

Notice: Embargo violations will lead to deliveries after 10 CET in the following month!

Ifo Business Climate Germany

Results of the July 2004 Ifo Business Survey

Moderate Upswing Confirmed

After a two-months decline, the Ifo Business Climate index in Germany rose in July. Both the assessments of the current business situation as well as business expectations for the coming six months improved. The survey results point to a continuation of the economic upturn in the second half year.

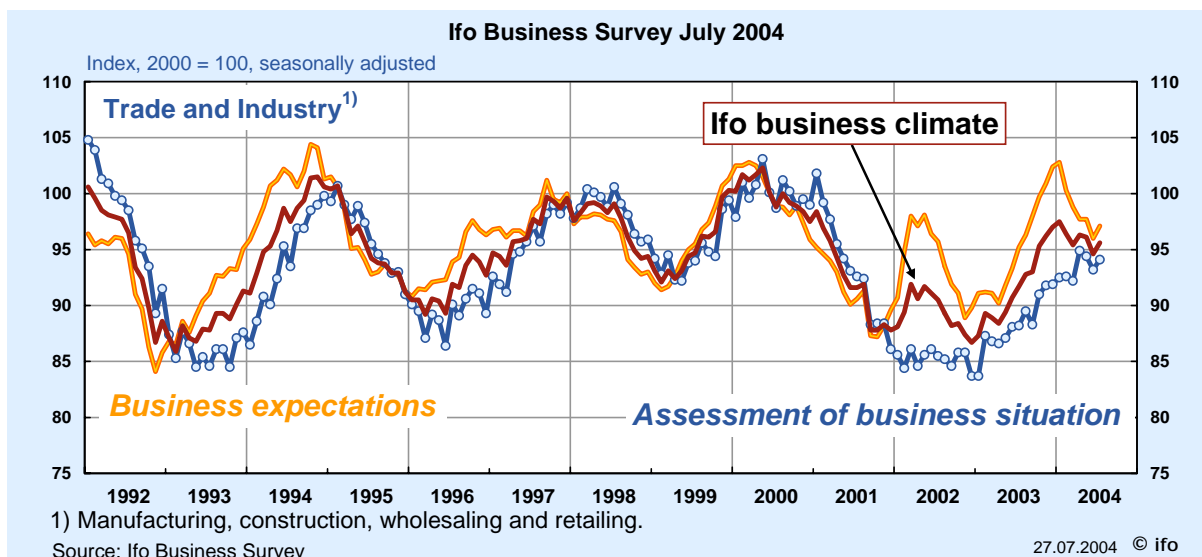
With the exception of construction, the other survey sectors provided positive impulses for the business climate. The improvement was particularly striking in wholesaling. A ray of hope is the slight improvement in the business climate in retailing, since weak domestic demand has been hindering recovery. Exports continue to be expansive, as confirmed by the rising export expectations in manufacturing. The business climate in construction, which has been a cause of concern, worsened even further.

The rise in the business climate indicator applied to both eastern and western Germany.

