

Technical Notes on Usable Information to the Segments of Development of Economic Environment influencing Demand on Transport Market

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ABSTRACT

Transport sector is heavily influenced by all fluctuations on the market with goods traffic services and passenger services concerning demand - the only "stored" potential to cover unpredicted growth of traffic are free "mobile" capacities of vehicles, and in some extent capacities of transport infrastructure.

Findings in the below quoted article analyse effects of large balance sheet adjustments in corporate sector as a result of economic crisis; they proved the impact of greater adjustments on the level of GDP, that could be transmitted into the sectoral structure of demand for transport.

These adjustments could refine medium term forecasting of renewal of traffic on the initial level, under normal market conditions, without help from outside.

KEY WORDS: forecasting of growth of traffic.

FURTHER POSSIBILITY TO ELABORATE EFFECTS OF EPISODES OF ECONOMIC GROWTH INFLUENCING TRAFFIC

ADJUSTMENTS OF THE BALANCE SHEETS OF COMPANIES

Focus "Balanced sheet adjustment in the corporate sector" in Quarterly Report on the Euro Area, volume 9, No 3 (2010) describes results of analyses of sample of 31 episodes of large balance sheet adjustments in corporates of states with advanced economies, with some extensions to the EU27 and the achievements that proved sizeable macroeconomic consequences. The episodes are events disturbing developments of economies of corporates that touched total development of GDP exceeding 2% GDP.

The negative consequences of large balance sheet adjustment in the period of financial and economic crises reflect losses in GDP growth and strong falls in investment, lasting on average more than 8 years.

Balance sheet adjustments bring weaker growth of wage bills, which in turn weighs on domestic demand and economic growth.

Case studies from Japan and Germany together with an econometric analysis show that the adjustment episodes can be triggered by corporate over-indebtedness, stock market declines, business cycle downturns and negative shocks in GDP growth. Prolonged adjustments could come from deterioration of financial intermediation and changes in the tax system. As a lecture from the crisis fixing banks' balance sheets and frontloading growth reforms under the Europe initiative will lessen the negative consequences of the adjustment.

The structure of balance sheets of corporations responds to changing economical and financial conditions, including prospects of growth of asset prices, taxation and interest rates. In normal times, changes in balance sheets of individual firms have little effects on the economy, but in case of larger shocks the macroeconomic consequences are significant.

Under very strict assumption (perfect capital markets, no bankruptcy costs and neutral tax system) changes in structure of balance sheets should leave the value of the firm and output decisions unaffected. Without such assumptions the structure of balance sheets depends on economic conditions and firms' financial decisions can no more be separated from their output decisions. Modern finance theory has emphasised the possible interactions between balance sheet structure and the non-financial side of the economy when capital markets and information are imperfect.

Not to deepen indebtedness there could be cuts in costs of wages either by decreased employment or lesser level of wages with impact on rate on employment, social assistance, but through these changed indicators of passenger traffic too- either in lesser commuting, or lesser costly trips for leisure. Both above mentioned items influenced corporate net lending or borrowing (NLB). There is possible to derive delayed investments and their influence in losses in traffic demands during investments and later- until the opening of traffic operations – in volumes of traffic.

The moves of NLB indicates the role of sector either as a net provider or recipient of finance for the rest of economy. In euro area there were oscillations in range of 0,5% to 4,5 % of GDP. As it has been mentioned above, for counting balanced sheet as an event of adjustment worth consideration there was taken balanced sheet adjustment NLB with the effect more than 2% GDP with lasts more than one year.

FINDINGS FOR POSSIBLE PREDICTABILITY FOR BOTH CORPORATIONS AND TRANSPORT OPERATORS

The sample of balance sheet adjustments gathered from all 27 Member States of EU and US were oriented mostly on the states of euro area and other high developed countries with advanced economy. There were during about thirty last years 31 episodes lasting on average 8,3 years with standard deviation of more than 5 years. Such very high standard deviation needs farther analysis concerning the secondary division of factors with decisive impact. The calculations effects of balance sheet adjustments on economic growth were oriented to the 4th year after the beginning of adjustment- it means to the 5th year. Relatively long time periods for adjustments in above mentioned episodes need in modes of transport with high participation of SMEPs very prudent measures to assure satisfaction of higher volumes of traffic, with not too high overhang of capacities after peaks periods' during decreased demands. Refused requirements could hamper the development of economies, influence possibilities for growing employment etc. There could be very simplyfied choice how to react in the most efficient way on peak demand – to have reserves in drivers' capacities in all cases where could be either the possibility to use capacities of operated vehicles in more shifts or prolonged shifts with farther drivers instead of more expensive free capacities of vehicles and unemployed drivers.

LITERATURE

Focus: Balance sheet adjustment in corporate sector . In Quartely Report on the Euro Area, Volume 9, No 3 (2010), pp. 9 - 19.