

ifo Business Climate Index Saxony Drops Somewhat

Dresden, June 4, 2024 – The ifo Business Climate in Saxony cooled slightly in May. The barometer of business sentiment in Saxony’s economy fell from 95.6 points to 95.0 points. Although the companies surveyed assessed their business situation as significantly worse than in the previous month, they once again raised their business expectations slightly.

In Saxony’s *manufacturing*, the Business Climate Index rose sharply compared to April. While manufacturing companies’ assessment of the current situation hardly changed compared to the previous month, they now rated their business expectations as considerably better: for the first time since November 2021, more companies expected good business than bad business in the coming six months.

The business climate in Saxony’s *service sector* cooled noticeably. The service providers surveyed assessed their current business situation as tangibly worse. With regard to the months ahead, they expressed somewhat more pessimism than in April.

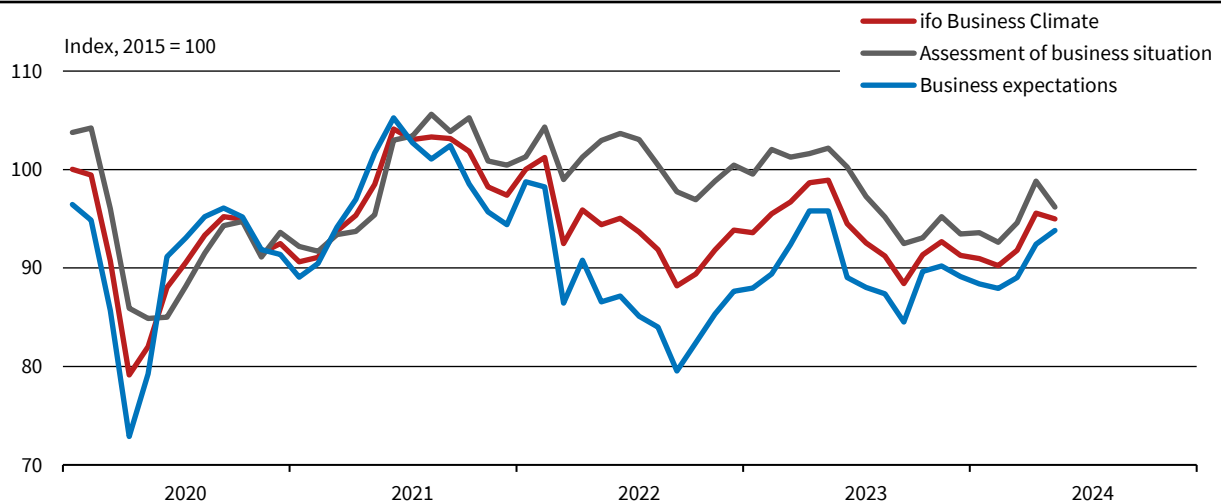
In Saxony’s *trade*, the business climate brightened considerably overall compared to April. Both retailers and wholesalers reported significantly better business in May than in the previous month. While wholesalers’ expectations also saw a noticeable improvement, retailers in Saxony lowered their business expectations slightly compared to the previous month’s survey.

In Saxony’s *construction*, the business climate once again turned a little brighter in May. The construction companies surveyed were slightly less satisfied with the current business situation than in April, but they raised their business expectations noticeably.

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ifo Business Climate Saxony^a

