

Investment Survey

October 2016

Enterprises expect a 3.8% nominal increase in investment in 2017

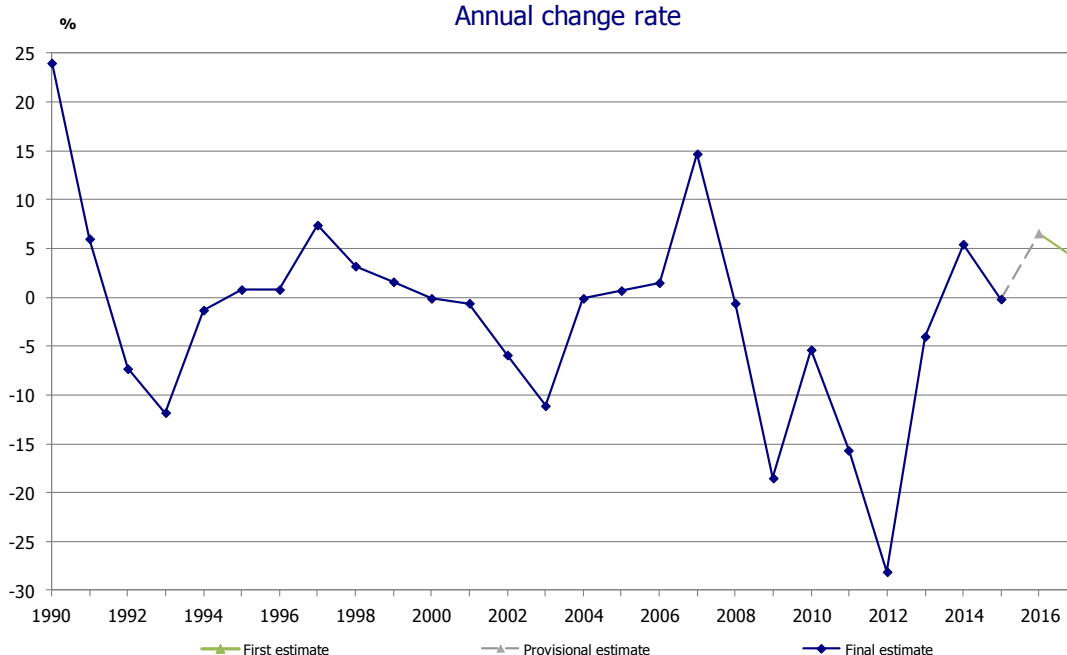
According to the opinions expressed in the October 2016 Investment Survey (with an inquiring period between the 1st October 2016 and the 18th January 2017), the entrepreneurial investment is expected to present a nominal increase of 3.8% in 2017. The same survey also points to an increase in investment of 6.5% in 2016, which represents a slight upward revision comparing with the perspectives revealed in the previous survey (change rate of 6.0%) and a more significant revision comparing with the first estimate for 2016 obtained in the October 2015 survey (3.1%).

Among the investment objectives the relative weight of the replacement investment, the extension of the production capacity investment and the investment for other purposes is expected to decrease between 2016 and 2017, while the streamline production investment relative weight is predicted to increase. Nevertheless, the extension of the production capacity remained the most mentioned objective of investment in both years.

Regarding the main limitative factor for business investment identified in the survey, the deterioration of the sales perspectives was the most mentioned in both years, followed, in 2016, by the lack of self-funding capacity and, in 2017, by the uncertainty about the investment profitability. Between 2016 and 2017 the relative weights of the deterioration of the sales perspectives and the difficulty obtaining bank loans are expected to increase while the relative weight of the lack of self-funding capacity will decrease.

Graph 1¹

Evolution of business GFCF in value
Annual change rate



¹ The percentage corresponds to the last available estimate for each year. For 2017, the change rate corresponds to the entrepreneurial perspectives.

1. Main results

The results from the October 2016 Investment Survey (with an inquiring period between the 1st October 2016 and the 18th January 2017) point to a 6.5% nominal increase of the entrepreneurial Gross Fixed Capital Formation in 2016. Comparing with the investment expectations obtained in the April 2016 survey (occurred between the 1st April and the 4th July 2016), there was a slight upward revision of the entrepreneurial investment change rate for 2016 by 0.5 percentage points (p.p.). The revision of the entrepreneurial investment change rate for 2016 was more significant when comparing with the first estimate obtained in the October 2015 survey (3.1%).

Considering the firms size by number of workers, the fourth group (employing 500 or more workers) presented the highest contribution (4.8 p.p.) to the evolution of the investment in 2016, increasing 12.3%. On the contrary, the firms of the first group (employing less than 50 workers) registered a nil contribution, due to a slight decrease of -0.2% of the investment.

