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Logistics Indicator in Q4 2019

Rays of light in the winter sky

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In the run-up to Christmas and the new year, we really ought to be spreading the good news. But not everything is rosy in December 2019, and it's important that we are realistic about the global economy and developments in the logistics sector. As shown in the November poll conducted by the Ifo Institute on behalf of BVL, the overall indicator for the business climate in the logistics sector is trending down for the seventh month in a row and has now fallen below the neutral 100 line for the first time since the turn of 2012/2013. What the poll also shows is a marked difference between the assessments of industry and trade on the one hand and the logistics service providers on the other.

An increasing number of logistics service providers say the volume of orders on books is down and that demand expectations for the next six months are only just in the expansive corridor. With regard to personnel recruitment plans and staffing levels, all the numbers suggest a less dynamic trend. While there were still plans for significant price increases back in the first quarter of the year, the mood in this regard is far more cautious as 2019 draws to a close.

Industry and trade report rising stock levels and have curtailed their personnel recruitment plans more noticeably than is the case among the providers of logistics services. At the same time, assessments of the current business situation and expectations for the coming months are more positive among the users of logistics services than among the providers of these services, resulting in an overall business climate score of exactly 100 points – in other words, neither strongly positive nor strongly negative.

Forecasts for future business are bleaker than at this time last year. Given the many political and economic imponderables at the end of 2019, this comes as no surprise, as the threat of Brexit, smouldering trade conflicts, increasing protectionism and state interventions in economic activity will continue to have their effect as we enter the third decade of the 20th century.

All this means there are grounds for scepticism. The persisting burden of framework conditions that make life more difficult for economic actors can certainly promote pessimism, but there are also rays of hope. It is likely that construction, private consumption and investments in connection with climate targets will remain or become drivers of Germany's economic development. Various analysts believe that industrial production in Germany will stabilise during the course of 2020, and the labour market is still very robust, with companies still in search of skilled employees.

"Nachhaltig gestalten – Winning the Next Decade" is the BVL theme for 2020. This underlines how important it is that the – still – major potential of the logistics sector to shape the fortunes of the national economy is utilised in a responsible, far-sighted and sustainable manner, and in a way that reflects not only the economic but also the ecological and social responsibility of today's companies.

In this spirit, I urge you to remain courageous, active and inspired as we head for the new year!