



Business Bulletin for the Free State of Saxony

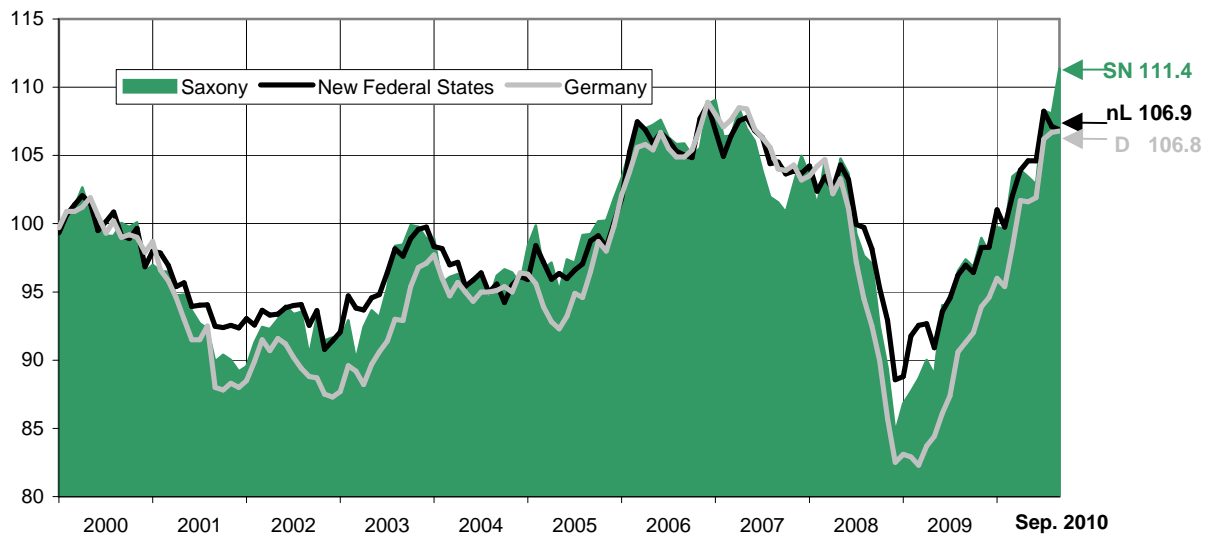
September 2010



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Economic Trend

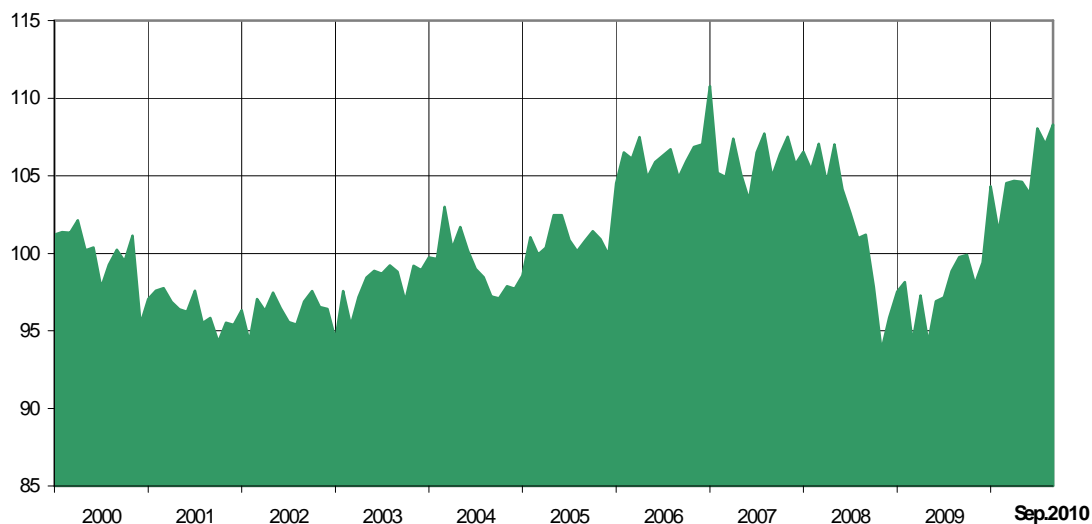
Business Climate in Saxony in a Comparison



ifo Business Climate Index for industry and trade in Saxony, the new federal states, and Germany; index values, year 2000 = 100; seasonally adjusted. Comments: Since the commencement of the surveys in Saxony (January 1994), the ifo Business Climate Index for industry and trade in Saxony reached a minimum value of 84.7 (December 2008) and a maximum value of 111.4 (September 2010). Source: ifo Institute for Economic Research