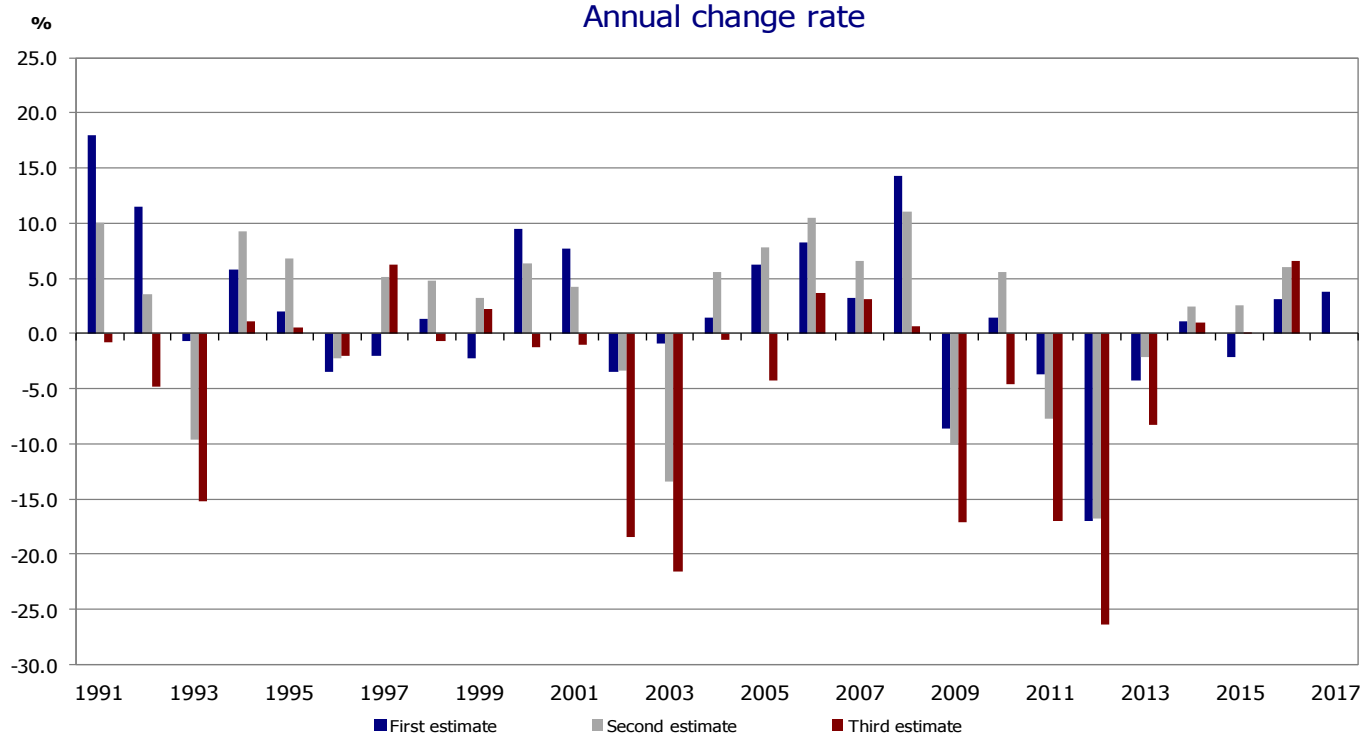
For 2017, the survey points to a nominal change rate of the enterprises' investment of 3.8%.

The increase of the investment in 2017 reflects the positive contribution of the firms of the fourth group (2.8 p.p.), due to a change rate of 6.8% and, to a lesser extent, of the firms of the third group (employing between 250 and 499 workers), with an increase of 6.6% (contribution of 1.0 p.p.) and the firms of the second group, which presented a change rate of 3.6% (contribution of 0.6 p.p.). The firms of the first group contributed negatively (-0.6 p.p.) for the investment in 2017, reflecting a change rate of -2.5%.

The deceleration of the business investment between 2016 (6.5%) and 2017 (3.8%) (difference of 2.7 p.p.) reflects especially the contribution of the investment in firms of the fourth group (from 4.8 p.p. in 2016 to 2.8 p.p. in 2017), which is expected to shift from a change rate of 12.3% in 2016 to 6.8% in 2017.

Graph 2

Evolution of business GFCF in value Annual change rate



The results obtained for the exporting firms from the *Manufacturing* section, point to a 22.1% change rate of the investment in 2016. This increase was more intense than the observed for the section (11.2%) and for all firms (6.5%). For 2017, the investment is expected to present a change rate of 5.0%, which compares with a change rate of 6.9% for the *Manufacturing* section and 3.8% for total firms.

In this survey, the diffusion indicator of investment (percentage of firms with investments or intending to invest) maintained the downward evolution in the three years analyzed. This indicator stood at 85.2%, 78.7% and 76.2%, for 2015, 2016 and 2017, respectively.

2. Results by section of economic activity (NACE-Rev.2)

In 2016, the increase of business GFCF (6.5%) was due to the positive contribution of seven of the thirteen surveyed sections of economic activity. The *Manufacturing* and *Transportation and storage* sections recorded the most significant positive contributions (3.0 p.p. in the former case and 2.6 p.p. in the later), presenting growth rates of 11.2% and 38.4%, respectively. The *Water supply, sewerage, waste management and remediation activities* (-15.4%) and the *Electricity, gas, steam and air-conditioning supply* (-6.9%) sections registered the most intense reductions of investment.

