

# Corporate investment

Investment by non-financial enterprises (NFEs) fell back sharply in Q4 2023 (-0.9% after +0.3% in Q3, ► [Figure 1](#)). All the components of investment contributed to this downturn. Investment in manufactured products contracted (-1.1%), especially investment in automobiles (company fleets in particular contributed to this decline) after two very dynamic quarters (► [Figure 2](#)). Despite increasing steadily since the end of the health crisis, investment in services also declined, especially investment in information-communication services, which fell back for the first time since 2020. Lastly, investment in construction continued its decline, begun in 2022, although it fell back a little less markedly than in the previous quarter (-1.3%, after -2.1%). All in all over the year, investment by NFEs resisted monetary tightening well: in fact, it grew by 2.7% in 2023 (after +3.8% in 2022), driven as much by investment in manufactured products (+4.7% after +1.4%) as by investment in services (+4.7% after +7.5%). Only investment in construction fell sharply (-3.7%) after an already sluggish 2022 (+0.2%).

For the coming quarters, business leaders remain cautious about their investment prospects, according to the latest business tendency surveys. The balance of opinion on expected investment by services sector companies dropped below its long-term average in October 2023 and continued to decline at the start of 2024 (► [Figure 3a](#)). In industry, this balance is also on a downward trend. Given that there is unlikely to be a reduction in the ECB's base interest rate before the spring, the cost of capital is expected to hamper companies' productive investment: in industry, the share of companies that believe that financing conditions are a stimulus for investment is at its lowest for more than 20 years (► [Figure 3b](#)).

In this unfavourable context, investment by NFEs is expected to remain sluggish throughout H1 2024 (-0.1% forecast in Q1 then 0.0% in Q2) and with negative mid-year growth overhang (-0.4%). On the one hand, investment in services, especially in information-communication, should recover some of its momentum (+0.6% per quarter) after the slump in Q4. But conversely, investment in manufactured products, notably capital goods, looks set to continue its decline (-0.8% per quarter). In construction, the decline is expected to continue, but at a more and more moderate pace (-0.6% in Q1, then -0.2% in Q2), with non-residential building starts having stabilised over recent months. ●

## ► 1. Investment by non-financial enterprise (NFEs)

(quarterly and annual changes, in %, seasonally and working day adjusted)

	Quarterly changes										Annual changes		
	2022				2023				2024		2022	2023	2024 ovhg
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2			
Manufactured product (32%)	0.1	0.1	5.7	1.5	0.0	0.3	1.5	-1.1	-0.8	-0.8	1.4	4.7	-1.4
Construction (23%)	0.5	-1.2	0.9	-0.2	-2.0	-0.5	-2.1	-1.3	-0.6	-0.2	0.2	-3.7	-2.9
Services excl. construction (45%)	1.6	1.4	4.0	0.8	0.1	1.9	0.6	-0.5	0.6	0.6	7.5	4.7	1.5
All products (100%)	0.8	0.4	3.9	0.8	-0.5	0.8	0.3	-0.9	-0.1	0.0	3.8	2.7	-0.4

