



China Logistics Prosperity Index

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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

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The business volume index of China Logistics Prosperity Index (LPI) came in at 58.9 in November, up from 54.2 in October.¹

1. Logistics activities show strong rebound

The business volume index rose by 4.7 pt to 58.9 in November. The strong rebound indicates increased momentum in logistics activities as supported by the improved outlook of the global trade scene and e-commerce sales during the month.

Industry sub-indices show that growth in logistics activities is particularly high in express delivery, warehousing and storage, railway transport, and road transport. Geographical sub-indices indicate that logistics services in Eastern, Central and Western China have all maintained strong growth.

The China Warehouse Storage Index, another indicator published by the CFLP, also registered a significant rise of 3.5 pts to 54.4 in November.

2. Growth in capacity utilization stays strong

Capacity utilization rose 3.0 pts to 56.5 in November, as an increase in logistics activities led to higher utilization of logistics facilities.

3. Inventory-related indices rise

The inventory turnover index jumped by 4.6 pts to 56.6 in November, while the average inventory index went up by 0.7 pt to 52.4. The above-50 readings of both indices indicate strong consumption demand and improved logistics efficiency.

4. Gross profit index and logistics service charges index goes up

The gross profit index went up by 0.8 pt to 52.6 in November, while the logistics service charges index climbed mildly by 0.3 pt to 51.1. These movements suggest that logistics service charges were adjusted upward on the back of a strong demand, boosting profits of the industry.

5. Business outlook remains optimistic

The new orders index jumped by 4.8 pt to 58.0 in November, indicating robust demand for logistics services going forward.

The business expectations index was 61.5 in November, compared with 62.0 in October, indicating expectation of a strong yet decelerating growth in logistics services after the peak e-commerce shopping season.

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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