

**ifo-BVL Logistics Indicator**  
**Results of the ifo Business Survey for the second quarter of 2018**

## Logistics Indicator clouds over

The business climate indicator for the German **logistics industry** showed a slight downtrend for Q2 2018 overall. This is the finding of the monthly survey for the Logistics Indicator conducted by the ifo Institute on behalf of BVL International within the context of the Institute's economic surveys. The business climate indicator for the logistics industry stood at 109.4 points, 3.3 index points down on the previous quarter, a downslide chiefly driven by the business outlook for the next six months (down by 4.7 index points to 101.6 points). Assessments of the current business situation also showed a downtrend in Q2, dropping by 1.7 index points to 117.9 points. Personnel recruitment plans in the logistic sector still point to employee growth over the next three months, but the mean value for the corresponding indicator in Q2 was once again slightly lower than in the previous quarter (16.3 balance points in Q2 after 17.5 points in Q1). By way of comparison, the prior-year figure was significantly lower at 11.2 points. The responses suggest that we will see slightly more frequent price increases for the offered products and services in the coming months than was the case during the first quarter of the year (indicator up from 29.9 to 30.7 balance points).

The business climate index among the **logistics service providers** showed a downtrend in Q2 2018, falling to 107.4 points (after 110.6 points in Q1). The survey respondents were slightly less happy with the current business situation, with the corresponding indicator falling by 0.8 index points to a score of 114. At the same time, the survey respondents are far less likely to predict improved business during the coming six months than they were in Q1 (score down by 5.3 index points to 101.1 points). During the second quarter, satisfaction with orders on books fell by an average 2.1 balance points to 14.1 points but was still well above the score for the same quarter last year (5.6). Demand fell by 5.8 balance points compared to Q1 and now stands at 24.9 points. When asked about how demand will develop in the next three months, respondents were still optimistic on balance, but the balance score fell by 5.6 points quarter on quarter to a new level of 24.0 points. The corresponding value for the same quarter last year was 20.7 points. Accordingly, respondents also expect additional personnel recruitment in the coming months, although this sub-indicator was down by 0.6 balance points in the second quarter to 22.7 points (after 15.7 points in Q2 2017). Price increases were planned by many companies in the second quarter, and the corresponding balance score rose by 0.6 points to 44.9 points.

The business climate among the users of logistics services in **trade and industry** once again clouded over, albeit at a high level (111.6 after 114.8 points in Q1). Although many of the survey respondents said they were satisfied with the current business situation, the corresponding index fell by 2.9 points to 121.8 points. Business expectations for the next six months were down by 3.5 index points in Q2 to 102.2 points. Stocking levels recently showed a slight increase once again (up by 0.8 balance points to +5 points). At the same time, the reports from companies indicated that it was not possible to increase prices quite as often in the second quarter. The corresponding balance score fell by 0.8 points to +11.5 points. The respondents predict slightly more frequent price increases in the next three months (16.2 after 15.7 points). Personnel levels are likely to be increased further, although this sub-indicator was down slightly on the previous quarter, losing 1.2 balance points to a new level of +10.4 points. Nevertheless, the balance score is still well above the long-term average.

The Logistics Indicator is computed for 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 net scores can lie anywhere between -100 (all companies gave a negative-contractive answer) and +100 (all companies gave 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).