
28 June 2006

PRESS RELEASE

Provisional results of the spring 2006 survey of investment in manufacturing industry

The National Bank of Belgium conducts twice a year a survey of investment in manufacturing industry in the strict sense (i.e. excluding construction firms and those in the "electricity, gas and water" branch). According to the national accounts' data, manufacturing industry represented 20.7 p.c. of total business investment in 2004.

According to the provisional results of the May 2006 survey, investment in fixed capital goods in manufacturing industry, expressed at current prices, would rise by 16.3 p.c. in 2006.

The expected expansion for the whole of manufacturing industry in 2006 comes after five consecutive years of declining investment, as recorded by the survey. The present survey reports a decrease in investment spending by 1.9 p.c. for the year 2005. With the notable exception of textile and leather and, to a lesser extent, of motor car assembly, where major investments have been carried out in 2005, the expected recovery of investment in 2006 is broadly based across the various branches of activity.

In the November 2005 survey, enterprises had expected their investment to drop by 6.7 p.c. throughout 2005 and to rise by 21.6 p.c. throughout 2006. Overall, the amounts invested in the previous year have fallen less than had been suggested by the previous survey. The provisional forecasts for the current year, for their part, have been revised downwards, as is generally the case between the survey of the preceding autumn and the spring survey of the current year.

Experience has shown that the results of the spring surveys in manufacturing industry are not necessarily representative of enterprises as a whole. However, the pick-up in investment in manufacturing industry which they suggest in 2006, is compatible with the information for the beginning of the year, obtained on the basis of the VAT returns, signalling both an upswing in manufacturing industry and a downturn in the service branches, after the strong dynamics of 2005. Overall, these data are in line with the Bank's macroeconomic forecasts.