Table 1

STRUCTURE, CHANGE AND DIFFUSION OF INVESTMENT								
NACE-Rev.2	STRUCTURE (a)			CHANGE (b)		DIFFUSION (c)		
	2015	2016	2017	2016	2017	2015	2016	2017
Mining and quarrying (Section B)	1.2	1.1	1.1	-0.2	2.6	89.6	81.3	77.1
Manufacturing (Section C)	26.7	27.9	28.7	11.2	6.9	88.6	84.3	82.2
<i>Of which: exporting firms</i>	-	-	-	22.1	5.0	95.5	91.7	90.8
Electricity, gas, steam and air-conditioning supply (Section D)	9.7	8.5	7.6	-6.9	-7.4	86.7	80.0	73.3
Water supply; sewerage, waste management and remediation activities (Section E)	1.6	1.3	2.6	-15.4	110.2	77.8	88.9	81.5
Construction (Section F)	3.3	3.0	2.7	-3.5	-6.2	82.1	73.6	70.7
Wholesale and retail trade; repair of motor vehicles and motorcycles (Section G)	14.7	14.4	13.8	4.0	-0.4	87.4	75.2	73.2
Transportation and storage (Section H)	6.8	8.9	9.3	38.4	9.5	85.7	81.8	77.3
Accommodation and food service activities (Section I)	3.2	2.8	2.9	-4.6	5.2	87.3	79.4	78.3
Information and communication (Section J)	14.1	13.0	12.8	-1.6	1.6	91.3	83.3	78.3
Financial and insurance activities (Section K)	4.8	5.1	5.3	14.7	7.5	78.5	77.4	74.2
Real estate activities (Section L)	0.8	0.9	0.9	16.1	9.4	71.4	60.7	54.2
Professional, scientific and technical activities (Section M)	2.0	2.3	1.8	25.7	-18.1	83.2	75.6	75.9
Administrative and support service activities (Section N)	11.2	10.9	10.6	3.6	1.0	79.7	72.5	70.2
TOTAL	100	100	100	6.5	3.8	85.2	78.7	76.2

(a) Percentual investment distribution by NACE sections

(b) Year-on-year change rate, nominal (%)

(c) Percentage of firms with investments or expecting to invest

For 2017 (expected growth rate of 3.8%), the survey results point to positive change rates of the business GFCF in nine of the thirteen sections. The *Manufacturing* section presents the most relevant positive contribution (1.9 p.p., with a change rate of 6.9%). On the other hand, the *Electricity, gas, steam and air-conditioning supply* and the *Professional, scientific and technical activities* sections registered the most significant negative contributions to the change rate of total investment (-0.6 p.p. and -0.4 p.p., respectively), with reductions of 7.4% and 18.1%.

The business GFCF deceleration between 2016 (6.5%) and 2017 (3.8%) is determined by the contribution of seven sections, mainly the *Transportation and storage*, the *Manufacturing* and the *Professional, scientific and technical activities* sections, with contributions of -1.8 p.p., -1.1 p.p. and -0.9 p.p., respectively.

3. Results by subsection of the Manufacturing section

For 2016, the results from the current survey point to an increase of 11.2% of the investment in the *Manufacturing* section, with positive change rates in eleven of the fourteen subsections (table 2). The *Manufacture of motor vehicles, trailers and semi-trailers and other transport equipment* registered the most intense positive contribution (6.6 p.p.) to the investment change rate for this section, increasing by 47.0%, followed by *the Manufacture of computer, electronic and optical products* and the *Manufacture of coke and refined petroleum products* sections with contributions of 2.5 p.p. and 2.1 p.p., respectively (and change rates of 81.2% and 74.8%). On the other hand *Manufacture of textiles, wearing apparel and leather and related products* recorded the strongest decrease in investment (-20.4%) and the most relevant negative contribution (-2.5 p.p.) to the change rate of this section's investment.

Comparing with the results from the previous survey, the business GFCF growth rate for the *Manufacturing* section was upward revised by 4.4 p.p. in 2016.

Table 2

STRUCTURE AND CHANGE IN MANUFACTURING

NACE-Rev.2	STRUCTURE (a)			CHANGE (b)	
	2015	2016	2017	2016	2017
Manufacture of food products, beverages and tobacco products (10 11 12)	19.1	15.2	16.1	-11.6	13.4
Manufactures of textiles, wearing apparel and leather and related products (13 14 15)	12.3	8.8	8.2	-20.4	-0.7
Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials (16)	3.2	2.4	1.9	-16.4	-16.5
Manufacture of paper and paper products; Printing and reproduction of recorded media (17 18)	5.2	5.8	4.9	22.9	-8.8
Manufacture of coke and refined petroleum products (19)	2.8	4.4	5.9	74.8	44.0
Manufacture of chemicals and chemical products; Manufacture of basic pharmaceutical products and pharmaceutical preparations (20 21)	7.9	7.9	6.7	11.4	-9.6
Manufacture of rubber and plastic products (22)	7.7	7.5	6.6	8.6	-7.2
Manufacture of other non-metallic mineral products (23)	4.8	4.6	5.6	6.5	29.4
Manufacture of basic metals; Manufacture of fabricated metal products, except machinery and equipment (24 25)	11.3	10.2	10.8	0.5	13.2
Manufacture of computer, electronic and optical products (26)	3.1	5.0	4.2	81.2	-11.4
Manufacture of electrical equipment (27)	2.0	2.9	2.1	64.7	-21.5
Manufacture of machinery and equipment n.e.c. (28)	3.5	3.1	3.9	0.1	35.2
Manufacture of motor vehicles, trailers and semi-trailers and other transport equipment (29 30)	14.0	18.6	19.1	47.0	10.1
Other manufacturing (31 32 33)	3.0	3.5	3.9	28.9	19.6
MANUFACTURING (SECTION C)	100	100	100	11.2	6.9
<i>Of which: exporting firms</i>				<i>22.1</i>	<i>5.0</i>

(a) Percentual investment distribution by subsections of Manufacturing

(b) Year-on-year change rate, nominal (%)

For 2017, the estimated growth rate for the GFCF in the *Manufacturing* section is 6.9%, pointing to an increase in investment in seven of the fourteen subsections. The most relevant contributions to these results are observed in the subsections of *Manufacture of food products, beverages and tobacco products* (2.0 p.p.), *Manufacture of coke and refined petroleum products* (1.9 p.p.) and *Manufacture of motor vehicles, trailers and semi-trailers and other transport equipment* (1.9 p.p.), reflecting growth rates of 13.4%, 44.0% and 10.1% respectively.

