

# Corporate investment

Investment by non-financial enterprises (NFEs) remained virtually stable in Q1 2025 (+0.2% after -0.1% in Q4 2024; ► **Figure 1**). Investment in manufactured goods fell slightly (-0.1% after -0.6% in Q4 2024): the good momentum in purchases of transport equipment (+2.0% after +2.7%) was offset by the continued decline in investment in capital goods (-0.4% after -2.9%) and in “other industrial products” (-1.8% after -1.2%). Construction investment contracted for the eighth consecutive quarter (-1.2% after -0.7% in Q4 2024). Lastly, capital expenditure on services showed sustained growth (+1.4% after +0.8%), mainly attributable to information and communication (+2.1% after +0.5%), while purchases of business services slowed (+0.2% after +1.4%).

Between now and the end of 2025, corporate investment decisions should continue to face headwinds in a context of uncertainty about the global economic environment. On the one hand, past monetary easing is beginning to work through, as elsewhere in Europe, fostering a stabilisation in capital spending after a sharp fall in 2024: monthly fluctuations aside, production of corporate investment loans has been on an upward slope for a year (► **Figure 2**). In addition, uncertainty aside, companies are facing a decline in their free operating cash flow as a result of the past increase in interest charges, which, for those with sales in excess of €1 billion, should be exacerbated at the end of 2025 by the corporation tax surcharge provided for in the Finance Law.

Outlook indicators are sending out mixed signals as regards corporate investment, confirming the hesitation between opposing factors. Demand for capital goods, particularly industrial goods, seems to be coming out of its torpor: the business climate among capital goods manufacturers is improving, and the capacity utilisation rate is rising in industry (► **Figure 3**). On the other hand, the good trend in investment in automobiles over the last two quarters is probably due mainly to a rebound effect following the sharp fall in Q3 2024, and is expected to run out of steam over the forecasting period. Similarly, in the services sector, business tendency surveys point to a slowdown in activity: planned investments are down and the business climate for information and communication companies has been below its long-term average for the past year (► **Figure 4**). Finally, corporate investment in construction is likely to remain persistently weak, due to structural changes in work organisation and purchasing patterns that are reducing the need for office and commercial premises.

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

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

	2023				Quarterly changes								Annual changes		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2023	2024	2025
Manufactured product (33%)	-0.5	0.7	1.3	-2.3	-0.6	-0.7	-3.9	-0.6	-0.1	-0.5	-0.3	-0.3	2.0	-4.1	-3.3
Construction (25%)	0.9	-0.4	-0.8	-1.9	-2.6	-1.8	-0.3	-0.7	-1.2	-0.6	-0.6	-0.6	0.9	-6.1	-3.2
Services excl. construction (42%)	0.5	1.8	0.5	0.0	-0.1	1.3	0.8	0.8	1.4	0.3	0.4	0.5	5.0	2.2	3.3
<b>All products (100 %)</b>	<b>0.3</b>	<b>0.8</b>	<b>0.4</b>	<b>-1.3</b>	<b>-1.0</b>	<b>-0.3</b>	<b>-1.1</b>	<b>-0.1</b>	<b>0.2</b>	<b>-0.2</b>	<b>-0.1</b>	<b>-0.1</b>	<b>2.8</b>	<b>-2.4</b>	<b>-0.8</b>

■ Forecast

Source: INSEE.

## ► 2. Investment loans granted to resident non-financial enterprises

(SA monthly flow, 3-month moving average, in millions of euros)



Last point: April 2025.

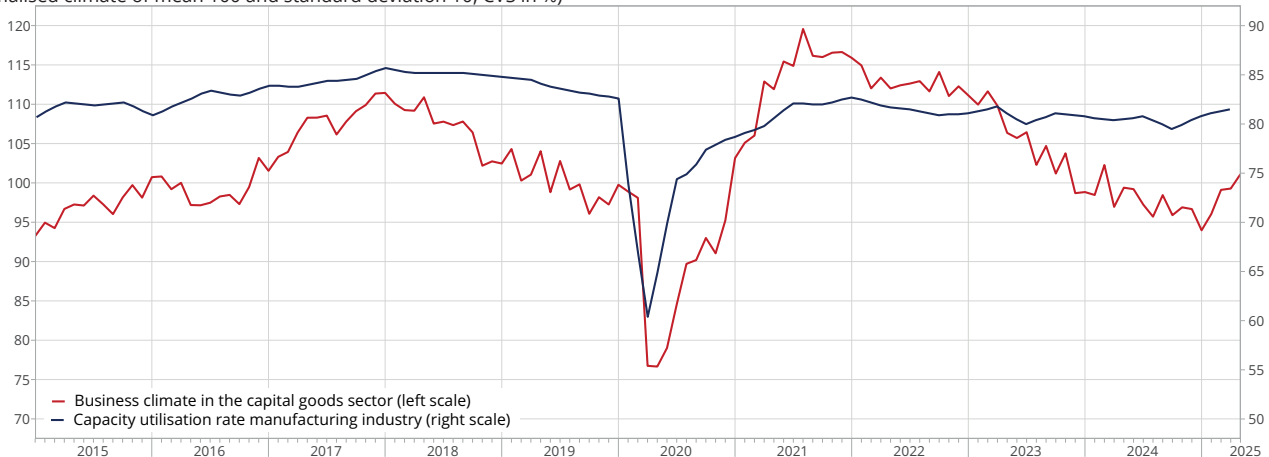
Source: Banque de France.