All told, the mood in Saxon and German companies brightened in early autumn. The ifo Business Climate Index for industry and trade in Germany increased once again in September. The business climate in the new federal states worsened for the second time in a row. The Business Climate Index in Saxony's industry and trade, however, went up to a new all-time high of 111.4 index points. Since the surveys of Saxon enterprises commenced within the scope of the ifo Economic Report, the mood in the Free State's economy has never been as good as it is now. Decisive for this trend were the reports of the survey participants on their current overall business situation which the Saxon enterprises considered to be significantly better than in the previous month. The companies also anticipate a distinctly more favorable overall business development for the next six months.

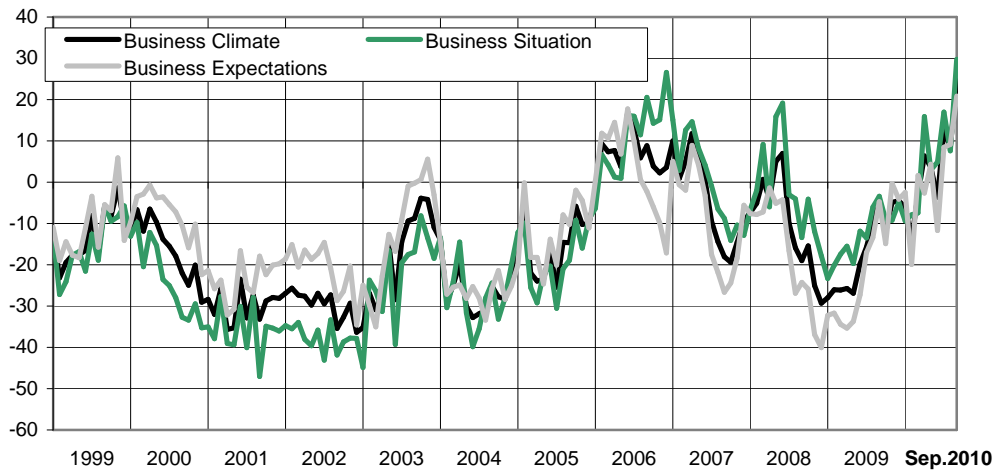
Employment Barometer for Saxony



ifo Employment Barometer for industry and trade in Saxony; index values, year 2000 = 100; seasonally adjusted. Source: ifo Institute for Economic Research

The August decline of the ifo Employment Barometer was more than compensated for in September. Most companies planned to increase their staff during the next quarter. While the employment prospects brightened in the manufacturing industry and the main construction industry, the companies in both trade sectors were slightly more reluctant to increase the number of employees in the future than during the previous month.

Business Climate in Select Sectors of the Saxon Economy Focus: Development in Saxony's Wholesale and Retail Trade



Seasonally adjusted balances
Source: ifo Institute for Economic Research

Since the beginning of this year, the mood in Saxony's trade has improved significantly. Seasonally adjusted, the business climate reached its highest value ever in September since the economic trends have been ascertained in Saxony. Responsible for this new record high are the statements of wholesalers on their current business situation. Almost every second Saxon wholesale enterprise assessed its overall economic situation as currently being "good." And the retail enterprises are also much more content with their business situation than in the previous month. When it comes to the business expectations for the next six months, significantly more optimism was ascertained in both trade sectors. Most of the wholesale and retail enterprises estimated their business development to be "more favorable" in the foreseeable future. The surveyed enterprises reported that their overall current turnover also improved once again in September. According to official statistics, the wholesalers were able to record a nominal increase in sales of 4.6 % and the retail enterprises of 1.5 % when compared to the same period last year. Due to the continuously decreasing unemployment figures as well as an increase in real wages during the second quarter of 2010, one can assume that consumer spending from private households will consolidate and that retail trade, in particular, will increasingly benefit from this trend.

