

ifo Business Climate Eastern Germany Blossoms with the Start of Spring

Dresden, March 28, 2024 – The ifo Business Climate Index Eastern Germany rose considerably in March. The barometer of business sentiment for the regional economy in eastern Germany climbed to 90.0 points, up from 88.6 points in February. The eastern German companies surveyed provided assessments of their business situation that were somewhat better than the previous month, and they also raised their business expectations slightly.

In eastern German *manufacturing*, the business climate turned much brighter in March. The companies surveyed assessed their current business situation as substantially better than in the previous month. Their expectations for future business development improved noticeably.

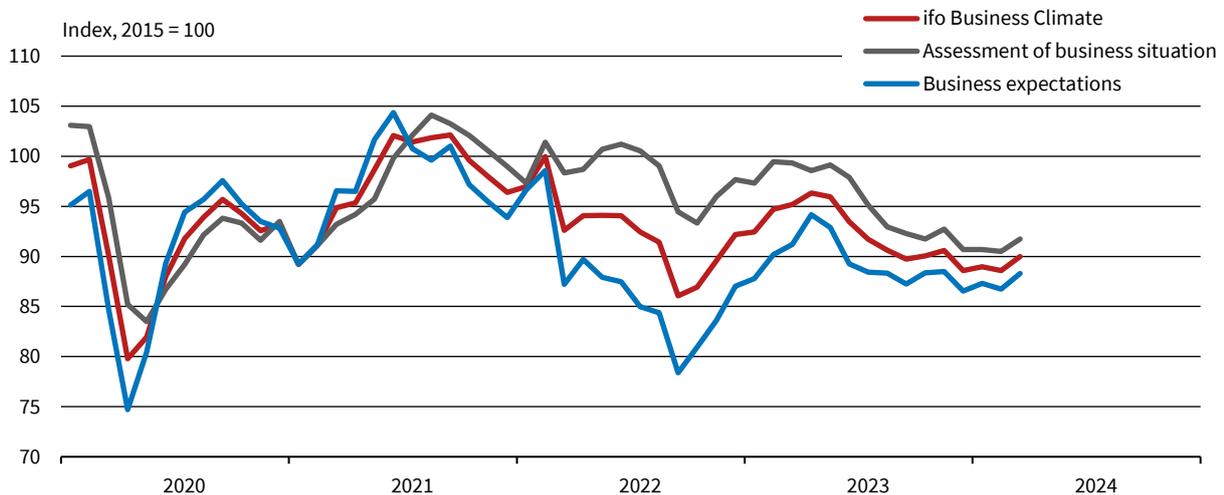
The ifo Business Climate Index rose slightly in the eastern German *service sector* in March. Compared to the previous month, the service providers surveyed raised both their assessments of the current situation and their business expectations for the coming months slightly.

The business climate in eastern German *trade* was definitely brighter in March. Both retailers and wholesalers in eastern Germany reported slightly better business than in the previous month. At the same time, their expectations improved markedly.

In eastern German *construction*, the business climate was a touch cooler in March. The construction companies surveyed stated that their business situation was now a little better than in February. But they lowered their expectations for future business somewhat.

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ifo Business Climate Eastern Germany^a Seasonally adjusted



^a Manufacturing, service sector, trade, and construction
Source: ifo Business Survey, March 2024

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

| | 03/23 | 04/23 | 05/23 | 06/23 | 07/23 | 08/23 | 09/23 | 10/23 | 11/23 | 12/23 | 01/24 | 02/24 | 03/24 |
|---------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Climate | 95.2 | 96.3 | 96.0 | 93.5 | 91.7 | 90.6 | 89.7 | 90.0 | 90.6 | 88.6 | 89.0 | 88.6 | 90.0 |
| Situation | 99.3 | 98.6 | 99.1 | 97.9 | 95.1 | 92.9 | 92.3 | 91.8 | 92.7 | 90.7 | 90.7 | 90.5 | 91.7 |
| Expectations | 91.2 | 94.2 | 92.9 | 89.3 | 88.4 | 88.3 | 87.2 | 88.4 | 88.5 | 86.5 | 87.3 | 86.7 | 88.3 |

