

Investment Survey
October 2015

**Perspectives of an increase of business investment in 2016
Downward revision of investment in 2015**

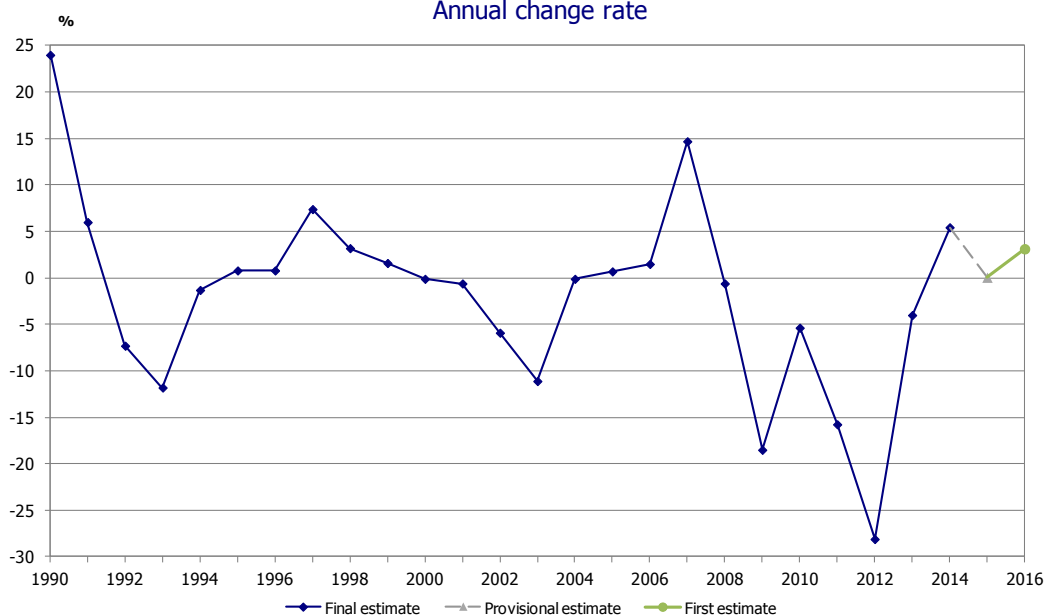
Accordingly with the opinions expressed in the October 2015 Investment Survey (with an inquiring period between the 1st October 2015 and the 20th January 2016), the entrepreneurial investment is expected to present a nominal increase of 3.1% in 2016. The same survey also points to an increase in investment by 0.1% in 2015, which represents a downward revision comparing with the perspectives revealed in the previous survey (change rate of 2.5%).

Among the investment objectives, the relative weight of the extension of the production capacity and of the other investments might decrease from 2015 to 2016, being the replacement investment the most referred objective. On the other hand, the replacement and the streamline production investments relative weights might increase.

Regarding the main limitative factor for business investment identified in the survey, the deterioration of the sales perspectives, followed by the uncertainty about the investment profitability were the most mentioned in both years. Between 2015 and 2016 the relative weight of the uncertainty about the investment profitability might increase and the relative weight of the self-funding capacity is expected to decrease.

Graph 1

Evolution of business GFCF in value
Annual change rate



1. Main results

The results from the October 2015 Investment Survey point to a 0.1% nominal increase of the entrepreneurial Gross Fixed Capital Formation in 2015. Comparing with the investment expectations obtained in the April 2015 survey (occurred between the 1st April and the 30th June 2015) there was a downward revision of the entrepreneurial investment change rate for 2015 by 2.4 percentage points (p.p.), which might reflect some postponement or even cancellation of investments.

Considering the firms size by number of workers, the third group (employing 250 and 499 workers) presented the most intense positive contribution (0.8 p.p.) to the evolution of the investment in 2015, increasing 9.3%. On the contrary, the firms of the first group (employing less than 50 workers) and the fourth group (employing 500 or more workers) registered the most significant negative contributions (0.5 p.p.), due to decreases of -1.8% and -1.4% of the investment.

