	-4.5	-6.5	-5.6	-4.5	-8.8	-8.0	-8.9	-5.3	-1.1	0.2
Manufacturing	2.2	-3.9	-7.7	-10.2	-5.2	-6.4	-6.5	-11.9	-7.8	-9.8	-0.9	-6.9	-2.6
Service sector	16.9	14.5	11.0	7.5	4.0	6.2	5.1	0.5	0.0	-0.7	1.2	6.8	7.7
Trade	-22.3	-23.1	-28.9	-29.2	-31.8	-26.6	-22.9	-30.0	-32.5	-32.9	-23.7	-23.6	-18.4
Construction	-18.1	-19.0	-21.0	-27.3	-31.9	-31.9	-26.3	-30.9	-33.6	-30.7	-32.1	-25.9	-23.5

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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