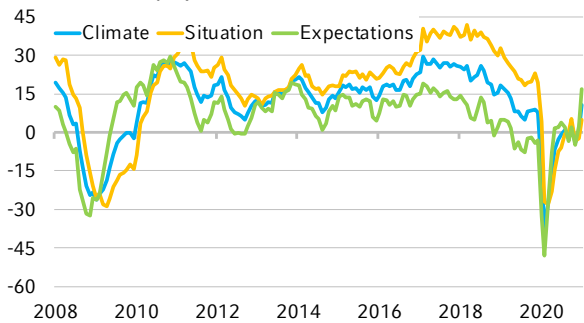


## Sentiment among NRW companies as good as prior to the crisis

In spite of the difficult coronavirus situation, the sentiment in the North Rhine-Westphalian economy improved noticeably in March. The companies surveyed were clearly more satisfied with their current business situation. Moreover, optimism about the next six months has returned.

### NRW.BANK.ifo Business Climate

Balances, seasonally adjusted

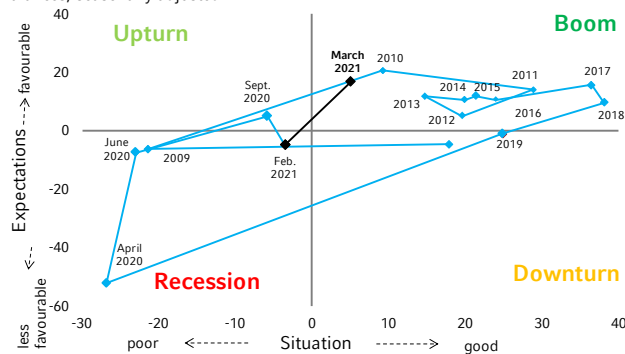


Source: NRW.BANK, ifo Institute

The **NRW.BANK.ifo Business Climate** rose unusually strongly to +10.9 points in March. While companies' expectations improved particularly strongly, the assessment of the current situation also increased noticeably. This latest increase completely offset the COVID-related slump, with the economic indicator back at the level of June 2019. The combination of a positive situation and optimistic expectations even indicates an economic boom for the first time in two years.

### Business Cycle North Rhine-Westphalia

Balances, seasonally adjusted



Annual data are average values

The business climate improved across all sectors in March. In contrast to the previous months, not only the export-oriented industry became significantly more optimistic, but also retailers/wholesalers and service providers. As the survey was conducted until mid-March, part of the increase is probably attributable to hopes of an easing of the restrictions. Although the latest political decisions suggest that some of these hopes will be dashed, the latest survey

data give cause for optimism that the North Rhine-Westphalian economy will be able to recover very soon and very strongly as soon as the lockdown is lifted, perhaps already in May.

The climate indicator for the **trade sector** made the biggest leap, as not only the current situation improved but expectations were also cautiously optimistic for the first time in three years. While wholesalers even rated their current situation positively again, the situation in the retail sector remains poor. The latest extension and tightening of the lockdown should put a damper on the sector as a whole.

The business climate in the **manufacturing** sector continued its upward trend. The expectations of good business in North Rhine-Westphalia's industrial sector were higher than at any time in the past ten years. The euphoria is primarily attributable to booming exports. Demand has picked up noticeably, primarily from the USA and China. A boom is on the cards in nearly all industrial sectors in North Rhine-Westphalia. Motor vehicle construction is the only sector to lag somewhat behind the positive trend.

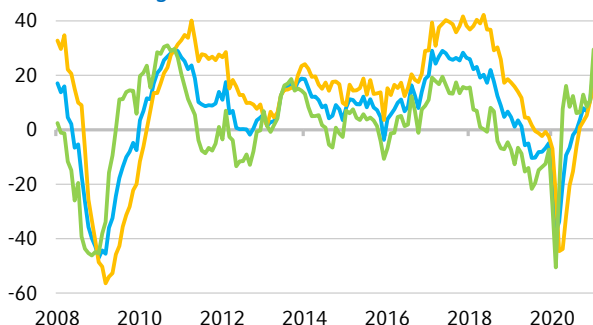
The business climate for the **services sector** also increased. The current situation was no longer as tight as in the past months. At the same time, companies' expectations were marked by solid optimism for the first time since autumn 2020. The situation in the hospitality and tourism sectors remains very poor, though.

