



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.

Global Sourcing

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The business volume index of China Logistics Prosperity Index (LPI) came in at 58.6 in December 2019, down from 58.9 in November.¹

1. Robust growth in logistics activities continues

The business volume index dropped by 0.3 pt to 58.6 in December. Despite the slight decline, the index remained well above 50, indicating continued robust growth in economic activities along value chains.

Geographical sub-indices indicate that logistics services in Eastern, Central and Western China have all maintained solid growth in December. Industry sub-indices show that growth in all sub-sectors in the logistics industry are in the positive territory during the month, although 'loading and unloading and other transport services' and 'postal services' have seen decelerating growth as the peak season for e-commerce ended.

2. Capacity utilization index and employment index decline

The capacity utilization index retreated slightly by 0.3 pt to 56.2 while the employment index declined by 0.5 pt to 52.2 in December, as the growth in utilization of logistics facilities and employment decelerated slightly after the rapid growth in the previous month.

3. Investment in fixed assets index retreats

The investment in fixed assets index dropped by 1.2 pt to 53.5 in December, indicating growth moderation in fixed asset investments.

4. Cash flow index rises

The cash flow index rose by 0.6 pt to 55.3 in December, as cash flows in the industry accelerated toward year-end, indicating an improved availability of financing.

5. Business outlook remains cautiously optimistic

The new orders index in December came in at 56.8, well above the 50-mark, indicating robust demand for logistics services going forward.

The business expectations index was 56.2 in December, compared to 61.5 in November, indicating expectation of a strong yet moderating growth in logistics services.

About China Logistics Prosperity Index, LPI:

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Every month questionnaires are sent to 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.

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.

Fung Group

Fung Holdings (1937) Limited, a privately-held business entity headquartered in Hong Kong, is the major shareholder of the Fung Group of companies, whose core businesses operate across the entire global supply chain for consumer goods including trading, logistics, distribution and retail. The Fung Group comprises 42,000 people working in more than 40 economies worldwide. We have a rich history and heritage in export trading and global supply chain management that dates back to 1906 and traces the story of how Hong Kong and the Pearl River Delta emerged as one of the world's foremost manufacturing and trading regions. We are focused on both creating the Supply Chain of the Future to help brands and retailers navigate the digital economy as well as creating new opportunities, product categories and market expansion for brands on a global scale.

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