Manufacturing Industry:

- The surveyed enterprises in Saxony's manufacturing industry once again considered their overall current business situation to be better.
- More optimism was also ascertained with regard to the business prospects for the next six months.

Main Construction Industry:

- Seasonally adjusted, the average equipment utilization of Saxon construction firms increased from 70.3 % to 72.4 % when compared to the previous month.
- After having deteriorated two times in a row, the business climate in Saxony's main construction industry improved again just recently.

Development of Select Business Climate Indicators in the Manufacturing Industry, Construction Industry as well as in the Wholesale and Retail Trade in Saxony^{a)}

Indicator	Saxony	In Comparison:			
	September 2010	Saxony August 2010	Saxony September 2009	New Federal States ^{c)} September 2010	Germany September 2010
Manufacturing Industry					
Actual Demand ^{b)}	26.5	21.7	9.4	17.0	24.6
Production Plans ^{b)}	13.2	17.3	-6.0	8.2	15.1
Anticipated					
Number of Employees ^{b)}	-1.3	-3.1	-13.3	-5.3	-0.4
Anticipated					
Sales Prices ^{b)}	4.3	4.0	-15.7	10.6	9.4
Main Construction Industry					
Volume of Orders in Months	2.3	2.1	2.1	2.2	2.5
Equipment Utilization in %	72.4	70.3	68.1	72.8	70.4
Anticipated					
Number of Employees ^{b)}	0.0	-11.0	-17.3	-7.9	-7.4
Anticipated					
Construction Prices ^{b)}	-5.3	-6.0	-20.4	-12.0	-15.5
Wholesale					
Turnover Compared to Previous Year ^{b)}	65.0	43.0	-35.0	38.0	27.0
Planned Purchase Orders ^{b)}	28.4	30.1	-8.7	8.9	10.5
Anticipated					
Sales Prices ^{b)}	19.7	23.9	25.5	37.3	31.6
Retail					
Turnover Compared to Previous Year ^{b)}	-2.0	-4.0	-3.0	-7.0	15.0
Planned Purchase Orders ^{b)}	-10.2	-10.1	-21.4	-8.2	-1.3
Anticipated					
Sales Prices ^{b)}	10.3	9.5	2.3	24.6	5.5

a) Seasonally adjusted values (exception: Indicated turnover compared to previous year)

b) Balance of positive and negative percentages reported by enterprises

c) New federal states including East Berlin

Source: ifo Institute for Economic Research

Business Registry

- In **June 2010, 3,513 businesses** were **registered** in the Free State of Saxony which included 3,023 start-ups; compared to June 2009, the number of business registrations increased by 157.
- **2,902 businesses** were **deregistered**; 2,435 of which gave up their business; compared to the same month last year, the number of deregistrations increased by 57.

(Please see also the table in Appendix 1)

Price Trend

- Compared to the previous month, the **consumer price index** in the Free State of Saxony increased by 0.1 % to **109.6** (basis 2005 = 100) in **September 2010**.
- The **annual inflation rate** amounted to **1.5 %** in September (previous month: 1.1 %).

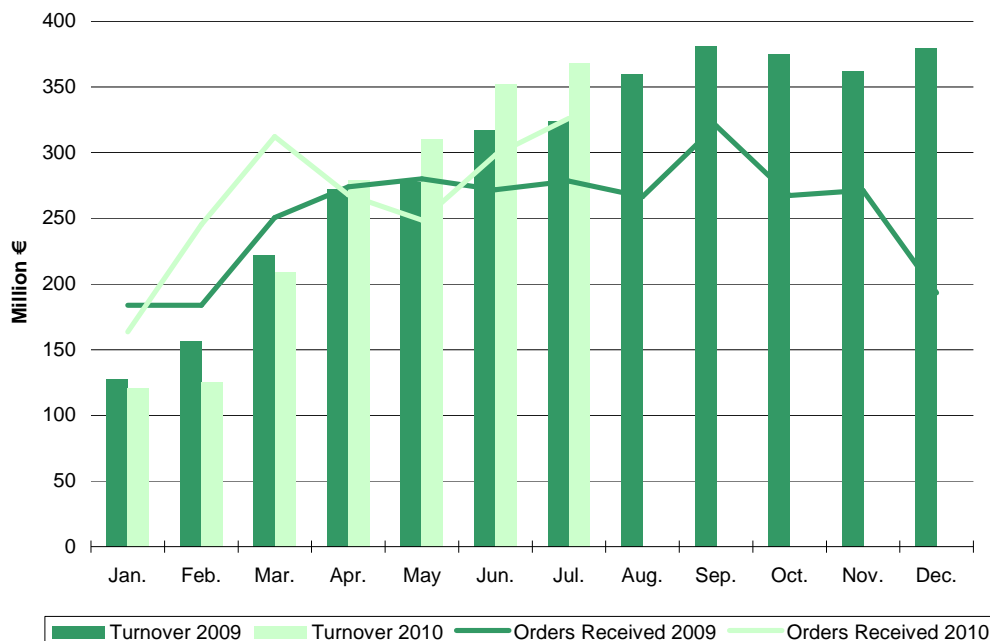
(Please see also the table in Appendix 1)

