

Ifo Business Climate Germany

Results of the Ifo Business Survey for October 2013

Ifo Business Climate Falls Slightly

The Ifo Business Climate Index for industry and trade in Germany fell slightly for the first time after five increases. Firms assessed their business outlook slightly less optimistically than last month. Assessments of the current business situation were somewhat less positive, but remain above average. The German economy has not yet moved fully into gear.

The business climate indicator in *manufacturing* fell. Assessments of the current business situation were less positive. Although business expectations fell slightly, manufacturers nevertheless remain optimistic about future business developments. Capacity utilisation remained unchanged. Export expectations rose to their highest value of the year.

After last month's sharp increase, the business climate index in *retailing* dropped. Retailers assessed their current business situation fractionally less positively. They also expressed greater scepticism about their future business developments. In *wholesaling* the business climate brightened. While wholesalers expressed slightly less optimism about future business developments, they were considerably more satisfied with their current business situation.

In *construction* the business climate index edged downwards. While assessments of the current business situation were somewhat less favourable than last month, the future business outlook brightened slightly.

Kai Carstensen

Director of the Ifo Center for Business Cycle Analysis and Surveys



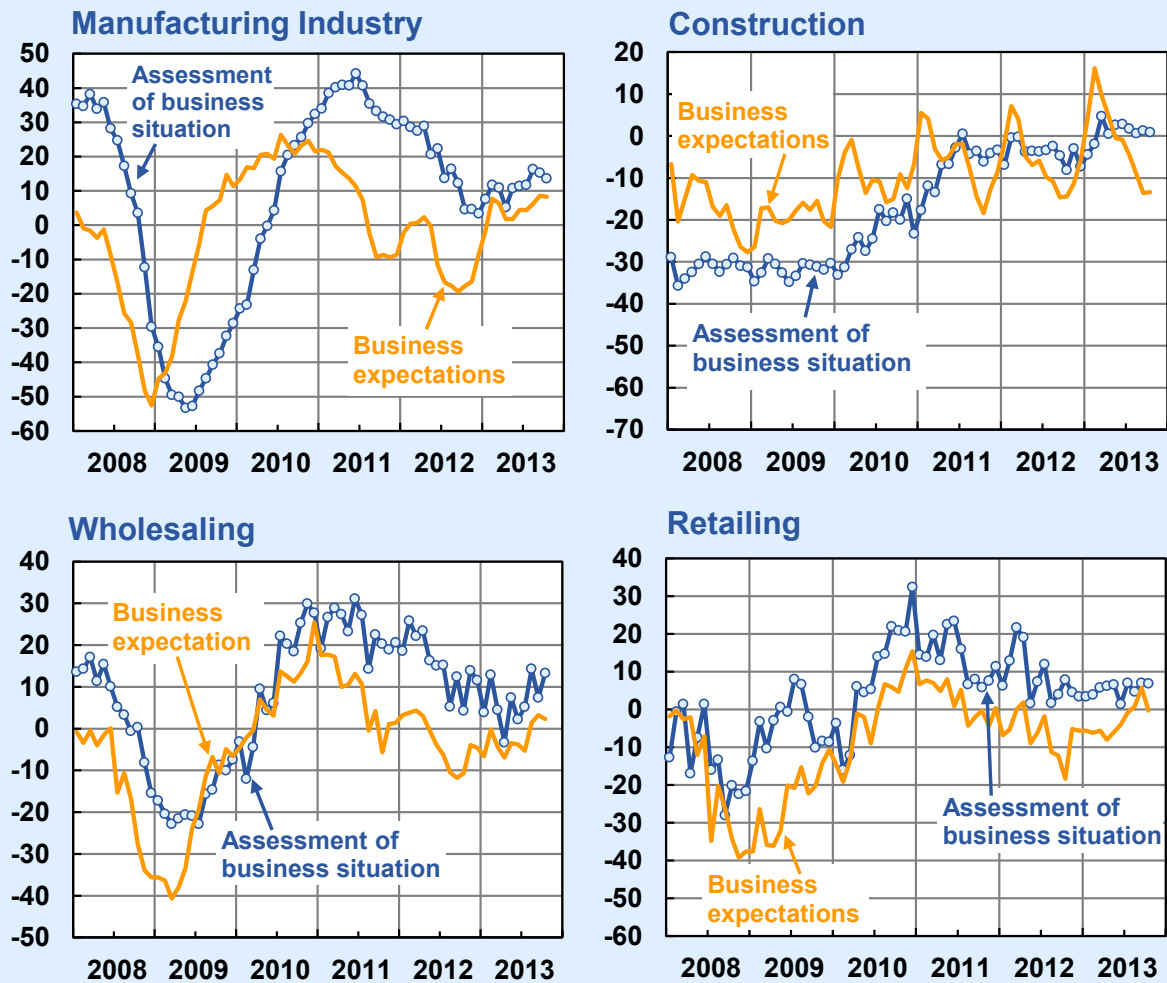
Germany (Index, 2005 = 100, seasonally adjusted)

Month/year	10/12	11/12	12/12	01/13	02/13	03/13	04/13	05/13	06/13	07/13	08/13	09/13	10/13
Climate	100.1	101.6	102.5	104.3	107.4	106.7	104.4	105.7	105.9	106.2	107.6	107.7	107.4
Situation	107.3	108.1	107.1	108.1	110.2	109.9	107.3	110.0	109.4	110.1	112.0	111.4	111.3
Expectations	93.4	95.4	98.1	100.7	104.6	103.6	101.5	101.6	102.5	102.4	103.3	104.2	103.6

Source: Ifo Business Survey.

