

ifo Business Climate Eastern Germany: Index Rises

Dresden, March 30, 2023 – Sentiment among companies in eastern Germany improved slightly in March. The ifo Business Climate Index for the entire regional economy rose to 95.4 points, up from 94.8 points in February. The companies surveyed adjusted their assessments of the current situation slightly downward, while their outlook for the next six months improved somewhat.

In eastern German *manufacturing*, the business climate cooled down a little in March. The manufacturing companies surveyed assessed the business situation as slightly less positive than in the previous month. Their outlook improved marginally.

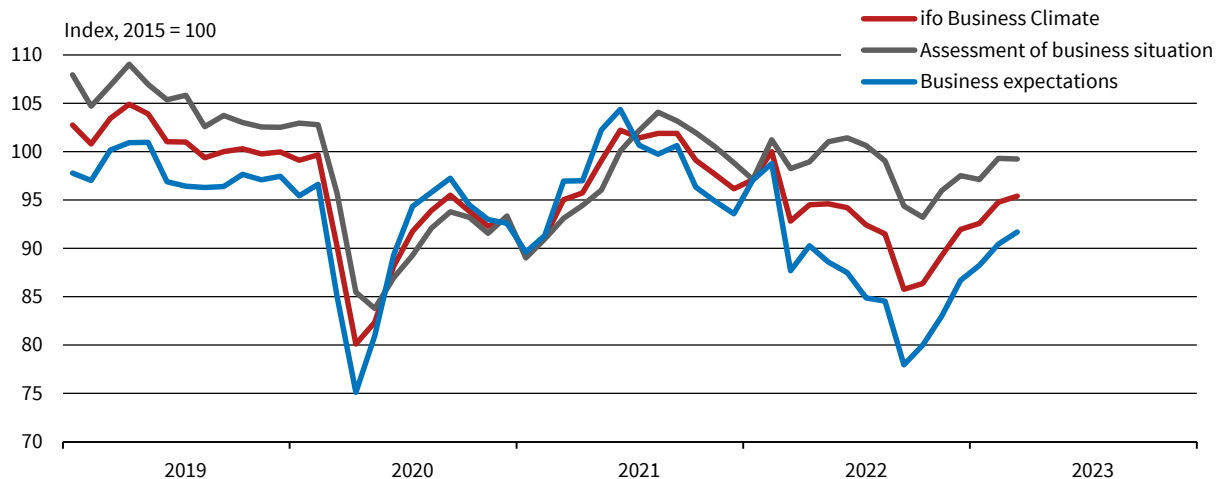
In the eastern German *service sector*, sentiment rose substantially in March. Assessments of the current situation and business expectations both improved, the increase in expectations being stronger.

In eastern German *trade*, the barometer of business sentiment saw a slight drop in March. Compared to the previous month, the businesses surveyed assessed current business as slightly less positive. At the same time, they raised their expectations for the next six months marginally.

In eastern German *construction*, the business climate turned much brighter in March. The main reason for this was a major improvement in business expectations. Participating construction companies also reported a marginal improvement in their assessments of the current situation.

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ifo Business Climate Eastern Germany^a Seasonally adjusted



^a Manufacturing, service sector, trade, and construction.
Source: ifo Business Survey, March 2023

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

	03/22	04/22	05/22	06/22	07/22	08/22	09/22	10/22	11/22	12/22	01/23	02/23	03/23
Climate	92.8	94.5	94.6	94.2	92.4	91.5	85.8	86.4	89.2	91.9	92.6	94.8	95.4
Situation	98.2	98.9	101.0	101.4	100.6	99.0	94.4	93.2	96.0	97.5	97.1	99.3	99.2
Expectations	87.7	90.3	88.6	87.5	84.9	84.5	78.0	80.0	83.0	86.7	88.2	90.4	91.7

