

Ifo Business Climate Germany

Results of the Ifo Business Survey for November 2011

Ifo Business Climate Rises Slightly

The Ifo Business Climate for industry and trade in Germany improved somewhat in November for the first time in four months. The slight increase is due to somewhat less sceptical business expectations. The current business situation, according to the survey responses, remains positive. The German economy is still performing relatively well despite the international turmoil.

In *manufacturing* the business climate index fell slightly. The satisfaction of the manufacturers with their current business situation has declined again, but the business situation remains favourable. With regard to future business prospects, the firms are again somewhat more sceptical. They anticipate hardly any further stimulus from exports. Staff expansion will continue at a cautious pace.

In *retailing* the business climate index has yielded some ground. The current business situation, according to the company responses, is somewhat better than last month, but retailers' business expectations are more cautious. In *wholesaling* the business climate has improved following a sharp cooling in the previous month. With regard to their business prospects, the survey participants are not as sceptical as in October. The current business situation has been assessed somewhat less positively.

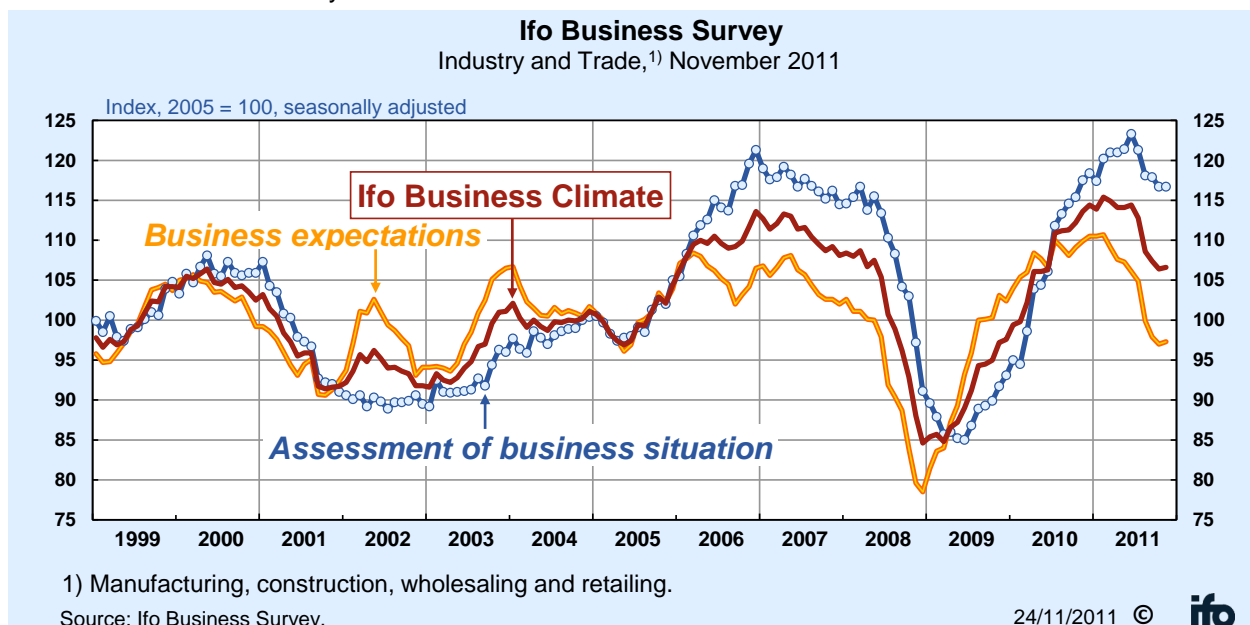
In *construction* the business climate index has risen, after having fallen three months in succession. Both the assessments of current business and the outlook of the surveyed contractors are again somewhat more favourable than in October.

