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
Future expectations significantly deteriorated
Executive summary of the survey in May

The general business climate index of the agricultural machinery industry in Europe has deteriorated significantly for the first time since autumn. While current business is still maintaining its stability, future expectations have dropped as sharply as they last did in May 2016.

Based on the strong order intake in the past, the volume of orders is still very high (corresponding to a production period of 3.1 months). However, the current order intake is weakening and for the coming six months, a further significant slowdown in incoming orders is expected.

For the segments of tractors and harvesting equipment, not only the future expectation but also the current business evaluation seems already to solidify at a comparatively much lower level. Meanwhile, future expectations of livestock equipment manufacturers have collapsed dramatically. Accordingly, uncertainty among component manufacturers has increased again.

The regional breakdown reveals again France as one of the few stable growth markets within Europe. Italy, Spain and Austria remain positive, but have lost some dynamics. The German market continues at low confidence level. The UK appears to be stabilizing in the negative to flat range, after the strong deterioration in the previous month. For Romania, Belgium and the Netherlands, there is again a clear majority of participants expecting turnover decreases.
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 ….

- 17% very unfavourable
- 43% unfavourable
- 40% satisfying
- 2% very good

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

- 15% decrease
- 49% remain unchanged
- 38% grow
- 20% increase

Source: CEMA Business Barometer
Employment

Question: Our plans regarding the workforce

Regular employees
- Increase: 16%
- Reduce: 3%
- Keep unchanged: 81%

Temporary employees
- Increase: 16%
- Reduce: 28%
- Keep unchanged: 56%

Source: CEMA Business Barometer May 2019