

ifo Business Climate Germany
Results of the ifo Business Survey for February 2025

ifo Business Climate Unchanged

Munich, February 24, 2025 – Sentiment among companies in Germany continues to be skeptical. The ifo Business Climate Index remained unchanged at 85.2 points in February.¹ While companies were slightly less satisfied with current business, expectations brightened somewhat. The German economy is waiting to see how things develop.

In *manufacturing*, the business climate improved. While the current situation was assessed somewhat worse, companies were noticeably less pessimistic about the coming months. Order books have stabilized.

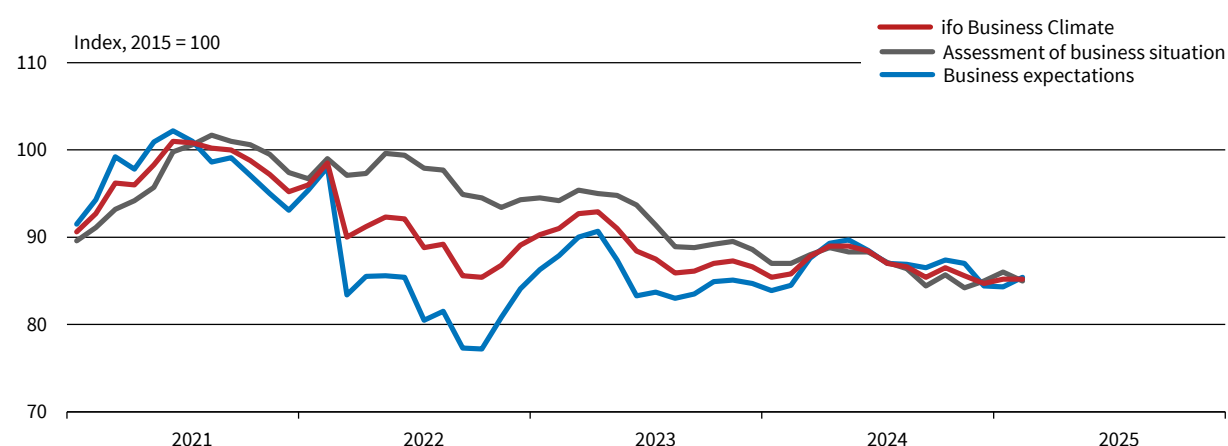
In the *service sector*, the index fell. Companies were less satisfied with the current situation. Expectations also deteriorated slightly. In particular, skepticism increased in transport and logistics.

In *trade*, the business climate improved. In particular, this was due to a more optimistic outlook. Traders in both wholesale and retail also assessed their current economic situation as somewhat better.

In *construction*, the business climate improved due to slightly less skeptical expectations. By contrast, current business was assessed somewhat worse, with the lack of orders being the core problem.

Clemens Fuest
President of the ifo Institute

ifo Business Climate Germany^a Seasonally adjusted



^a Manufacturing, service sector, trade, and construction.
Source: ifo Business Survey, February 2025.

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

Month/year	02/24	03/24	04/24	05/24	06/24	07/24	08/24	09/24	10/24	11/24	12/24	01/25	02/25
Climate	85.8	87.8	89.0	89.0	88.4	87.0	86.6	85.4	86.5	85.6	84.7	85.2	85.2
Situation	87.0	88.0	88.8	88.3	88.3	87.1	86.4	84.4	85.7	84.2	85.0	86.0	85.0
Expectations	84.5	87.6	89.3	89.7	88.5	87.0	86.9	86.5	87.4	87.0	84.4	84.3	85.4

