

Informations *Rapides*

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■ Survey of the cash-flow situation in industry – December 2016

For the second half of 2016, business managers deemed that their operating balance remained satisfactory

In the industry as a whole, the operating balances were once again deemed satisfactory

In December 2016, less business managers than in June considered that their operating balance was satisfactory. However, the corresponding balance of opinion (+27) has remained significantly above its long-term average (+7), after reaching its highest historical level in the first half of 2016. Sourcing prices weighted on these results while sales volume contributed favourably. For the next six months, almost as industrialists as in June have expected a further improvement in operating balances.

The balance of opinion on the cash position is virtually stable

Almost as industrialists as in June considered that their cash position deteriorated during the past six months. The corresponding balance of opinion has decreased by 2 points albeit remaining above normal. More industrialists reported that exceptional profits or losses and capital spending had a negative impact on the cash flow during the past six months. For the next six months, more industrialists have forecasted an improvement of their cash position; the corresponding balance of opinion has exceeded its mean. Given the current cash position, they were more numerous to intend to increase their production and their selling prices.

More businesses reported an increase in their medium and long-term debt

More industrialists considered that their medium to long-term debt increased during the past six months. Conversely, less of them reported an increase in short-term loans outstanding and use of commercial paper. Regarding the level of equity capital of external origin, their opinion was stable, with a balance close to normal.

Opinion about cash position and operating balance in industry

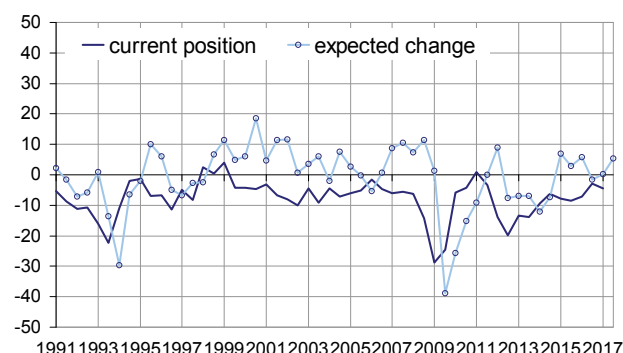
Balance of opinion, SA, in %

	Ave.*	Dec15	Jun16	Dec16
Current cash position	-8	-7	-3	-5
Current operating balance	7	24	33	27
Expected change in cash position	-1	-2	0	5
Expected change in operating balance	8	10	10	11

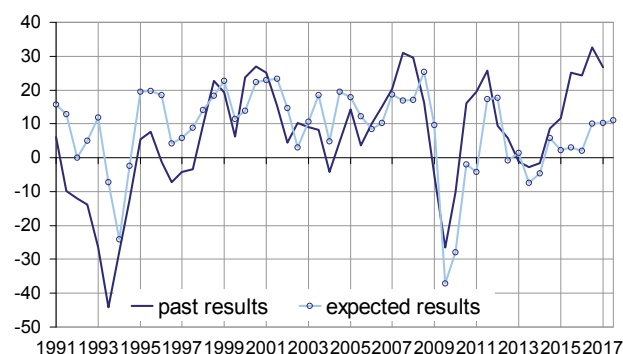
*: The average of the balances opinion since June 1990.

Source: Insee - Cash survey in industry

Cash position in industry



Operating balance



Slight improvement on cash position and operating balance in the food and beverage industry

In the manufacture of food products and beverages, the balances of opinion on the cash position and on the operating balance of the past six months have slightly increased, thus remaining above normal. For the next six months, business managers in this industry have been more optimistic than in June 2016 about the expected cash position and have remained as optimistic about operating balance.

In machinery and equipment goods, operating balance improved again

According to the business leaders of the manufacture of machinery and equipment goods, the cash position was virtually stable while the operating balance improved again in the second half of 2016. The corresponding balances of opinion are above their long-term average. For the next six months, more industrialists have forecasted an increase in operating balance. However, they were more pessimistic than in June on the expected change in cash position.

In the automotive industry, opinion on operating balance remained favourable

In the manufacture of motor vehicles, trailers and semi trailers, the balance of opinion on the cash position during the past six months has improved slightly and exceeded its long-term average. That on the operating balance is virtually stable significantly above its mean. For the next six months, the industrialists of this area were less upbeat than in June about cash position but almost as optimistic on operating balance. The corresponding balances of opinion are below their long-term average.

Operating balance still deemed highly satisfactory in the other transport equipment sector

In the manufacture of other transport equipment, as industrialists as in June deemed satisfactory their operating balance for the previous six months, with a balance significantly above normal. The balance on cash position edged down and moved away from its long-term average. Fewer industrialists have considered that the cash position is likely to decrease in the next six months. However, more of them have forecasted a decrease in operating balance.

In "other manufacturing", cash position and operating balance prospects improved slightly

In the other sectors of the manufacturing industry, the balances of opinion on the cash position fell back to its December 2015 level, remaining however above normal. Conversely, that on operating balance, already

above its long-term average in the first half of 2016, increased again. For the next six months, a few more industrialists have forecasted an improvement in their cash position. They have remained optimistic on the expected trend of operating balance for the next six months.

Cash position and operating balance in a sector-based approach

Balance of opinion, SA, in %

NA* : (A17) et [A 38]	Ave.**	Dec15	Jun16	Dec16
(C1) Man. of food products and beverages				
Current cash position	-6	-5	-2	1
Current operating balance	10	37	31	33
Expected change in cash position	3	5	-4	4
Expected change in operating balance	9	10	2	2
(C3) Machinery and equipment goods				
Current cash position	-8	-7	-3	-4
Current operating balance	8	15	17	23
Expected change in cash position	0	-18	7	-19
Expected change in operating balance	10	6	2	10
(C4) Man. of transport equipment				
Current cash position	-7	-16	-7	-7
Current operating balance	8	38	65	64
Expected change in cash position	-4	-29	-11	-10
Expected change in operating balance	8	6	6	-14
<i>Man. of motor vehicles, trailers and semi-trailers [CL1]</i>				
Current cash position	-8	-10	-10	-6
Current operating balance	1	59	68	66
Expected change in cash position	-1	-44	3	-8
Expected change in operating balance	9	2	6	7
<i>Man. of other transport equipment [CL2]</i>				
Current cash position	-4	-21	-5	-9
Current operating balance	8	18	62	62
Expected change in cash position	-9	-14	-25	-11
Expected change in operating balance	4	9	5	-32
(C5) Other manufacturing				
Current cash position	-10	-8	-2	-8
Current operating balance	3	12	15	18
Expected change in cash position	-3	-1	2	5
Expected change in operating balance	7	12	8	9

*NA: aggregated classification, based on the French classification of activities NAF rév. 2.

** Long-term average.

Source: Insee - Cash survey in industry

Warning: This publication is the last Informations Rapides on the survey of the cash-flow situation in industry. INSEE has discontinued this survey in order to reduce the statistical response burden on enterprises. However, the questions on past variation and expected changes in cash position and in operating balance will be included in the quarterly business survey in industry as from January 2017 and will be available online in the Macro-economic database as from July 2017.

For more information:

- Complementary data (detailed balances of opinion, long series, metadata methodology, linked internet pages, etc.) are available on the web page of this index: <https://www.insee.fr/fr/statistiques?debut=0&theme=30&conjoncture=22>
- Historical data are available on the BDM: [G1260](#), [G1256](#), [G1259](#), [G1257](#), [G1258](#).
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