

Ifo Business Climate Germany

Results of the Ifo Business Survey for September 2011

Ifo Business Climate Index Falls Again

The Ifo Business Climate Index for German industry and trade declined once again in September. The business expectations for the coming half year once more deteriorated markedly. The current business situation, however, was assessed just as positively as in the previous month. The continuing favourable situation of companies shows that the German economy has so far managed to decouple from political turbulence.

In *manufacturing* the business climate index has again cooled off. The current business conditions are rated as mostly good, but not as favourable as previously. The proportion of firms reporting scepticism regarding their business prospects for the coming half year has increased. They expect no further impulse from their export business. That notwithstanding, they still plan to increase the number of employees.

The business climate improved in both *retailing* and *wholesaling*, after markedly losing ground in previous months. Wholesalers rated their current situation more favourably than in August. Their six-month business outlook is also more optimistic. Retailers continue to assess their current business situation as favourable. They also regard their prospects for the coming half-year with renewed optimism.

In *construction* the business climate deteriorated once more, but due entirely to distinctly lower expectations. The current situation, however, was rated by the polled companies as somewhat more favourable than in the previous month.

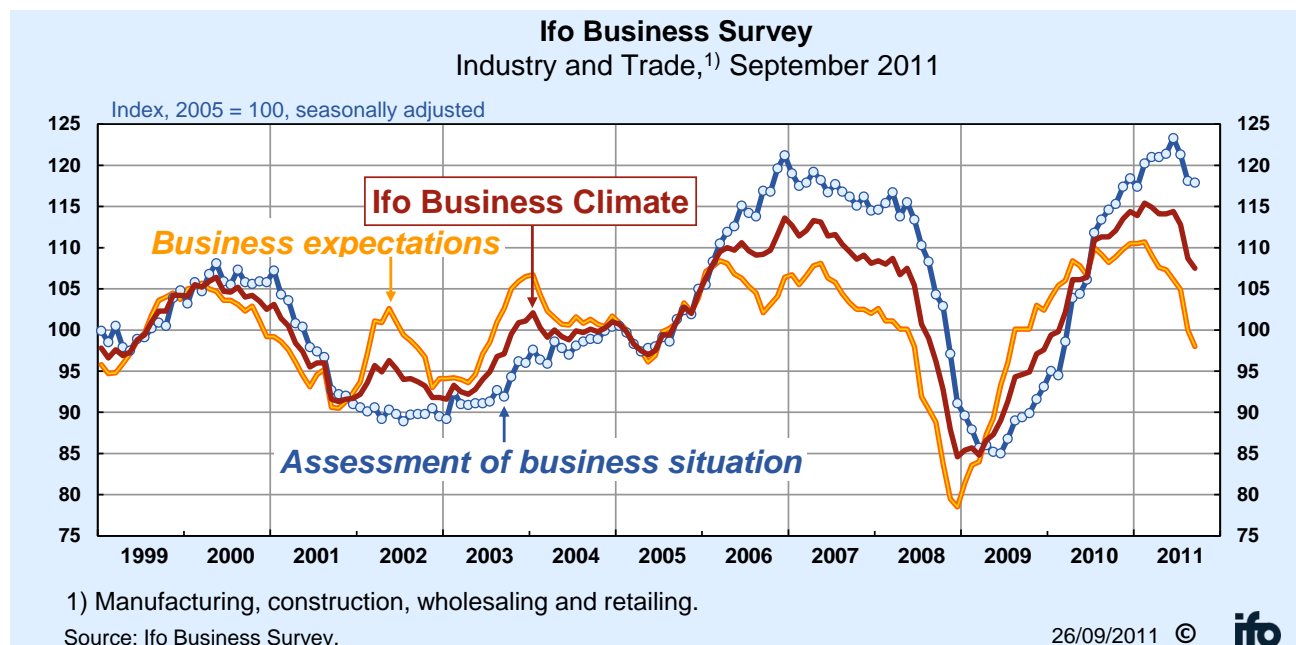
Hans-Werner Sinn
President of the Ifo Institute

Germany (Index, 2005 = 100, seasonally adjusted)

