

Explanation of the visualisation of Investment Conditions

What does the visualisation show?

The visualisation of Investment Conditions was developed by Statistics Netherlands (CBS) to analyse changes in Dutch investment and place them in context. Six indicators, selected on the basis of econometric research, can be used to monitor whether conditions for Dutch investment have changed in a favourable or unfavourable direction.

Conditions for investment are largely determined by the situation on the commodities markets and the availability of financial means. The six indicators were chosen because they are strongly correlated with investment in the Netherlands and provide an indication of the two areas mentioned above. Due to the variety of indicators, the visualisation offers the possibility to analyse the underlying factors of investment trends. When they are displayed together in a column chart, the indicators provide an easy-to-interpret overall picture of Dutch investment, see figure 1.

The visualisation does not describe a specific reporting period, but provides a picture of investment conditions at a given point in time. Any adjustments to an underlying indicator will therefore not lead to an adjustment of the investment picture at a given point in time (the picture has already been taken), but to a different investment picture at a later point in time.

Relation between indicators and investment

The six selected indicators are:

- The eurozone interbank interest rate (12 months EURIBOR);
- The year-on-year change of the market value of stocks of Dutch funds and enterprises on the Dutch stock market (Amsterdam Euronext);
- The year-on-year change of the volume of Dutch goods exports
- The level of Dutch consumer confidence
- The level of the capacity utilisation rate of the Dutch manufacturing industry
- Dutch manufacturers' opinions on their order positions.

Consumer confidence, the capacity utilisation rate, goods exports growth and manufacturers' opinions on their order positions reflect the situation on the commodities markets. The interest rate and the market value of stocks give an indication of the situation on the financial markets. The six indicators are chosen on the one hand because they give an indication of the situation on both the goods and the financial markets, and on the other hand because they show a strong correlation with the developments of the volume of private sector investment.

How the visualisation works and what it shows

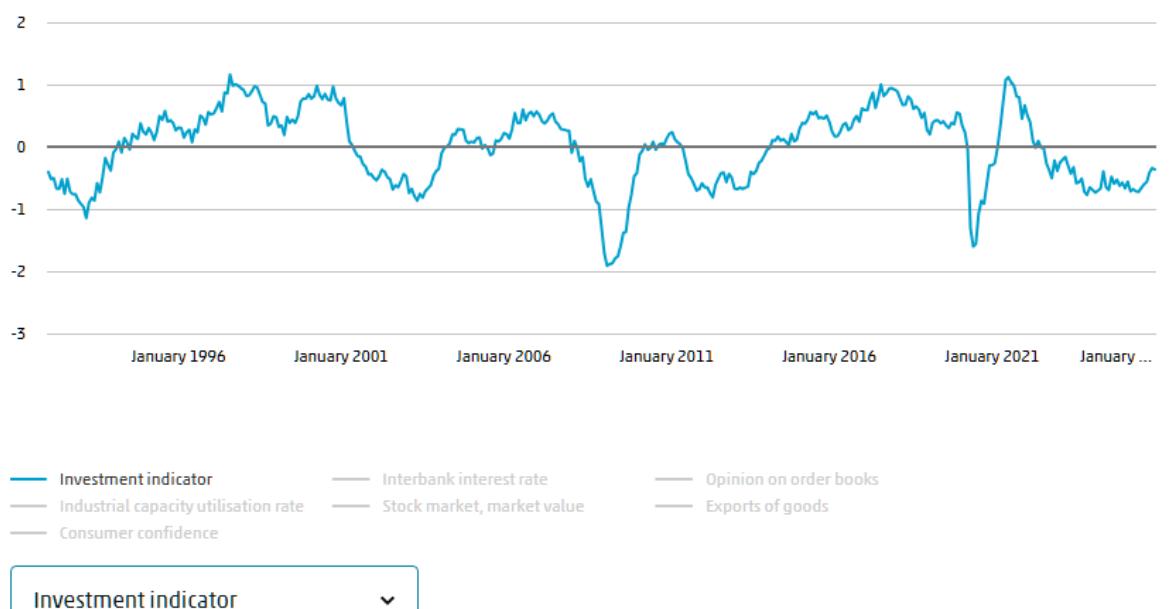
The visualisation presents the six indicators in a stacked column chart (Figure 1). A standardised value is calculated for each indicator. A standardised value above zero means that the indicator has a more favourable value than average. If the value is below zero, the indicator has a less favourable value than average. Figure 1 shows a one-year period.

Investment conditions (standardised)



Figure 2 shows a time series of the average of the six selected investment conditions. The time series of the individual indicators can also be selected.

Investment indicator time series (standardised, unweighted average of the 6 indicators)



It is important to note that the values of the indicators in the visualisation do not necessarily relate to the same reporting period. The visualisation is published once a month. At the time of publication, the most recent figures available for the six indicators are presented, reflecting the prevailing situation at that point in time.

Calculating the standardised values

In order to calculate the standardised values, the long-term average is first subtracted from the original value. Subsequently, the difference is divided by the standard deviation.

The formula is as follows:

Standardised value = (original value – long-term average) / (standard deviation).

Expenditure Conditions

The visualisation of Investment Conditions is one of the several ways to visualise the investment conditions published by Statistics Netherlands (CBS). The others are Export Conditions and Consumption Conditions.