Construction Industry

The following information applies to enterprises with 20 or more employees.

- Compared to the previous month, the **turnover** in Saxony's main construction industry increased by 4.4 % to **€ 367.8 million** in **July 2010**; compared to July 2009, the turnover increased by 13.7 %.
- Compared to June, the **value of orders received** increased by 9.3 % to **€ 326.2 million** in July; this exceeded last year's value for the same month by 17.2 %.

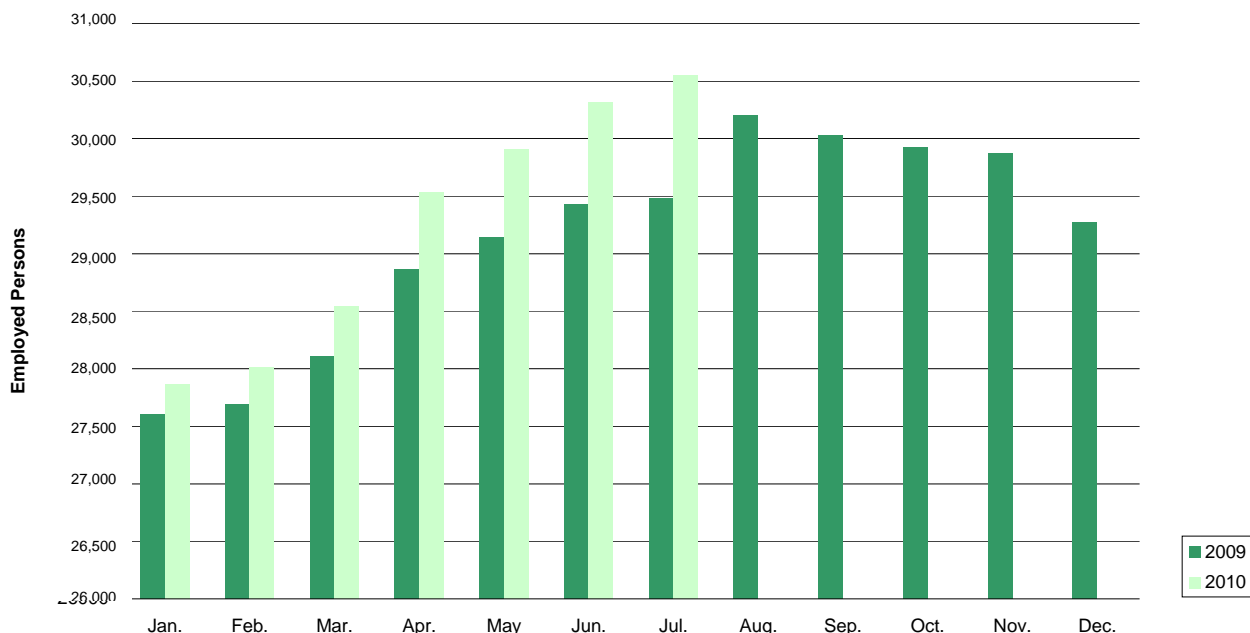
Turnover and Orders Received in Saxony's Main Construction Industry



Enterprises with 20 or more employees
Source: Statistical Office of the Free State of Saxony

- Compared to the previous month, **employment** increased by 0.8 % to **30,547 persons** in July; compared to July 2009, employment increased by 3.6 %, i.e. 1,065 persons.