Hans-Werner Sinn
President of the Ifo Institute

Germany (Index, 2005 = 100, seasonally adjusted)

Month/year	11/10	12/10	01/11	02/11	03/11	04/11	05/11	06/11	07/11	08/11	09/11	10/11	11/11
Climate	113.6	114.4	113.9	115.4	114.9	114.1	114.1	114.4	112.8	108.6	107.4	106.4	106.6
Situation	117.5	118.4	117.4	120.2	121.0	121.0	121.4	123.3	121.3	118.1	117.9	116.7	116.7
Expectations	109.9	110.5	110.5	110.7	109.1	107.6	107.3	106.1	104.9	99.9	97.9	97.0	97.3

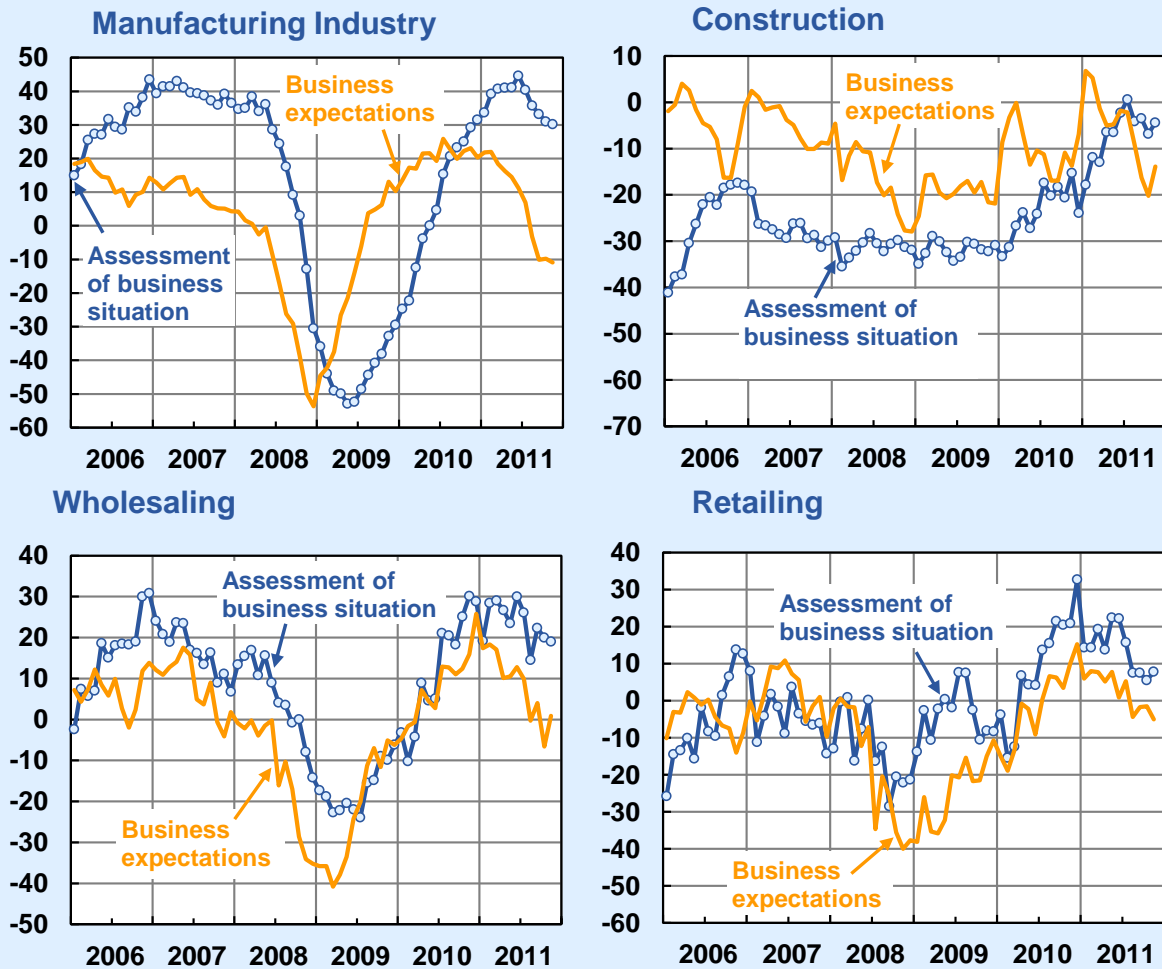
Source: Ifo Business Survey.



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

Business Situation and Expectations by Sector

November 2011; balances, seasonally adjusted



Source: Ifo Business Survey.

