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Logistics Indicator in Q2 2021

Out of lockdown with momentum

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The economy was fortunately spared the so-called “Easter Rest” – the temporary tightening of the lockdown that the German government was hoping to implement at the end of March. This meant that logistics managers in industry, trade and services were able to work on kick-starting their activities without any additional burdens – even if overall volumes were down and there was a shift in core logistics activities. On the whole, the logistics sector has come through the crisis with lower turnover losses than other industries and is now rebooting with a high level of motivation and momentum.

While the February survey of the ifo Institute described the Logistics Indicator as “resilient”, this rating can now be upgraded to “dynamic”. A favourable business situation and even better business expectations have pushed the overall indicator back up to the “normal level” – with the result that it is now above the pre-crisis score. The business climate is far brighter, and the primary indicator showed a strong increase and stood at 102.5 points in May.

The respondents in trade and industry gave favourable assessments of current business, which has grown substantially. Expectations for future business were also more optimistic, with companies predicting further business growth in the coming months – and planning significant price increases. Industry in particular experienced a strong recovery in the prior quarter, and the trading sector has now followed suit. Optimism was voiced above all in the retail sector in response to relaxation of the corona restrictions. Wholesalers also expressed their more positive assessment of the current business situation, albeit not at the same level as their retail colleagues.

Industry faces new challenges as a result of the changes in demand volumes during the lockdown months: there is a worldwide shortage of semiconductors – and the same applies to plastic granulate, speciality steels or wood. Then there are the higher prices for oil and gas. Consumer prices in Germany rose by 2.5 percent in May – the highest figure since September 2011.

Very few logistics service providers are still concerned about insufficient orders on books and, on balance, they assess the current business situation as favourable. The outlook for future business is becoming ever more positive, with the result that the majority of companies plan to recruit new personnel. The business climate has improved noticeably, and the corresponding indicator re-entered the positive zone for the first time since mid-2019. There is still hope that the phase of lockdowns will finally come to an end during the next quarter.

There is much to support the belief that we will see a continuous uptrend in the second half of the year – such as the fact that logistics managers on both sides of the market are once again planning to expand their personnel. Germany's Federal Employment Agency reported 84,000 fewer unemployed people for May than in April and an unemployment rate of 5.9 percent. Logistics is playing a key role in the recovery of the labour market.

BVL is feeling this momentum and is also experiencing a brighter mood. If we continue along the road to recovery, we will be able to return to network events with in-person attendance. While the all-clear has unfortunately not yet been given, a hybrid-format International Supply Chain Conference this October in Berlin appears far more probable today than just four weeks ago. Let us all cross our fingers that this remains the case.