CEMA Business Barometer

Public report – July 2014
What is the CEMA Business Barometer?

- A monthly survey within for the European agricultural machinery industry (started in 2008)
- Coverage of all major sectors – from tractors to municipal equipment
- Target group: 140 senior managers from 9 (CEMA) countries
- Implementation: online survey
- Questionnaire available in five languages
- Executed by VDMA for CEMA
- Subjects of the survey:
  - current and future business situation
  - situation of order intake
  - development of turnover
  - turnover expectation per country
  - production plans
  - employment plans
  - special topics, e.g. delivery times
- Deadlines: starting ca. 5th each month, closure: ca. 13th
Summary and key findings of the results July 2014

The new results of this monthly survey are mostly a confirmation of the sharp negative trend that was initiated four weeks ago. The CEMA business climate index loses another two points due to a slightly higher discontent with the current situation. The number of industry representatives who expected higher sales over the next six months decreased to 17%.

Some companies might experience certain surprises of new demand with different origin, but the mainstream of our industry faces a decline of both new orders and turnover. This decline is slightly higher on the domestic (European) market (ca. -5% as an estimated average for June) and lower for the export business (ca. -3%).

The weakest perspectives are still seen in the region of the CIS, but less companies expect a considerable further drop of their turnover on these markets. On the other hand, the level to compare with (II/2013) is still high – the abrupt change of the market in Russia, Ukraine etc. happened only at the beginning of this year.

In France, there is still a certain disillusion and question marks about the fundament of the market. But similar to the situation in Italy, some manufacturers and distributors noted an upward movement, so that the average expectations improved slightly. Spain will probably experience some lower growth in the second half of this year, while the UK market seems to be a strong pillar in current times.

Regarding the second hand machinery market: Generally, there does not seem to exist high stock levels in the main countries – some notable increase is only registered for France.
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
Illustration of Business Cycle

Source: CEMA Business Barometer, each value as an average of the last two months
Business Climate
Current Evaluation and Expectations

Question: We consider our current business to be ….

- very unfavourable: 25% 31% 34%
- unfavourable: 47% 42% 43%
- satisfying: 26% 23% 21%
- good: 3% 3% 2%
- very good: 0% 0% 0%

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

- decrease: 33% 43% 41%
- remain unchanged: 46% 39% 42%
- grow: 21% 18% 17%

Source: CEMA Business Barometer
Employment

Question: Our plans regarding the workforce

Regular employees
- Increase: 7%
- Reduce: 13%
- Keep unchanged: 80%

Temporary employees
- Increase: 11%
- Reduce: 39%
- Keep unchanged: 50%

Source: CEMA Business Barometer July 2014