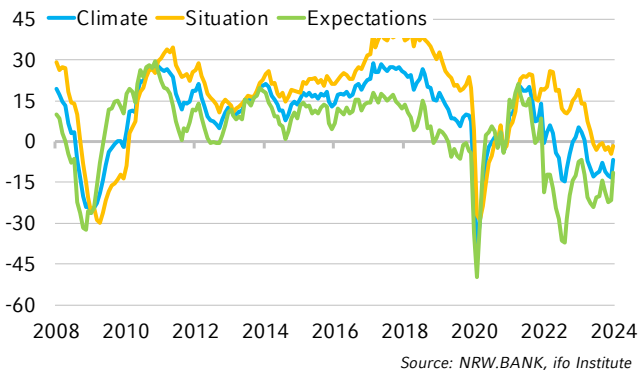


Sentiment in the NRW economy brightens

The sentiment among companies in North Rhine-Westphalia improved noticeably in March. In particular, companies' expectations were significantly less pessimistic across all sectors. However, assessments of the current situation also improved. North Rhine-Westphalia's economy sees light at the end of the tunnel.

NRW.BANK.ifo Business Climate

Balances, seasonally adjusted



After three consecutive declines, the NRW.BANK.ifo Business Climate improved by a strong 6.2 balance points to -6.6 points in March. The leading indicator for economic development in NRW thus climbed to its highest value since June 2023, but remains at a relatively low level. The increase was due in particular to companies' business expectations, which improved by 9.2 points to -11.5 points. Companies were also noticeably more positive about their current business. The corresponding survey value rose by 3.0 points to -1.7 points.

The strong increase in the business climate across all sectors indicates that the recession is likely to be over soon. Many negative factors such as the rise in interest rates and high energy prices are beginning to lose their impact. In addition, supply bottlenecks have eased further, despite the recent conflicts in the Red Sea. However, companies are still somewhat removed from optimism. As things stand today, a strong economic upturn is not to be expected any time soon. The order backlog is currently still too low for this.

The business climate has risen the most in the retail sector. Retailers were significantly more satisfied with current business. In addition, expectations were no longer quite so pessimistic. Retailers in particular are anticipating rising trading turnover over the next three months in view of strong wage increases and falling inflation.

The business climate has also improved significantly in the manufacturing industry. Companies were noticeably less dissatisfied with current business. In addition, their pessimism with regard to the coming six months decreased again. With the exception of the food industry and textile manufacturers, all industrial sectors recorded an increase in sentiment. While the order backlog is still considered too low, export expectations increased in March.

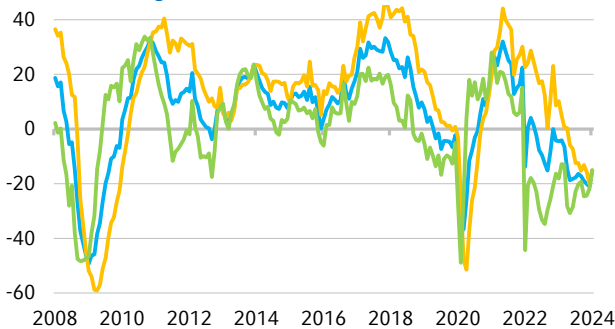
In the construction industry, sentiment brightened only slightly. The current situation was assessed as marginally better. Although the increase in expectations was stronger, the outlook remains gloomy by historical standards. For the first time in over four years, the majority of construction companies surveyed are planning to reduce the number of employees in the next three months.

The business climate in the service sector also brightened somewhat in March. The logistics and hospitality sectors in particular performed better. The slight increase in the service sector was due to less pessimistic expectations. However, service companies were no longer quite as satisfied with their current business as they were in February due to weak sales.