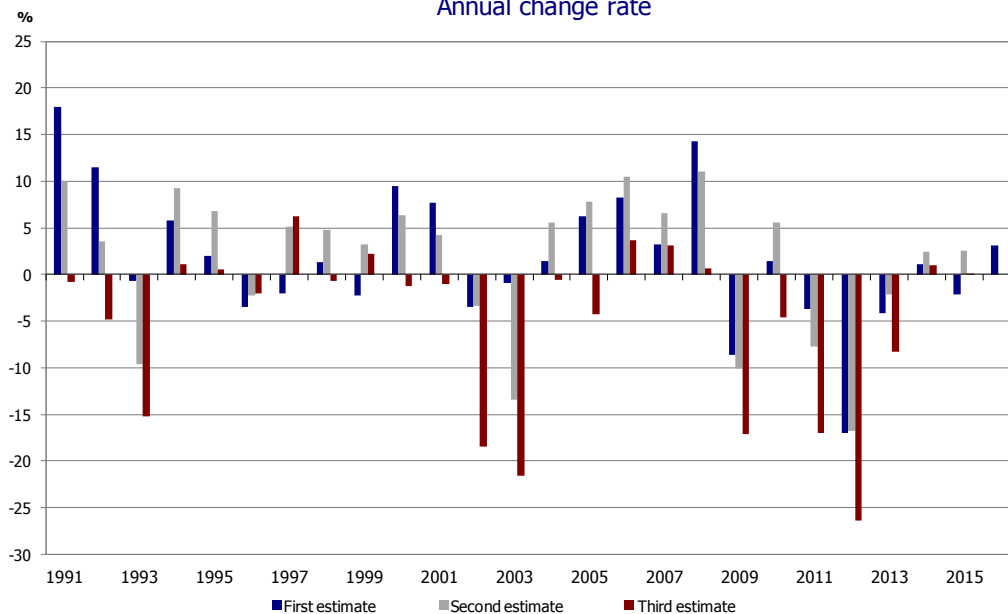
For 2016, the survey points to a nominal change rate of the enterprises' investment of 3.1%. This result represents an increase of 5.3 p.p. when comparing with the first estimate for 2015 obtained in the October 2014 survey (-2.2%).

Accordingly with the results of the October 2015 survey, the increased of the investment in 2016 reflects the positive contribution of the fourth group (4.4 p.p.) and to a lesser extent of the second and the third group (1.8 p.p. and 0.8 p.p., respectively), due to change rates of 12.4%, 6.1% and 8.5%. The firms of the first group contributed negatively (-3.9 p.p.) for the investment in 2016, presenting a change rate of -15.1%.

The positive evolution of the investment in 2015, compared with the rate observed in the previous year (difference of 3.0 p.p.), reflects especially the positive contribution of the investment in firms of the fourth group (from -0.5 p.p. to 4.4 p.p.), which is expected to shift from a change rate of -1.4% in 2015 to 12.4% in 2016.

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 5.4% decrease of the investment in 2015. This reduction was more intense than the observed in the section (-3.1%), while the investment had slightly increased for total firms (0.1%). For 2016, the investment is expected to present a change rate of 18.0%, which compares with a change rate of 6.9% for the *Manufacturing* section and 3.1% 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 88.0%, 80.6% and 77.4%, for 2014, 2015 and 2016, respectively.