Hans-Werner Sinn
President of the Ifo Institute for Economic Research

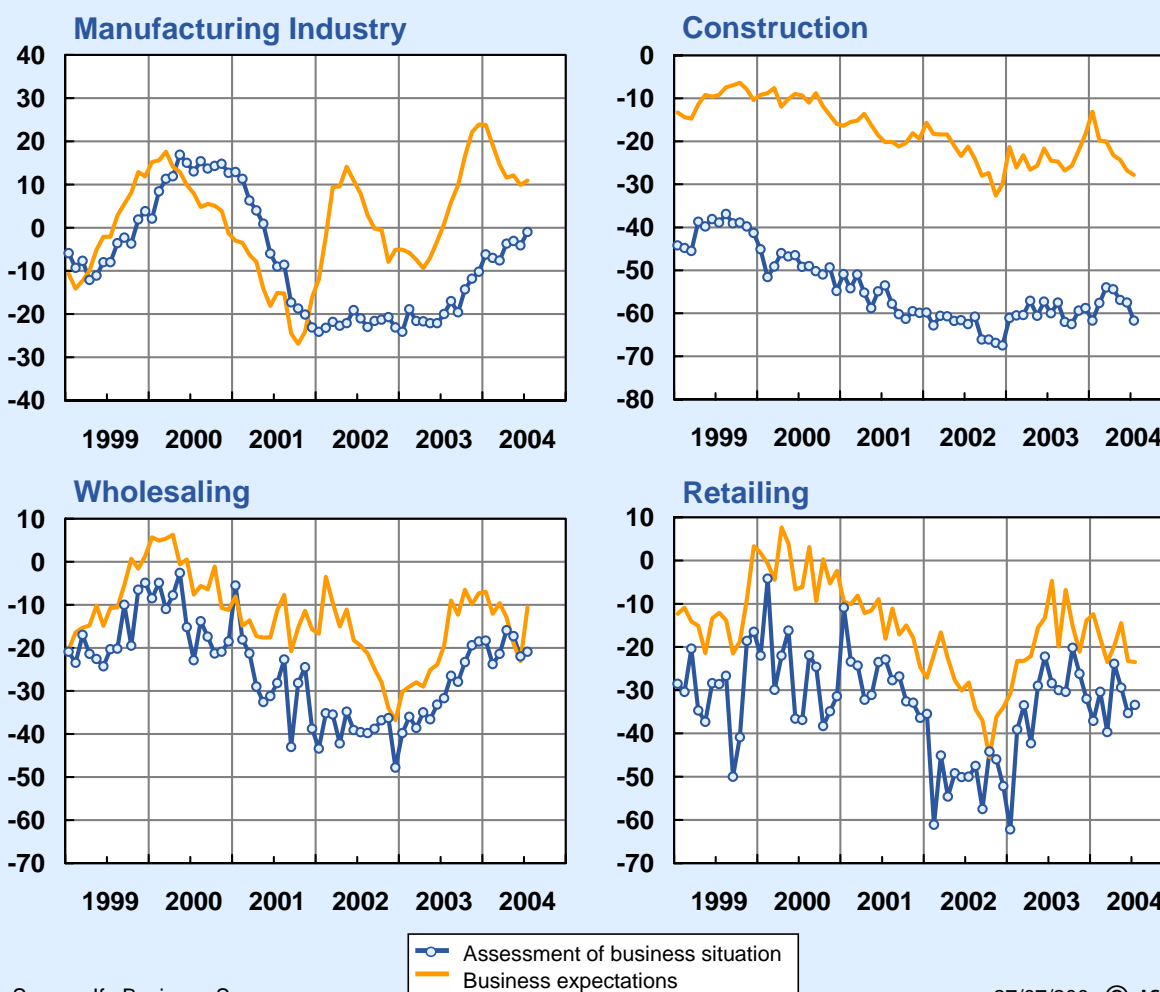
Germany (Index, 2000=100, seasonally adjusted)

Month/year	7/03	8/03	9/03	10/03	11/03	12/03	1/04	2/04	3/04	4/04	5/04	6/04	7/04
Climate	91.7	92.8	93.0	95.3	96.2	97.0	97.5	96.4	95.4	96.3	96.1	94.6	95.6
Situation	88.2	89.5	88.3	91.0	91.8	91.9	92.5	92.6	92.2	94.9	94.4	93.2	94.1
Expectations	95.2	96.3	98.0	99.7	100.9	102.4	102.8	100.3	98.8	97.7	97.7	96.0	97.1



Business Situation and Expectations by Sectors

Balances, seasonally adjusted



Source: Ifo Business Survey

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Ifo Business Climate Germany (Balances, seasonally adjusted)

Month/year	7/03	8/03	9/03	10/03	11/03	12/03	1/04	2/04	3/04	4/04	5/04	6/04	7/04
Trade and Industry	-17.6	-15.2	-14.8	-10.4	-8.5	-6.9	-5.9	-8.2	-10.0	-8.3	-8.8	-11.6	-9.7
Manufacturing	-9.8	-5.9	-5.4	0.5	4.5	6.2	8.3	5.6	3.2	3.8	4.4	2.8	4.9
Construction	-43.2	-42.0	-45.4	-45.2	-41.8	-39.8	-39.2	-39.8	-37.9	-39.6	-41.5	-42.9	-45.7
Wholesaling	-25.7	-17.9	-20.3	-15.1	-14.7	-13.0	-12.7	-18.1	-15.6	-14.4	-18.2	-22.5	-15.9
Retailing	-16.9	-25.0	-19.0	-17.6	-23.7	-23.2	-25.2	-24.3	-31.8	-21.8	-22.1	-29.3	-28.5

Source: Ifo Business Survey

Legend: Every month the Ifo Institute asks about 7,000 enterprises in manufacturing, construction, wholesaling and retailing to give their assessments of the **current business situation** and their **expectations** for the next six months. The enterprises 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 normalized to the average of the year 2000.