

# Ifo Business Climate Germany

Results of the November 2009 Ifo Business Survey

## Further Brightening of the Ifo Business Climate

The Ifo Business Climate for industry and trade in Germany clearly improved again in November. The firms are again not quite so dissatisfied with their current business situation. Also their view of the business outlook in the coming six months is more favourable than in October. The positive and negative business expectations now balance out. The German economy continues on the road to recovery.

In *manufacturing* the business climate has clearly brightened. The current business situation for manufacturers is noticeably less unfavourable than in October. Their assessments of the six-month business outlook are once again positive. They have also given more positive appraisals of their export opportunities. Their personnel plans are less strongly geared to staff reductions than before.

In *wholesaling and retailing* the business climate index has likewise improved. In both distribution sectors the survey participants are less critical with regard to developments in the coming six months. Retailers have also appraised their current business situation somewhat more favourably. In wholesaling the business situation remains largely unchanged in November.

In *construction* the business climate index has fallen. Although the firms have assessed their current business situation similarly as in October, they have expressed much more reserve regarding their business outlook.

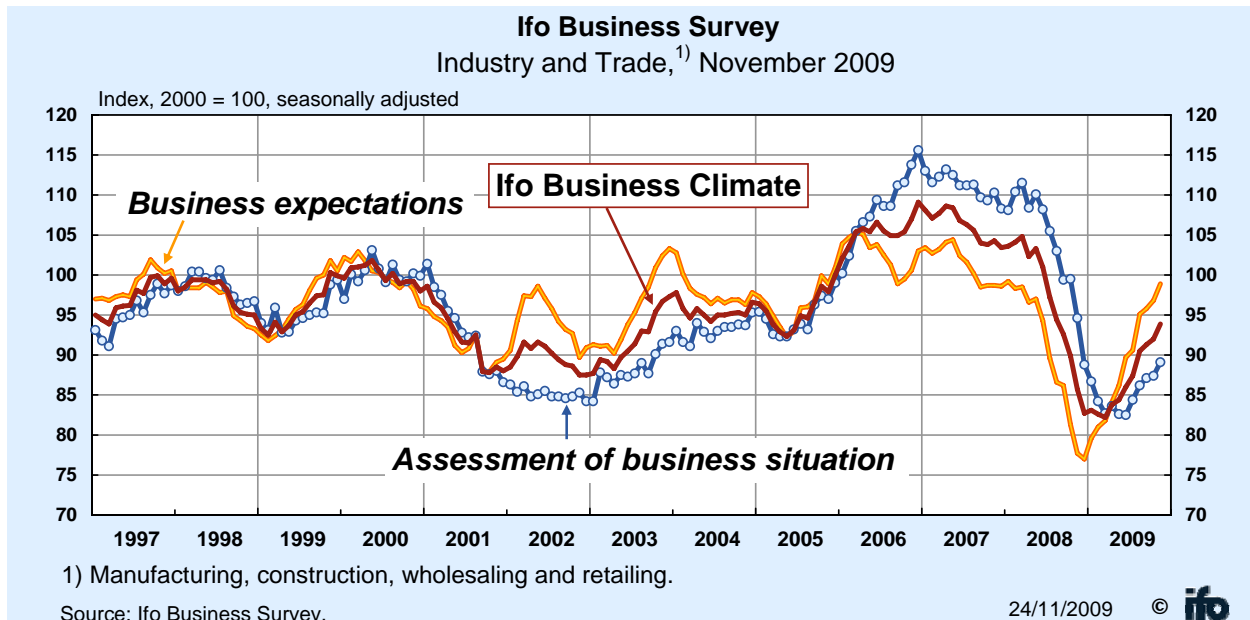
Hans-Werner Sinn

President of the Ifo Institute for Economic Research at the University of Munich

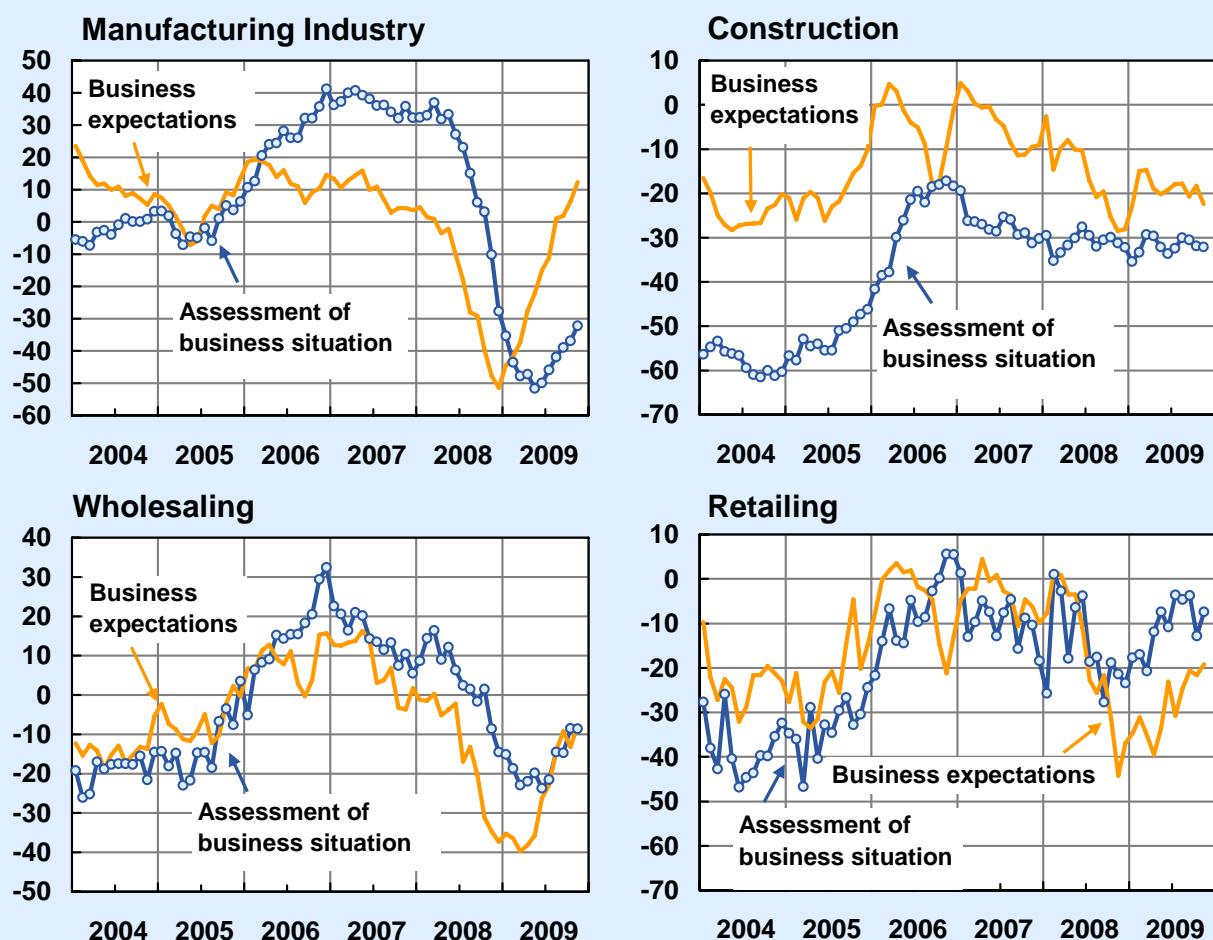
## Germany (Index, 2000 = 100, seasonally adjusted)

Month/year	11/08	12/08	01/09	02/09	03/09	04/09	05/09	06/09	07/09	08/09	09/09	10/09	11/09
<b>Climate</b>	85.7	82.7	83.1	82.6	82.2	83.8	84.4	86.0	87.4	90.5	91.3	92.0	93.9
<b>Situation</b>	94.6	88.8	86.7	84.2	82.7	83.6	82.6	82.5	84.4	86.2	87.1	87.4	89.1
<b>Expectations</b>	77.7	77.0	79.6	81.0	81.8	84.1	86.2	89.7	90.6	95.1	95.8	96.8	98.9

Source: Ifo Business Survey.



## Business Situation and Expectations by Sector November 2009; balances, seasonally adjusted



Source: Ifo Business Survey.

24/11/2009 © ifo

### Ifo Business Climate Germany (Balances, seasonally adjusted)

Month/year	11/08	12/08	01/09	02/09	03/09	04/09	05/09	06/09	07/09	08/09	09/09	10/09	11/09
Trade and Industry	-29.2	-35.2	-34.4	-35.3	-36.1	-32.9	-31.8	-28.5	-25.7	-19.5	-17.9	-16.7	-12.9
Manufacturing	-30.0	-40.0	-39.9	-42.6	-42.7	-37.6	-37.5	-33.3	-29.4	-21.7	-19.7	-16.6	-11.2
Construction	-29.9	-30.2	-29.3	-24.4	-22.1	-24.3	-26.3	-26.6	-25.3	-24.0	-25.7	-25.3	-27.3
Wholesaling	-22.1	-26.3	-25.5	-27.8	-31.5	-30.3	-27.9	-24.9	-22.2	-14.3	-12.0	-10.8	-8.1
Retailing	-33.2	-30.3	-26.4	-24.2	-28.1	-26.3	-20.9	-17.1	-17.7	-14.9	-12.4	-17.2	-13.4

Source: Ifo Business Survey.