For long time-series in Excel format consult www.cesifo-group.de/langereihen.

Business Situation and Expectations by Sector October 2013; balances, seasonally adjusted



Source: Ifo Business Survey.

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Ifo Business Climate Germany (Balances, seasonally adjusted)

Month/year	10/12	11/12	12/12	01/13	02/13	03/13	04/13	05/13	06/13	07/13	08/13	09/13	10/13
Trade and Industry	-6.7	-3.9	-2.1	1.4	7.4	6.1	1.6	4.2	4.6	5.0	7.7	8.0	7.3
Manufacturing	-6.9	-6.1	-2.7	2.9	9.7	8.7	3.5	6.3	7.9	8.0	11.2	11.9	10.9
Construction	-11.3	-7.2	-6.5	-0.1	6.9	7.1	2.6	1.1	0.9	-1.5	-4.3	-6.3	-6.4
Wholesaling	-3.4	4.8	3.4	-1.4	6.3	0.0	-5.1	1.9	-0.9	-0.1	7.8	5.3	7.7
Retailing	-5.7	-0.4	-1.2	-1.1	-1.2	0.0	-1.0	0.2	-1.3	3.0	2.7	6.4	3.3

Source: Ifo Business Survey.

Explanatory note: The Ifo Business Climate Index is based on ca. 7,000 monthly survey responses from firms in manufacturing, construction, wholesaling and retailing. The firms are asked to give their assessments of the **current business situation** and their **expectations** for the next six months. They can characterise their situation as “good”, “satisfactory” 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 between the percentages of the responses “good” and “poor”; the balance value of the expectations is the difference between 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 the purpose of calculating the **index values**, the transformed balances are all normalised to the average of the year 2005.

Ifo Business Climate in the German Service Sector

Results of the October 2013 Ifo Business Survey

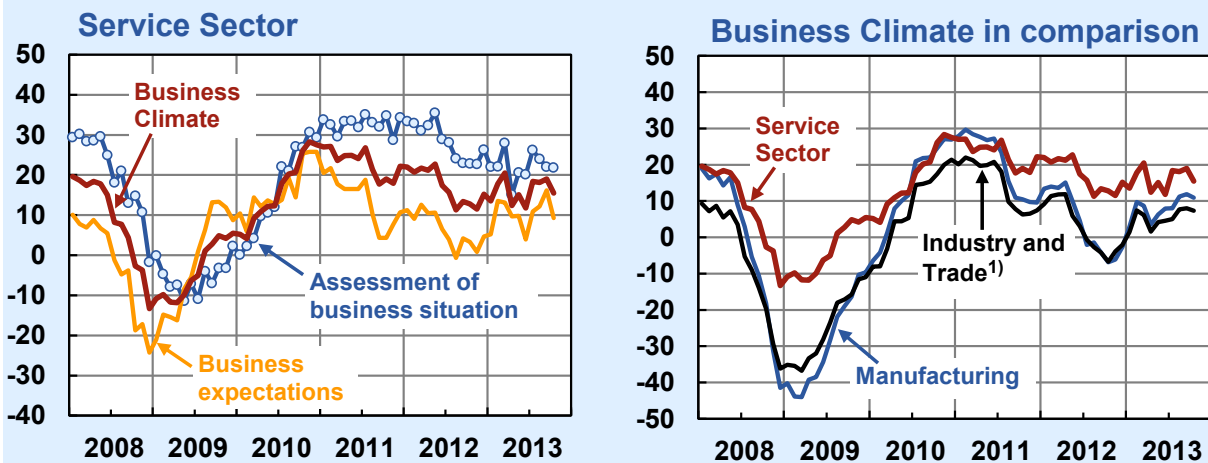
Ifo Business Climate Indicator Falls

The Ifo Business Climate Indicator for the German service sector fell in October. This was mainly due to far less optimistic expectations on the part of service providers. Their assessments of the current business situation, on the other hand, were only fractionally less positive than last month.

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Ifo Business Climate in the Service Sector, October 2013

Balances, seasonally adjusted



1) Manufacturing, construction, wholesaling, retailing.

Source: Ifo Business Survey.

25/10/2013



German Service Sector (balances, seasonally adjusted)

Month/Year	10/12	11/12	12/12	01/13	02/13	03/13	04/13	05/13	06/13	07/13	08/13	09/13	10/13
Climate	12.8	11.5	15.2	13.5	17.8	20.5	12.4	15.1	11.8	18.4	18.1	19.0	15.5
Situation	22.8	22.7	26.3	22.0	22.1	28.0	15.1	20.6	20.1	26.2	24.0	22.0	21.8
Expectations	3.3	0.8	4.7	5.2	13.5	13.1	9.7	9.8	3.9	10.9	12.2	16.2	9.3

Source: Ifo Business Survey.

For long time-series in Excel format consult www.cesifo-group.de/langereihen.

Explanatory note: The Ifo Business Survey of the service sector is based on ca. 2,500 monthly survey responses from firms in key segments of the tertiary sector, especially business-oriented segments (excl. distribution, financial services, Leasing, insurance and government). The survey is conducted and calculated in the same way as the Ifo Business Survey of industry and trade. The indicator for the Business Climate in the service sector has not yet been incorporated into the Ifo Business Climate Index for industry and trade.