Seasonally adjusted



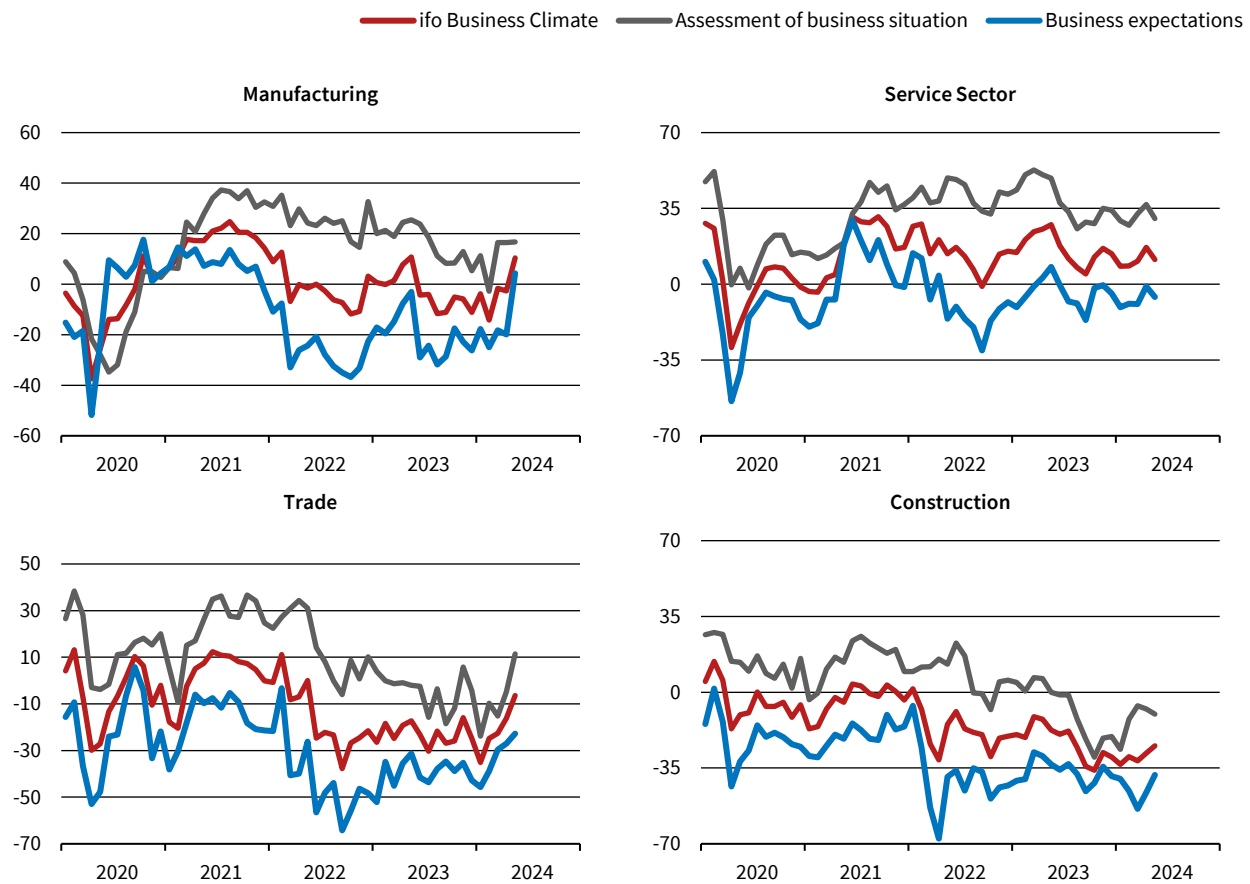
^a Manufacturing, service sector, trade and construction.
Source: ifo Business Survey, May 2024.

ifo Business Climate Saxony (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 | 98.9 | 94.5 | 92.5 | 91.2 | 88.4 | 91.4 | 92.7 | 91.3 | 91.0 | 90.2 | 91.8 | 95.6 | 95.0 |
| Situation | 102.2 | 100.3 | 97.3 | 95.2 | 92.5 | 93.1 | 95.2 | 93.4 | 93.6 | 92.6 | 94.6 | 98.8 | 96.2 |
| Expectations | 95.8 | 89.0 | 88.0 | 87.4 | 84.5 | 89.7 | 90.2 | 89.1 | 88.4 | 87.9 | 89.0 | 92.4 | 93.8 |

Source: ifo Business Survey

Business Situation and Expectations Saxony by Sector
Balances, seasonally adjusted



Source: ifo Business Survey, May 2024.

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ifo Business Climate Saxony by Sector (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 |
|----------------|-------------|------------|------------|-------------|-------------|-------------|------------|-------------|-------------|-------------|-------------|------------|------------|
| Saxony | 14.0 | 4.4 | 0.1 | -2.7 | -8.8 | -2.4 | 0.5 | -2.6 | -3.3 | -4.8 | -1.5 | 6.7 | 5.5 |
| Manufacturing | 10.7 | -4.4 | -4.0 | -11.6 | -11.1 | -5.0 | -5.8 | -11.1 | -3.8 | -14.2 | -1.6 | -2.6 | 10.4 |
| Service sector | 27.6 | 17.8 | 11.8 | 7.6 | 4.8 | 12.6 | 16.6 | 14.1 | 8.3 | 8.4 | 10.7 | 17.1 | 11.4 |
| Trade | -17.2 | -23.2 | -30.3 | -21.6 | -26.8 | -25.9 | -15.9 | -24.8 | -35.1 | -24.9 | -22.6 | -16.2 | -6.5 |
| Construction | -17.4 | -19.4 | -17.9 | -25.5 | -34.1 | -36.0 | -27.9 | -29.9 | -33.3 | -29.8 | -31.7 | -28.1 | -24.7 |

Source: ifo Business Survey

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

