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PRESS RELEASE

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Results of the spring 2024 investment survey

- **Businesses report particularly subdued investment prospects for 2024, well below the previous year's. This finding holds true for both manufacturing and business-related services.**
- **The slump concerns investment in both tangible and intangible assets.**

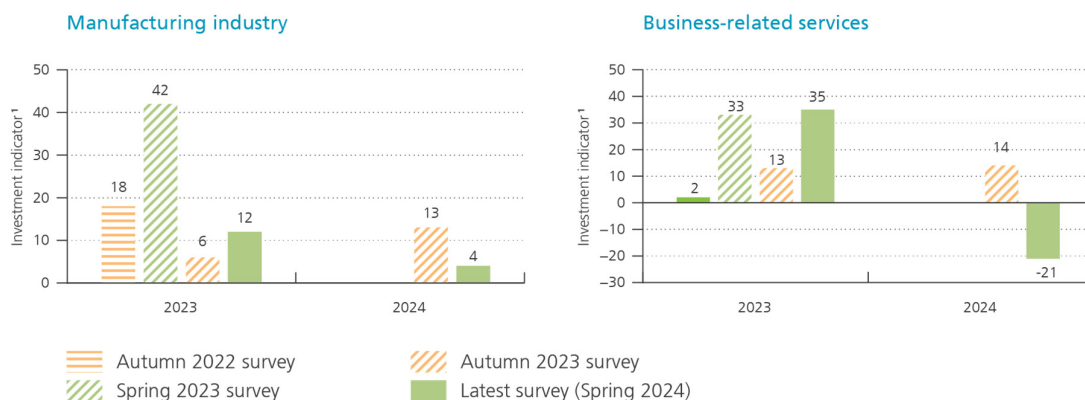
INVESTMENT INDICATOR

The National Bank conducts a biannual investment survey in the spring and autumn of each year. The spring survey, carried out from the beginning of March to mid-April, asks business leaders about the trajectory of their investments over the past year (increasing, steady or decreasing) and about their investment intentions for the current year. A synthetic indicator is then constructed by calculating the net balance of positive responses (increases) and negative responses (decreases), weighted by the size of each company in terms of the number of employees. The indicator, which is expressed in points, should therefore not be understood as representing a percentage change in investment volume for the year in question.

In the **manufacturing industry**, the investment indicator stands at 12 points for 2023, a rise of six points from last autumn (at which time it was six points).

Regarding prospects for 2024, the indicator stands at just four points, reflecting a decline in investment intentions on the part of firms in the sector.

INVESTMENT INDICATOR¹



¹ The investment indicator corresponds to the difference between the percentage of firms reporting an increase in investment and the percentage of those declaring a decrease. The results are derived taking into account the respective size of the firms that participated in the survey and the relative weight of their sector in the economy.

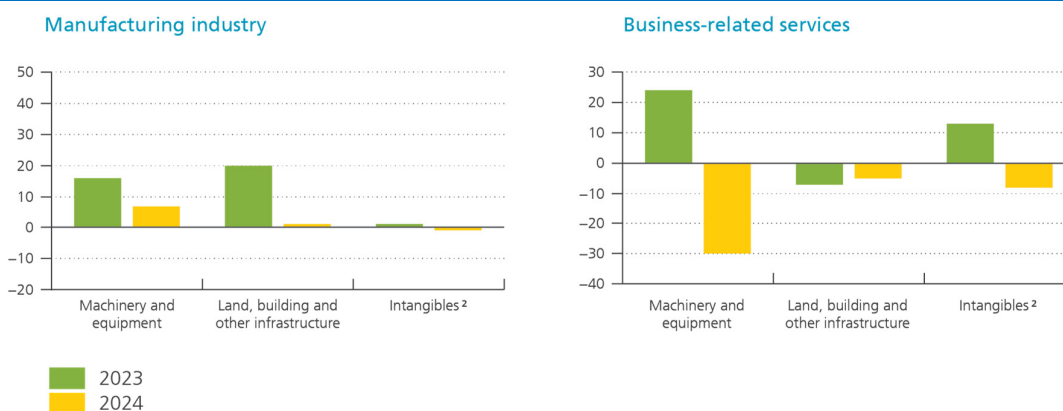
Source: NBB.