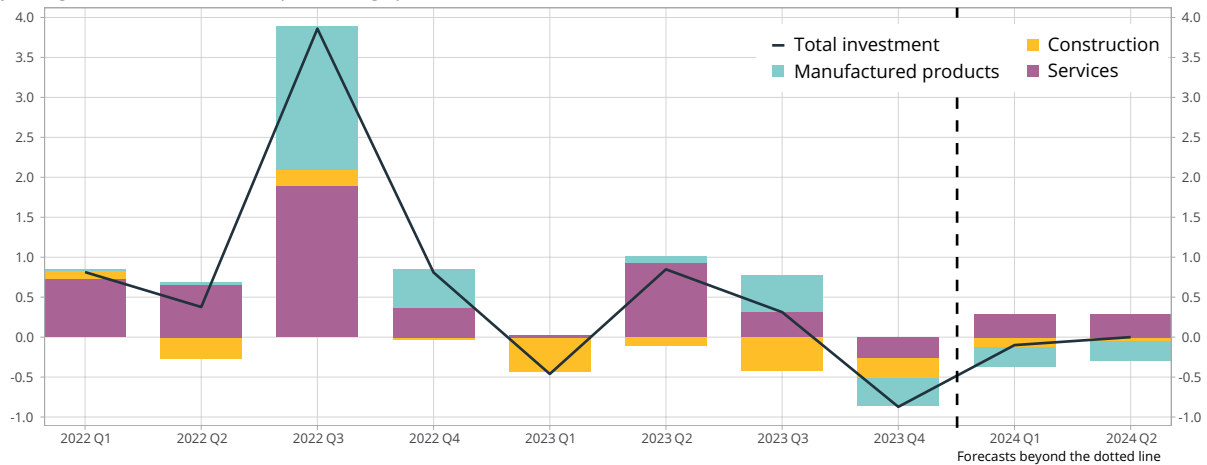
■ Forecast.

Source: INSEE.

# French economic outlook

## ► 2. Investment of non-financial enterprises by product

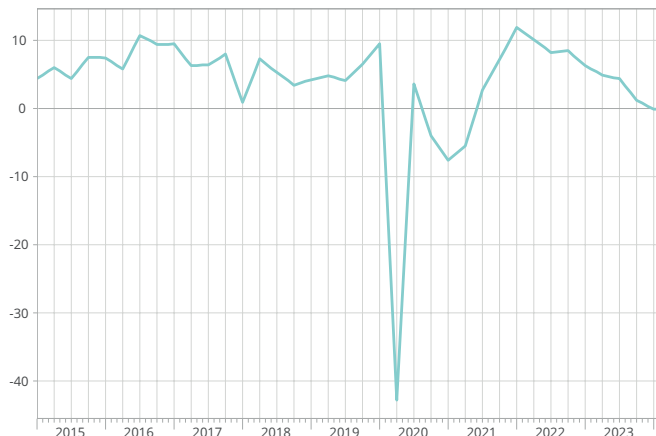
(quarterly changes in %, contributions in percentage points)



Source: INSEE.

## ► 3a. Expected investment in services

(balance of opinion, SA, in points)



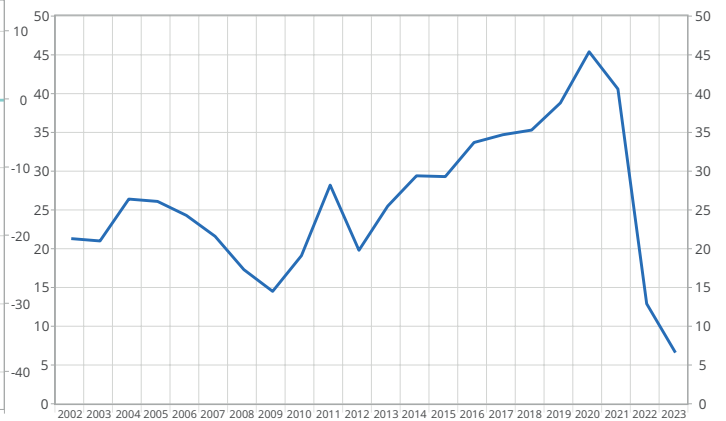
**Last point:** January 2024.

**How to read it:** in January 2024, the balance of opinion on expected investment in services stood at 0 points.

**Source:** INSEE, business surveys.

## ► 3b. Effect of financing conditions on expected investment in the manufacturing industry

(% of companies concerned)



**Last point:** October 2023.

**Note:** companies are surveyed in October of every year on their expectations for the coming year.

**How to read it:** in October 2023, 7% of manufacturing industry companies reported that financing conditions will stimulate their investment in the coming year.

**Source:** INSEE, quarterly business survey for industry.