CEMA Business Barometer

Public excerpt November 2019
What is the CEMA Business Barometer?

- A monthly survey within 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
European Ag Machinery Industry in Recession
Executive summary of the survey in November

The general business climate index of the agricultural machinery industry in Europe is moving in the recession zone. The current business has further deteriorated. On the other hand, expectations are still clearly negative, but have stabilized slightly in November.

Based on the strong order intake in the past, the volume of orders is still corresponding to a production period of 2.7 months, which is only slightly less than in the past two years at this point of time. However, although not quite as strong as expected in recent month, incoming orders are significantly slowing down, through which order coverage will slowly but surely continue to melt.

On the European market side, the outlook of the survey participants remains worst for the UK, and best for France. A new slight upward trend can be seen in Poland and some Scandinavian counties. From all other countries the majority of participants expect turnover decreases.
Business Climate
Index Development

CEMA Business Climate Index (CBI) - Total

CBI = geometric mean of 1) evaluation of the current business situation and 2) turnover expectation;
Index scale from -100 to +100;
positive index for 1) = majority of respondents evaluates the current situation as favourable and vice versa;
positive index for 2) = majority of respondents expects for the next six months an increasing turnover and vice versa (respectively compared to the previous year’s level)

Source: CEMA Business Barometer
Business Climate
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 ….  

<table>
<thead>
<tr>
<th>Year</th>
<th>Very Unfavourable</th>
<th>Unfavourable</th>
<th>Satisfying</th>
<th>Good</th>
<th>Very Good</th>
</tr>
</thead>
<tbody>
<tr>
<td>201909</td>
<td>42%</td>
<td>32%</td>
<td>18%</td>
<td>21%</td>
<td>3%</td>
</tr>
<tr>
<td>201910</td>
<td>42%</td>
<td>34%</td>
<td>20%</td>
<td>20%</td>
<td>2%</td>
</tr>
<tr>
<td>201911</td>
<td>40%</td>
<td>36%</td>
<td>40%</td>
<td>17%</td>
<td>3%</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Year</th>
<th>Decrease</th>
<th>Remain Unchanged</th>
<th>Grow</th>
</tr>
</thead>
<tbody>
<tr>
<td>201909</td>
<td>40%</td>
<td>42%</td>
<td>3%</td>
</tr>
<tr>
<td>201910</td>
<td>44%</td>
<td>40%</td>
<td>18%</td>
</tr>
<tr>
<td>201911</td>
<td>39%</td>
<td>44%</td>
<td>23%</td>
</tr>
</tbody>
</table>

Source: CEMA Business Barometer
Employment

Question: Our plans regarding the workforce

Regular employees
- Increase 10%
- Keep unchanged 73%
- Reduce 17%

Temporary employees
- Increase 10%
- Keep unchanged 44%
- Reduce 46%

Source: CEMA Business Barometer November 2019