

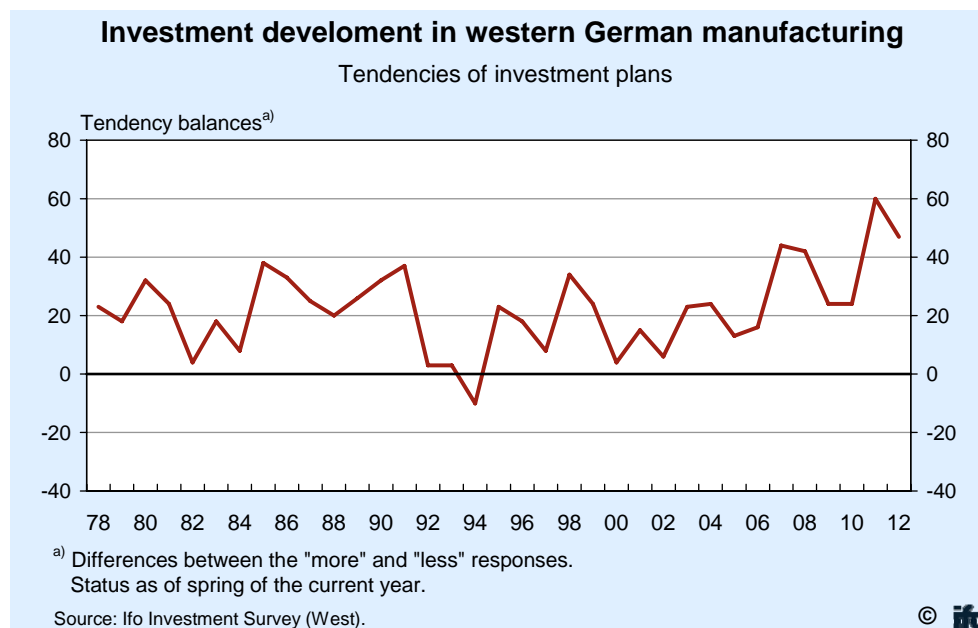
Ifo Investment Survey of Western German Manufacturing

Results of the Ifo Investment Survey for Western Germany in Fall 2011

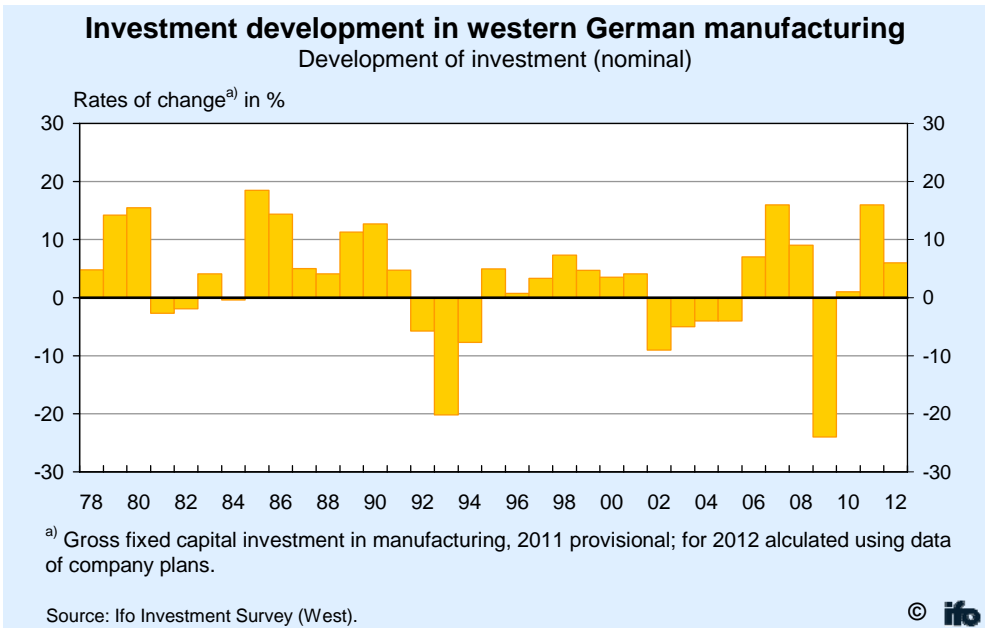
Western German manufacturing: firms remain ready to invest

According to the results of the current survey, manufacturers in Western Germany wish to increase their investment in new buildings and equipment by around 6% in 2012. In real terms i.e. excluding forecast price changes related to new buildings and equipment, gross capital expenditure is expected to increase by 7%. The higher real increase is due to the fact that equipment investment prices, which account for the majority of investments in manufacturing, should decrease somewhat more than in the last five years.

