



## China Logistics Prosperity Index

July 2018

### **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.

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The business volume index of China Logistics Prosperity Index (LPI) came in at 54.9 in June, down from 56.1 in May.<sup>1</sup>

#### **1. Growth deceleration in logistics activities**

The business volume index dropped by 1.2 pts from the previous month to 54.9 in June, indicating a deceleration in the growth of logistics activities in the month. Meanwhile, the new orders index went down from 54.5 in May to 52.8 in June, showing that the new orders for logistics services have increased at a slower pace recently.

The capacity utilization index dropped by 4.2 pts, but still stayed above the critical 50-mark in June. Logistics enterprises have seen enhanced utilization of their facilities lately.

#### **2. Slight fall in service charges of logistics enterprises**

The logistics service charges index came in at 49.5 in June, the same as in May. The latest reading was below 50, indicating a slight fall in the service charges of logistics enterprises.

#### **3. Logistics enterprises remain optimistic about business outlook**

The fixed asset investment index went down markedly from 57.5 in May to 51.2 in June, indicating a deceleration in the growth of fixed asset investment by logistics enterprises in June. Meanwhile, the business expectations index came in at 58.1 in June, well above 50, showing that logistics enterprises have remained optimistic about the business outlook for the next three months.

<sup>1</sup> 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

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## **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**

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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.

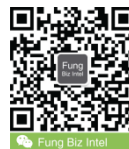
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Fung Business Intelligence was established in the year 2000.

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