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
The general business climate index of the agricultural machinery industry in Europe keeps on high level (highest value since 2012). Future expectation has become somewhat more cautious (at a very high level), but in return evaluation of the current business has further improved, by which the divergence between these two variables is further closing.

The tractor industry is less euphoric and still more skeptical than the rest of the agricultural machinery industry (with both future and current evaluation below the industry average). In the case of harvesting equipment, on the other hand, there is a clear movement. This industry evaluates current business still worse, but future expectation now for the first time clearly better than the average of the industry.

Incoming orders from outside of Europe are in the meanwhile developing considerably more dynamic than those from Europe. This applies by far the clearest for the tractor segment.

Nonetheless, there is still once again for each single European market a majority of survey participants expecting turnover increases in the next six months. Within Europe, Germany is now among the top markets. However, if considering only tractors, arable and harvesting equipment, Germany is rather midfield. In contrast, Poland has further climbed up the ranking across all segments. Also Belgium which was for a long time on the bottom of the ranking (due to extreme income losses in the past year) seems to be recovering. In the southern drought affected areas the situation is mixed, with Italy further slipping down, but Spain seeming to stabilize again.

Overall, current dealer stock levels are not indicating any turnaround in any European country. The levels are quite balanced all over Europe, being neither below nor above the average of the past 3 years.
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, scale from -100 to +100

Source: CEMA Business Barometer
Business Climate
Illustration of Business Cycle

Expectation for the coming 6 months
Balance
Evaluation of current business
Recession
Downswing
Upswing
Boom

October 2017
Business Climate
Current Evaluation and Expectations

Question: We consider our current business to be ….

- 66% very unfavourable
- 14% unfavourable
- 5% favourable
- 6% satisfying
- 31% good
- 5% very good

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

- 4% decrease
- 30% remain unchanged
- 66% grow
- 6% increase

Source: CEMA Business Barometer
Employment

Question: Our plans regarding the workforce

Regular employees
- Increase: 28%
- Keep unchanged: 68%
- Reduce: 4%

Temporary employees
- Increase: 40%
- Keep unchanged: 53%
- Reduce: 7%

Source: CEMA Business Barometer October 2017