Source: ifo Business Survey

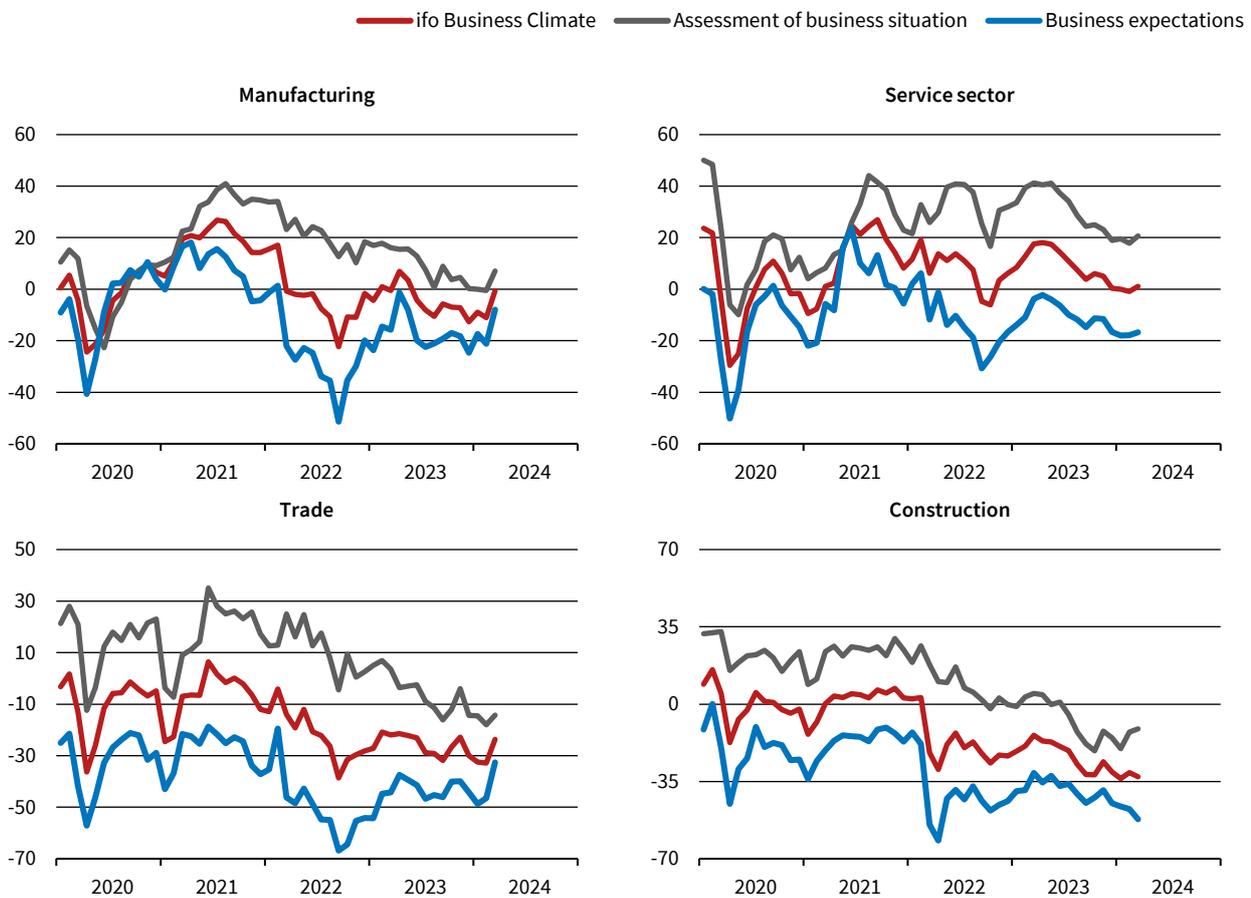
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The ifo Institute's Dresden Branch is partly financed by tax revenues on the basis of the budget approved by the members of Saxony's state parliament.

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



Source: ifo Business Survey, March 2024

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ifo Business Climate Eastern Germany (Balances, seasonally adjusted)

| | 03/23 | 04/23 | 05/23 | 06/23 | 07/23 | 08/23 | 09/23 | 10/23 | 11/23 | 12/23 | 01/24 | 02/24 | 03/24 |
|------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Eastern Germany | 5.4 | 7.9 | 7.0 | 1.7 | -2.1 | -4.5 | -6.4 | -5.7 | -4.5 | -8.8 | -8.0 | -8.8 | -5.8 |
| Manufacturing | -0.5 | 6.9 | 3.4 | -4.2 | -8.0 | -10.5 | -5.7 | -7.0 | -7.1 | -12.6 | -8.9 | -11.1 | -0.6 |
| Service sector | 17.6 | 18.1 | 17.4 | 14.4 | 10.9 | 7.4 | 3.9 | 6.1 | 5.1 | 0.4 | -0.1 | -0.8 | 1.1 |
| Trade | -21.9 | -21.4 | -22.2 | -23.1 | -28.9 | -29.2 | -31.8 | -26.6 | -22.9 | -30.0 | -32.5 | -32.9 | -23.7 |
| Construction | -14.0 | -16.7 | -17.1 | -19.1 | -21.0 | -27.2 | -31.9 | -32.0 | -26.1 | -30.7 | -33.7 | -31.0 | -32.9 |

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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