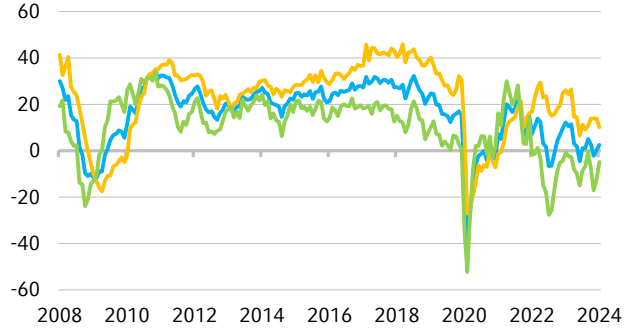
Business Climate by Sector

Balances, seasonally adjusted

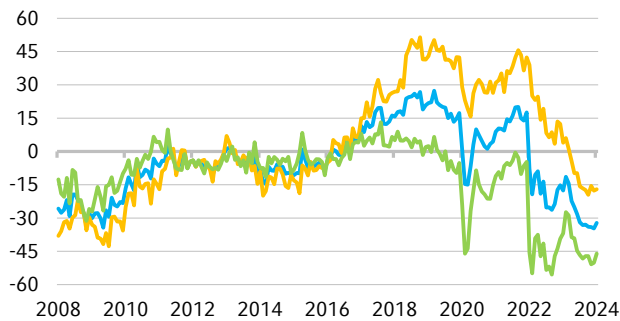
Manufacturing



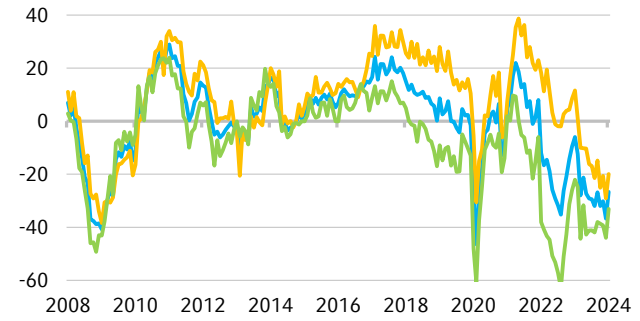
Service Sector



Construction



Trade



— Business Climate — Business Situation — Business Expectations

Source: NRW.BANK, ifo Institute

NRW.BANK.ifo Business Climate

Balances, seasonally adjusted

Sector	Indicator	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
Entire Economy	Climate	5.4	3.4	0.5	-7.0	-9.8	-12.9	-11.9	-10.9	-7.6	-11.1	-12.5	-13.4	-6.6
	Situation	19.1	14.1	13.8	7.5	3.9	-0.9	-2.9	-1.3	-0.6	-3.2	-2.1	-4.7	-1.7
	Expectations	-7.4	-6.8	-12.1	-20.4	-22.5	-24.2	-20.6	-20.0	-14.4	-18.6	-22.4	-21.7	-11.5
Manufacturing	Climate	-4.5	-4.2	-6.4	-14.5	-18.8	-18.3	-17.7	-16.4	-17.3	-19.0	-20.1	-21.0	-15.1
Service Sector	Climate	12.2	10.6	11.4	3.0	1.9	-4.5	1.0	1.0	5.1	2.7	-2.2	0.3	2.5
Construction	Climate	-17.6	-11.4	-14.4	-22.3	-25.1	-28.2	-31.9	-33.2	-32.9	-33.9	-34.1	-34.7	-32.2
Trade	Climate	-6.0	-12.4	-28.0	-21.3	-27.3	-29.2	-29.5	-32.0	-26.8	-32.0	-30.2	-36.7	-26.7

Source: NRW.BANK, ifo Institute

Disclaimer

This publication has been prepared by NRW.BANK and contains information for which, in spite of all care taken, NRW.BANK assumes no liability, guarantee or warranty for the accuracy, completeness or suitability for a particular purpose. The information from the advance release and the detailed analysis of the NRW.BANK.ifo Business Climate is not used in connection with the provision of a securities service. The contents of this publication should not be construed as an offer or solicitation to buy or sell financial instruments or to take any other action and does not form the basis of or part of any contract. NRW.BANK, its executive and controlling bodies and its employees do not accept any liability for damages arising from the use of this publication. All estimates and forecasts are subject to change without notice. NRW.BANK is under no obligation to update, amend or supplement this publication or to inform its recipients in any other way if any of the circumstances, estimates or forecasts contained in this publication change or become incorrect. This publication is subject to the copyright of NRW.BANK. It may not be reprinted, copied, altered or distributed or transmitted to unauthorised recipients, either in whole or in part, without prior written permission. By accepting this publication, the recipient agrees to the binding nature of the above provisions.