Employed Persons in Saxony's Main Construction Industry



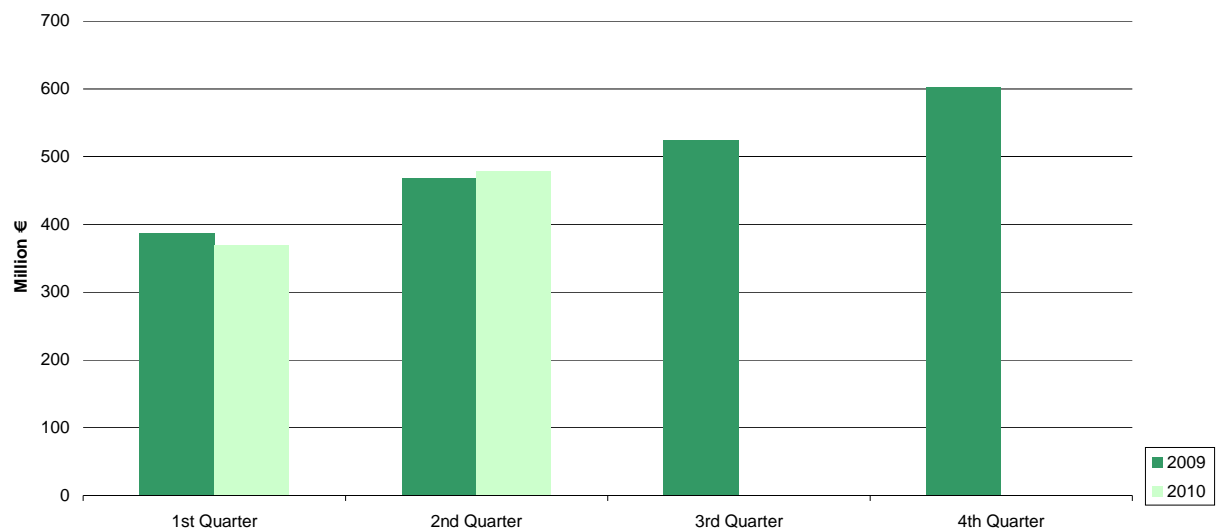
Enterprises with 20 or more employees
Source: Statistical Office of the Free State of Saxony

Compared to the same period last year, **employment** in Saxony's main construction industry (enterprises with 20 or more employees) increased by **2.2 %** while the **total turnover** increased by **3.9 %** during the **first seven months of 2010**. The value of **orders received** increased by **8.1 %** (please see the following table).

Period	Employees ¹⁾	Total Turnover	Orders Received
	Persons	EUR 1,000	
2009			
January-July	28,612	1,697,413	1,722,304
2010			
January-July	29,246	1,763,734	1,862,380
Change			
2010/2009 in %	2.2	3.9	8.1

1) Average values for the months January - June
Source: Statistical Office of the Free State of Saxony

Turnover in Saxony's Building Installation Industry



Enterprises with 20 or more employees
 Source: Statistical Office of the Free State of Saxony

