

Ifo Business Climate Germany

Results of the Ifo Business Survey for January 2012

Ifo Business Climate Continues to Rise

The Ifo Business Climate for trade and industry in Germany improved for the third time in succession in January. Although companies assess the current business situation as less favourable than in December, their business expectations have brightened considerably. The German economy has started the year positively.

The business climate improved in *manufacturing*. Manufacturers see their current business situation as slightly improved and their business outlook as clearly more favourable than in the previous month. Export expectations and personnel planning are also somewhat more positive once again. Capacity utilization in manufacturing is currently slightly lower than in autumn 2011. However, use of equipment and machinery remains above average.

In *retailing* the business climate index fell. The business situation here is no longer as favourable as it was in December. Moreover, retailers are more sceptical about their short-term business outlook. In *wholesaling* the business climate deteriorated slightly. The wholesalers surveyed continue to assess their current business situation as very positive, but less favourable than last month. Their business expectations are once again slightly more confident.

The business climate in *construction* improved for the third month in succession. The current business situation, however, is no longer as favourable as in the previous month. The constructors surveyed are nevertheless significantly more confident about their six-month business outlook.

Hans-Werner Sinn
President of the Ifo Institute

Germany (Index, 2005 = 100, seasonally adjusted)

Month/year	01/11	02/11	03/11	04/11	05/11	06/11	07/11	08/11	09/11	10/11	11/11	12/11	01/12
Climate	114.0	115.2	114.8	114.0	114.1	114.3	112.9	108.6	107.5	106.5	106.7	107.3	108.3
Situation	117.5	120.1	121.0	121.0	121.3	123.2	121.4	118.0	118.0	116.8	116.7	116.7	116.3
Expectations	110.6	110.5	108.9	107.4	107.2	106.1	104.9	100.0	97.9	97.1	97.6	98.6	100.9

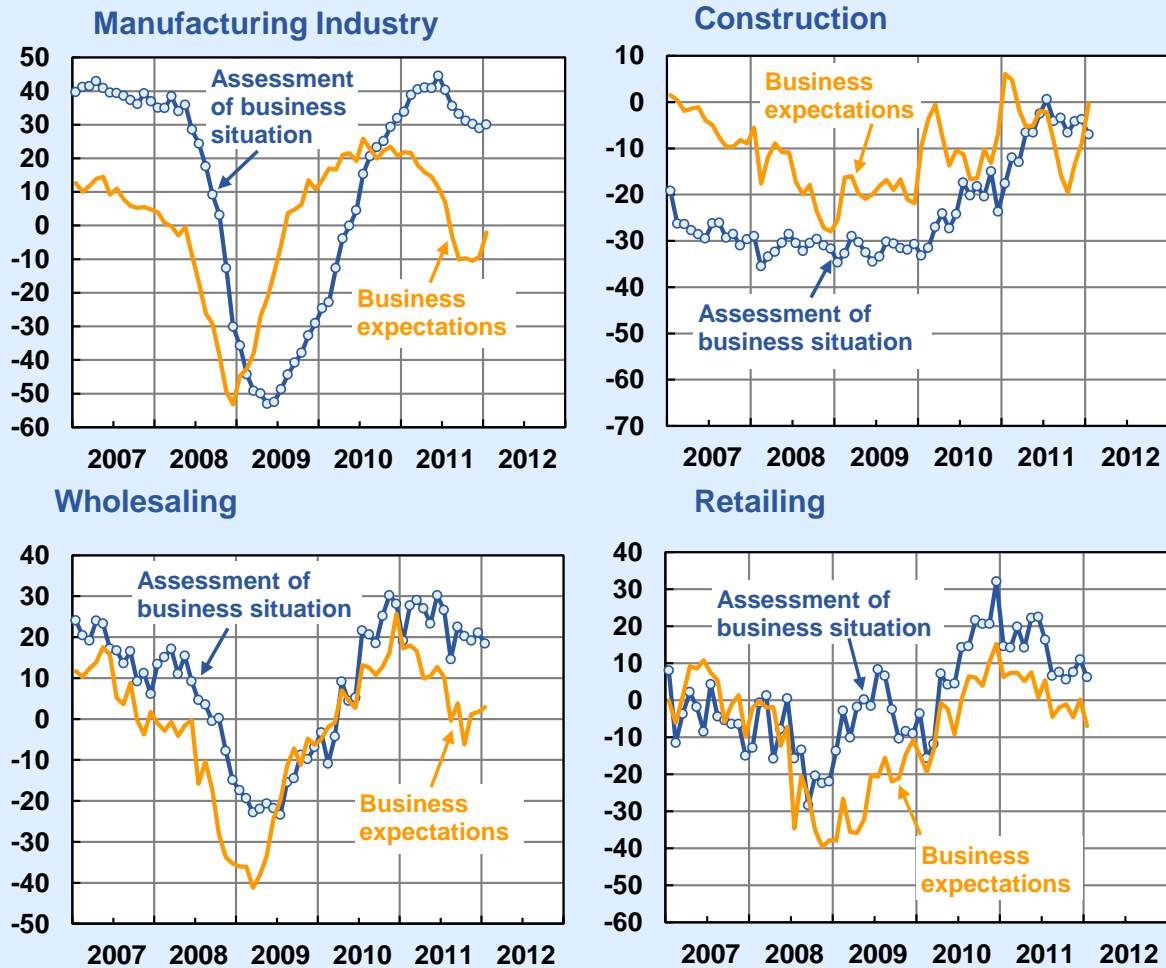
Source: Ifo Business Survey.