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

In 2015, the slight increase of business GFCF (0.1%) was due to the positive contribution of seven of the thirteen surveyed sections of economic activity. The *Wholesale and retail trade; repair of motor vehicles and motorcycles* and the *Transportation and storage* sections recorded the most significant positive contributions (2.3 p.p. in the former case and 1.5 p.p. in the later), driven by the considerable weight in the structure of total investment, presenting growth rates of 16.6% and 25.1%, respectively. The *Real estate activities* (-22.5%) and the *Construction* (-18.6%) 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)		
	2014	2015	2016	2015	2016	2014	2015	2016
Mining and quarrying (Section B)	1.2	1.3	1.4	8.2	11.4	88.0	80.8	76.9
Manufacturing (Section C)	26.9	26.1	27.0	-3.1	6.9	89.9	83.4	80.8
<i>Of which: exporting firms</i>	-	-	-	-5.4	18.0	96.7	91.9	91.6
Electricity, gas, steam and air-conditioning supply (Section D)	11.8	9.8	8.6	-16.4	-9.4	96.0	88.5	88.5
Water supply; sewerage, waste management and remediation activities (Section E)	2.9	3.0	3.9	5.9	32.1	94.0	92.9	88.1
Construction (Section F)	3.8	3.1	3.2	-18.6	6.4	81.4	69.4	65.8
Wholesale and retail trade; repair of motor vehicles and motorcycles (Section G)	13.7	16.0	14.9	16.6	-3.6	88.8	77.9	72.8
Transportation and storage (Section H)	6.0	7.5	8.2	25.1	12.4	88.3	83.6	81.2
Accommodation and food service activities (Section I)	1.6	1.8	1.5	14.5	-12.9	88.7	83.5	77.3
Information and communication (Section J)	12.7	12.3	12.8	-3.1	6.9	86.1	81.6	77.6
Financial and insurance activities (Section K)	2.9	3.8	3.5	31.3	-6.0	83.3	81.6	79.6
Real estate activities (Section L)	0.7	0.5	0.5	-22.5	2.2	71.4	62.1	58.6
Professional, scientific and technical activities (Section M)	1.8	2.3	2.3	25.8	4.7	87.9	80.4	72.2
Administrative and support service activities (Section N)	14.0	12.4	12.1	-11.1	0.7	80.3	67.5	66.7
TOTAL	100	100	100	0.1	3.1	88.0	80.6	77.4

(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 2016 (expected growth rate of 3.1%), 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 (1.8 p.p., with a change rate of 6.9%). On the contrary, the *Electricity, gas, steam and air-conditioning supply* and the *Wholesale and retail trade; repair of motor vehicles and motorcycles* sections register the most significant negative contributions to the change rate of total investment (-0.9 p.p. and -0.6 p.p., respectively), with reductions of 9.4% and 3.6%, respectively.

The business GFCF acceleration between 2015 (0.1%) and 2016 (3.1%) is determined by the contribution of eight sections, mainly the *Manufacturing* and *Administrative and support service activities* sections, with contributions of 2.6 p.p. and 1.6 p.p., respectively.

3. Results by subsection of the Manufacturing section

For 2015, the results from the current survey point to a reduction of 3.1% of the investment in the *Manufacturing* section, with negative change rates in eight of the fourteen subsections (table 2). The *Manufacture of basic metals; Manufacture of fabricated metal products, except machinery and equipment* subsection registered the most intense negative contribution (-2.3 p.p.) to the investment change rate for this section, decreasing by 18.2%. The *Manufacture of rubber and plastic products* subsection also presented a significant negative contribution (-2.2 p.p., with a change rate of -15.8%). On the other hand, the *Other manufacturing* subsection recorded the strongest increase in investment (25.6%) and the most relevant positive contribution (1.0 p.p.) to the change rate of this section's investment.

Comparing to the results from the previous survey, the business GFCG growth rate for the *Manufacturing* section was downward revised by 1.7 p.p. in 2015.

For 2016, 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 this results are observed in the subsections of *Manufacture of motor vehicles, trailers and semi-trailers and other transport equipment* (6.7 p.p.) and of *Manufacture of coke and refined petroleum products* (3.4 p.p.), with growth rates of 66.9% and 140.3%, respectively.