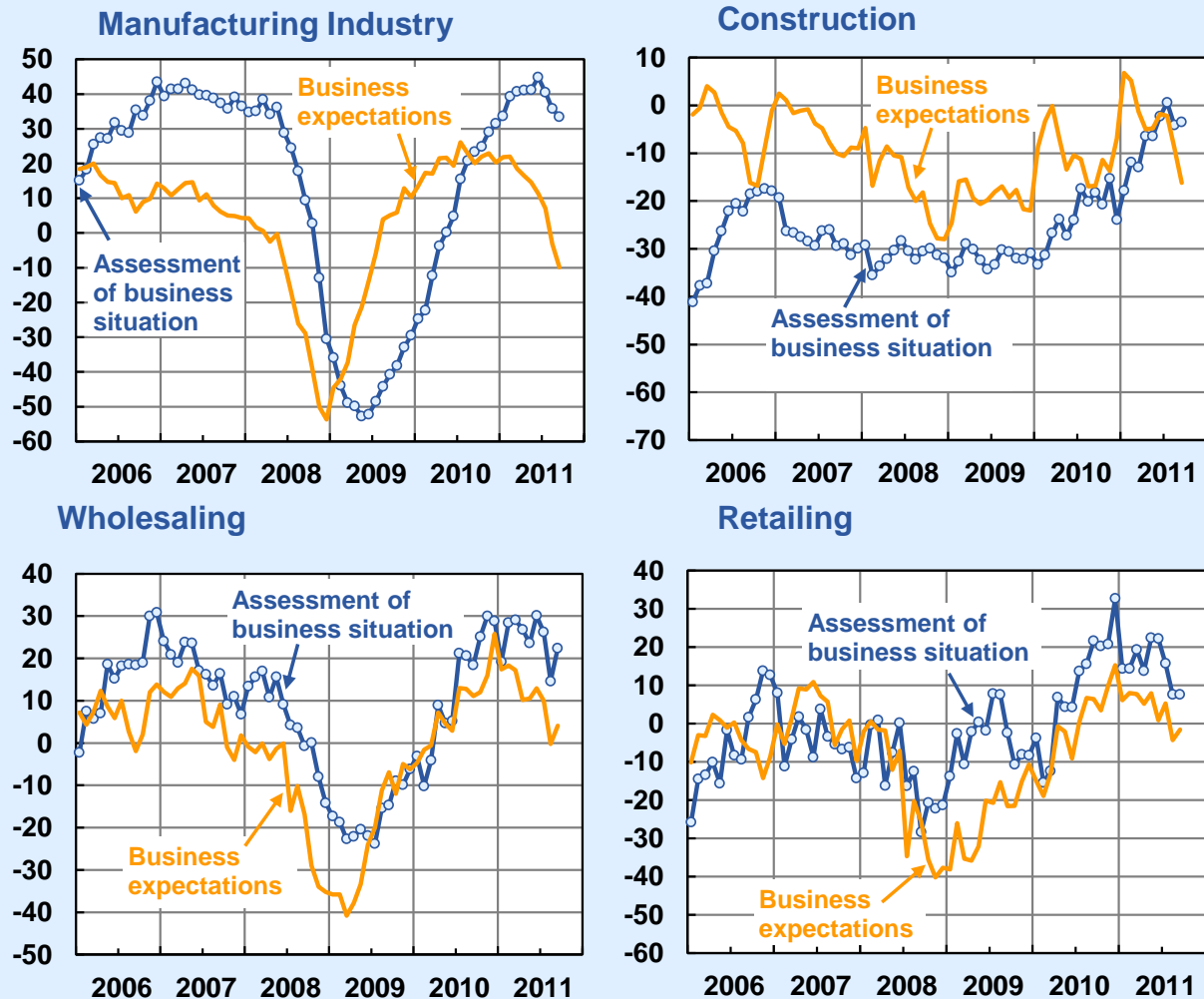
Month/year	09/10	10/10	11/10	12/10	01/11	02/11	03/11	04/11	05/11	06/11	07/11	08/11	09/11
Climate	111.3	112.1	113.5	114.4	113.9	115.4	114.9	114.1	114.1	114.4	112.8	108.7	107.5
Situation	114.6	115.3	117.4	118.4	117.4	120.2	121.0	121.0	121.4	123.3	121.3	118.1	117.9
Expectations	108.2	108.9	109.8	110.5	110.5	110.7	109.1	107.6	107.3	106.1	104.9	100.0	98.0

Source: Ifo Business Survey.

For long time-series in Excel format consult www.cesifo-group.de/langereihen.



Business Situation and Expectations by Sector September 2011; balances, seasonally adjusted



Source: Ifo Business Survey.

26/09/2011 © ifo

Ifo Business Climate Germany (Balances, seasonally adjusted)

Month/year	09/10	10/10	11/10	12/10	01/11	02/11	03/11	04/11	05/11	06/11	07/11	08/11	09/11
Trade and Industry	15.0	16.4	19.2	20.9	20.0	22.7	21.9	20.3	20.4	20.9	17.8	9.8	7.5
Manufacturing	21.8	23.4	26.0	25.8	27.7	30.5	29.3	28.4	27.5	27.4	23.2	15.5	10.6
Construction	-17.5	-16.1	-14.5	-15.6	-5.9	-3.5	-7.2	-5.7	-5.6	-2.0	-0.8	-6.5	-9.9
Wholesaling	14.7	18.4	22.9	27.3	18.3	23.3	23.0	18.3	17.0	21.3	17.9	7.1	13.1
Retailing	13.9	11.7	15.3	23.9	10.2	11.2	13.4	9.5	15.0	11.3	10.5	1.5	2.9

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", "satisfactory" 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 2005.

