



FOR IMMEDIATE RELEASE

Europe's Industrial Economy Continues to Deteriorate as Germany Emerges as the Weakest Major Market

Zurich, Switzerland – 21 May 2026 – Connect4B's latest Business Monitor data suggests that economic divergence across Europe is accelerating, with Germany increasingly emerging as one of the weakest major business sentiment profiles on the continent.

German business owners report sharply deteriorating expectations regarding:

- export demand
- investment intentions
- earnings outlook
- and employment conditions.

Particularly weak sentiment profiles are currently visible across several export- and industrial-dependent economies, including Germany, Austria, Finland, Estonia and Lithuania. Business owners across these markets increasingly report weakening industrial activity, deteriorating export visibility, elevated cost pressures and declining confidence regarding the coming months.

By contrast, several comparatively more resilient European economies continue to report materially more stable operating conditions and significantly less severe deterioration in business confidence, particularly:

- Switzerland
- Denmark
- Poland
- and parts of Southern Europe benefiting from comparatively stronger domestic demand.

The findings suggest that Europe is increasingly splitting into two economic blocs: highly export-dependent industrial economies facing growing pressure, and more domestically resilient economies showing comparatively greater stability.

Connect4B's broader European Business Sentiment Composite Index currently points to an implied continental business climate reading of 92 points. Within the Connect4B regional framework:

- Germany currently screens at 85.7
- Austria at 89
- Switzerland at 97
- and the broader European composite at 92.

This suggests that while the overall European economy continues to weaken, Germany remains materially weaker than both Austria and Switzerland.

Connect4B currently estimates the next Ifo Business Climate Index at 85.1 points. While technically slightly higher than April, this primarily suggests that conditions may be deteriorating at a slower pace rather than signaling a genuine recovery in German economic sentiment.

Commentary

“Europe’s industrial economy continues to lose momentum, and Germany increasingly stands out as one of the weakest major sentiment profiles within Europe,” said Stefan James Lang. “While a smaller group of economies continues to show comparatively greater resilience, the broader European picture increasingly points toward fragmentation, weakening industrial demand and declining business visibility. Overall, European business sentiment continues to trend downward.”

Methodology

The Connect4B Business Monitor is based exclusively on ongoing interviews with business owners across 18 European markets and provides a high-frequency view of real-time business sentiment across Europe.

About Connect4B

Connect4B AG is an independent research institute based in Switzerland specialising in business sentiment and bank brand strength across 18 European markets. Business sentiment and business-owner loyalty to banks are closely connected.

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