Source: ifo Business Survey, February 2025

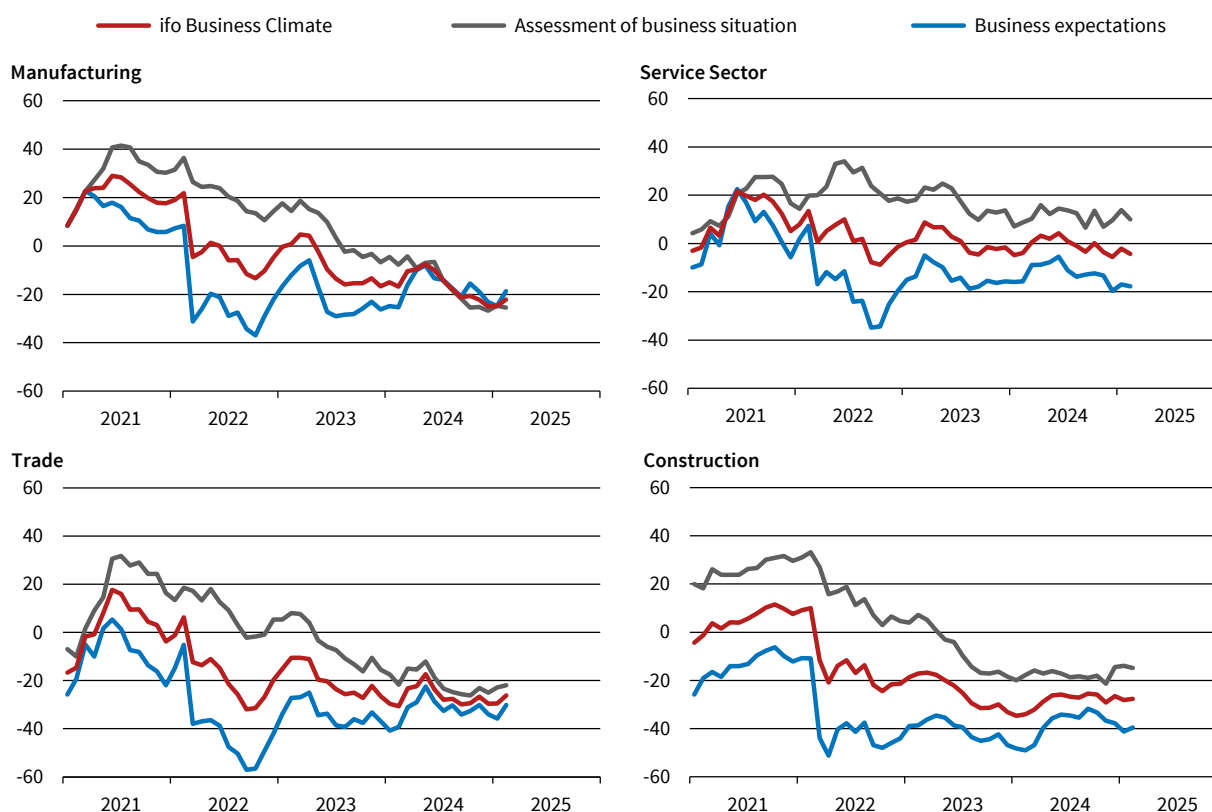
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For long time-series in Excel format, please see <https://www.ifo.de/en/umfragen/time-series>.

¹ The figure for January was seasonally adjusted.

ifo Business Climate, Business Situation, and Expectations by Sector

Balances, seasonally adjusted



Source: ifo Business Survey, February 2025.

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ifo Business Climate Germany by Sector (Balances, seasonally adjusted)

Month/year	02/24	03/24	04/24	05/24	06/24	07/24	08/24	09/24	10/24	11/24	12/24	01/25	02/25
Germany	-12.5	-8.1	-5.4	-5.5	-6.8	-9.7	-10.7	-13.3	-10.9	-12.9	-14.9	-13.8	-13.7
Manufacturing	-16.8	-10.4	-9.6	-7.5	-10.0	-14.2	-17.8	-21.3	-20.6	-22.1	-25.0	-24.8	-22.1
Service sector	-3.9	0.5	3.2	2.0	4.2	0.9	-1.0	-3.4	0.1	-3.5	-5.6	-2.2	-4.3
Trade	-30.7	-23.2	-22.3	-17.3	-23.8	-28.0	-27.6	-29.9	-29.4	-26.7	-29.6	-29.5	-26.2
Construction	-34.1	-32.1	-28.8	-26.2	-25.9	-26.8	-27.1	-25.5	-25.9	-29.2	-26.5	-28.1	-27.6

