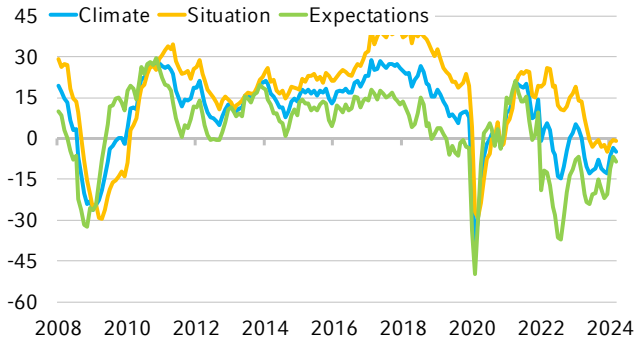


## Recovery of the NRW economy is delayed

Following an increase in July, the NRW.BANK.ifo business climate deteriorated again in August. Companies assessed their current situation more unfavourably. In addition, expectations were much more pessimistic in view of falling orders.

### NRW.BANK.ifo Business Climate

Balances, seasonally adjusted



Source: NRW.BANK, ifo Institute

The **NRW.BANK.ifo business climate** deteriorated by 3.0 balance points to -10.1 points in August. The mood is the worst it has been in six months. The optimism from the spring has evaporated. The most recent decline was due in particular to companies' business expectations for the coming six months, which deteriorated by a high 4.4 to -14.9 balance points. The survey value for the current business situation also fell by 1.4 to -5.3 points. This is the lowest level of situation assessment since August 2020.

The renewed decline in the business climate is a sign of the **ongoing uncertainty** in the economy. Both the export-oriented manufacturing industry and the consumer-oriented service sectors are weakening. There is a growing danger that the North Rhine-Westphalian economy will remain trapped in stagnation. Hope for more growth now lies in particular in stronger consumption. Falling inflation and rising nominal wages have a positive effect on real incomes. This could give the NRW economy the necessary stimulus for the rest of the year

The business climate has deteriorated the most in the **manufacturing industry**.

Expectations fell to their lowest level since March of this year. However, the assessment of the current business situation hardly changed. The companies surveyed are particularly concerned about the falling order backlog from domestic and abroad. The mood in the food and chemical industries was particularly gloomy. Metal production recorded an increase.

The business climate also deteriorated in the **services sector**. This was due in particular to significantly more sceptical expectations. In contrast, the current situation was assessed slightly better. Orders on hand also fell in the services sector in August. It fell to its lowest level for a year.

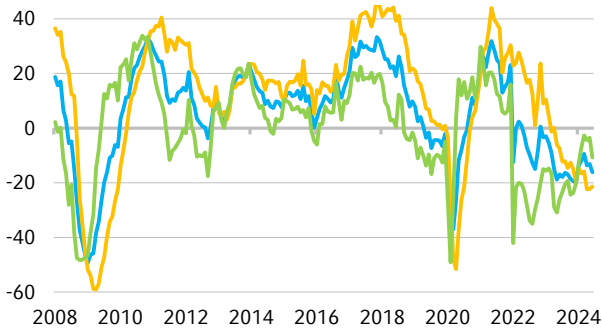
The business climate in the **retail sector** also fell. This was due to somewhat more pessimistic expectations. In addition, retailers were less satisfied with current business. Contrary to further expectations, consumption has not yet gained momentum. In view of falling inflation and rising wages, there is a glimmer of hope for the upcoming months.

Sentiment also deteriorated in the **construction sector**. Companies were less satisfied with both their current situation and their business expectations. Both building construction and civil engineering were affected by the deterioration in sentiment. In both sectors, the order backlog fell compared to the previous month.

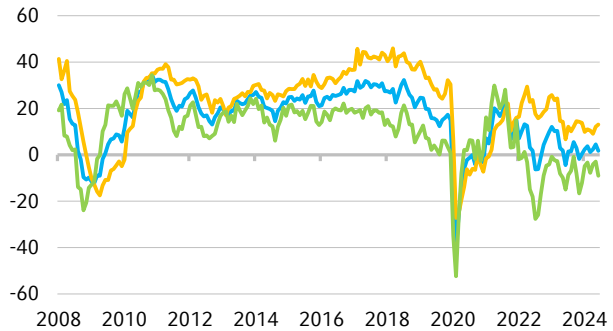
## Business Climate by Sector

Balances, seasonally adjusted

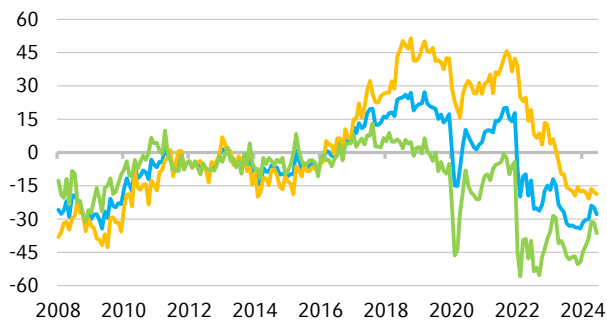
### Manufacturing



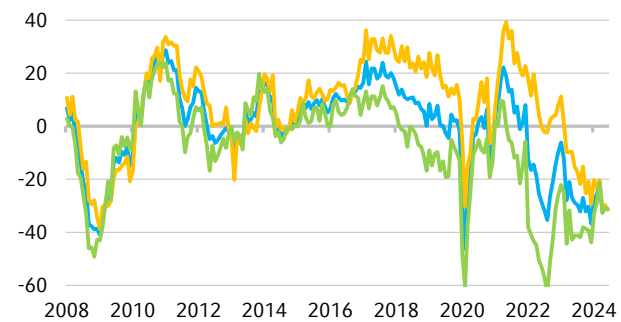
### Service Sector



### Construction



### Trade



— Business Climate — Business Situation — Business Expectations

Source: NRW.BANK, ifo Institute

## NRW.BANK.ifo Business Climate

Balances, seasonally adjusted

Sector	Indicator	08/23	09/23	10/23	11/23	12/23	01/24	02/24	03/24	04/24	05/24	06/24	07/24	08/24
<b>Entire Economy</b>	Climate	-12.7	-11.9	-11.0	-7.9	-11.1	-12.3	-12.7	-6.4	-3.5	-4.7	-8.2	-7.2	<b>-10.1</b>
	Situation	-0.7	-3.0	-1.4	-0.6	-3.2	-2.2	-4.8	-1.7	-0.4	-0.8	-3.9	-3.9	<b>-5.3</b>
	Expectations	-24.0	-20.4	-20.2	-14.9	-18.6	-21.8	-20.3	-10.9	-6.6	-8.6	-12.4	-10.5	<b>-14.9</b>
<b>Manufacturing</b>	Climate	-17.0	-17.9	-16.3	-16.9	-18.6	-19.4	-20.0	-13.6	-11.9	-9.4	-13.6	-13.1	-16.1
<b>Service Sector</b>	Climate	-4.4	1.5	1.4	5.5	3.0	-1.8	0.4	2.4	3.7	1.2	2.4	4.5	1.7
<b>Construction</b>	Climate	-26.9	-32.0	-33.1	-32.8	-33.7	-33.9	-34.3	-31.4	-30.4	-30.0	-24.0	-24.8	-27.8
<b>Trade</b>	Climate	-28.9	-29.7	-32.2	-27.0	-32.2	-30.3	-36.8	-26.8	-26.1	-20.9	-31.7	-30.3	-31.4

Source: NRW.BANK, ifo Institute

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