For the *Manufacturing* section, the results point to a pronounced deceleration in investment between 2016 and 2017 (-4.3 p.p.), mostly due to the contributions of *Manufacture of motor vehicles, trailers and semi-trailers and other transport equipment* (-4.7 p.p.) and the *Manufacture of computer, electronic and optical products* (-3.1 p.p.) subsections.

The results obtained for the exporting firms of the *Manufacturing* section point to a more intense increase in 2016 than for the total section (22.1% compared to 11.2%) and the total of inquired sections (6.5%). For 2017, the survey points to a business investment growth rate of 5.0% for the exporting firms, below the rate estimated for the total *Manufacturing* section (6.9%), but above the total of the inquired sections (3.8%).

4. Size of firms by number of workers

Considering the total of the inquired sections and the firms' size by number of workers, the firms of the fourth, third and second groups contributed positively for the increase of investment in 2016, with change rates of 12.3%, 7.5% and 3.4% and contributions of 4.8 p.p., 1.1 p.p. and 0.6 p.p., respectively. On the other hand, the firms of the first group recorded a nil contribution, which reflected a slightly negative change rate of investment (-0.2%).

Table 3

STRUCTURE AND CHANGE BY SIZE OF FIRMS					
SIZE OF FIRMS (number of workers)	STRUCTURE (a)			CHANGE (b)	
	2015	2016	2017	2016	2017
MANUFACTURING					
1 st (≤49)	25.2	17.8	16.5	-21.8	-0.5
2 nd (50-249)	31.6	29.1	26.9	2.4	-0.9
3 rd (250-499)	18.3	19.5	19.8	18.7	8.5
4 th (≥500)	24.9	33.7	36.7	50.4	16.5
TOTAL	100	100	100	11.2	6.9
TOTAL ACTIVITIES					
1 st (≤49)	27.0	25.3	23.8	-0.2	-2.5
2 nd (50-249)	18.8	18.2	18.2	3.4	3.6
3 rd (250-499)	15.0	15.1	15.5	7.5	6.6
4 th (≥500)	39.2	41.3	42.5	12.3	6.8
TOTAL	100	100	100	6.5	3.8

(a) Percentual investment distribution by firms size

(b) Year-on-year change rate, nominal (%)

For 2017, the results also point to an increase in investment in the firms of the fourth, third and second groups, with change rates of 6.8%, 6.6% and 3.6% and contributions to the change rate of total investment of 2.8 p.p., 1.0 p.p. and 0.6 p.p., respectively. On the contrary, the firms of the first group recorded a negative contribution of 0.6 p.p. to the change rate of total investment (and a change rate of -2.5%).

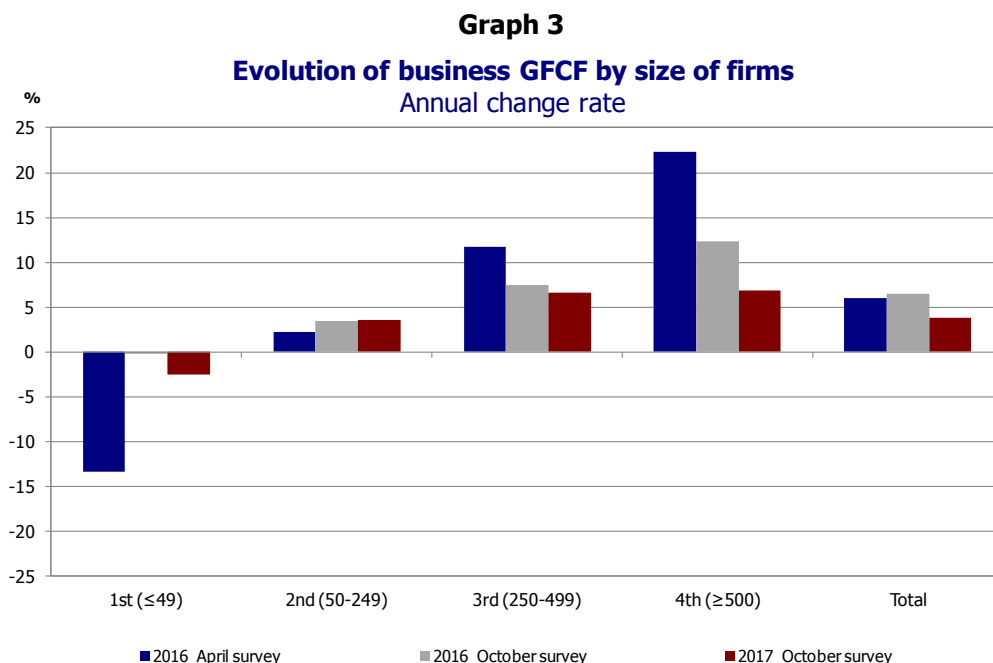
The less intense growth of the business investment between 2016 (6.5%) and 2017 (3.8%) was led by the negative contribution of the companies of the first group and the decrease of the positive contributions of the third and fourth groups, mainly the later.

