



## China Logistics Prosperity Index

November 2019

### 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

#### Fung Business Intelligence

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The business volume index of China Logistics Prosperity Index (LPI) came in at 54.2 in October, up from 53.8 in September.<sup>1</sup>

#### 1. Logistics activities continue to grow steadily

The business volume index rose by 0.4 pt to 54.2 in October. Most of the sub-indices saw improvements during the month, with the exception of the cash flow index, which edged down by 0.1 pt.

Geographical sub-indices showed that logistics activities in Eastern and Central China performed particularly well. In terms of sub-industries, railway transport, water transport, and express delivery services industries have maintained strong growth. By size of enterprises, large logistics enterprises grew rapidly, whereas small- and medium-sized logistics enterprises grew moderately.

#### 2. New orders index continues to rise

The new orders index edged up by 0.2 pt to 53.2 in October, indicating robust demand for logistics services.

#### 3. Growth in capacity utilization stays strong

Capacity utilization rose 0.6 pt to 53.5 in October, suggesting accelerating growth in the utilization of logistics facilities.

#### 4. Inventory-related indices rise

The average inventory index went up by 0.3 pt to 51.7 in October, while the inventory turnover index rose slightly by 0.1 pt to 52.0. The rise in both indices show that demand for warehousing and storage services have gone up as retailers stock up for the upcoming peak season for e-commerce promotions.

#### 5. Business outlook remains optimistic

The business expectations index reached 62.0 in October, up by 1.1 pt from September, indicating continued optimism. The industry is expected to sustain steady growth as the Singles' Day and Christmas shopping season approach.

## **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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