**Legend:** The Ifo Business Climate Index is based on ca. 7,000 monthly survey responses of firms in manufacturing, construction, wholesaling and retailing. The firms are asked to give their assessments of the **current business situation** and their **expectations** for the next six months. They can characterise their situation as "good", "satisfactorily" or "poor" and their business expectations for the next six months as "more favourable", "unchanged" or "more unfavourable". The **balance value** of the current business situation is the difference of the percentages of the responses "good" and "poor"; the balance value of the expectations is the difference of the percentages of the responses "more favourable" and "more unfavourable". The **business climate** is a transformed mean of the balances of the business situation and the expectations. For calculating the **index values** the transformed balances are all normalised to the average of the year 2000.

## Ifo Business Climate in the German Service Sector

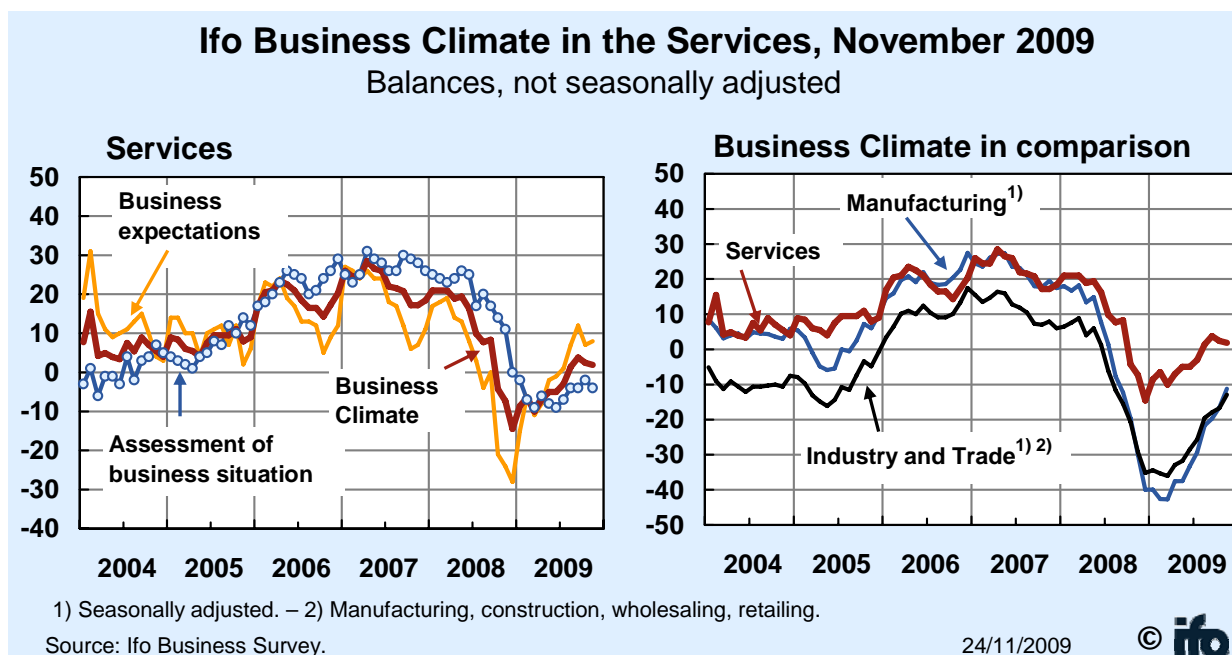
Results of the November 2009 Ifo Business Survey

### Ifo Business Climate Indicator in the Services Falls

The Ifo Business Climate in the German service sector has worsened slightly in November. According to the survey responses, the current business situation is more unfavourable than in October. However, with regard to the six-month business outlook, the firms are more confident, their business expectations having worsened in the previous month. When it comes to hiring new staff, the service providers intend to exercise more caution than previously.

Hans-Werner Sinn

President of the Ifo Institute for Economic Research at the University of Munich



### German Services Sector (Balances, not seasonally adjusted)

Month/Year	11/08	12/08	01/09	02/09	03/09	04/09	05/09	06/09	07/09	08/09	09/09	10/09	11/09
<b>Climate</b>	-7.3	-14.5	-8.6	-6.5	-10.0	-7.0	-5.0	-5.0	-3.0	1.4	3.8	2.4	1.9
<b>Situation</b>	11.0	0.0	-2.0	-7.0	-9.0	-6.0	-8.0	-9.0	-7.0	-4.0	-4.0	-2.0	-4.0
<b>Expectations</b>	-24.0	-28.0	-15.0	-6.0	-11.0	-8.0	-2.0	-1.0	1.0	7.0	12.0	7.0	8.0

Source: Ifo Business Survey.

Explanatory note: The Ifo Business Survey in the Services is based on ca. 2,500 monthly survey responses of firms in important, especially business-oriented segments of the tertiary sector (excl. distribution, financial services, leasing, insurance and government). The survey is conducted and calculated analogously to the Ifo Business Survey in industry and trade. In comparing the various curves of the Business Climate, it must be kept in mind that for methodological reasons the results of the Business Survey in the Services are not yet seasonally adjusted. The indicator for the Business Climate in the services has not yet been incorporated into the Ifo Business Climate Index for industry and trade.