Concerning the *Manufacturing* section, in 2016 was observed an increase of investment in three of the four groups. The firms of the fourth group registered the most intense increase (50.4%) and the most significant positive contribution to the investment change rate in this section (12.5 p.p.). The firms of the first group presented the only negative contribution (-5.5 p.p., with a change rate of -21.8%).

According to the results obtained in the current survey, the increase in investment in 2017 for the *Manufacturing* section is determined mostly by the firms in the fourth and third groups (change rates of 16.5% and 8.5%, with contributions of 5.5 p.p. and 1.7 p.p., respectively). The investment of the firms in the first and second groups presented negative change rates (-0.5% and -0.9% with contributions of -0.1 p.p. and -0.3 p.p.).

Between 2016 and 2017, the strong deceleration of investment in the *Manufacturing* section (-4.3 p.p.), was mainly driven by the results of the firms of the fourth group, that shifted from a change rate of 50.4% in 2016 to 16.5%

(contribution of -7.0 p.p. to the evolution of the investment between 2016 and 2017), followed by the firms in the third and second groups (with contributions of -1.8 p.p. and -1.0 p.p., respectively).



5. Investment by type of asset

The business GFCF positive change rate (6.5%) obtained for 2016 resulted from the evolution of the investment in equipment, others investments and in constructions (contributions of 6.1 p.p., 1.2 p.p. and 0.2 p.p., respectively), while the investment in transport material presented a negative contribution (-1.0 p.p.) (table 4).

For 2017, the investment in equipment registers the most significant positive contribution (4.0 p.p.) to the change rate of total investment (3.8%), while the investment in transport material and in constructions contributed negatively (-0.9 p.p. and -0.1 p.p., respectively).

Table 4

INVESTMENT BY TYPE OF ASSET								
YEAR	STRUCTURE (a)				CHANGE (b)			
	CONSTRUCTIONS	EQUIPMENT	TRANSPORT MATERIAL	OTHERS	CONSTRUCTIONS	EQUIPMENT	TRANSPORT MATERIAL	OTHERS
2015	20.2	57.0	9.9	13.0				
2016	19.2	59.2	8.4	13.3	1.1	10.8	-9.8	8.9
2017	18.4	60.9	7.2	13.5	-0.3	6.8	-10.8	5.6

(a) Percentual investment distribution by type of assets.

(b) Year-on-year change rate, nominal (%)

6. Investment objectives

In 2016 and 2017, for the total of the inquired sections, the extension of production capacity remained as the main objective of investment (with a weight of 38.4% for the average of the two years), followed by the replacement investment objective (36.6%) (table 5). The objectives related to other investments and streamline production represent 13.5 % e 11.5% of total investment for the average of the two years, respectively.

Between 2016 and 2017, the relative weight of the objectives of replacement, of extension of production capacity and of other investments is expected to diminish (-0.6 p.p., -0.4 p.p. and -0.2 p.p., respectively), while the weight of the streamline production objective will increase (1.1 p.p.).

Concerning the *Manufacturing* section, in the average of the two years, 48.2% of investment has the objective of extension of production capacity and 24.1% the replacement.

From 2016 to 2017, the importance of the replacement and extension of production capacity objectives should increase (0.3 p.p. in both cases), while the relative weight of the other investments and the streamline production objectives might diminish (-0.3 p.p. and -0.2 p.p., respectively).

Regarding the exporting firms, the extension of the production capacity is also the main objective of investment for 2016 and 2017 (weighting 47.8% in the average of the two years), followed by the replacement investment (22.4%). This distribution is similar to the registered in the *Manufacturing* section, although the streamline production presents a higher weight among the exporting firms (2.5 p.p.) and the replacement investment a lower weight (-1.7 p.p.). Between 2016 and 2017, the weight of the replacement and extension of production capacity investments is expected to increase more intensely among the exporting firms (1.9 p.p. and 1.5 p.p., respectively), comparing with the total *Manufacturing* section (0.3 p.p. in both cases), while the decrease of the weight of the streamline production investment will be more pronounced in the exporting firms (-3.3 p.p., comparing with -0.2 p.p. for the total of the *Manufacturing* section).

Table 5

INVESTMENT OBJECTIVES (a)					
NACE-Rev.2	YEAR	REPLACEMENT	EXTENSION OF PRODUCTION CAPACITY	TO STREAMLINE PRODUCTION	OTHER INVESTMENT OBJECTIVES
TOTAL	2016	36.9	38.6	10.9	13.6
	2017	36.3	38.2	12.0	13.4
Manufacturing	2016	24.0	48.0	19.0	9.0
	2017	24.3	48.3	18.8	8.7
<i>Of which: exporting firms</i>	2016	21.4	47.0	23.1	8.5
	2017	23.3	48.5	19.8	8.3

(a) Percentual investment distribution by investment objectives

7. Investment funding

Self-funding continues to be the main source of funding for the surveyed firms, weighting 66.2% and 64.9% of the total in 2016 and 2017, respectively (table 6). For the average of the two years, this source of funding is particularly relevant in the *Information and communication* (97.3%), the *Professional, scientific and technical activities* (84.2%) and the *Mining and quarrying* (83.8%) sections. Self-funding is less important in the section of *Administrative and support service activities* (18.3%).