Source: ifo Business Survey

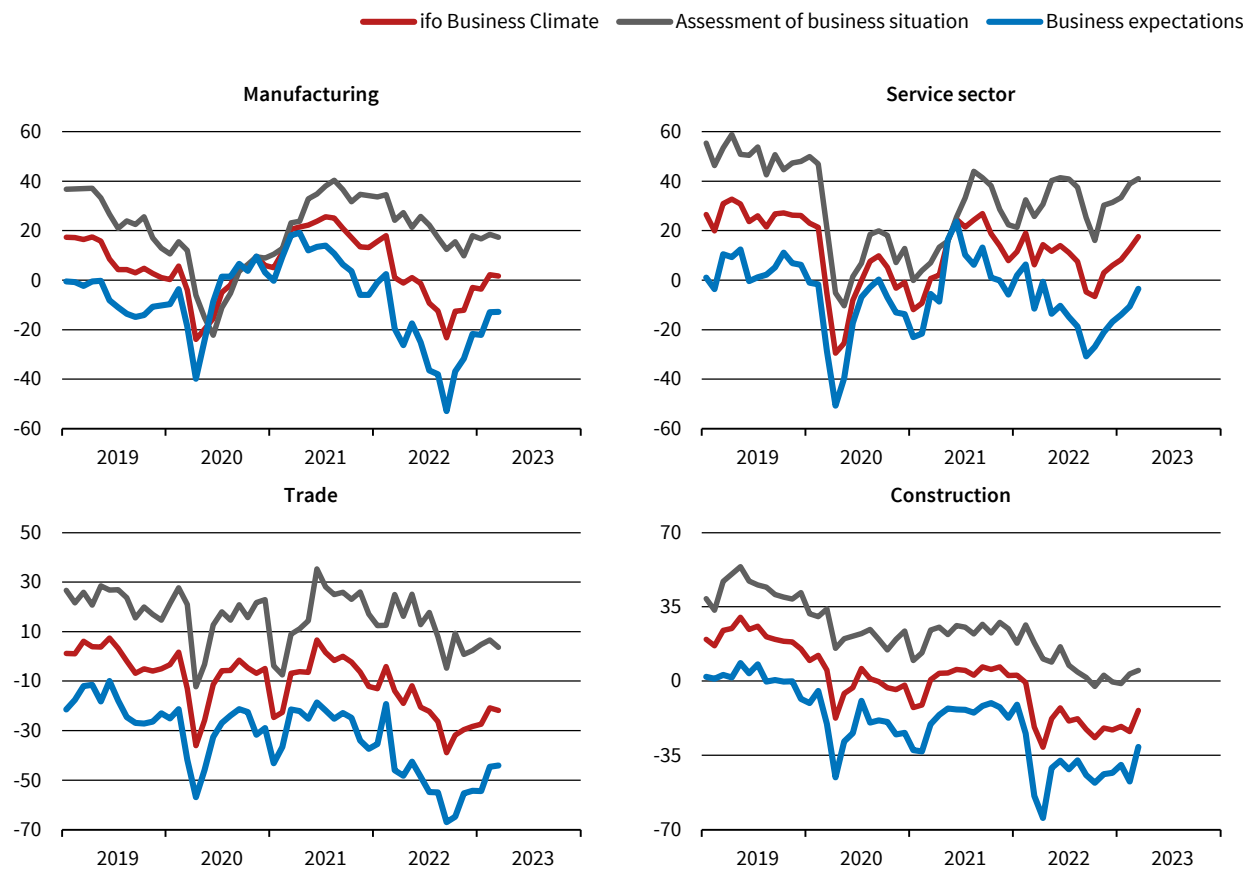
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Business Situation and Expectations in Eastern Germany by Sector
Balances, seasonally adjusted



Source: ifo Business Survey, March 2023

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ifo Business Climate Eastern Germany (Balances, seasonally adjusted)

	03/22	04/22	05/22	06/22	07/22	08/22	09/22	10/22	11/22	12/22	01/23	02/23	03/23
Eastern Germany	0.2	3.9	4.1	3.2	-0.6	-2.6	-14.9	-13.7	-7.5	-1.6	-0.3	4.4	5.8
Manufacturing	1.0	-1.2	1.0	-1.3	-9.4	-12.5	-23.2	-12.5	-12.1	-2.9	-3.6	2.2	1.7
Service sector	6.3	14.4	11.6	14.0	11.2	7.5	-4.8	-6.6	3.0	5.9	8.3	12.7	17.6
Trade	-14.0	-19.0	-11.9	-20.5	-22.2	-26.3	-38.8	-31.8	-29.6	-28.3	-27.4	-20.8	-21.9
Construction	-21.7	-31.1	-17.7	-12.6	-18.7	-17.7	-22.7	-26.6	-22.1	-23.1	-21.4	-23.8	-13.9

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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