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Leibniz Institute for Economic Research
at the University of Munich

ifo-BVL Logistics Indicator
Results of the ifo Business Survey for September 2017

Logistics business on an uptrend

The business climate in the German logistics sector showed a slight improvement in the third quarter of 2017. This is the finding of the monthly survey for the Logistics Indicator conducted by the ifo Institute on behalf of Bundesvereinigung Logistik e.V. (BVL) within the context of the Institute's economic surveys. The Indicator climbed to 110.8 points, 0.9 index points above the level measured in June 2017. Satisfaction with the current business situation was just as high as in June (117.6). At the same time, however, the surveyed companies are more optimistic about trends in the next six months (+2.3 points), with the result that the corresponding Indicator component is at its highest level since January 2014. This positive trend is being driven by the logistics service providers. It was particularly in this segment of the market that the responses on business expectations during the next six months were increasingly optimistic (as shown by the 3.5-point rise to 102.8 points). Overall, the business climate among the logistics providers was 2.2 points up on the June score, climbing to 108.4 points. In contrast, there was little change in sentiment among the users of logistics services in industry and trade compared to the June survey. On this side of the market, assessments of the current business situation are still very positive (September: 121.3), and the corresponding score for Q3 marks the highest score since 2005. The business expectations of the users of logistics services were more or less unchanged; here as well, the high scores underline the optimism of companies in the sector. On the whole, the survey findings for the logistics sector show above-average positive sentiment across the board, and the responses of the companies regarding their business expectation suggest a continued uptrend.

The business situation among the providers of logistics services is still described as being very good, and the majority of companies polled in September said that their turnover had increased year on year. Many providers took on additional personnel in order to handle the above-average volume of orders on books and cater to anticipated demand. Although the answers to the survey questions show that orders on books fell in September and levelled out at seasonally expected volumes, the companies are nevertheless sticking by their expansion-based recruitment plans. Many respondents said that the prices for logistics services should increase in the coming months. The logistics service providers are profiting directly from the extremely positive situation in the trade sector, the manufacturing industry and the construction sector. Consumer spending among the German population is at a high level, and the growth in the range of products offered by online traders is boosting the demand for logistics services. The same applies to rising construction investments and the favourable business situation in many areas of the manufacturing industry.

This is further underlined by the findings of the survey for the demand side of the logistics market, where the business climate showed a steady uptrend in the period from December 2016 to August 2017. Although the climate indicator was down slightly in September, it was still at a very high level. Given the excellent business situation and the growing optimism with regard to developments over the coming months, the companies have recently upgraded their personnel recruitment plans yet again. Inventory surpluses continued to be below the long-term mean for the period stretching back to 2005. According to the respondents, companies were recently able to raise the prices for their products and are considering further price increases in the coming months.

The Logistics Indicator is computed for Bundesvereinigung Logistik e.V. (BVL) by the ifo Institute. It is based on the monthly business climate surveys that have been conducted since 2005. More than 4,000 responses from providers of logistics services (60% freight transport (without air freight); 40% freight carriers and logistics) and from companies in the manufacturing industry (66%) and the trading sector (wholesale: 17%; retail: 17%) as users of logistics services are used to calculate the Indicator. The overall Indicator is computed in equal parts based on the findings for the providers and the results for the users. The question design is geared towards the assessment of the current business situation, trends in recent months and expectations for the coming months. Survey respondents are generally given answer options that can be characterised as "positive-expansive", "average-neutral" and "negative-contractive". The percentage shares of positive-expansive and negative-contractive answers are balanced out, which means the net scores can lie anywhere between -100 (all companies gave a negative-contractive answer) and +100 (all companies give a positive-expansive answer). If the net score is 0, this means that negative and positive responses are in equilibrium. All questions refer to seasonally "normal" assessments. Moreover, all the reported figures are adjusted for any residual seasonal pattern using a standard statistical method for seasonal adjustment (X13-ARIMA-SEATS). For the purpose of calculating the index values of the business climate and the two components "business situation" and "expectations", the balances are each increased by 200 and normalised to the mean value for a base year (currently 2005).