When analysing the evolution of the funding structure between 2016 and 2017, the weight of self-funding diminishes in eight of the thirteen sections, more intensely in the cases of the *Water supply; sewerage, waste management and remediation activities* (-12.2 p.p.), *Transportation and storage* (-6.5 p.p.) and *Accommodation and food service activities* (-5.1 p.p.). On the opposite direction, the sections of *Electricity, gas, steam and air conditioning supply*

(9.3 p.p.), of *Construction* (3.8 p.p.) and of *Real estate activities* (3.5 p.p.) presented the most significant growth of the weight of self-funding between the two years.

Between 2016 and 2017, the weight of EU funds and Government loans and grants as sources of funding increased (1.3 p.p. and 0.7 p.p., respectively). Nevertheless, bank loans continue to be the second main source of funding (20.1% in the average of the two years). Notice that in the *Transportation and storage* and in the *Construction* sections this source represents, in average, 39.3% and 28.7% of the total, respectively. From 2016 to 2017, the importance of this funding source increased in four of the thirteen sections, mainly in *Electricity, gas, steam and air conditioning supply* (2.1 p.p.) and *Accommodation and food service activities* (1.9 p.p.). The sections of *Construction* (-3.8 p.p.), *Real estate activities* (-3.1 p.p.) and *Administrative and support service activities* (-2.5 p.p.) presented the most pronounced decreases in the weight of this source between the two referred years.

Table 6

INVESTMENT FUNDING							
NACE-Rev.2	YEAR	INVESTMENT FUNDING (a)					
		SELF-FUNDING	BANK LOANS	SHARE AND BOND ISSUING	GOVERNMENT LOANS AND GRANTS	EU FUNDS	OTHER
Mining and quarrying (Section B)	2016	82.9	9.4	0.0	0.0	5.5	2.2
	2017	84.8	8.5	0.0	0.0	5.1	1.7
Manufacturing (Section C)	2016	66.5	24.2	0.7	0.8	5.9	1.9
	2017	64.2	25.3	0.0	1.0	6.0	3.5
<i>Of which: exporting firms</i>	2016	68.2	23.5	0.9	0.8	4.8	1.8
	2017	66.4	22.9	0.0	0.9	5.3	4.4
Electricity, gas, steam and air conditioning supply (Section D)	2016	72.5	1.0	0.0	0.0	1.3	25.2
	2017	81.8	3.1	0.0	0.0	4.7	10.4
Water supply; sewerage, waste management and remediation activities (Section E)	2016	81.8	12.9	0.0	0.0	4.4	0.9
	2017	69.6	11.9	0.0	0.0	17.1	1.4
Construction (Section F)	2016	67.0	30.6	0.1	0.7	0.0	1.5
	2017	70.8	26.8	0.1	0.8	0.2	1.1
Wholesale and retail trade; repair of motor vehicles and motorcycles (Section G)	2016	70.4	23.2	0.0	0.1	1.5	4.8
	2017	70.0	23.0	0.0	0.2	1.1	5.7
Transportation and storage (Section H)	2016	49.7	38.8	4.9	1.3	1.5	3.8
	2017	43.2	39.8	0.0	7.2	4.7	5.1
Accommodation and food service activities (Section I)	2016	64.7	22.4	2.7	0.3	1.5	8.5
	2017	59.6	24.3	0.3	0.3	9.1	6.4
Information and communication (Section J)	2016	97.2	1.0	0.0	0.2	1.1	0.5
	2017	97.4	1.0	0.0	0.2	0.9	0.4
Financial and insurance activities (Section K)	2016	75.9	14.7	0.0	0.0	0.0	9.4
	2017	72.4	13.2	0.0	0.0	0.0	14.4
Real estate activities (Section L)	2016	66.0	25.5	0.1	0.0	0.0	8.3
	2017	69.5	22.4	0.0	0.0	0.3	7.8
Professional, scientific and technical activities (Section M)	2016	85.0	10.0	0.0	0.6	1.9	1.4
	2017	83.3	9.9	0.0	2.1	2.7	0.4
Administrative and support service activities (Section N)	2016	19.2	29.1	8.8	0.0	0.0	42.9
	2017	17.3	26.6	9.8	0.0	0.6	45.6
TOTAL	2016	66.2	19.9	1.7	0.4	2.4	9.3
	2017	64.9	20.2	1.1	1.1	3.7	9.0

(a) Percentual investment distribution by investment funding

Similarly to the total of the inquired activities and to the *Manufacturing* section, the exporting firms also indicate self-funding as the main source of funding, weighting 68.2% and 66.4% of the total in 2016 and 2017, respectively.

Between the two referred years, the weight of this source diminished in both the exporting firms (-1.8 p.p.) and in the *Manufacturing* section (-2.3 p.p.). Bank loans are the second source of funding among the exporting firms, weighting 23.2% in the average of the two years (comparing with 24.8% for the *Manufacturing* section and 20.1% for the total of the inquired activities).

