

ifo Dresden Cuts Economic Forecast

Dresden, June 27, 2019 - The ifo Institute has revised its forecast for eastern Germany for the current year downwards by 0.4 percentage points. The forecast for Saxony is 0.5 percentage points lower than it was in winter. The economy in eastern Germany and Saxony is expected to grow by 0.9 and 0.7 percent respectively. In 2020, however, growth should accelerate to 1.5 and 1.6 percent respectively.

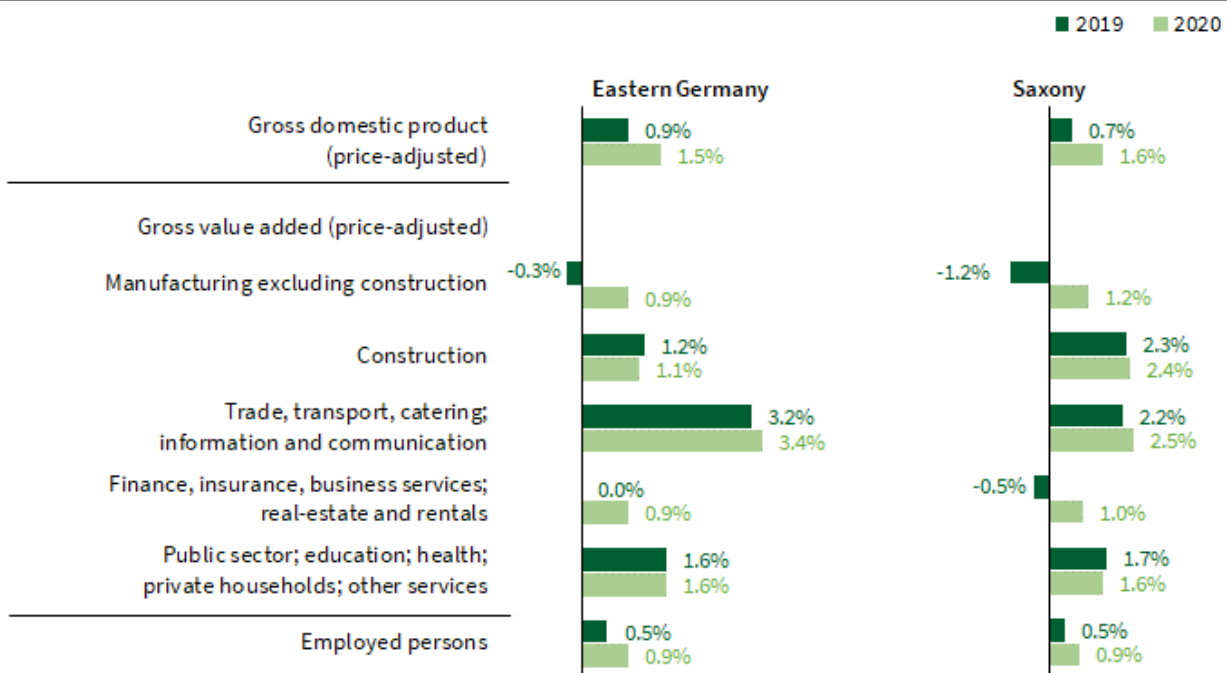
ifo researchers have adjusted their forecasts to the slower pace of the global economy. However, the eastern German economy is less affected by weak world trade than Germany as a whole. “In the current situation, the fact that the eastern German economy is less integrated into world trade is having a positive effect. Eastern German companies benefit most when the domestic market performs well,” says Joachim Ragnitz, managing director of ifo Dresden.

Employment growth is expected to slow markedly in 2019. The ifo Institute expects the workforce in eastern Germany to grow by 42,000 this year, with 10,000 of those jobs in the Free State of Saxony. In the coming year, growth is likely to be somewhat stronger, reaching around 73,000 people in eastern Germany and 19,000 people in Saxony.

The ifo researchers expect consumer-related service providers, who will benefit from strong wage settlements, to stimulate economic growth. In industry, however, growth is unlikely to accelerate until next year.

Key figures from the economic forecast for eastern Germany and Saxony

Year-on-year change in percent



Source: ifo Institute, forecast from June 2019.

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