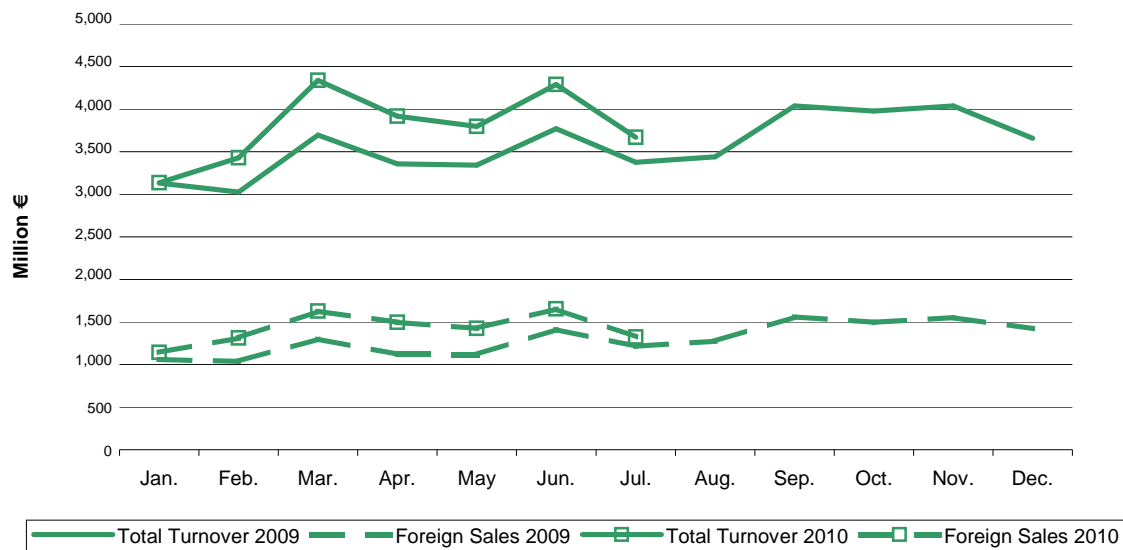
- During the **second quarter of 2010**, the **turnover** of Saxony's **building installation industry** amounted to **€ 479.2 million** which is 29.5 % higher than the previous quarter and 2.2 % higher than the second quarter of 2009.
- Compared to the previous quarter, **employment** in Saxony's building installation industry increased by 5.4 % to **19,158 persons** during the **second quarter of 2010**; the employment level in the second quarter of 2009 was exceeded by 3.8 %.
- During the **first six months of 2010**, the average **employment** in Saxony's **building installation industry** amounted to **18,670 persons** which is 2.2 % higher than during the respective period last year; the **turnover** decreased by 0.8 % to **€ 849.2 million**

Industry (Mining and Extraction of Rocks and Stones; Manufacturing Industry)

The following information applies to enterprises with 50 or more employees.

- In **July 2010**, the **total turnover** in Saxony's industry decreased by 14.4 % to **€ 3,670.6 million** compared to the previous month; this exceeded the result of the respective month last year by 8.1 %.

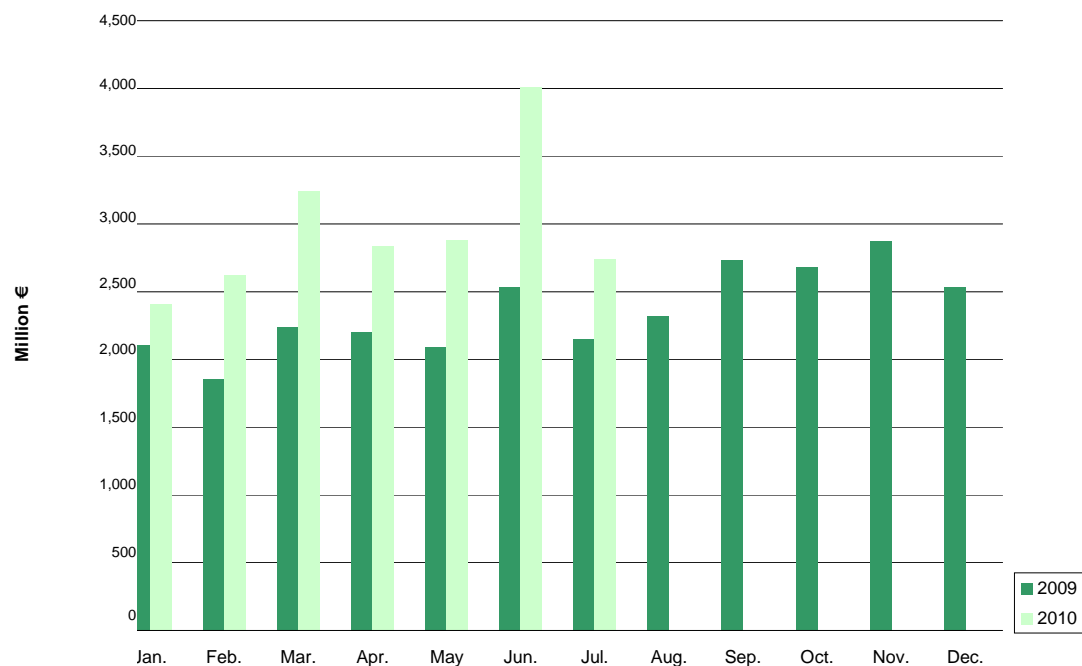
Monthly Development of Total Turnover and Foreign Sales



