

Logistics Indicator in Q4 2016

Buoyant mood heading for the New Year

Business climate records highest score in five years

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It is more than five years since the climate score was at a higher level than in the November 2016 survey. That was back in September 2011. What followed was a long phase predominantly shaped by monetary policy uncertainties that, in the perception of many, overshadowed the gains in the real economy for quite a time. As the end of the year draws closer, the mood in the logistics sector is solidly buoyant – despite Brexit, the election in the USA, unresolved issues in the euro area and the centrifugal forces in the EU.

The overall climate score shows a strong increase in the order of seven percent. This optimism is being driven by the outstanding current situation assessments on both sides of the market as well as the robust expectations in industry and trade, both of which are looking to the new year with a great deal of confidence. In contrast, expectation scores are down slightly among the logistics service providers, likely due to a certain understandable degree of calculated pessimism – with respondents handling the end-of-year boom at the end of a generally very good year and reluctant to push their luck by raising their expectations for the next twelve months. It is possibly also the case, however, that the freight forwarders are already factoring in the impact of rising energy prices, particularly after the Organisation of the Petroleum Exporting Countries (Opec) recently decided to reduce production volumes for the first time since 2008.

Industry and trade evidently have plenty of orders on their books, and sooner or later this should have a positive effect on business levels among service providers. The overall economy has once again picked up speed at the end of 2016, and new personnel is being recruited on both sides of the market. According to recent figures released by Germany's Federal Statistical Office, employment levels in the manufacturing industry are higher than at any time since 2005.

So what can we expect from 2017 in concrete terms? In the wake of Brexit and the US election, important elections are also looming in the core countries of Europe, and the results of these elections may reinforce the trend towards inward-looking policy and protectionism. Should this be the case, it is difficult to predict what will happen. In their answers to an extra question for the Logistics Indicator survey, both sides of the market agree that developments in the EU are and will continue to be crucial to the success of their business. In terms of relevance for the markets, the next two countries on the list are the USA and China. It is conceivable that the policies of the new US President will change some of the rules of the game when it comes to free global trade.

The momentum underpinning the buoyant mood at the end of the year will help us to systematically forge ahead with one of the key challenges, namely the digital transformation. The survey highlights a major need for action with regard to the adaptation of data management and interfaces, the interconnection of process routines, and the qualification of personnel. For the coming year, BVL has chosen the theme "Fresh Thinking, Digital Living". Our events will focus in a highly specific way on the process of transformation and promote debate and discussion between the important players in industry, trade, logistics services and academia.