In the **business-related services** sector, the indicator for 2023 ultimately reached 35 points, which represents a clear upward revision compared with the results of the survey six months ago (at which time it was 13 points). On the other hand, the indicator is particularly negative for 2024, standing at -21 points: investment intentions have been revised sharply downwards since last autumn.

INDICATOR BY TYPE OF CAPITAL GOODS

The spring survey asks business leaders to indicate their investment trend, both overall and by type of capital goods, which makes it possible to calculate a specific indicator for each type of goods. The specific indicators are constructed in the same way as the overall indicator, namely by calculating for each category the net balance of positive responses (increases) and negative responses (decreases), weighted by the size of the firm.¹

INDICATOR BY TYPE OF CAPITAL GOODS¹



¹ For each type of goods, the indicator corresponds to the difference between the percentage of firms that reported an increase in investment and those that reported a decrease. The results are derived taking into account the respective size of the firms that participated in the survey and the relative weight of their sector in the economy.

² This refers to expenditure on R&D, software, data, intellectual property and vocational training.

Source: NBB

In the **manufacturing industry**, investment dynamics in 2023 were driven primarily by investments in land, buildings and other infrastructure, for which the indicator stood at 20 points. Firms also invested in machinery and equipment (16 points). On the other hand, investment in intangibles - including R&D - was very sluggish. Investment intentions at this level are not set to increase in 2024. Investment intentions mainly concern machinery and equipment.

In **business-related services**, investment in intangible goods finally reached a certain level in 2023, which will no longer be the case in 2024 as the indicator is negative. Investment in the remaining two categories of goods is also set to be negative in 2024, particularly in the case of machinery and equipment, which was nevertheless the category that benefited from the most investment in 2023.

¹ It is possible for firms to mention their overall investment trend without indicating a trend per type of goods. Their answers, although incomplete, are taken into account to calculate the aggregate results. While this may result in apparent inconsistencies between the overall indicator and the indicator per type of goods, the point here is to identify trends.

Biannual investment survey¹

The National Bank of Belgium organises a biannual investment survey in the spring and autumn of each year. The survey, previously conducted only in the manufacturing industry, was revised in the autumn of 2021 and extended to the business-related services sector.

The survey used to be based on quantitative data: manufacturing firms were asked to indicate their investment levels, which made it possible to deduce the percentage change from one year to the next. The new survey is strictly **qualitative**, like all other business surveys carried out by the National Bank. Business leaders are now asked about how they expect their investment levels to **evolve** (increase, remain stable or decrease), without having to quantify the amounts concerned or the extent of change. The survey covers investment in both tangible and intangible assets.

The spring survey covers the current year and the preceding year, while the autumn survey relates to the current year and the coming year. A given year thus forms the object of four successive biannual surveys, the results of which fluctuate over time depending on the degree of certainty of investment decisions, which can also be adapted to the economic situation.

In addition, the following parts are added to the survey in either spring or autumn, as the case may be:

- In the spring, firms are asked to indicate how they expect their level of investment to evolve per type of asset (machinery and equipment, land and buildings and other infrastructure, intangibles such as R&D).
- In the autumn, firms are asked to indicate the type(s) of investments they have made or intend to make, based on the purpose of the investment (replacement of plant or equipment, expansion of production capacity, rationalisation of production or other purposes) and identify the factor(s) driving their investment decisions (demand, financial conditions, technical factors or other factors).

The results of the survey are processed based on a double-weighted method in order to reflect the aggregate reality of the Belgian economy as closely as possible. On the one hand, individual responses are weighted based on the relative size of the firm in terms of employment. On the other hand, when aggregating the responses, the relative weight of the sector of activity in the Belgian economy is also taken into account. This weighting is based on investment information obtained from VAT returns; it is calculated at the level of three-digit NACE codes for the manufacturing industry and two-digit codes for the business-related services sector.

¹ This survey forms part of a harmonised European programme, coordinated by DG ECFIN.