The business climate in the **construction** sector also improved in March, albeit not as strongly as in the other sectors. Construction companies were increasingly satisfied with their business situation and were less sceptical about the outlook for the coming months. What is striking is the continuing pressure on construction prices, which have increased again.

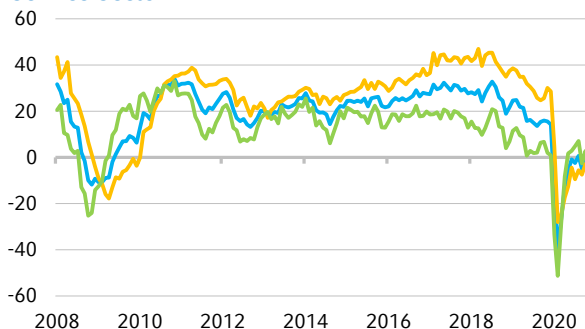
## Business Climate by Sector

Balances, seasonally adjusted

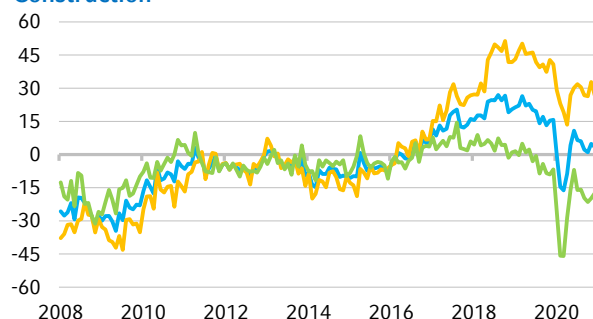
### Manufacturing



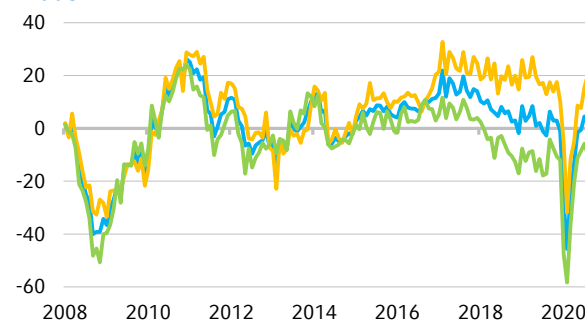
### Service Sector



### Construction



### Trade



— Business Climate — Business Situation — Business Expectations

Source: NRW.BANK, ifo Institute

## NRW.BANK.ifo Business Climate

Balances, seasonally adjusted

Sector	Indicator	03/20	04/20	05/20	06/20	07/20	08/20	09/20	10/20	11/20	12/20	01/21	02/21	03/21
Entire Economy	Climate	-15,1	-37,8	-27,7	-15,4	-6,8	-2,7	-1,0	0,9	-1,6	3,6	-4,2	0,1	<b>10,9</b>
	Situation	4,1	-26,8	-28,1	-22,8	-14,8	-7,3	-5,8	-0,3	0,3	5,3	-3,5	-2,2	<b>5,1</b>
	Expectations	-32,4	-48,1	-27,3	-7,6	1,6	1,9	3,9	2,1	-3,5	1,9	-4,9	2,3	<b>16,9</b>
Manufacturing	Climate	-17,8	-37,8	-33,7	-19,9	-9,4	-6,6	-1,9	-0,2	3,7	7,9	6,8	10,7	22,6
Service Sector	Climate	-15,5	-40,1	-26,6	-12,9	-5,6	-0,8	-2,5	0,7	-5,1	0,0	-6,9	-3,9	4,5
Construction	Climate	0,0	-14,5	-16,2	-8,7	4,3	10,8	6,5	6,0	2,2	1,0	4,8	3,4	8,3
Trade	Climate	-27,9	-45,7	-24,3	-13,0	-1,5	-0,6	4,5	4,6	-0,3	5,8	-12,7	-9,4	4,9

Source: NRW.BANK, ifo Institute

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