8. Investment limitations

Between 2016 and 2017, for the total of the inquired activities, the percentage of firms with investment limitations expended from 39.4% to 40.4%, led by seven of the thirteen inquired sections. Considering the average of the two years, three of the thirteen sections presented limitations of investment in more than 50% of the firms, namely in *Water supply; sewerage, waste management and remediation activities* (61.2%), *Transportation and storage* (51.9%) and *Mining and quarrying* (51.3%) (table 7). The *Electricity, gas, steam and air conditioning supply* section presented the lowest percentage (19.3%).

In the *Manufacturing* section, the percentage of firms with limitations of investment shifted from 43.2% in 2016 to 44.2% in 2017, with slightly lower percentages in the case of the exporting firms (42.4% and 43.0% in 2016 and 2017, respectively).

Table 7

INVESTMENT LIMITATIONS (a)		
NACE-Rev.2	2016	2017
Mining and quarrying (Section B)	49.1	53.5
Manufacturing (Section C)	43.2	44.2
<i>Of which: exporting firms</i>	<i>42.4</i>	<i>43.0</i>
Electricity, gas, steam and air conditioning supply (Section D)	19.3	19.3
Water supply; sewerage, waste management and remediation activities (Section E)	66.8	55.5
Construction (Section F)	50.1	49.7
Wholesale and retail trade; repair of motor vehicles and motorcycles (Section G)	34.3	36.5
Transportation and storage (Section H)	52.7	51.1
Accommodation and food service activities (Section I)	29.1	28.8
Information and communication (Section J)	31.0	36.3
Financial and insurance activities (Section K)	29.6	30.0
Real estate activities (Section L)	28.7	29.6
Professional, scientific and technical activities (Section M)	38.5	38.9
Administrative and support service activities (Section N)	44.2	43.5
TOTAL	39.4	40.4

(a) Percentage of enterprises with investment limitations

The deterioration of the sales perspectives remained as the main limiting factor (31.9% and 33.1% in 2016 and 2017, respectively), followed, in 2016, by the lack of self-funding capacity (17.4%) and, in 2017, by the uncertainty about the investment profitability (17.4%) (table 8).

From 2016 to 2017, the increase in the weight of the deterioration of the sales perspectives (1.2 p.p.) was partially offset by the decrease in the weight of self-funding capacity (-1.0 p.p.).

Table 8

MAIN FACTOR LIMITING INVESTMENT IN 2017 (a)

NACE-Rev.2	INSUFICIENT PRODUCTION CAPACITY	DETERIORATION OF THE SALES PERSPECTIVES	SHORTAGE OF QUALIFIED LABOUR FORCE	INTEREST RATE LEVEL	UNCERTAINTY ABOUT THE INVESTMENT PROFITABILITY	SELF-FUNDING CAPACITY	DIFICULTY OBTAINING BANK LOANS	CAPITAL MARKETS	OTHER	
Mining and quarrying (Section B)		0.5	37.8	7.5	0.4	15.0	8.0	7.5	0.9	22.4
Manufacturing (Section C)		4.0	32.4	4.2	0.6	19.6	16.3	15.2	0.5	7.1
<i>Of which: exporting firms</i>		16.9	25.7	6.2	1.5	11.2	8.9	18.8	2.9	8.0
Electricity, gas, steam and air conditioning supply (Section D)		2.7	0.0	0.0	0.0	0.0	97.3	0.0	0.0	0.0
Water supply; sewerage, waste management and remediation activities (Section E)		9.8	20.8	0.0	0.0	29.4	5.8	19.6	0.0	14.5
Construction (Section F)		5.0	36.8	6.1	1.4	16.0	13.8	12.4	0.0	8.5
Wholesale and retail trade; repair of motor vehicles and motorcycles (Section G)		3.2	34.9	0.6	4.1	14.3	19.5	9.8	4.1	9.5
Transportation and storage (Section H)		0.0	25.8	13.0	0.0	22.0	22.3	1.5	0.0	15.5
Accommodation and food service activities (Section I)		0.0	24.2	9.0	8.7	20.0	6.4	11.7	0.1	20.0
Information and communication (Section J)		2.0	62.3	10.8	0.0	7.0	12.0	4.0	0.0	2.0
Financial and insurance activities (Section K)		0.0	26.0	6.4	3.8	11.0	12.2	5.8	6.7	28.2
Real estate activities (Section L)		7.3	25.8	2.1	0.0	19.3	15.9	8.1	4.3	17.2
Professional, scientific and technical activities (Section M)		1.1	40.6	0.0	0.8	27.2	12.0	9.7	0.0	8.6
Administrative and support service activities (Section N)		13.5	16.0	7.0	2.0	20.9	13.7	10.9	0.0	16.1
TOTAL		3.5	33.1	3.9	2.6	17.4	16.4	11.1	1.8	10.2

(a) Percentage of enterprises that chooses each limiting factor, from all the enterprises with investment limitations

Considering the exporting firms, the main factor limiting investment indicated by corporations was the deterioration of the sales perspectives (27.3% and 25.7%, in 2016 and 2017, respectively), followed by the difficulty in obtaining bank loans (19.4% and 18.8%). For the average of the two years and comparing to the *Manufacturing* section, the deterioration of the sales perspectives, the lack of self-funding capacity and, mainly, the uncertainty about the investments profitability are less relevant for the exporting firms, while the opposite is observed on the remaining factors, especially in the case of the extension of the production capacity. Between 2016 and 2017, the weight of other limiting factors increased 3.8 p.p. (0.4 p.p. in the *Manufacturing* section) and the weight of the factor associated to the extension of production capacity diminished -2.2 p.p. (-2.6 p.p. in the *Manufacturing* section).

