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Investment Survey October 2010

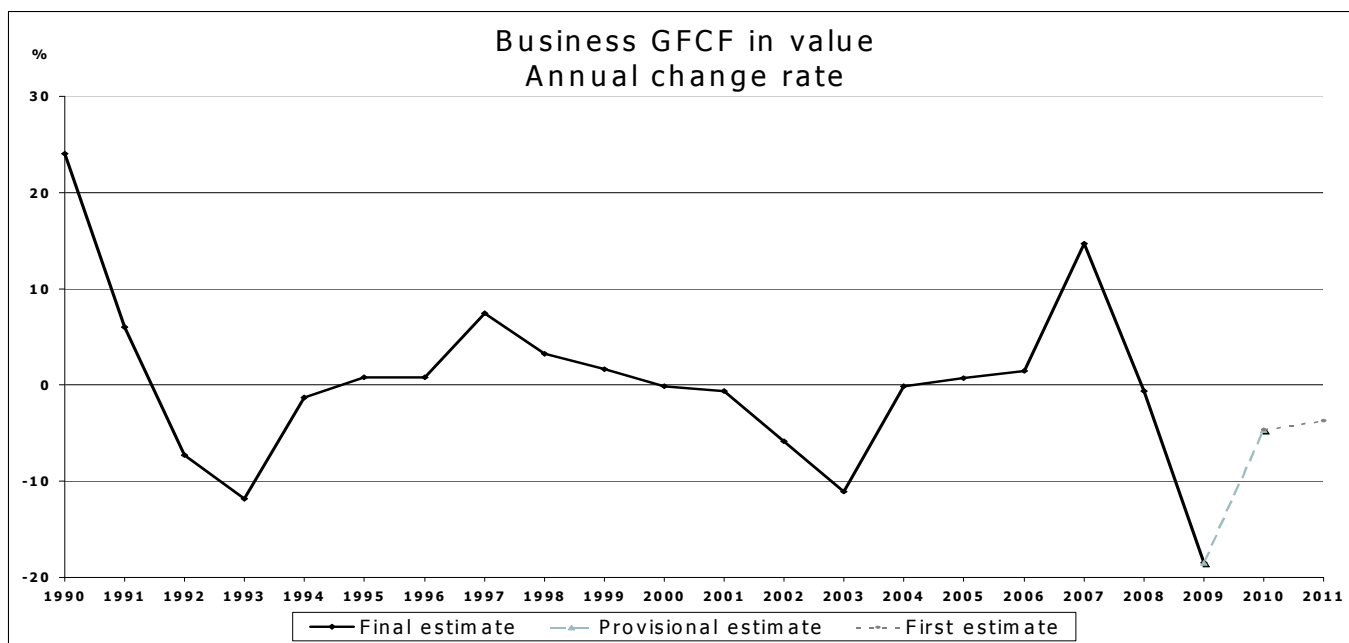
Perspectives of business investment decrease in 2011. Investment for 2010 revised downward comparing with the results of the previous survey.

According to the opinions expressed on the October 2010 Investment Survey (occurred between the 1st October of 2010 and 20th January 2011), the entrepreneurial investment is expected to decrease by 3.7% in 2011 in nominal terms. The same survey points to a reduction of 4.6% of the investment in 2010, which represents a significant downward revision comparing with the perspectives revealed in the previous survey (-10.2 p.p.).

Among the investment objectives, from 2010 to 2011, the perspectives points to an increase of the relative weight of the investment in replacement and rationalization and restructuration and a decrease of the relative weight of the investment for the extension of the production capacity.

As main limitative factor for business investment identified in the survey, in 2010 and 2011, the deterioration of the sales perspectives continues to be the factor mentioned by a larger number of firms. The uncertainty about the investments profitability is also very significant, although it assumes less importance in 2011 comparing with the previous year.

From this publication onwards, the information from the Investment Survey is based on a new sample and it was also adopted a new classification by industry, namely, the Statistical Classification of Economic Activities in the European Community Revision 2 (NACE rev.2) (see detailed information at the end of this press release).



The percentage corresponds to the last available estimate for each year. For 2010 and 2011, the change rates correspond to the entrepreneurial perspectives obtained with the new sample.

