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## PRESS RELEASE

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## Results of the autumn 2022 investment survey

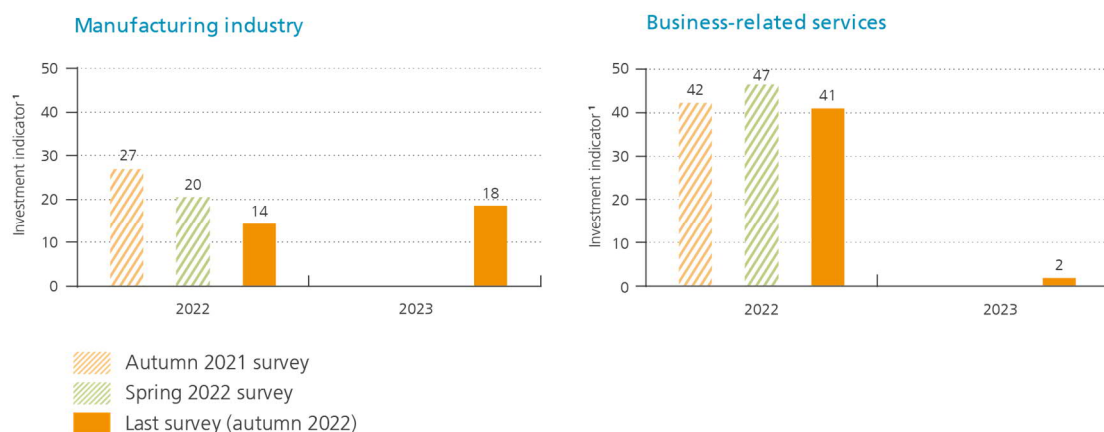
- In the manufacturing industry, the investment indicator for 2022 has been revised downwards compared with the spring. Based on the latest survey results, a slight improvement is in sight for the manufacturing industry in 2023.
- Investment dynamics were stronger in the business-related services sector than in the manufacturing industry in 2022, but a sharp slowdown is expected next year.

### INVESTMENT INDICATOR

The National Bank conducts a biannual investment survey in the spring and fall of each year. The fall survey, carried out from the beginning of October to mid-November, asks business leaders if their level of investment increased, remained stable or decreased over the course of the year and about their intentions for the coming year. A synthetic indicator is constructed using the net balance of positive responses (increases) and negative responses (decreases), which in turn are weighted based on the responding company's size. The indicator, which is expressed in points, should therefore not be interpreted as referring to a percentage change in the volume of investment for the year under consideration.

In the **manufacturing industry**, the investment indicator is now at 14 points, down from the weighted net balance (20 points) that emerged from the results of last spring's survey. Companies have thus moderated their investment policies for 2022 compared with the intentions expressed six months earlier.

### INVESTMENT INDICATOR<sup>1</sup>



<sup>1</sup> 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 were derived taking into account the respective size of the companies that participated in the survey and the relative size of their industry in the economy.

Source: NBB.

For 2023, the investment intentions of business leaders in the manufacturing industry remain rather stable: the investment indicator indeed recovered slightly, to 18 points.

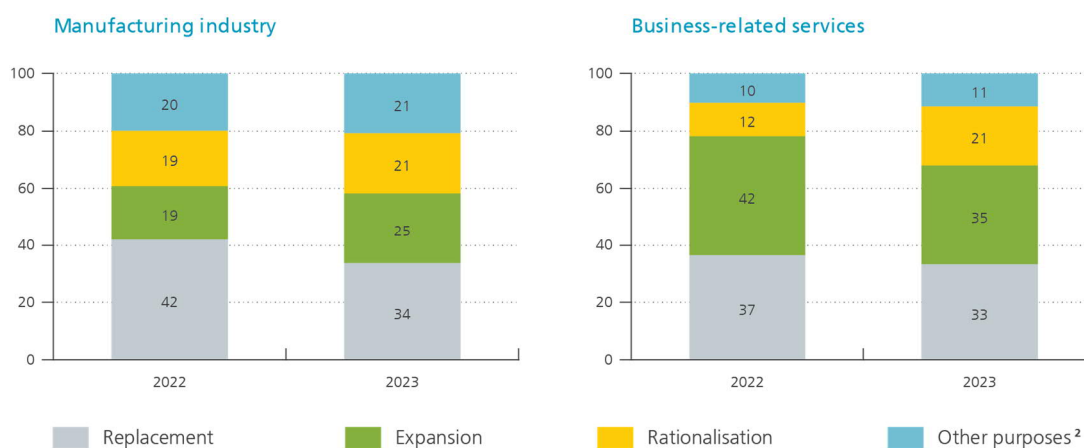
In the **business-related services** sector, the investment indicator for 2022 was more favourable than in the manufacturing industry and stood at 41 points. The indicator deteriorated compared with the results of last spring's survey, at which time it was 47 points. As regards the outlook for 2023, the indicator has fallen sharply to just two points.