9. Investment and job creation

Concerning the creation of jobs related to investment, most of the inquired sections presented positive balances. Considering the average for the two analyzed years, the higher balances were observed in the sections of *Water supply; sewerage, waste management and remediation activities*, of *Information and communication* and of *Manufacturing* (table 9). On the contrary, the sections of *Financial and insurance activities* and *Electricity, gas, steam and air conditioning supply* presented the lowest balances.

From 2016 to 2017, this balance should increase for the total of the inquired activities, driven by ten of the thirteen sections. The *Water supply; sewerage, waste management and remediation activities* and *Construction* sections register the most significant growth, while the *Electricity, gas, steam and air conditioning supply* section records the most pronounced decrease.

For the exporting firms, the average of this balance was positive and higher than in the *Manufacturing* section and the total of inquired activities, increasing between 2016 and 2017.

Table 9

INVESTMENT AND JOB CREATION (a)

NACE-Rev.2	YEAR	INCREASE	REMAIN UNCHANGED	DECREASE	BALANCES
Mining and quarrying (Section B)	2016	10.2	89.6	0.2	10.1
	2017	13.9	83.9	2.2	11.7
Manufacturing (Section C)	2016	21.6	75.4	3.0	18.7
	2017	25.8	71.4	2.8	23.0
<i>Of which: exporting firms</i>	2016	24.8	72.2	3.0	21.7
	2017	31.2	66.1	2.7	28.5
Electricity, gas, steam and air conditioning supply (Section D)	2016	0.0	98.6	1.4	-1.4
	2017	0.0	85.7	14.3	-14.3
Water supply; sewerage, waste management and remediation activities (Section E)	2016	23.3	75.6	1.2	22.1
	2017	31.5	66.6	1.8	29.7
Construction (Section F)	2016	11.6	70.2	18.2	-6.6
	2017	14.5	72.1	13.5	1.0
Wholesale and retail trade; repair of motor vehicles and motorcycles (Section G)	2016	23.5	75.2	1.3	22.2
	2017	16.0	81.0	2.9	13.1
Transportation and storage (Section H)	2016	14.2	82.2	3.6	10.6
	2017	16.1	81.9	2.0	14.0
Accommodation and food service activities (Section I)	2016	19.0	80.5	0.5	18.5
	2017	22.0	76.8	1.2	20.8
Information and communication (Section J)	2016	29.4	64.8	5.9	23.5
	2017	24.7	70.0	5.4	19.3
Financial and insurance activities (Section K)	2016	3.1	60.0	36.9	-33.9
	2017	5.2	57.9	36.9	-31.8
Real estate activities (Section L)	2016	9.9	84.6	5.5	4.4
	2017	10.2	86.5	3.3	6.9
Professional, scientific and technical activities (Section M)	2016	14.7	78.6	6.8	7.9
	2017	17.4	79.6	3.0	14.3
Administrative and support service activities (Section N)	2016	21.3	74.7	4.1	17.2
	2017	20.7	75.9	3.4	17.3
TOTAL	2016	19.6	75.0	5.5	14.1
	2017	19.7	75.1	5.2	14.6

(a) Opinions/expectations from the entrepreneurs of the impact of investment on the change on the number of employees (percentage of enterprises in each result)

Technical note:

From this press release onwards, the Investment Survey data is based on a new sample. The regular update of the sampling frame, namely with the inclusion of firms recently created, is essential to maintain the statistical quality of the data, avoiding the potential negative effects related to the deterioration of the previous sampling frame. The comparison of results at disaggregated level should be carefully interpreted due to the use of a new sample.

The Investment Survey was based on a sample of 3.828 firms with more than 3 workers, classified in divisions 07-82 of NACE-Rev.2 and with a yearly turnover of, at least, €125,000. The firms with 250 or more workers were exhaustively surveyed.

The survey was conducted between the 1st October 2016 and the 18th January 2017 and the overall response rate was 94.0%.

Considering the number of workers as the stratification/extrapolation variable, these firms represent 98.1% of the sample.

For the selection of the exporting firms, the following criteria were applied to the frame and sample of the Investment Survey:

1. Based on the information from the Simplified Corporate Information, it was considered the firms that comply, from 2013 to 2015, the following conditions:

- a. At least 50% of the total volume of export from business, or;
- b. More than 10% of turnover from exports and with an amount of exports of more than €150,000.

(Note: firms with no information for 2015, it was considered information for 2014)

2. Firms that comply in 2014 and 2015 at least one of the above criteria and with a growing export profile.

3. Firms without information from the Simplified Corporate Information in at least two of the three years analyzed and which have a turnover of exports of at least €150,000, considering statistical information from the International Trade Statistics.

Applying these criteria, the frame has 7.310 firms (in total 43.926 firms) and a sample of 920 companies (in a total of 3.828 firms). Taking into account the distribution of firms by the NACE divisions and for the sake of consistency of the results, it was decided to publish results for firms belonging to the section C (Manufacturing). This set represents 3.725 firms for the frame and 570 firms for the sample. The computation of the results is the same as described in the methodological document.

Next report will be released on July 2017.

The methodological document for this survey is available at:

<http://smi.ine.pt/?LANG=EN>