

Informations Rapides

8 novembre 2016 - n° 290
Main indicators



■ Survey of Industrial Investment – October 2016

In the manufacturing industry, business managers forecast a stability in their investment in 2017 after a rise by 5% in 2016

Surveyed in **October 2016**, business managers forecast that investment in the manufacturing industry will expand by 5% in nominal terms in 2016 from 2015. They revised by 1 point downwards their previous expectations given in July 2016. In the sector of electrical and electronic equipment and machinery notably, investment should increase by 5%, instead of 10% as forecast in July.

For 2017, investment in the manufacturing industry is expected to be stable

On average over 2017, business leaders expect a stability in their investment expenditures compared with 2016. Investment should remain dynamic in the sector of electrical and electronic equipment and machinery (+9%). Conversely, investment should decline sharply in the sector of transport equipment (-10%).

calculated in April 2016, above its long-term average. Business leaders who have forecast an increase between H2 2016 and H1 2017 are also more numerous than those who have anticipated a decrease. The corresponding balance (+6) fell back after hitting its highest level since 2011 in April 2016.

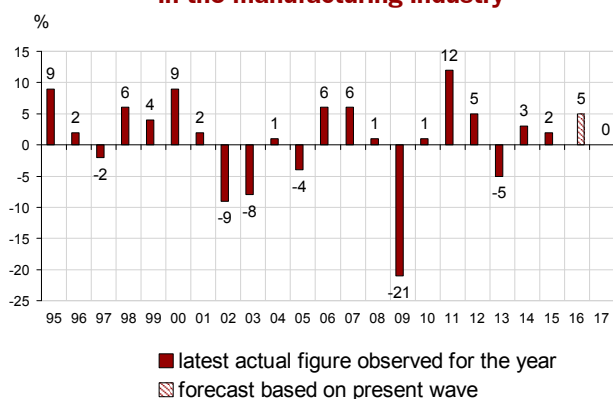
Real annual investment growth

NA* : (A17) et [A38]	In 2016		In 2017
	forecast Jul.16	forecast Oct.16	forecast Oct.16
C : MANUFACTURING INDUSTRY	6	5	0
(C1): Manufacture of food products and beverages	13	10	4
(C3): Manufacture of electrical and electronic equipment; Manufacture of machinery	10	5	9
(C4): Manufacture of transport equipment	6	5	-10
[CL1]: Motor vehicles	5	7	-7
(C5): Other manufacturing	3	3	0
Total sectors (C3-C4-C5)	5	4	-1

How to read this table: In manufacturing industry, firms surveyed in October 2016 forecast an increase by 5% of their nominal investment in 2016 compared with 2015 and a stability in 2017 compared with 2016.

* The codes correspond to the level of aggregation (A17) and [A38] of the "NA" aggregate classification based on NAF rev.2
Source: Industrial investment survey - INSEE

Annual nominal change in investment in the manufacturing industry

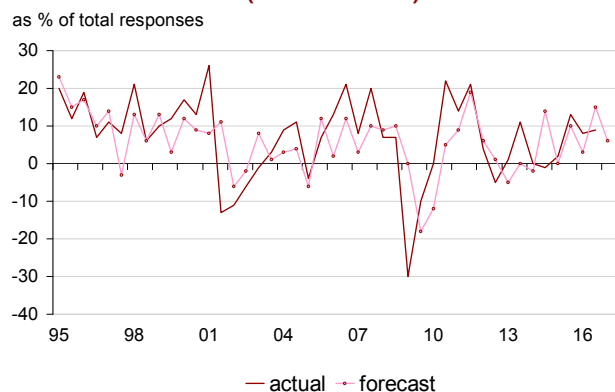


Source: Industrial investment survey - INSEE

More business leaders plan to increase their investment in H1 2017 than to reduce it

More business leaders reported an increase in their investment between H1 2016 and H2 2016 than business leaders who reported a decrease. The corresponding balance (+9) is close to the previous one

Six-month change in investment (first estimate)

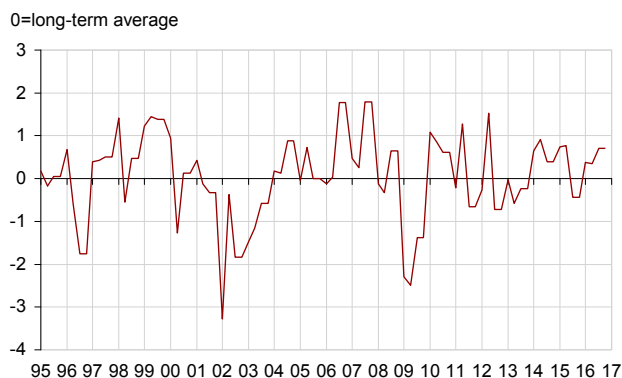


Source: Industrial investment survey - INSEE

The investment revision indicator is positive

The investment revision indicator is positive in October 2016, as business managers were more numerous to revise their 2016 investment forecast upwards than downwards. This indicator is based on investment amounts declared at each survey by business leaders of the manufacturing industry except those in the agri-food industry and in that of coke and refined petroleum products.

Investment revision indicator



Source: Industrial investment survey - INSEE

Investment is stimulated by the domestic-demand prospects and the financing terms

For 2016 and 2017, the financing terms (level of self-financing, indebtedness, interest rates, overall financing conditions) are still considered to be stimulating. The related balances of opinion are above their long-term average. The balance on domestic demand outlook increased, that on foreign-demand outlook has remained also at a high level.

Factors influencing investment decisions

Balance of opinion, as % of responses

	Average 1991-2016	in 2016 (actual)	in 2017 (forecast)
Domestic-demand outlook	49	54	55
Foreign-demand outlook	53	58	60
Expected profits from new investment	82	79	80
Cash flow	16	21	20
Indebtedness	-3	4	4
Interest rates	8	37	36
Overall financing conditions	13	35	35
Technical factors (1)	63	61	63
Other factors (such as tax incentives)	23	33	34

(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.

Source: Industrial investment survey - INSEE

In 2017, the investment incentives are likely to be similar to those of 2016

In 2017, the purposes of investment is set to be similar to those of 2016. The share of investment meant to the replacement of equipment should remain slightly above its long-term average as well as the share of investment meant to save energy.


Breakdown of the purposes of investment

	Average 1991-2016	2016 actual	2017 forecast
Replacement	27	29	29
Modernization, streamlining	24	24	24
automation	11	8	8
new production methods	7	8	8
energy savings	6	8	8
Increase in productive capacity	16	14	14
Introduction of new products	14	13	13
Other purposes (safety, environment, working conditions...)	20	20	20

Source: Industrial investment survey - INSEE

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/en/themes/indicateur.asp?id=15&type=1>
- Historical data are available on the BDM: [G1249](#), [G1250](#), [G1251](#)
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