Table 2

STRUCTURE AND CHANGE IN MANUFACTURING					
NACE-Rev.2	STRUCTURE (a)			CHANGE (b)	
	2014	2015	2016	2015	2016
Manufacture of food products, beverages and tobacco products (10 11 12)	16.7	16.8	13.8	-2.6	-11.9
Manufactures of textiles, wearing apparel and leather and related products (13 14 15)	12.0	12.0	10.4	-3.1	-7.2
Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials (16)	3.4	4.3	3.0	23.0	-24.5
Manufacture of paper and paper products; Printing and reproduction of recorded media (17 18)	5.0	5.5	5.7	7.5	10.3
Manufacture of coke and refined petroleum products (19)	3.2	2.4	5.4	-26.0	140.3
Manufacture of chemicals and chemical products; Manufacture of basic pharmaceutical products and pharmaceutical preparations (20 21)	6.2	6.3	7.1	-1.9	20.8
Manufacture of rubber and plastic products (22)	13.7	11.9	8.5	-15.8	-23.8
Manufacture of other non-metallic mineral products (23)	6.7	7.2	5.9	4.4	-12.4
Manufacture of basic metals; Manufacture of fabricated metal products, except machinery and equipment (24 25)	12.7	10.7	11.2	-18.2	11.8
Manufacture of computer, electronic and optical products (26)	1.6	1.7	2.4	4.9	50.2
Manufacture of electrical equipment (27)	2.9	2.8	3.3	-7.5	29.4
Manufacture of machinery and equipment n.e.c. (28)	3.3	3.3	3.1	-1.2	-0.3
Manufacture of motor vehicles, trailers and semi-trailers and other transport equipment (29 30)	8.8	10.0	15.6	9.3	66.9
Other manufacturing (31 32 33)	3.9	5.1	4.4	25.6	-7.3
MANUFACTURING (SECTION C)	100	100	100	-3.1	6.9
<i>Of which: exporting firms</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>-5.4</i>	<i>18.0</i>

(a) Percentual investment distribution by subsections of Manufacturing

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

For the Manufacturing section, the results point to a pronounced increase in investment between 2015 and 2016 (10.0 p.p.), mostly due to the *Manufacture of motor vehicles, trailers and semi-trailers and other transport equipment* (5.9 p.p.), the *Manufacture of coke and refined petroleum products* (4.2 p.p.) and the *Manufacture of basic metals; Manufacture of fabricated metal products, except machinery and equipment* (3.6 p.p.) subsections.

The results obtained for the exporting firms of the *Manufacturing* section point to a more intense reduction in 2015 than for the total section (of -5.4%, compared to -3.1%). Notice that, for all the inquired sections, investment increased by 0.1% in 2015. For 2016, the survey points to a business investment growth rate of 18.0% for the exporting firms, above the rate estimated for the total *Manufacturing* section (6.9%) and for the total of the inquired sections (3.1%).

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 third and second groups contributed positively for the slight increase of investment in 2015, with change rates of 9.3% and 0.9% and contributions of 0.8 p.p. and 0.3 p.p. to the growth rate of total investment, respectively. The firms of the first and fourth groups recorded negative contributions of 0.5 p.p., driven by change rates of -1.8% and -1.4%, respectively.

For 2016, the results point to an increase in investment in the firms of the fourth, third and second groups, with change rates of 12.4%, 8.5% and 6.1% and contributions to the change rate of total investment of 4.4 p.p., 0.8 p.p. and 1.8 p.p., respectively. On the contrary, the firms of the first group record a negative contribution of 3.9 p.p. to the change rate of total investment (and a change rate of -15.1%).

Table 3

STRUCTURE AND CHANGE BY SIZE OF FIRMS					
SIZE OF FIRMS (number of workers)	STRUCTURE (a)			CHANGE (b)	
	2014	2015	2016	2015	2016
MANUFACTURING					
1 st (≤49)	26.4	26.3	20.0	-3.5	-18.7
2 nd (50-249)	38.1	37.3	33.8	-5.2	-3.0
3 rd (250-499)	13.2	14.5	15.3	6.7	12.3
4 th (≥500)	22.3	21.9	30.9	-5.1	50.8
TOTAL	100	100	100	-3.1	6.9
TOTAL ACTIVITIES					
1 st (≤49)	26.1	25.6	21.1	-1.8	-15.1
2 nd (50-249)	28.8	29.0	29.8	0.9	6.1
3 rd (250-499)	8.7	9.5	10.0	9.3	8.5
4 th (≥500)	36.4	35.9	39.1	-1.4	12.4
TOTAL	100	100	100	0.1	3.1

(a) Percentual investment distribution by firms size
(b) Year-on-year change rate, nominal (%)

