

8<sup>th</sup> July, 2011

## Investment Survey

April 2011

### Downward revision of business investment perspectives for 2011.

According to the opinions expressed on the April 2011 Investment Survey (occurred between the 1<sup>st</sup> April and 29<sup>th</sup> June 2011), the entrepreneurial investment is expected to decrease 7.7% in nominal terms in 2011. The same survey points to a reduction of 5.4% of the investment in 2010. These results represent a downward revision of -4.0 p.p. for 2011 and -0.8 p.p. for 2010, compared to the perspectives revealed in the previous survey.

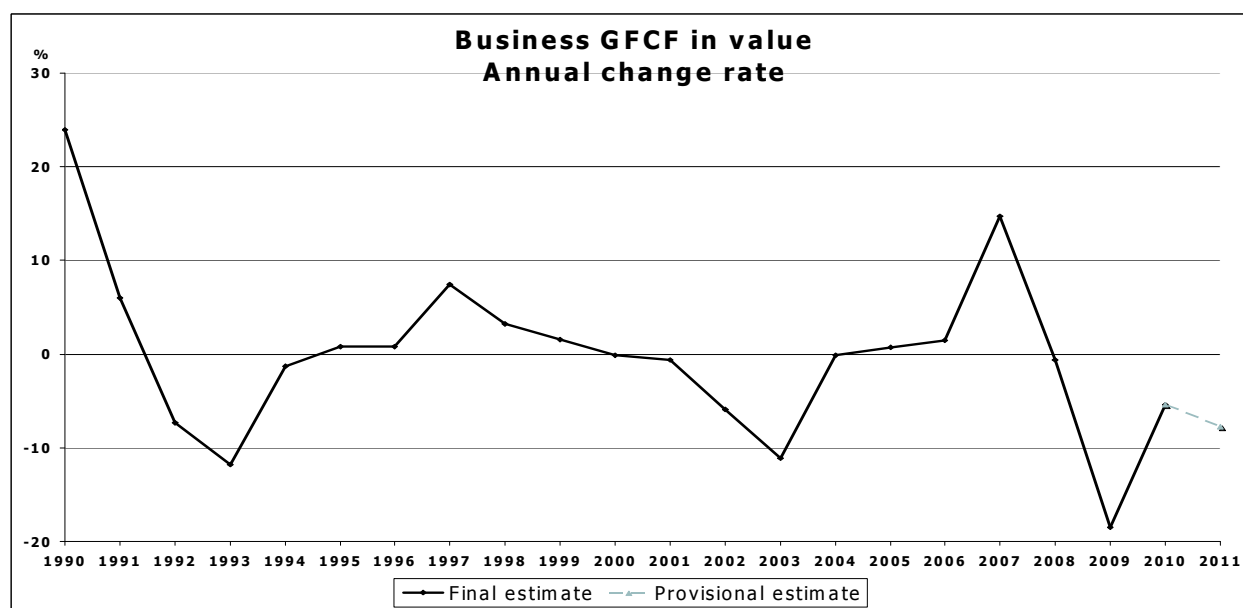
Among the investment objectives, from 2010 to 2011, the perspectives indicate an increase only in the relative weight of the investment in replacement and in the extension of the production capacity.

The deterioration of the sales perspectives, followed by the uncertainty about the investments profitability were identified as the main limitative factors for business investment in the survey for 2010 and 2011. The latter is less important in 2011 compared to 2010 and its lower relative weight was mainly compensated by an increase of the percentage of firms that refer difficulties in obtaining bank financing.

The results from the April 2011 Investment Survey (occurred between the 1<sup>st</sup> April and the 29<sup>th</sup> June 2011) point to a decrease of 5.4% in 2010 of the entrepreneurial Gross Fixed Capital Formation in nominal terms. When compared with the investment expectations stated in the previous survey (occurred between the 1<sup>st</sup> October 2010 and the 20<sup>th</sup> January 2011), there was a downward revision of the entrepreneurial investment change rate for 2010 (0.8 p.p.). Considering the firms size by number of workers, all the groups, except the 3<sup>rd</sup> (employing between 250 and 499 workers), contributed negatively for the reduction of the investment in 2010, especially the 1<sup>st</sup> (employing 49 or less workers) and the 2<sup>nd</sup> (employing between 50 and 249 workers), with change rates of -6.9% and -13.5% and contributions of -1.7 p.p. and -3.3 p.p., respectively.

For 2011, the present survey points to a nominal change rate of the enterprises' investment of -7.7%. This result represents a downward revision of 4.0 p.p. comparing with the estimate for 2011 obtained in the previous survey, which may be related to the deterioration of the economic activity perspectives for 2011.

According to the results of the present survey, the more intense reduction of the investment change rate for 2011, when compared with the one for 2010 (-2.3 p.p.), reflects the evolution of the investment in firms of the 1<sup>st</sup>, 3<sup>rd</sup> and 4<sup>th</sup> (more than 499 workers) groups. This decrease was more significant in the 1<sup>st</sup> group that shifted from a change rate of -6.9% in 2010 to -30.1% in 2011 (contribution of -5.5 p.p.).



The percentage corresponds to the last available estimate for each year. For 2011, the change rate corresponds to the entrepreneurial perspectives.

## 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	1,3	1,5	38,0	5,0	90,5	85,7	85,7
Manufacturing (Section C)	24,3	24,2	22,9	-5,4	-12,7	92,6	84,7	79,0
Electricity, gas, steam and air conditioning supply (Section D)	8,9	8,1	10,1	-13,6	14,8	95,8	91,7	87,5
Water supply; sewerage, waste management and remediation activities (Section E)	4,7	5,1	7,2	3,3	29,2	96,2	92,3	89,7
Construction (Section F)	7,2	6,7	5,3	-11,9	-26,4	85,3	79,5	71,8
Wholesale and retail trade; repair of motor vehicles and motorcycles (Section G)	12,4	11,8	9,3	-10,2	-27,2	91,0	84,0	73,1
Transportation and storage (Section H)	13,5	13,9	13,8	-2,4	-8,5	90,7	84,7	80,0
Accommodation and food service activities (Section I)	2,8	1,4	0,9	-52,9	-40,7	96,4	83,1	75,9
Information and communication (Section J)	13,9	14,2	14,5	-3,5	-5,7	95,3	85,0	81,9
Financial and insurance activities (Section K)	4,3	4,9	5,5	9,2	4,2	83,5	82,4	79,1
Real estate activities (Section L)	0,2	0,1	0,2	-24,4	62,0	71,4	60,7	53,6
Professional, scientific and technical activities (Section M)	1,1	1,3	1,1	11,2	-24,9	90,5	83,3	72,2
Administrative and support service activities (Section N)	5,9	6,9	7,6	10,0	2,0	89,1	76,5	70,6
<b>TOTAL</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>-5,4</b>	<b>-7,7</b>	<b>91,4</b>	<b>83,5</b>	<b>77,2</b>

(a) Percentual investment distribution by NACE sections

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

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

***Next report will be released on January, 2012.***

For further information, please consult the website of INE.

### Technical note:

The Investment Survey was based on a sample of 3719 firms with more than 4 workers, that belong to the activities of NACE revision 2 (divisions 05 to 82) and that have a yearly turnover of, at least, €125000. The firms with 200 or more workers were exhaustively surveyed.

The survey was conducted between the 1<sup>st</sup> April 2011 and the 29<sup>th</sup> of June 2011 and the global response rate was 78.6%.

Considering the number of workers as the stratification/extrapolation variable, these firms represent 85.3% of the sample.