Enterprises with 50 or more employees
Source: Statistical Office of the Free State of Saxony

- Compared to June, **foreign sales** went down by 20.0 % to **€ 1,325.0 million** in July; compared to July 2009, this was an increase of 8.7 %.
- In June, the **export rate** (foreign sales proportion of the total turnover) in Saxony's industry decreased by 2.5 % to **36.1 %** when compared to the previous month; last year's rate of the same month (35.9 %) was exceeded by 0.2 %.
- In July, the **value of orders received** decreased by 31.6 % to **€ 2,740.1 million** when compared to June; compared to July 2009, this figure increased by 27.3 %.

Monthly Development of Orders Received in Saxony's Industry



Enterprises with 50 or more employees
Source: Statistical Office of the Free State of Saxony

- Compared to the previous month, the **number of employees** decreased by 93 persons to **189,302 persons** in July 2010; this was 0.3 % lower than the number of persons employed in July 2009.

Compared to the same period last year, **employment** in Saxony's industry decreased by **2.7 %** while the **total turnover** increased by **11.9 %** and **foreign sales** went up by **20.7 %** during the **first seven months of 2010**. The **export rate** (foreign sales proportion of the total turnover) increased from 34.8 % to **37.6 %** (please see the following table).

Period	Employees ¹⁾	Total Turnover	Foreign Sales	Export Rate ²⁾
	Persons	EUR 1,000		%
2009				
January-July	193,049	23,747,974	8,271,036	34.8
2010				
January-July	187,81	26,576,486	9,984,372	37.6
Change				
2010/2009 in %	-2.7	11.9	20.7	2.8 ³⁾

1) Average values for the months January - July

2) Foreign sales proportion of the total turnover

3) Percentage

Preliminary results for 2010

Source: Statistical Office of the Free State of Saxony

This Month

Economic Trend during the First Half of 2010

On September 24, 2010, the Work Group "National Accounts" (VGR d L) published the growth rates of the gross domestic product (GDP), classified according to the individual federal states, for the first half of 2010.

According to the Work Group's estimates, the price-adjusted **GDP** in Germany's **new territorial states increased** by **2.2 %** when compared to the first half of the previous year. In the old federal states excluding Berlin, the GDP **increased** by **3.3 %**. In **Germany** as a whole, the economic output increased by **3.1 %**.

In **Saxony**, the price-adjusted GDP **increased** by **2.3 %** during the first half of 2010 when compared to the respective period last year. Saxony's development was, thus, slightly more favorable than the average development in the new territorial states and less favorable than the German average. Among the new federal states, Saxony ranks third after Thuringia (+3.4 %) and Brandenburg (+2.8 %). Significantly less favorable results are exhibited by Saxony-Anhalt (+1.3 %) and Mecklenburg-Western Pomerania (+0.6 %).

According to the Statistical Office of the Free State of Saxony, the growth rates in the manufacturing industry, specifically in the processing industry, had a significant impact on the price-adjusted results in Saxony. The actual development in the service sectors also exhibited a plus; yet, in a much smaller dimension.

The results are not surprising and had been expected in this form.

The ifo Forecast – actually for the entire year – had already anticipated in June that the Saxon economy will grow considerably once again and that the economic trend in Saxony will be better than in East Germany as a whole.

The reasons include:

- The significance and structure of Saxony's manufacturing industry which specifically profits from the upswing;
- In an East German comparison, the high share of exports in the Saxon industry which has grown above average.

The half year estimate represents preliminary data with a high degree of uncertainty. No reliable conclusions can be drawn with regard to the anticipated annual results.