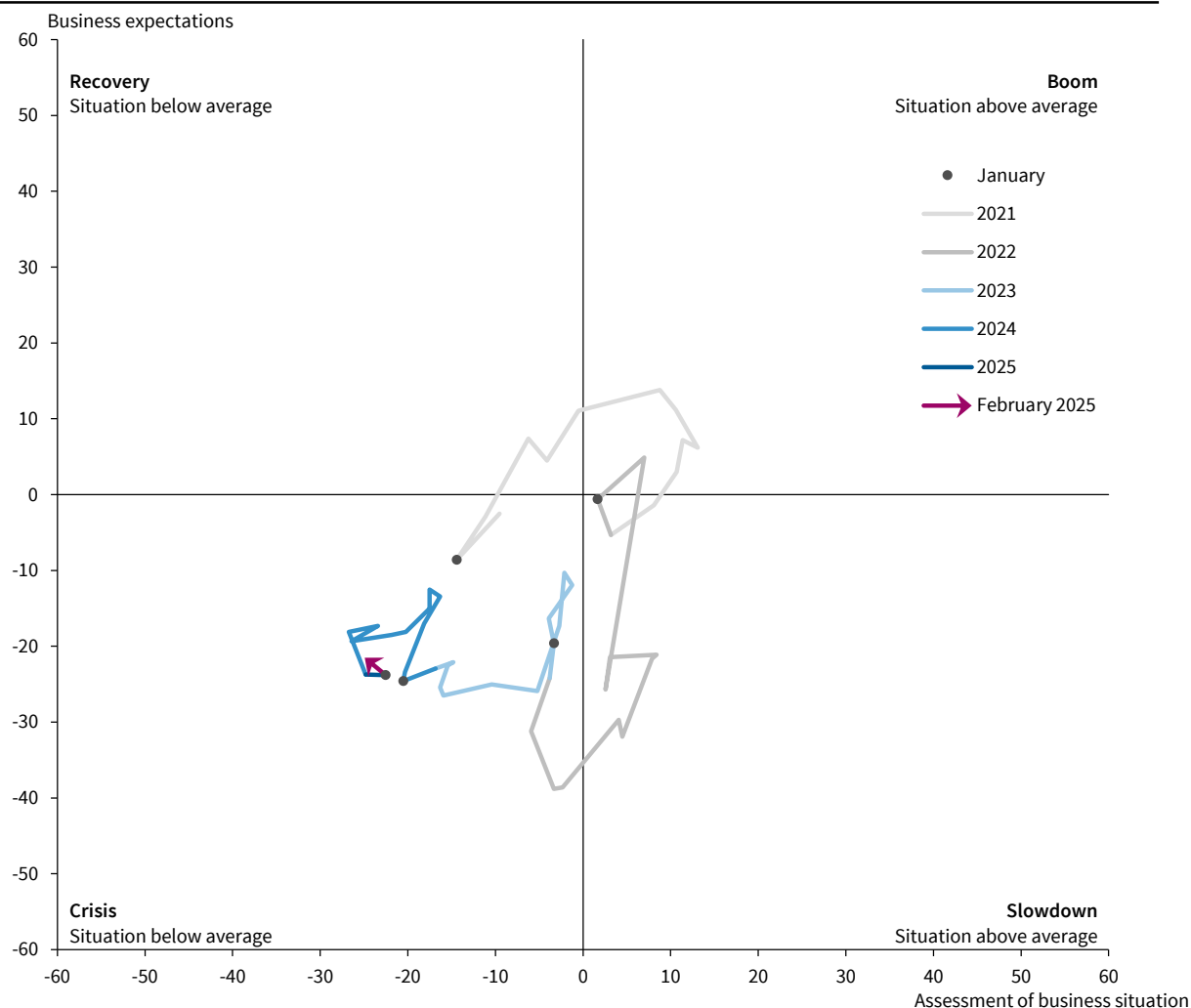
Source: ifo Business Survey, February 2025.