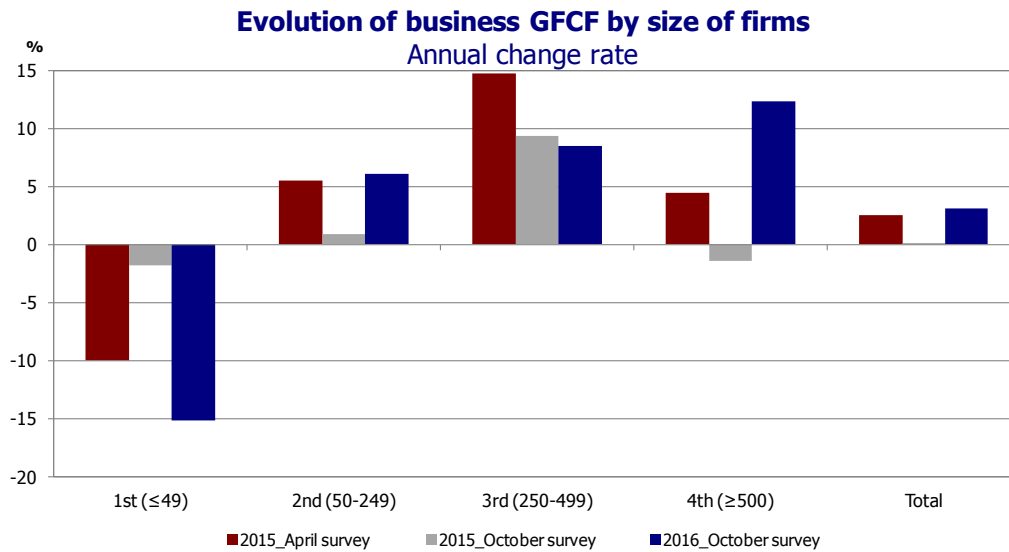
The more intense growth of the business investment between 2015 (0.1%) and 2016 (3.1%) was led by the positive contribution of the second and fourth groups, mainly of the later, with a contribution of 5.0 p.p..

Comparing with the April 2015 survey, the estimated investment for 2015 for the fourth group was downward revised by 5.8 p.p.. This revision might reflect some postponement of investments by the firms in this group, as the evolution between 2015 and 2016 presents a differential of 13.8 p.p..

Concerning the *Manufacturing* section, in 2015 a decrease of investment was observed in three of the four groups. The firms of the second group registered the most intense reduction (-5.2%) and the most significant negative contribution to the investment change rate in this section (-2.0 p.p.). The firms of the third group presented the only positive contribution (0.9 p.p., with a change rate of 6.7%).

Accordingly with the results obtained in the current survey, the increase in investment in 2016, for the *Manufacturing* section is determined mostly by the firms in the fourth group (50.8%, with a contribution of 11.1 p.p.). The investment of the firms in the first group presented the most pronounced negative change rate (-18.7%, with a contribution of -4.9 p.p.).

Graph 3



Between 2015 and 2016, the strong recovery of investment in the *Manufacturing* section (10.0 p.p.), was mainly driven by the results of the firms of the fourth, that shifted from a change rate of -5.1% in 2015 to 50.8% in 2016, followed by the firms in the third and second groups.

5. Investment destinations

The business GFCF positive change rate (0.1%) obtained for 2015 resulted from the evolution of the destinations of investment in constructions and in equipment (contributions of 0.3 p.p. and 0.8 p.p., respectively), while the investment in transport material and the other investments recorded negative contributions (-0.5 p.p. and -0.4 p.p.) (table 4).

For 2016, the investment in equipment registers the most significant positive contribution (4.4 p.p.) to the change rate of total investment (3.1%), while the investment in constructions and in transport material contributed negatively (-1.1 p.p. and -1.0 p.p.).

Table 4

INVESTMENT DESTINATIONS								
YEAR	STRUCTURE (a)				CHANGE (b)			
	CONSTRUCTIONS	EQUIPMENT	TRANSPORT MATERIAL	OTHERS	CONSTRUCTIONS	EQUIPMENT	TRANSPORT MATERIAL	OTHERS
2014	20.7	60.6	7.3	11.4				
2015	21.0	61.3	6.7	10.9	1.5	1.2	-7.5	-3.9
2016	19.2	63.7	5.6	11.5	-5.4	7.2	-14.9	8.0

(a) Percentual investment distribution by investment destinations

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

6. Investment objectives

In 2015 and 2016, for the total of the inquired sections, the replacement investment is maintained as the main objective of investment (with a weight of 40.7% for the average of the two years), followed by the extension of production capacity objective (37.9%) (table 5). The objectives to streamline production and the other investments represent 9.3% e 12.1% of total investment for the average of the two years, respectively.