Development of the Gross Domestic Product in Germany's Federal States during the First Half of 2010

Federal State	Gross Domestic Product	
	Change Compared to the First Half of 2009 in %	
	in the Respective Prices	Adjusted for Prices
Baden-Württemberg	6.1	5.0
Bavaria	3.8	3.2
Berlin	2.9	2.1
Brandenburg	3.5	2.8
Bremen	3.8	2.6
Hamburg	3.4	2.3
Hesse	4.0	2.7
Mecklenburg-Western Pomerania	1.2	0.6
Lower Saxony	3.5	2.7
North Rhine-Westphalia	3.7	2.9
Rhineland-Palatinate	5.5	4.5
Saarland	5.9	4.9
Saxony	3.0	2.3
Saxony-Anhalt	2.5	1.3
Schleswig-Holstein	1.2	0.6
Thuringia	4.3	3.4
Germany	4.0	3.1
Old Federal States incl. Berlin	4.1	3.2
Old Federal States excl. Berlin	4.2	3.3
New Federal States incl. Berlin	3.0	2.2
New Federal States excl. Berlin	3.0	2.2

Sources: Statistical Office of the Free State of Saxony;
Work Group "National Accounts" (VGR d L)

Current Economic Data for the Free State of Saxony

- Business Registry -

Year/Month	Business Registrations	Business Deregistrations	Balance of Registrations and Deregistrations
1990	77,668	7,578	70,090
1991	91,992	30,788	61,204
1992	63,457	36,496	26,961
1993	54,209	34,038	20,171
1994	51,315	35,082	16,233
1995	51,067	38,718	12,349
1996*	45,337	36,167	9,170
1997	45,484	36,995	8,489
1998	45,582	38,819	6,763
1999	43,714	37,968	5,746
2000	39,433	36,981	2,452
2001	37,926	36,090	1,836
2002	35,681	34,931	750
2003**	41,952	32,600	9,352
2004	49,171	32,630	16,541
2005	45,386	35,776	9,610
2006	43,736	35,256	8,480
2007	39,038	34,965	4,073
2008	39,526	36,696	2,830
2009	38,630	35,094	3,536
2010			
January	3,248	3,577	-329
February	3,049	3,019	30
March	3,727	2,871	856
April	3,307	2,790	517
May	3,253	2,574	679
June	3,513	2,902	611
Total	1,000,401	701,401	299,000

* As of 1996, data collection has been put on a new legal basis (without vending machine service and travel business); a comparison with the previous years is, thus, only possible up to a limited extent.

**In 2003, amendment of the trade law; a comparison with the previous years as of 2003 is, thus, only possible up to a limited extent.

Source: Statistical Office of the Free State of Saxony

- Price Trend in the Free State of Saxony -

Year/Month	Price Index ¹⁾ 2005 = 100	Change in % Compared to	
		Previous Month	Previous Year and/or Same Month of Previous Year
2005 Ø	100.0	*	1.6
2006 Ø	102.1	*	2.1
2007 Ø	104.8	*	2.6
2008 Ø	107.7	*	2.8
2009 Ø	108.1		
2010			
January	108.2	-0.6	0.7
February	108.5	0.3	0.5
March	109.2	0.6	1.3
April	109.1	-0.1	1.1
May	109.2	0.1	1.1
June	109.3	0.1	1.0
July	109.5	0.2	1.2
August	109.5	0.0	1.1
September	109.6	0.1	1.5

1) Standard of living for all private households in Saxony; D = annual average

Source: Statistical Office of the Free State of Saxony

Current Economic Data for the Free State of Saxony

- Manufacturing Industry¹⁾ -

	Unit	July 2009	June 2010	July 2010
Mining and Manufacturing Industry²⁾				
Employees	Persons	189,830	189,395	189,302
Total Turnover	€ 1,000	3,394,487	4,290,116	3,670,565
Foreign Sales	€ 1,000	1,218,846	1,655,362	1,325,021
Export Rate ³⁾	%	35.9	38.6	36.1
Orders Received	€ 1,000	2,152,245	4,008,421	2,740,083
Main Construction Industry⁴⁾				
Employees	Persons	29,482	30,316	30,547
Total Turnover	€ 1,000	323,579	352,299	367,794
Orders Received	€ 1,000	278,298	298,431	326,221

1) No current data are available for the sectors services (e.g. trade, banks, government) and agriculture.

2) Enterprises with 50 or more employees

3) Foreign sales proportion of the total turnover

4) Enterprises with 20 or more employees

Source: Statistical Office of the Free State of Saxony

Updated: [MLH] Hier fehlt evtl. noch das Aktualisierungsdatum!