The results from the October 2010 Investment Survey (occurred between the 1st October 2010 and the 20th January 2011) points to a decrease of 4.6% in the entrepreneurial Gross Fixed Capital Formation in nominal terms. When compared with the investment expectations stated in the previous survey (occurred between the 1st April 2010 and the 20th June 2010), there was a downward revision of the entrepreneurial investment change rate for 2010 (-10.2 p.p.). This revision reflected the cancellation or postponement of the previously revealed investment expectations due to the deterioration of the economic activity perspectives for 2010. Considering the firms size by number of workers, all the groups, except the 4th (employing 500 or more workers), contributed negatively for the reduction of the investment in 2010, especially the 1st (employing 49 or less workers) and the 2nd (employing between 50 and 249 workers), with change rates of -15.3% and -11.0% and contributions of -3.3 p.p. and -2.9 p.p., respectively.

For 2011, the present survey points to a nominal decrease of the enterprises' investment of 3.7%. This result represents a reduction of 5.1 p.p. when comparing with the first estimate for 2010 obtained in the October 2009 survey.

The less intense reduction of the investment change rate for 2011, when compared with the one for 2010 (0.9 p.p.), mainly reflects the evolution of the investment in medium size firms, 2nd and 3rd groups (with 50 or more and with less 500 workers), but mainly the first, shifting from a decrease of 11.0% in 2010 to a growth of 4.4% in 2011 (contribution of 3.9 p.p.).

STRUCTURE, CHANGE AND DIFFUSION OF INVESTMENT

NACE-Rev.2	STRUCTURE (a)			CHANGE (b)		DIFFUSION (c)		
	2009	2010	2011	2010	2011	2009	2010	2011
Mining and quarrying (Section B)	0,9	1,2	1,2	28,1	-3,7	90,9	77,3	77,3
Manufacturing (Section C)	22,8	22,6	22,1	-5,6	-5,8	91,8	83,1	76,7
Electricity, gas, steam and air conditioning supply (Section D)	9,7	9,7	10,7	-4,7	6,6	95,8	87,5	87,5
Water supply; sewerage, waste management and remediation activities (Section E)	5,6	6,3	7,9	8,3	19,2	97,3	91,9	90,5
Construction (Section F)	8,4	7,9	6,1	-11,2	-25,6	87,1	80,6	73,5
Wholesale and retail trade; repair of motor vehicles and motorcycles (Section G)	12,5	10,3	9,1	-21,1	-14,9	89,6	80,7	71,2
Transportation and storage (Section H)	12,6	14,3	15,1	8,7	1,7	88,7	80,1	72,2
Accommodation and food service activities (Section I)	2,8	1,7	1,2	-42,3	-31,7	97,6	89,2	79,5
Information and communication (Section J)	11,4	11,7	12,3	-2,5	1,4	94,7	83,3	75,8
Financial and insurance activities (Section K)	4,3	4,8	4,9	5,7	-0,6	83,3	85,6	80,0
Real estate activities (Section L)	0,2	0,2	0,2	-13,2	49,0	67,9	50,0	39,3
Professional, scientific and technical activities (Section M)	2,5	3,1	2,5	16,5	-21,6	91,3	86,6	78,7
Administrative and support service activities (Section N)	6,3	6,3	6,6	-4,4	0,7	88,9	76,5	70,8
TOTAL	100	100	100	-4,6	-3,7	90,9	82,3	75,5

(a) Percentual investment distribution by NACE sections

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

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

Notes:

From the October 2010 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 changes were wider than the simple replacement of the previous sample, since it was also adopted the new Statistical Classification of Economic Activities in the European Community Revision 2 (NACE-Rev.2), changing the structure by economic activity of the published data. This change was harmonized and simultaneous in all the EU member states.

Additionally, the groups of firms by number of workers were adjusted. The new sample is stratified by NACE-Rev.2 (divisions 05 to 82) and 4 groups, while the previous sample was stratified using NACE-Rev.1 (divisions 13 to 74) and 6 groups.

Therefore, the new sample, with the respective update of the weights used for aggregation, combined with the adjustment of the stratification by groups, and also the difference in structure and aggregation due to the adaptation to the new NACE, does not allow the comparison between the October 2010 and the April 2010 survey data for the sections and Manufacturing Industry subsections. The comparison of results at aggregated level is also limited due to the use of a new sample.

The Investment Survey was based on a sample of 3750 firms with 4 or more workers, that belong to the activities of NACE revision 2 (divisions 05 to 82) and that have a turnover in the sample selection year of, at least, €125000. The firms with 200 or more workers were exhaustively surveyed.

The survey was conducted between the 1st October 2010 and the 20th January 2011 and the global response rate was 78.5%.

Considering the number of workers as the stratification/extrapolation variable, these firms represent 84.0% of the sample.

Next report will be released on July 2011.

For further information, please consult the website of INE.