Between 2015 and 2016, the relative weight of the objectives of extension of production capacity and of other investments might diminish (-0.8 p.p. e -1.8 p.p., respectively), while the weight of the replacement and the streamline production objectives is expected to increase (1.5 p.p. e 1.0 p.p.).

Concerning the *Manufacturing* section, in the average of the two years, 45.2% of investment has the objective of extension of production capacity and 27.2% the replacement. From 2015 to 2016, the importance of the streamline production objective might increase (2.8 p.p.), while the relative weight of the replacement, the extension of production capacity and the other investments objectives might diminish (-0.9 p.p., -1.2 p.p. and -0.7 p.p., respectively).

Regarding the exporting firms, the extension of the production capacity is also the main objective of investment for 2015 and 2016 (weighting 48.6% in the average of the two years), followed by the replacement investment (24.6%). This distribution is similar to the observed in the *Manufacturing* section, although the extension of production capacity investment presents a higher weight among the exporting firms (3.4 p.p.) and the replacement investment a lower weight (-2.6 p.p.). Between 2015 and 2016, the weight of the replacement investment might diminish less intensely among the exporting firms (-0.3 p.p.) comparing with the total *Manufacturing* section (-0.9 p.p.), while the decrease of the weight of the extension of production capacity investment was more pronounced in the exporting firms (-2.3 p.p., comparing with -1.2 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	2015	40.0	38.3	8.8	13.0	
	2016	41.5	37.5	9.8	11.2	
Manufacturing	2015	27.7	45.8	15.9	10.6	
	2016	26.8	44.6	18.7	9.9	
<i>Of which: exporting firms</i>	2015	24.7	49.8	15.9	9.6	
	2016	24.4	47.5	18.2	9.9	

(a) Percentual investment distribution by investment objectives

7. Investment funding

Self-funding continues as the main source of funding for the surveyed firms, weighting 67.6% and 66.5% of the total in 2015 and 2016, respectively (table 6). For the average of the two years, this source of funding is particularly relevant in the *Information and communication* (98.0%), the *Electricity, gas, steam and air conditioning supply* (88.5%) and the *Financial and insurance activities* (88.5%) sections. Self-funding is less important in the section of *Administrative and support service activities* (17.0%).

When analysing the evolution of the funding structure between 2015 and 2016, the weight of self-funding diminishes in five of the thirteen sections, more intensely in the cases of *Wholesale and retail trade; repair of motor vehicles and motorcycle* (-6.9 p.p.), *Financial and insurance activities* (-2.8 p.p.) and *Electricity, gas, steam and air conditioning supply* (-2.6 p.p.). On the opposite direction, the sections of *Accommodation and food service activities* (12.1 p.p.) and

Mining and quarrying (7.6 p.p.) presented the most significant increases of the weight of self-funding between the two years.

