

## ifo Business Climate Eastern Germany Takes a Considerable Downturn

Dresden, July 28, 2022 – Sentiment among companies in eastern Germany cooled significantly in July. The ifo Business Climate Index for the entire regional economy fell to 92.1 points, down from 94.1 points in June. The survey participants' assessments of their current situation declined slightly, and their outlook became noticeably more negative.

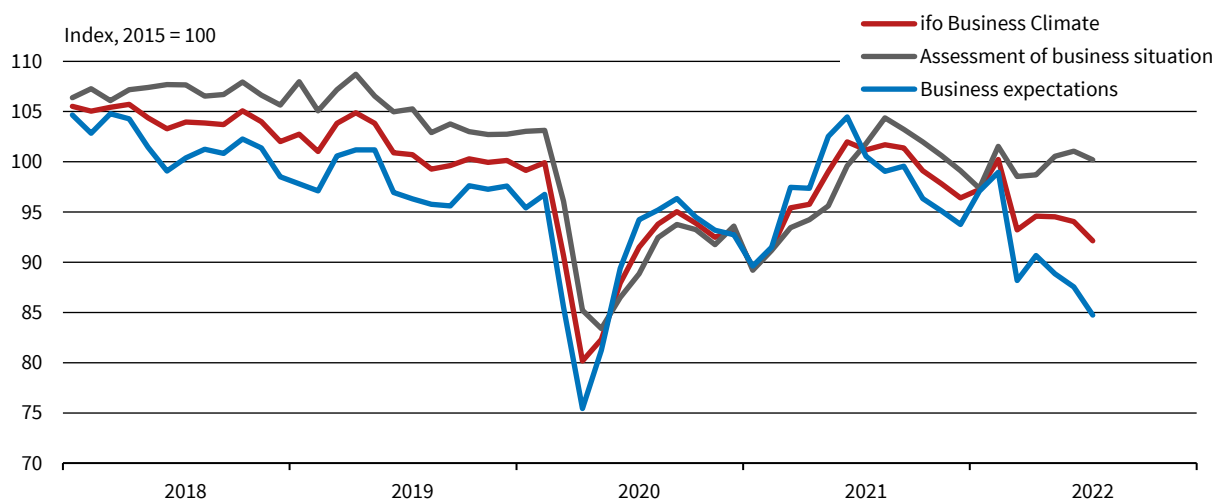
In eastern Germany's *manufacturing* sector, the ifo Business Climate Index slid steeply in July. The companies surveyed revised their assessments of the current business situation considerably downward, while business expectations for the coming six months plummeted.

The mood in eastern Germany's *service sector* cooled somewhat in July, while assessments of the current situation fell slightly. Companies here revised their business expectations noticeably downward from those of the previous month.

In eastern German *trade*, the barometer of business sentiment fell slightly in July. The companies surveyed assessed their current business as better than in the previous month, although their outlook for the coming six months worsened markedly.

In eastern German *construction*, the business climate turned much cooler in July. Assessments of the current situation by the participating construction companies took a nosedive, and business expectations declined significantly.

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Seasonally adjusted



<sup>a</sup> Manufacturing, service sector, trade, and construction.  
Source: ifo Business Survey, July 2022

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### ifo Business Climate Eastern Germany (Index, 2015 = 100, seasonally adjusted)

	07/21	08/21	09/21	10/21	11/21	12/22	01/22	02/22	03/22	04/22	05/22	06/22	07/22
<b>Climate</b>	101.2	101.7	101.4	99.1	97.8	96.4	97.2	100.2	93.2	94.6	94.5	94.1	92.1
<b>Situation</b>	101.8	104.4	103.2	102.0	100.6	99.1	97.4	101.5	98.6	98.7	100.6	101.0	100.2
<b>Expectations</b>	100.5	99.1	99.6	96.3	95.1	93.8	97.1	99.0	88.2	90.7	88.8	87.5	84.7