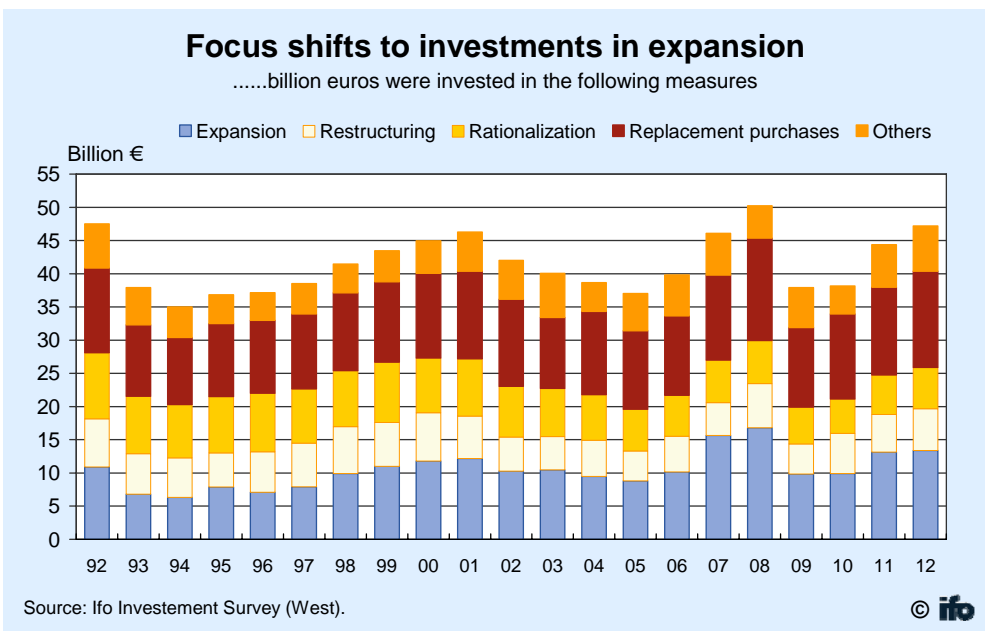
For the year 2011 the responses of survey participants indicated a nominal and - due to stable prices – real increase of 16%, meaning that companies invested EUR 45 bn in new buildings and equipment. Differentiated according to company size, both medium-sized companies and their large counterparts in particular have clearly expanded their investment budgets, while small firms with up to 49 employees tended to reduce their investment expenditure.



In terms of investment motives, capacity expansion regained importance compared to the previous two years. In 2011 the percentage of investment in expansion was at a similar level to that in replacement purchases. This year expansion should drop back again to second place behind replacement purchases. Rationalization has clearly lost its importance in recent years. Only around 13% of planned investments this year are earmarked for rationalization measures.



Around 1,800 West German companies participated in the investment survey conducted in the fourth quarter of 2011. Measured in terms of gross fixed capital spending, the companies represent about 46% of the Western German manufacturing sector.



Publication:

Annette Weichselberger, "Westdeutsche Industrie: Anhaltende Investitionsbereitschaft", ifo Schnelldienst 65(2), 2012, 28–32.

Legend: In connection with the bi-annual Ifo Investment Survey of manufacturing and mining, the Ifo Institute collects data on investment trends in Western and Eastern Germany. The survey looks at past trends in investment developments, investment plans for the current and forthcoming year and investment motives. Data on investment activity in Eastern Germany is collected and evaluated separately due to the region's different industrial structures.