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The ifo Business Climate is based on approx. 9,000 monthly 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 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.

ifo Business Cycle Clock Germany^a

Balances adjusted for mean value, seasonally adjusted



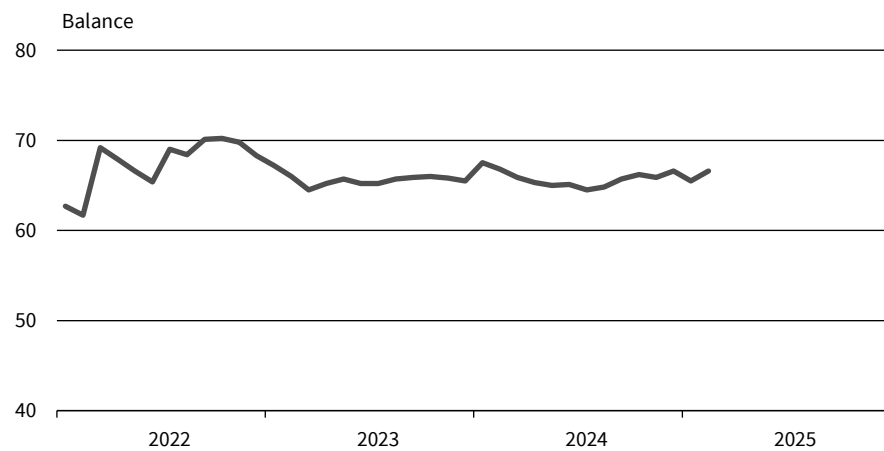
^a Manufacturing, service sector, trade, and construction.
Source: ifo Business Survey, February 2025.

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The ifo Business Cycle Clock shows the cyclical relationship between the current business situation and business expectations in a four-quadrant diagram. In this diagram, economic activity – shown on a graph plotting the current situation against expectations – passes through quadrants labeled with the different phases of activity, namely recovery, boom, slowdown, and crisis, provided that the expectations indicator sufficiently precedes the current business situation indicator. If survey participants' assessments of the current business situation and their business expectations are both below average on balance, economic activity is plotted in the "crisis" quadrant. If the expectations indicator is above average (with an improving but below average business situation on balance), economic activity moves to the "recovery" quadrant. If the business situation and expectations are both above average on balance, economic activity appears in the "boom" quadrant. If, however, the expectations indicator falls below average (with a deteriorating but above average business situation on balance), economic activity slips into the "slowdown" quadrant.

ifo Business Uncertainty Germany^a

Original values



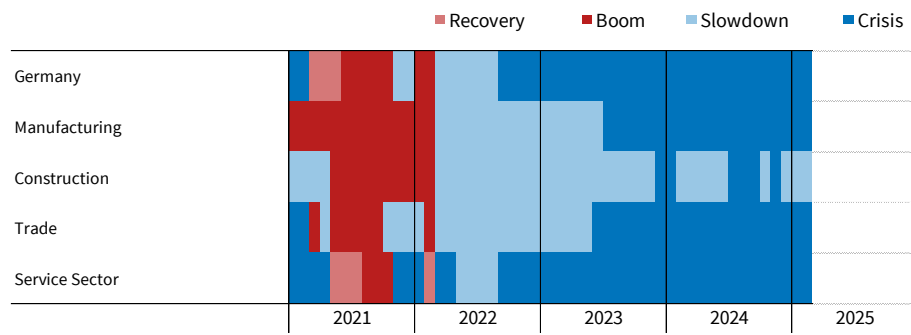
^a Manufacturing, service sector, trade, and construction.

Source: ifo Business Survey, February 2025.

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The ifo Business Uncertainty measures how difficult it is for managers to predict the development of their company's business situation over the next six months. The measure is calculated based on the weighted fractions of companies that fall into the answer options "easy," "fairly easy," "fairly difficult," and "difficult" of a corresponding question in the ifo Business Survey. To this end, the answer categories are mapped onto a numerical scale with equally spaced intervals. Theoretically, the ifo Business Uncertainty can range from 0 to 100. Higher values indicate higher uncertainty: the future business situation is more difficult to predict.

Heatmap of ifo Business Survey



Source: ifo Business Survey, February 2025.

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The ifo Heatmap is a compact summary of the ifo Business Cycle Clock for the individual sectors of the German economy. If the ifo Heatmap shows dark blue, then the business situation and expectations are below average and companies are in crisis. As business expectations improve, the light red recovery sets in. If the business situation and expectations are above average, companies are in a dark red boom, which is often referred to as overheating. If the light blue cooling sets in, then business expectations are deteriorating.