CEMA Business Barometer

Survey report August 2014
Steady downturn of European business
Executive summary of the August survey

The recession trends for the agricultural machinery sector in Europe are gaining ground. For seven month in a row, the correspondent business climate index declined to a level that shows a majority expecting shrinking sales in the months ahead. In addition, always more entrepreneurs are unsatisfied with their current business as well.

Especially representatives from Germany, the biggest production site for ag machinery in Europe, recently expressed less optimism, and only one out of five companies declare their situation to be good. On the other hand, turnover expectation from companies located in Spain and the UK have further improved.

Differentiating within the industry, manufacturers of livestock equipment apparently are still well equipped with orders and look much more optimistic into the future than the total branch. Average orders on hand for the entire industry decreased remarkably to just two months, a value that is three weeks less in terms of production capacity than one year before. Only 13% of the interviewees reported their order stock to exceed 3 months, compared to 26% in previous year’s summer period.

Calculated as an average value, turnover for machinery on the European markets declined by 5% in July, new orders decreased between 5 and 10%. Growth perspectives are only left for the UK and Spain, which means a recovery from basically low levels here, while the other European markets tend to perform weaker in the coming months. Perspectives in the CIS region have become very poor, incl. uncertainty about trade sanction consequences.
Business Climate
Illustration of Business Cycle

Source: CEMA Business Barometer, each value as an average of the last two months
Business Climate Index Development

CEMA Business Climate Index (CBI)

Source: CEMA Business Barometer
Index = sum of 1) evaluation of the current business situation and 2) turnover expectation, scale from -100 to +100
Business Climate
Current Evaluation and Expectations

Question: We consider our current business to be ....

- 31% very unfavourable
- 34% unfavourable
- 42% satisfying
- 23% good
- 3% very good

Question: We expect our overall turnover within the next 6 months to...

- 43% decrease
- 41% remain unchanged
- 49% grow

Source: CEMA Business Barometer
Employment

Question: Our plans regarding the workforce

Regular employees
- Increase: 5%
- Reduce: 17%
- Keep unchanged: 78%

Temporary employees
- Increase: 7%
- Reduce: 52%
- Keep unchanged: 41%

Source: CEMA Business Barometer August 2014