

Logistics Indicator sets new record

The business climate in the German logistics sector improved noticeably in the fourth quarter and has now reached a new high mark. 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 International) within the context of the Institute's economic surveys. The business climate indicator for the logistics industry climbed to a new level of 112.6 points, 1.6 index points up on the previous quarter. This positive trend is due both to the more favourable assessment of the current business situation (up by 0.9 to 118.6 index points) and the increased optimism concerning expected developments during the next six months (up by 2.2 to 106.9 index points). The personnel recruitment plans of the surveyed companies for the next quarter are increasingly geared towards expansion. The mean balance value for the fourth quarter was +20.3 and therefore both just under five points higher than the previous quarter (+15.6) and well above the long-term mean value (+2.4). The same applies to leeway for price increases in the coming quarter (increase in the balance value by 6.4 points to +28.6).

The assessments of the logistics service providers regarding their current business situation were positive and more or less unchanged from the previous quarter (index score: 113.6) and still noticeably above the long-term mean (102.1). The expectations of the logistics service providers were more optimistic (up by 3.1 index points), driving the indicator up to an excellent score of 105.4 points. The trend in the business climate index was accordingly favourable (up by 1.6 indicator points), taking the score up to 109.5 points – on a par with the previous record dating back to the first quarter of 2007. The level of orders on the books of the logistics service providers was particularly encouraging. The corresponding balance increased for the fifth quarter running, climbing to a value of +26 points. Moreover, demand expectations were significantly upgraded (up by 9.5 points) and reached a very high level (+33.8) far above the long-term mean (+17.3). After the slowdown in personnel expansion reported by the polled companies (down by xx to +23 points), the predictions for the coming quarter point towards increased recruitment activity (up by 6.3 to +27.8 points). A growing percentage of logistics service providers believe they will be able to push through higher prices (up by 11.1 to +41.4 points).

The users of logistics services in trade and industry confirm the positive trend in the three main indicators since 2016. The business climate indicator posted a new record in the fourth quarter, increasing by 1.7 points to an index score of 115.9. This was due to both a more favourable assessment of the current business situation (up by 1.5 to 123.5 points) and increasing optimism with regard to developments in the first half of 2018 (up by 1.8 to 108.7 points). Respondents say they were able to raise the prices for the offered products (balance: +12.5), and they also see leeway for further price hikes in the coming months (balance: +15.5). Stock levels are falling appreciably (down by 1.2 balance points to +5.2) and are well below their long-term mean (+9.3). In view of the favourable economic outlook, the surveyed companies intend to expand their personnel base once again in the first quarter of 2018 (up by 3.4 balance points to +13.2).

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 three answer options per question 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 balance scores can lie anywhere between -100 (all companies gave a negative-contractive answer) and +100 (all companies give a positive-expansive answer). If the balance value 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).