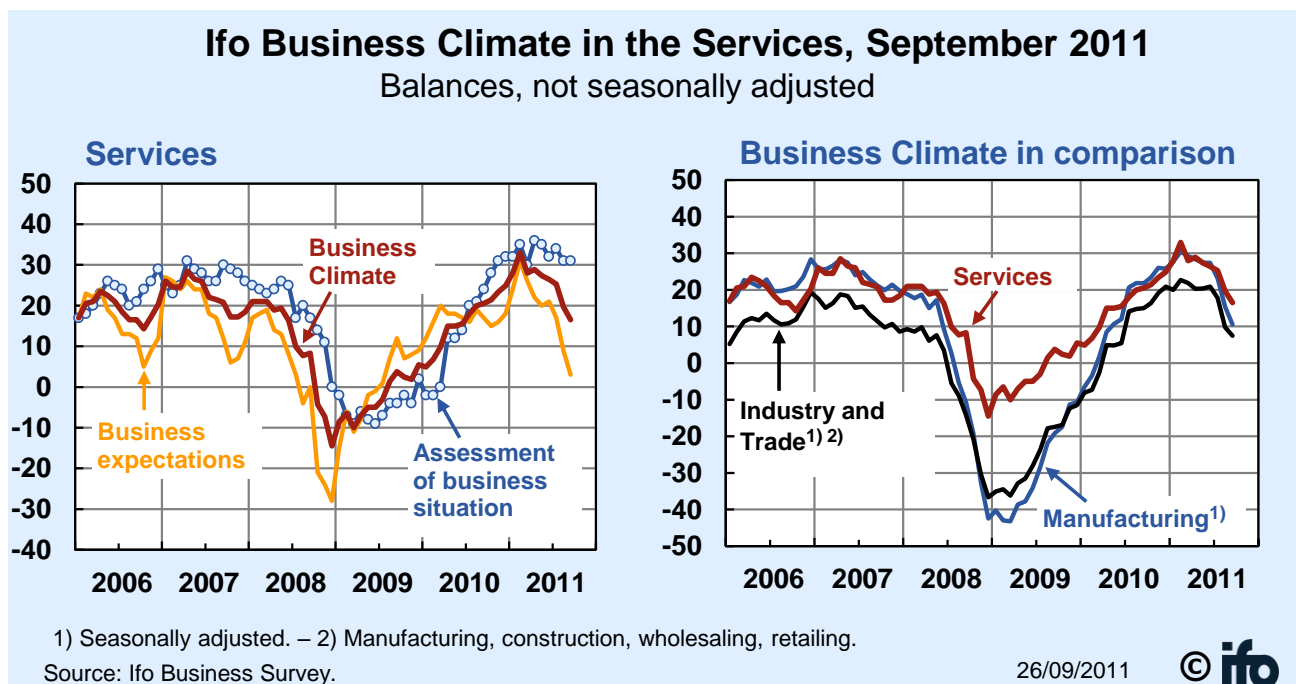
Ifo Business Climate in the German Service Sector

Results of the September 2011 Ifo Business Survey

Ifo Business Climate Indicator in the Service Sector Continues to Fall

The Ifo Business Climate indicator in the German service sector fell once again in September. Whereas the current situation continues to be rated as positive, the outlook for the coming half-year was assessed more cautiously. The firms' plans to hire additional staff are not as expansive as in previous months.

Hans-Werner Sinn
President of the Ifo Institute



German Services Sector (balances. not seasonally adjusted)

Month/Year	09/10	10/10	11/10	12/10	01/11	02/11	03/11	04/11	05/11	06/11	07/11	08/11	09/11
Climate	20.5	21.4	23.4	24.9	28.0	33.0	28.0	28.9	27.4	26.4	25.3	19.7	16.5
Situation	24.0	28.0	31.0	32.0	32.0	35.0	30.0	36.0	35.0	32.0	34.0	31.0	31.0
Expectations	17.0	15.0	16.0	18.0	24.0	31.0	26.0	22.0	20.0	21.0	17.0	9.0	3.0

Source: Ifo Business Survey.

For long time-series in Excel format consult www.cesifo-group.de/langereihen.

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.