Source: ifo Business Survey

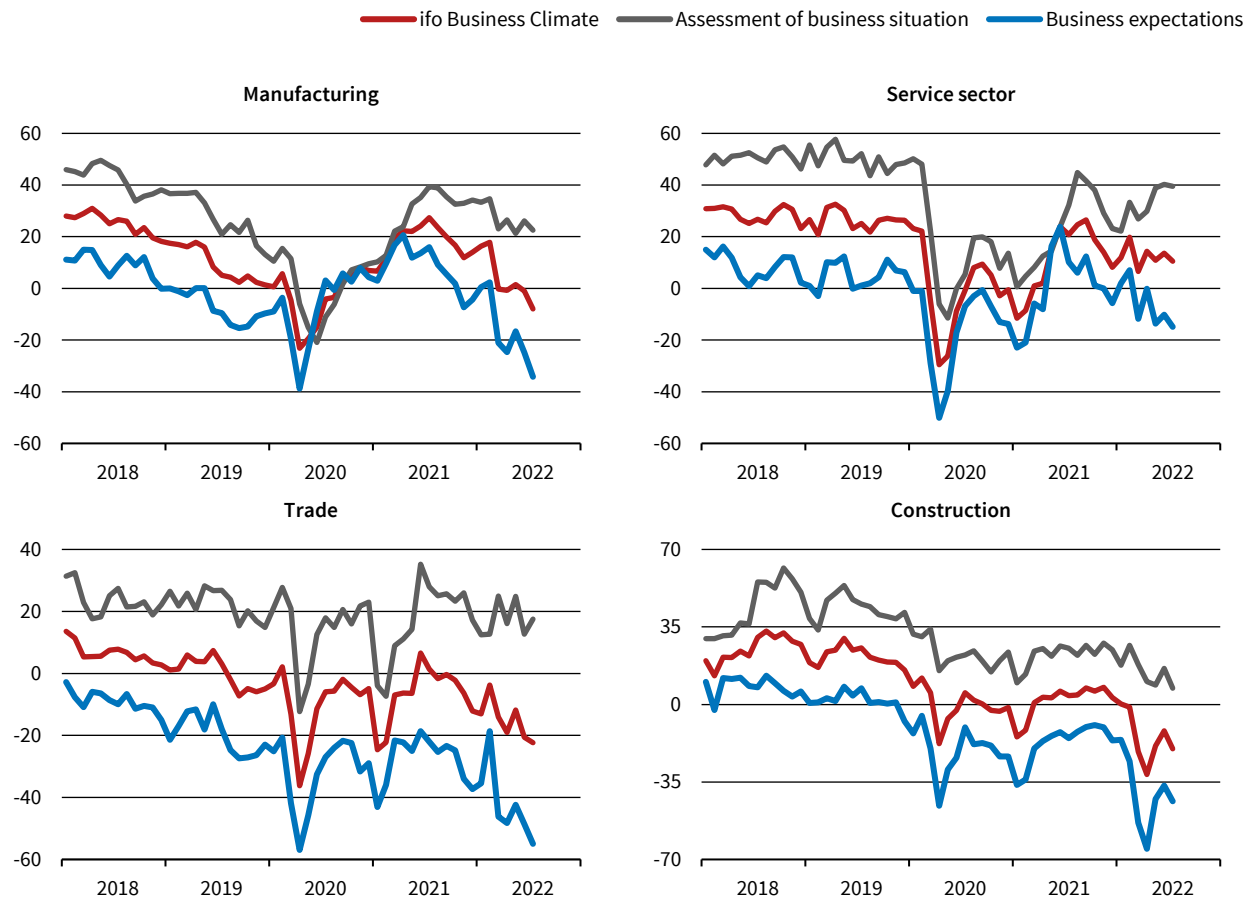
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For long time series in Excel format, please see [www.ifo.de/en/umfragen/time-series](http://www.ifo.de/en/umfragen/time-series).



The ifo Institute's Dresden Branch is partly financed by tax revenues on the basis of the budget approved by the members of Saxony's state parliament.

**Business Situation and Expectations in Eastern Germany by Sector**  
Balances, seasonally adjusted



Source: ifo Business Survey, July 2022

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**ifo Business Climate Eastern Germany** (Balances, seasonally adjusted)

	07/21	08/21	09/21	10/21	11/21	12/22	01/22	02/22	03/22	04/22	05/22	06/22	07/22
<b>Eastern Germany</b>	<b>18.3</b>	<b>19.4</b>	<b>18.7</b>	<b>13.9</b>	<b>11.0</b>	<b>8.0</b>	<b>9.7</b>	<b>16.3</b>	<b>1.1</b>	<b>4.1</b>	<b>3.9</b>	<b>2.9</b>	<b>-1.2</b>
Manufacturing	27.4	23.5	19.9	16.7	11.9	14.0	16.3	17.9	-0.2	-0.7	1.4	-1.0	-8.0
Service sector	20.9	24.6	26.5	18.8	14.0	8.2	11.9	19.8	6.6	14.3	11.0	13.6	10.5
Trade	1.4	-1.7	-0.4	-2.2	-6.3	-12.1	-13.0	-3.7	-14.1	-19.1	-11.8	-20.6	-22.4
Construction	4.0	4.2	7.4	6.0	7.8	3.1	0.2	-1.2	-21.3	-31.6	-18.7	-12.0	-20.0

Source: ifo Business Survey

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The Ifo Business Climate Eastern Germany is based on approx. 1,700 monthly survey responses from businesses in manufacturing, the service sector, trade, and construction. Companies are asked to give their assessments of the current business situation and their expectations for the next six months. They can describe their situation as “good,” “satisfactory,” or “poor” and their business expectations for the next six months as “more favorable,” “unchanged,” or “less favorable.” The balance value of the current business situation is the difference in the percentage shares of the responses “good” and “poor”; the balance value of the expectations is the difference in the percentage shares of the responses “more favorable” and “less favorable.” The business climate is a transformed mean of the balances of the business situation and the expectations. To calculate the index values, the transformed balances are all normalized to the average for the year 2015.



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