## ECONOMIC PURPOSE OF INVESTMENTS

In the October/mid-November survey, firms were asked about the reasons on which they based their investment decisions. In the **manufacturing industry**, 42% of investment decisions in 2022 were aimed at replacing obsolete plant or equipment. Other reasons that formed, in equal measure, the basis for investment decisions were to expand production capacity, to rationalise manufacturing processes and to achieve other objectives, such as pollution control, safety, etc. In 2023, replacement investment is expected to decline, mainly in favour of investment to increase production capacity.

In the **business-related services** sector, the main reasons underlying investment were to replace obsolete installations and equipment (37% in 2022 and 33% in 2023) and to expand production capacity (42% in 2022 and 35% in 2023). Moreover, rationalisation investment is expected to account for a greater share of total investment in the coming year.

### ECONOMIC PURPOSE OF INVESTMENTS<sup>1</sup>



<sup>1</sup> Breakdown, in percentage terms, of the types of investments made by firms. The results were derived taking into account the respective size of the companies that participated in the survey and the relative size of their industry in the economy.

<sup>2</sup> For example, this could be investments made in order to comply with certain regulatory obligations, such as those relating to pollution control or safety. It is possible that firms choose the "other purposes" category when they have not yet determined the specific investments they intend to make in the coming year.

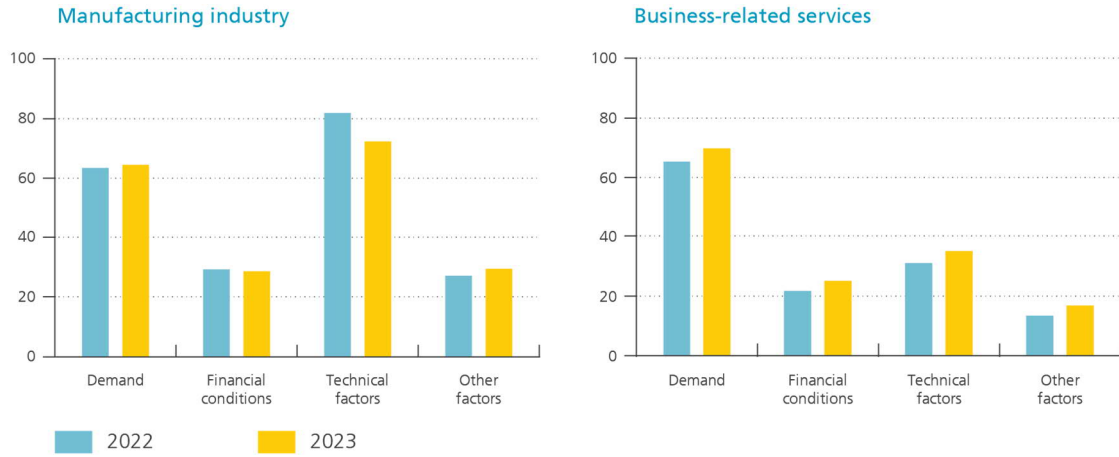
Source: NBB.

## FACTORS STIMULATING INVESTMENT

In the autumn survey, business leaders were also asked to identify the main factors driving their investment decisions. Multiple answers were possible. The results indicate that technical factors are the main driver of investment decisions in the **manufacturing sector**: this factor was mentioned by eight out of 10 managers for investments made in 2022 and by seven out of 10 for investments planned for 2023. More than six out of 10 respondents considered demand to be a stimulus in both 2022 and 2023. Other factors, such as financial conditions, were cited much less often, for both the current year and the coming one.

In the **business-related services** sector, demand was the main reason for investment, cited by almost seven out of 10 business leaders for both 2022 and 2023. Technical factors were the second most important driver, mentioned by more than three out of 10 respondents. Financial conditions were cited less often by leaders in this sector as well.

**FACTORS STIMULATING INVESTMENT<sup>1</sup>**



<sup>1</sup> Percentage of firms surveyed that mentioned the factor in question as an investment stimulus. Multiple answers were possible. The results were derived taking into account the respective size of the companies that participated in the survey and the relative size of their industry in the economy.

Source: NBB.

### Revised biannual investment survey<sup>1</sup>

The National Bank of Belgium organises an investment survey twice a year, in the spring and in the fall. 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 both tangible and intangible investments.

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 old 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 in terms of employment. On the other hand, when aggregating the responses, the relative size of the branches 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.

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