

# Informations Rapides

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Principaux indicateurs



## ■ Survey of Industrial Investment – October 2014

### In the manufacturing industry, business managers forecast that investment will slightly decrease in 2015 after being steady in 2014

**For 2014, business managers forecast that investment will be steady**

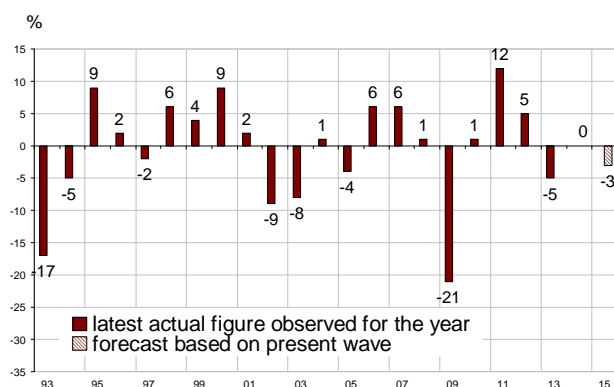
Surveyed in **October 2014**, business managers forecast that investment in the manufacturing industry will be steady in 2014. They revised by 1 point downwards their previous expectations given in July 2014.

This downward revision concerns all sectors except the manufacture of transport equipment. For this sector, investment will decrease by 1% after a forecast of -5% in July.

In 2015, investment in manufacturing industry is likely to decrease

On average over 2015, business leaders forecast a slight drop of 3% in their equipment spending compared with 2014. This drop is expected in all sectors. It would be notable in the sector of manufacture of transport equipment (-8%) and in the manufacture of food products and beverages (-8%).

#### Annual nominal change in investment in manufacturing industry



#### Real annual investment growth

NA* : (A17) et [A38]	In 2014		In 2015
	forecast Jul.14	forecast Oct.14	forecast Oct.14
<b>C : MANUFACTURING INDUSTRY</b>			
(C1): Manufacture of food products and beverages	1	0	-3
(C3): Electrical and electronic equipment; machine equipment	6	4	-8
(C4): Manufacture of transport equipment	8	4	-1
[CL1]: Motor vehicles	-5	-1	-2
(C5): Other manufacturing	-1	2	-8
(C5): Other manufacturing	-1	-1	-3
<b>Total sectors (C3-C4-C5)</b>	<b>0</b>	<b>0</b>	<b>-2</b>

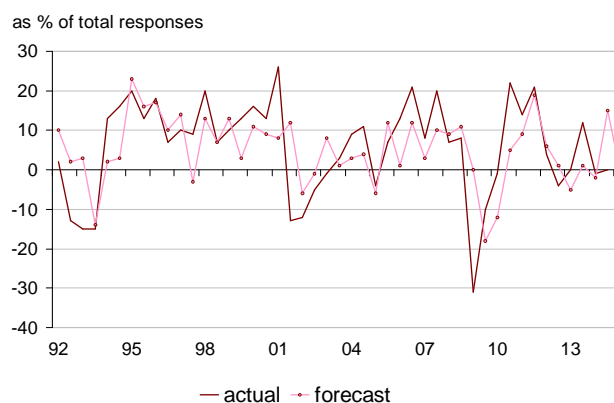
How to read this table: In manufacturing industry, firms surveyed in October 2014 forecast that investment will be steady in 2014 and a decrease by 3% in 2015 comparing to 2014.

\* The codes correspond to the level of aggregation (A17) and [A38] of the "NA" aggregate classification based on NAF rev.2.

#### Stable behaviour in H1 2015

Business leaders that anticipated an increase between H1 2014 and H2 2014 were as numerous as business leaders that anticipated a decrease. This is also true for H1 2015.

#### Opinion of industrials regarding six-month change in investment (first estimation\*)



### **In 2015, the investment incentives is likely to be similar to those of 2014**

In 2015, according to business leaders in the manufacturing industry, the purposes of investment will be similar to those of 2014. Slightly more than half of the investment supports the replacement and modernization of equipment (53%), slightly above its long-term average. The share of investment meant to increase productive capacity or to introduce new products (26% in 2015) is slightly lower than its long-term average (-4 points).

#### **Share of purposes of investment**

	Average 1991-2014	2014 forecast	2015 forecast
Replacement	27	29	30
Modernization, streamlining	24	24	23
of which : automation	11	9	8
of which : new production methods	7	6	6
of which : energy savings	6	9	9
increase in productive capacity	16	15	13
Introduction of new products	14	12	13
Other purposes (safety, environment, working conditions...)	20	20	21

According to industrial leaders, the expected profits will stimulate investment in 2015 more than in 2014. However the corresponding balance of opinion is lower than its long-term average.

The domestic-demand outlook and to a lesser extent the foreign-demand outlook are less stimulating factors: the balances of opinion are significantly lower than their long-term average of respectively 16 points and 4 points. The financial factors (cash flow, indebtedness, interest rates, overall financing conditions) are considered to be stimulating for a share that remains significantly above its long-term average.

### **Factors influencing investment decisions**

Balance of opinion, as % of responses

	Average 1991-2014	in 2014 (observation)	in 2015 (prediction)
Domestic-demand outlook	49	36	33
Foreign-demand outlook	53	47	49
Expected profits from new investment	83	73	77
Cash flow	16	19	16
Indebtedness	-3	4	2
Interest rates	5	27	27
Overall financing conditions	12	24	26
Technical factors (1)	63	59	62
Other factors (such as tax incentives)	22	24	26

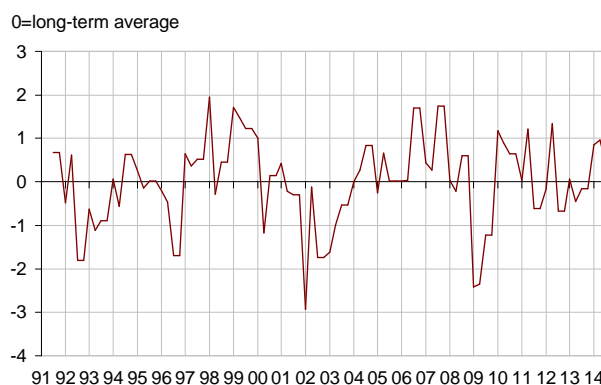
(1) Technological developments and need for labor to adjust to these new technologies

For each factor, the balance of opinion is calculated as the difference between the percentage of stimulating answers and the percentage of limiting answers.

### **Given the investment revision indicator, investment is likely to be steady at the end of 2014**

Investment of non-financial enterprises is likely to be steady at the end of 2014. In October, the investment revision indicator was slightly positive: based on investment amounts reported in at each survey by business leaders of the manufacturing industry (manufacture of food products and beverages and coke and refined petroleum products excepted), this indicator is well-correlated with quarterly gross fixed capital formation of non-financial enterprises.

#### **Investment revision indicator**



#### **Learn more:**

The Survey of Industrial Investment provides a picture of investment conditions in the industrial market sector. Investment in this sector, despite its critical role as an engine of economic change, accounts for only 25% of productive investment in France.

- Complementary data (long series) and metadata (methodology, linked internet pages, etc.) are available on the web page of this index: <http://www.insee.fr/fr/themes/indicateur.asp?id=25&type=1>
- Historical data are available on the BDM: [G1249](#), [G1250](#), [G1251](#)
- Press contact: [bureau-de-presse@insee.fr](mailto:bureau-de-presse@insee.fr)
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