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

Business Situation and Expectations by Sector

January 2012; balances, seasonally adjusted



Source: Ifo Business Survey.

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Ifo Business Climate Germany (Balances, seasonally adjusted)

Month/year	01/11	02/11	03/11	04/11	05/11	06/11	07/11	08/11	09/11	10/11	11/11	12/11	01/12
Trade and Industry	20.0	22.3	21.6	20.1	20.2	20.7	17.8	9.6	7.4	5.5	6.0	7.0	9.1
Manufacturing	27.7	30.0	28.9	28.1	27.3	27.2	23.0	15.3	10.4	9.7	8.9	8.9	13.4
Construction	-6.1	-3.8	-7.4	-5.9	-5.8	-2.2	-0.8	-6.4	-9.7	-13.2	-8.8	-6.3	-3.7
Wholesaling	18.2	22.8	22.8	18.3	16.8	21.3	18.3	6.9	12.9	6.6	10.0	11.2	10.5
Retailing	10.4	10.8	13.5	9.6	14.8	11.4	10.8	1.0	2.8	2.2	1.4	5.6	-0.5

Source: Ifo Business Survey.

Explanatory note: The Ifo Business Climate Index is based on ca. 7,000 monthly survey responses from 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 between the percentages of the responses "good" and "poor"; the balance value of the expectations is the difference between 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 the purpose of 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 January 2012 Ifo Business Survey

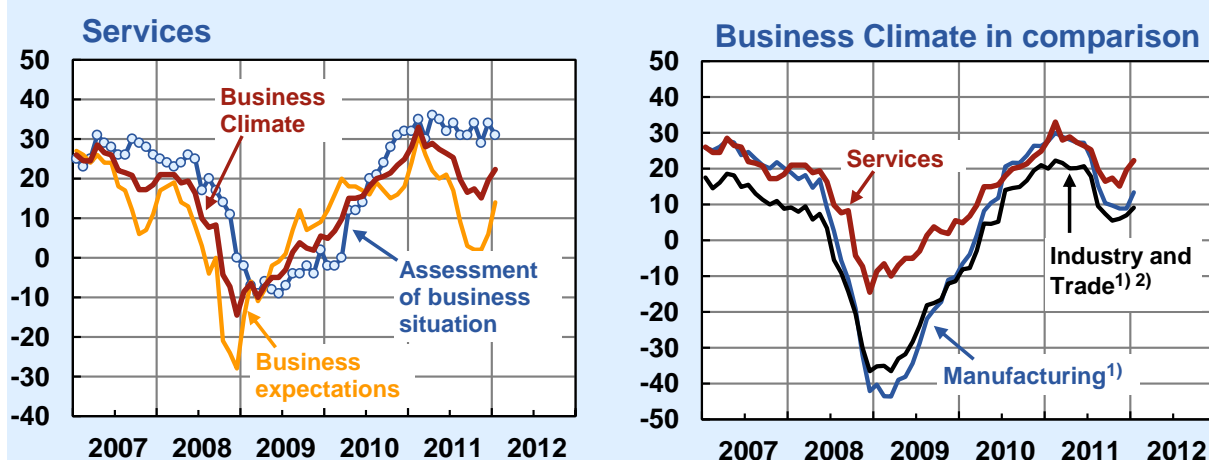
Ifo Business Climate in the Service Sector Continues to Improve

The Ifo Business Climate indicator in the German service sector continued to rise in January. This increase was driven by greater optimism regarding business expectations. There was, however, a slight drop in the number of service providers that assessed their current business situation as favourable. Companies increasingly wish to recruit additional staff.

Hans-Werner Sinn
President of the Ifo Institute

Ifo Business Climate in the Services, January 2012

Balances, not seasonally adjusted



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

Source: Ifo Business Survey.

25/01/2012



German Services Sector (balances. not seasonally adjusted)

Month/Year	01/11	02/11	03/11	04/11	05/11	06/11	07/11	08/11	09/11	10/11	11/11	12/11	01/12
Climate	28.0	33.0	28.0	28.9	27.4	26.4	25.3	19.7	16.5	17.4	15.1	19.6	22.3
Situation	32.0	35.0	30.0	36.0	35.0	32.0	34.0	31.0	31.0	34.0	29.0	34.0	31.0
Expectations	24.0	31.0	26.0	22.0	20.0	21.0	17.0	9.0	3.0	2.0	2.0	6.0	14.0

Source: Ifo Business Survey.

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

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