

## PRESS RELEASE

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## Results of the spring 2023 investment survey

- In the manufacturing industry, the investment outlook has recovered in 2023.
- Investment intentions are also favourable in the business-related services sector, although the dynamics are slightly less positive than in industry.

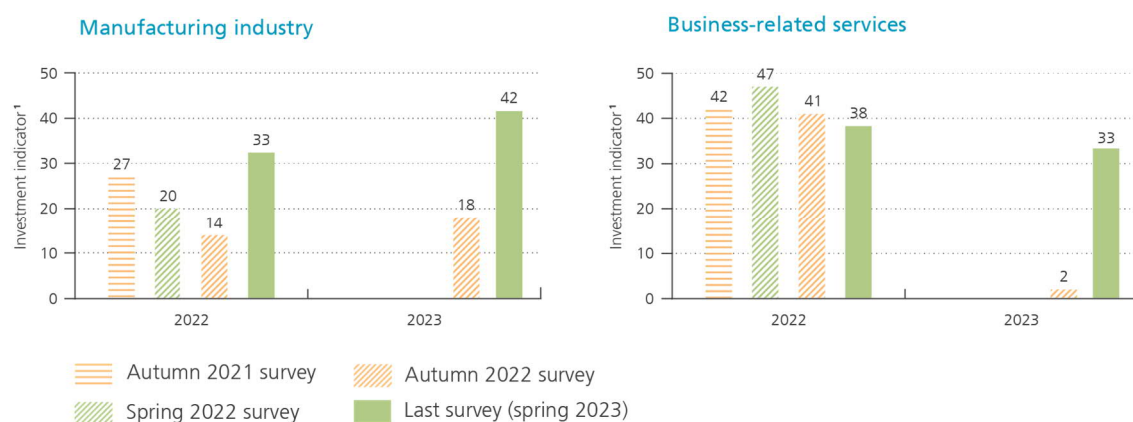
### INVESTMENT INDICATOR

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

In the **manufacturing industry**, the investment indicator for 2022 now stands at 33 points and has thus clearly been revised upwards compared to when the survey was conducted last autumn (at which time the indicator stood at 14 points).

With regard to the outlook for 2023, investment intentions have firmed up significantly, with the indicator rising to 42 points.

### 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 weight of their sector in the economy.

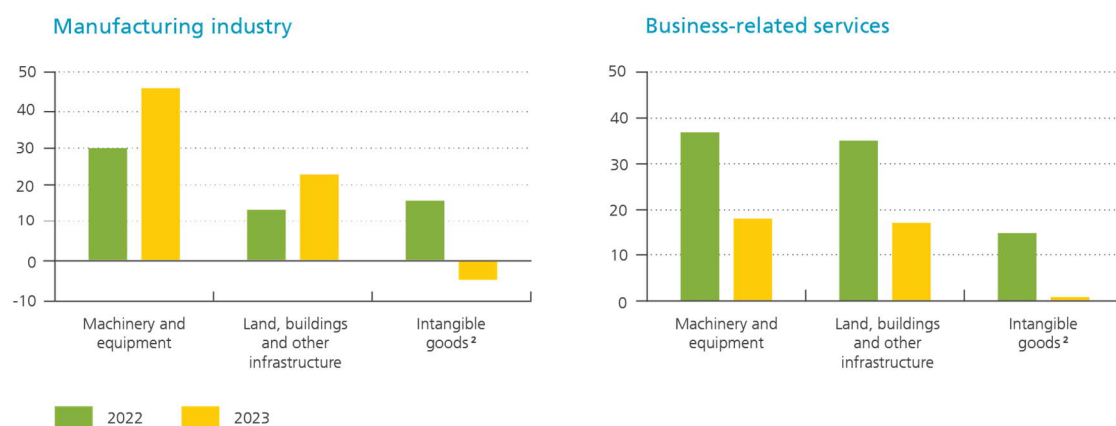
Source: NBB

In the **business-related services** sector, the indicator for 2022 ultimately settled at 38 points, down slightly from the biannual survey of six months ago (at which time it was 41 points). For 2023, the indicator has dropped somewhat, to 33 points, although it remains at a level considerably higher than that which emerged from last autumn's survey (2 points).

## 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<sup>1</sup>.

### INDICATOR BY TYPE OF CAPITAL GOODS<sup>1</sup>



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

<sup>2</sup> This refers to expenditure on R&D, software, data, intellectual property or vocational training.

Source: NBB

In the **manufacturing industry**, investment dynamics in 2023 are mainly driven by investment in machinery and equipment, for which the indicator stands at nearly 45 points, compared to slightly more than 20 points for land, buildings and other infrastructure. While the indicator for investment in intangible goods - including R&D expenditure - was still positive in 2022 (16 points), it has turned negative in 2023.

In **business-related services**, investment in intangible goods is also the least dynamic component, for both 2022 and 2023. The indicator has declined for all three types of capital goods.

<sup>1</sup> 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 highlight trends.

### 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 capital good (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.