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Ifo Business Climate Germany (Balances, seasonally adjusted)

Month/year	11/10	12/10	01/11	02/11	03/11	04/11	05/11	06/11	07/11	08/11	09/11	10/11	11/11
Trade and Industry	19.3	20.8	20.0	22.7	21.9	20.2	20.3	20.8	17.7	9.7	7.4	5.4	5.7
Manufacturing	26.2	25.8	27.7	30.4	29.3	28.4	27.4	27.3	23.0	15.3	10.4	9.6	8.6
Construction	-14.5	-15.6	-5.9	-3.5	-7.2	-5.7	-5.6	-2.1	-0.8	-6.5	-10.0	-13.6	-9.3
Wholesaling	22.9	27.3	18.3	23.3	23.0	18.3	16.9	21.3	17.8	6.9	12.9	6.3	9.8
Retailing	15.4	23.9	10.2	11.2	13.4	9.5	15.0	11.3	10.4	1.5	2.9	1.9	1.3

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 November 2011 Ifo Business Survey

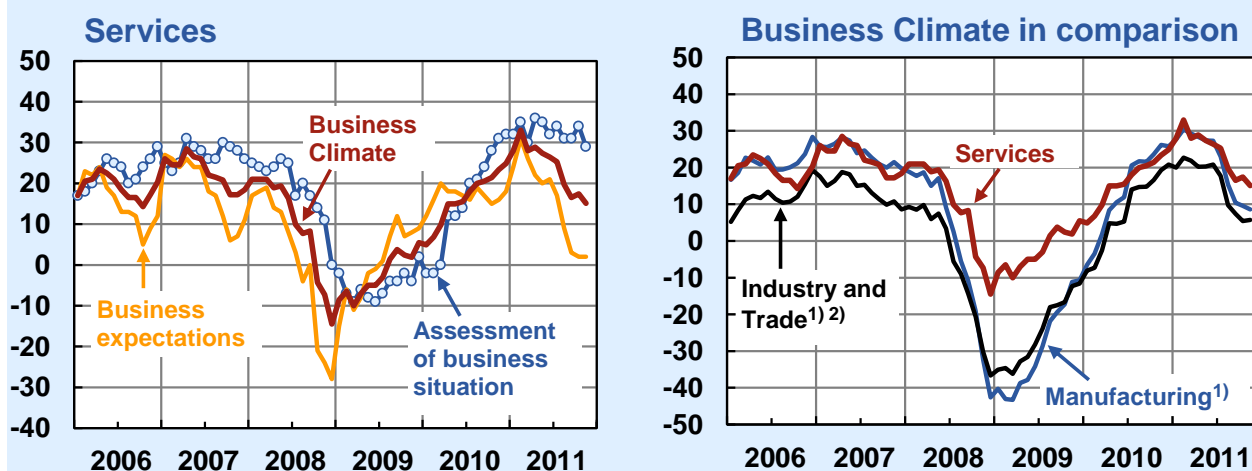
Ifo Business Climate in the Service Sector Somewhat Less Favourable

The Ifo Business Climate indicator in the German service sector has fallen in November. The business situation of the surveyed service providers is somewhat less favourable than in October. However, the firms' business expectations remain slightly confident. The service companies also still plan to increase staff levels.

Hans-Werner Sinn
President of the Ifo Institute

Ifo Business Climate in the Services, November 2011

Balances, not seasonally adjusted



1) Seasonally adjusted. – 2) Manufacturing, construction, wholesaling, retailing.

Source: Ifo Business Survey.

24/11/2011



German Services Sector (balances, not seasonally adjusted)

Month/Year	11/10	12/10	01/11	02/11	03/11	04/11	05/11	06/11	07/11	08/11	09/11	10/11	11/11
Climate	23.4	24.9	28.0	33.0	28.0	28.9	27.4	26.4	25.3	19.7	16.5	17.4	15.1
Situation	31.0	32.0	32.0	35.0	30.0	36.0	35.0	32.0	34.0	31.0	31.0	34.0	29.0
Expectations	16.0	18.0	24.0	31.0	26.0	22.0	20.0	21.0	17.0	9.0	3.0	2.0	2.0

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.