

Corporate investment

Investment by non-financial enterprises (NFEs) slowed markedly in Q3 2023 (+0.5% after +1.2% in Q2, ► **Figure 1**), with growth driven by services and manufactured products. Investment in services has, for the most part, remained very buoyant since the end of the health crisis, driven by information-communication (► **Figure 2**). Investment in manufactured products has followed a more turbulent course, but with some growth peaks, mirroring its rise in Q3 2023 (+1.4%). This rise was due to a rebound in investment in capital goods and to major purchases of transport equipment (professional vehicles, trucks), probably a catch-up effect. Finally, investment in construction fell back substantially (-2.4% in Q3 2023): the decline in non-residential building construction starts was only partly offset by the relative buoyancy in investment in building maintenance and improvement.

Overall, the significant increase in the cost of capital, which began in 2022, does not seem so far to have had a major effect on investment in services and manufactured products (► **Focus Lending conditions for businesses are tightening in all the Eurozone countries**). However, it would seem that fewer new loans are being granted for investment. In addition, since Q1 2022, slightly more respondents to the business tendency surveys are reporting financial difficulties, although this increase is still contained at this stage.

These effects could start to be felt from the end of 2023: total investment by NFEs is expected to weaken (-0.4% forecast in Q4). Investment in construction is likely to continue its decline (-0.8%) and investment in manufactured products looks set to slip back (-1.7%), a reaction to the substantial purchases of transport equipment in Q3, but also the result of a lack of vigour in activity in industry. Investment in services should continue to grow, but at a more moderate pace than in the summer and this will not be sufficient to offset the decline in the other sectors. All in all across 2023, investment by NFEs is expected to increase by 3.2% as an annual average, after a significant increase (+3.8%) in 2022.

In H1 2024, with the economy still fairly sluggish and taking into account the continuing restrictive conditions for financing, investment is expected to decline very slightly (0.0% and -0.1% in Q2). It is likely that investment in services will continue to slow (+0.6% forecast in Q1 2024 then +0.4% in Q2). Investment in manufactured products should continue to fall back, reflecting the weak dynamics in activity. Investment in construction is also expected to remain in decline, affected by the steady fall in non-residential building construction starts and the lack of buoyancy in building maintenance and improvement. All in all, the mid-year growth overhang should be just about positive (+0.1%). ●

► 1. Investment by non-financial enterprise (NFEs)

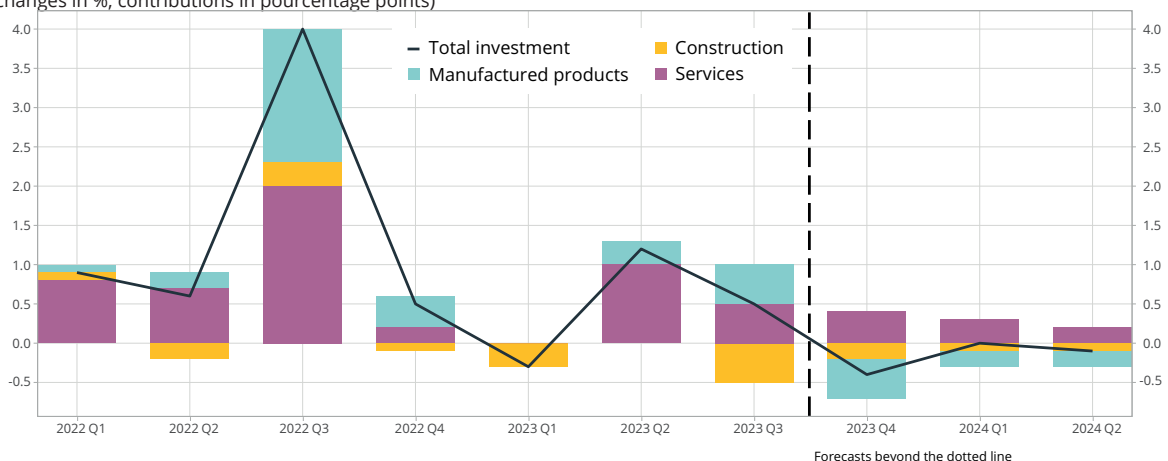
(quarterly and annual changes, in %, seasonally and working day adjusted)

	Quarterly changes										Annual changes		
	2022				2023				2024		2022	2023	2024 ovhg
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2			
Manufactured product (32%)	0.1	0.3	5.5	1.2	0.0	0.8	1.4	-1.7	-0.5	-0.5	1.4	4.7	-1.2
Construction (21%)	0.3	-1.0	1.3	-0.4	-1.4	0.0	-2.4	-0.8	-0.7	-0.7	0.2	-2.7	-3.0
Services (47%)	1.8	1.7	4.3	0.5	0.1	2.0	1.1	0.8	0.6	0.4	7.4	5.2	2.6
All products (100%)	0.9	0.6	4.0	0.5	-0.3	1.2	0.5	-0.4	0.0	-0.1	3.8	3.2	0.1

■ Forecast.
Source: INSEE.

► 2. Contributions to investment of non-financial enterprises by product

(quarterly changes in %, contributions in percentage points)



Source: INSEE.