



China Logistics Prosperity Index

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China Federation of Logistics & Purchasing 中國物流與採購聯合會

China Federation of Logistics & Purchasing (CFLP) is the logistics and purchasing industry association approved by the State Council. CFLP's mission is to push forward the development of the logistics industry and the procurement businesses of both government and enterprises, as well as the circulation of factors of production in China. The government authorizes the CFLP to produce industry statistics and set industry standards. CFLP is also China's representative in the Asian-Pacific Logistics Federation (APLF) and the International Federation of Purchasing and Supply Management (IFPSM).

The China Logistics Prosperity Index 中國物流業景氣指數

The China Logistics Prosperity Index (LPI), first launched in March 2013, provides an early indication each month of logistics activities in the Chinese logistics sector. The LPI is useful as a fore-indicator of economic and business conditions in China. It is published by China Federation of Logistics & Purchasing (CFLP). The Fung Business Intelligence Centre is responsible for drafting and disseminating the English LPI report.

Fung Business Intelligence Global Sourcing

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The business volume index of China Logistics Prosperity Index (LPI) came in at 55.4 in March, up from 53.2 in February.¹ Except the logistics service charges index, all sub-indices were in the expansionary zone in March.

1. Acceleration in growth in logistics activities

The business volume index rose from 53.2 in February to 55.4 in March, indicating an acceleration in the growth in logistics activities. Meanwhile, the new orders index went up by 1.9 pts from the previous month to 60.0 in March, the highest since May 2015, showing that new orders for logistics services have expanded at a fast pace recently.

The employment index rose from 51.9 in February to 52.6 in March, staying in the expansionary zone for two consecutive months. The latest reading indicates that employment in the logistics industry has continued to increase. In the meantime, the capacity utilization index came in at 54.5 in March, staying above 50. Logistics enterprises have continued to see enhanced utilization of their facilities.

2. Faster inventory turnover

The inventory turnover index rose sharply by 3.9 pts from the previous month 56.6 in March, above the critical 50-mark, pointing to faster inventory turnover. Meanwhile, the average inventory index also stayed above 50, registering 55.1 in March. The latest reading indicates an increase in inventory levels in warehouses in the month.

3. Quicker turnover of cash

The cash flow index stayed above 50, registering 53.3 in March. The latest reading indicates quicker turnover of cash for the logistics enterprises surveyed.

4. Costs on logistics enterprises increase at a faster pace

The operating cost index went up from 53.9 in February to 55.5 in March, indicating that costs on logistics enterprises have increased at a faster pace. In the meantime, the logistics service charges index rose to 49.8 in March, close to 50, showing a slight drop in charges for logistics services in the month.

The operating profit index stayed above 50, registering 54.3 in March. Profits made by logistics enterprises continued to record a month-on-month gain in March.

¹ From May 2014 onwards, the 'composite index' of the LPI is no longer used as an indicator for the overall performance of the logistics sector. Instead, the business volume index is now used as the overall indicator. The business volume index indicates the direction and rate of change in business volume of the logistics sector.



5. Logistics enterprises remain optimistic about business outlook

The fixed asset investment index went up from 54.0 in February to 56.6 in March, indicating that the month-on-month growth in fixed asset investment by logistics enterprises has accelerated lately. Meanwhile, the business expectations index came in at 65.4 in March, well above 50, showing that enterprises in the logistics industry have remained optimistic about the business outlook for the next three months.



About China Logistics Prosperity Index, LPI:

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Every month questionnaires are sent to over 300 logistics enterprises all over China. The data presented herein is compiled from the enterprises' responses about their logistics activities and inventory situations. No data of individual enterprises should be disclosed. The LPI should be compared to other economic data sources when used in decision-making.

Over 300 logistics enterprises in China are surveyed. The sampling of the enterprises involves the use of Probability Proportional to Size Sampling (PPS), which means the selection of enterprises surveyed is largely based on each sub-sector's contribution to the operating revenue of the logistics sector, and the representation of each geographical region.

There are 12 sub-indicators in the survey: Business Volume, New Orders, Average Inventory, Inventory Turnover, Cash Flow, Capacity Utilization, Logistics Service Charges, Operating Profit, Operating Cost, Investment in Fixed Asset, Employment and Business Expectations. An index reading above 50 indicates an overall positive change in a sub-indicator; below 50, an overall negative change.



About the Organisations:

China Federation of Logistics & Purchasing

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Fung Business Intelligence

Fung Business Intelligence collects, analyses and interprets market data on global sourcing, supply chains, distribution, retail and technology.

Headquartered in Hong Kong, it leverages unique relationships and information networks to track and report on these issues with a particular focus on business trends and developments in China and other Asian countries. Fung Business Intelligence makes its data, impartial analysis and specialist knowledge available to businesses, scholars and governments around the world through regular research reports and business publications.

As the knowledge bank and think tank for the Fung Group, a Hong Kong-based multinational corporation, Fung Business Intelligence also provides expertise, advice and consultancy services to the Group and its business partners on issues related to doing business in China, ranging from market entry and company structure, to tax, licensing and other regulatory matters.

Fung Business Intelligence was established in the year 2000.

The Fung Group

The Fung Group is a privately held multinational group of companies headquartered in Hong Kong whose core businesses are trading, logistics, distribution and retailing. The Fung Group employs over 45,100 people across 40 economies worldwide, generating total revenue of over US\$24.8 billion in 2015. Fung Holdings (1937) Limited, a privately held business entity headquartered in Hong Kong, is the major shareholder of the Fung group of companies.

Please visit www.funggroup.com for more about the Fung Group.