In Q2 2025, investment by NFEs should therefore fall slightly (-0.2% after +0.2%). Investment in manufactured goods is set to fall slightly further as a result of the slowdown in vehicle fleet renewals (-0.5% after -0.1%), but the trend in capital goods purchases should be slightly less negative. Investment in services is expected to grow slightly, although well below trend (+0.3% after +1.4%). Construction investment is likely to continue to fall, albeit more moderately than in Q1 (-0.6% after -1.2%).

In H2 2025, investment by non-financial enterprises should be virtually stable (-0.1% per quarter): monetary easing should no doubt begin to take effect, but the fall in the corporate savings rate should probably prevent a clear recovery. The decline in investment in manufactured goods should ease in H2 (-0.3% per quarter), while investment in services should accelerate somewhat (+0.4% then +0.5%), although at a much slower pace than between 2022 and 2024 (+1% quarterly growth on average). The decline in construction investment is set to continue at the same rate in H2 (-0.6% per quarter). Overall, investment by NFEs is likely to fall by 0.8% in 2025, after -2.4% in 2024, with contrasting trends depending on the product: spending on manufactured goods is expected to fall less sharply than in 2024 (-3.3% after -4.1%), while spending on services is expected to remain dynamic (+3.3% after +2.2%) due to a carry-over effect, while investment in construction is expected to fall further, although less sharply than in 2024 (-3.2% after -6.1%). ●

### ► 3. Business climate in the capital goods sector and capacity utilisation rate in manufacturing industry

(normalised climate of mean 100 and standard deviation 10; CVS in %)



**Last point:** May 2025.

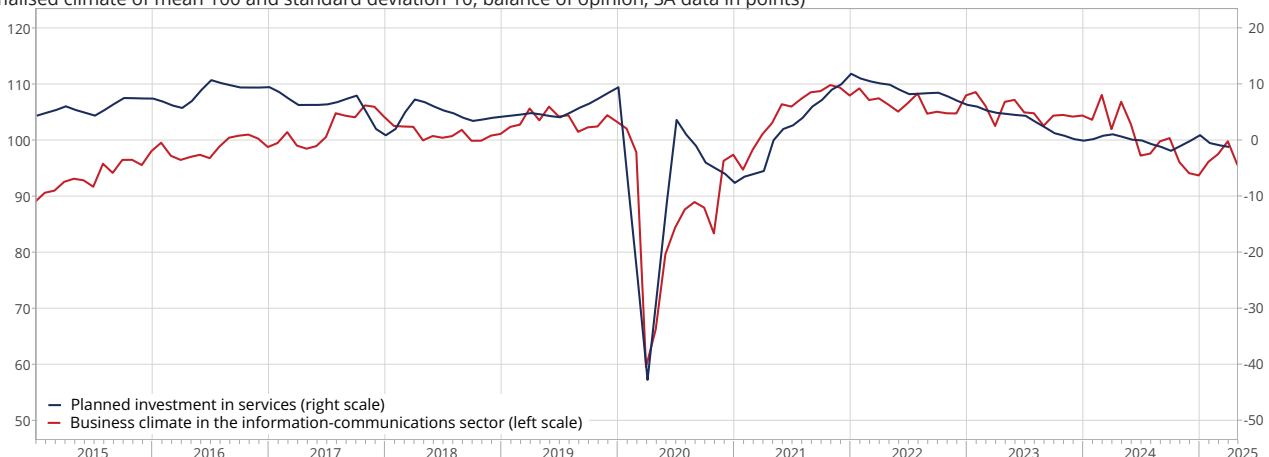
**Note:** the business climate series is monthly, while the capacity utilisation rate series is quarterly.

**How to read it:** in Q2 2025, the capacity utilisation rate in manufacturing was 81.6%. In May 2025, the business climate in the capital goods sector was 101.

**Source:** business surveys, INSEE.

### ► 4. Business climate in the information-communication sector and planned investment in services

(normalised climate of mean 100 and standard deviation 10; balance of opinion, SA data in points)



**Last point:** May 2025.

**Note:** the business climate series is a monthly series, while the planned investment series is quarterly.

**How to read it:** in January 2025, the balance of opinion on planned investments by companies in the services sector stood at 1.6 points. In May 2025, the climate in the information-communications sector was 96.

**Source:** services business survey, INSEE.