Between 2015 and 2016, the weight of bank loans as a source of funding increased (0.9 p.p.), continuing as the second main source of funding (19.5% in the average of the two years). Notice that in the *Construction* and in the *Administrative and support service activities* sections this source represents, in average, 44.1% and 31.8% of the total, respectively. From 2015 to 2016, the importance of this source increased in four of the thirteen sections, mainly in *Wholesale and retail trade; repair of motor vehicles and motorcycles* (8,0 p.p.) and *Financial and insurance activities* (3.8 p.p.). The sections of *Mining and quarrying* (-10.4 p.p.), *Accommodation and food service activities* (-7.9 p.p.) and *Transportation and storage* (-5.8 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)	2015	84.2	15.0	0.0	0.0	0.0	0.9
	2016	91.8	4.6	0.0	0.0	2.6	1.0
Manufacturing (Section C)	2015	64.5	26.1	0.1	3.5	3.3	2.5
	2016	64.9	27.0	0.2	1.9	4.2	1.9
<i>Of which: exporting firms</i>	2015	69.0	23.5	0.2	2.5	3.4	1.5
	2016	66.8	27.4	0.3	1.4	3.1	1.0
Electricity, gas, steam and air conditioning supply (Section D)	2015	89.8	0.1	0.0	0.0	0.0	10.0
	2016	87.2	1.2	0.0	0.0	0.0	11.6
Water supply; sewerage, waste management and remediation activities (Section E)	2015	70.7	19.0	0.0	1.1	7.7	1.5
	2016	73.8	15.1	0.0	1.2	8.1	1.7
Construction (Section F)	2015	47.2	46.0	0.2	0.2	0.2	6.2
	2016	50.8	42.3	0.2	0.2	0.2	6.3
Wholesale and retail trade; repair of motor vehicles and motorcycles (Section G)	2015	80.9	14.8	0.0	0.5	1.7	2.2
	2016	74.0	22.8	0.0	0.0	0.8	2.3
Transportation and storage (Section H)	2015	49.3	28.8	0.0	4.3	1.2	16.4
	2016	47.7	23.0	1.2	6.7	6.1	15.2
Accommodation and food service activities (Section I)	2015	61.2	27.4	0.0	0.0	6.8	4.6
	2016	73.3	19.5	0.0	0.0	0.8	6.5
Information and communication (Section J)	2015	97.9	1.8	0.0	0.0	0.3	0.0
	2016	98.0	1.8	0.0	0.0	0.2	0.0
Financial and insurance activities (Section K)	2015	89.9	3.6	1.1	0.0	0.0	5.4
	2016	87.1	7.4	0.9	0.0	0.0	4.6
Real estate activities (Section L)	2015	54.1	12.8	0.0	0.4	0.0	32.6
	2016	55.2	12.5	0.0	0.4	0.0	31.8
Professional, scientific and technical activities (Section M)	2015	71.4	28.2	0.1	0.0	0.0	0.3
	2016	71.6	27.9	0.3	0.0	0.0	0.1
Administrative and support service activities (Section N)	2015	17.2	32.5	0.0	0.0	0.0	50.3
	2016	16.9	31.1	0.0	0.0	0.0	52.1
TOTAL	2015	67.6	19.1	0.1	1.4	1.6	10.2
	2016	66.5	20.0	0.2	1.1	2.1	10.1

(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 69.0% and 66.8% of the total in 2015 and 2016, respectively. Between the two referred years, the weight of this source diminished in the exporting firms (-2.2 p.p.) and increased in the *Manufacturing* section (0.4 p.p.). Bank loans are the second source of funding among the exporting firms, weighting 25.5% in the average of the two years (comparing with 26.6% for the *Manufacturing* section and 19.5% for the total of the inquired activities).

8. Investment limitations

Between 2015 and 2016, for the total of the inquired activities, the percentage of firms with investment limitations slightly diminished, from 54.2% to 54.0%, led by seven of the thirteen inquired sections. Considering the average of the two years, seven of the thirteen sections presented limitations of investment in more than 50% of the firms, especially in *Mining and quarrying* (70.8%), *Construction* (70.6%) and *Transportation and storage* (70.1%) (table 7). The *Financial and insurance activities* section presented the lowest percentage (17.0%).

In the *Manufacturing* section, the percentage of firms with limitations of investment shifted from 56.7% in 2015 to 56.5% in 2016, with higher percentages in the case of the exporting firms (58.9% and 57.0% in 2015 and 2016, respectively).

Table 7

INVESTMENT LIMITATIONS (a)

NACE-Rev.2	2015	2016
Mining and quarrying (Section B)	74.4	67.1
Manufacturing (Section C)	56.7	56.5
<i>Of which: exporting firms</i>	<i>58.9</i>	<i>57.0</i>
Electricity, gas, steam and air conditioning supply (Section D)	41.7	41.7
Water supply; sewerage, waste management and remediation activities (Section E)	54.1	54.1
Construction (Section F)	70.9	70.3
Wholesale and retail trade; repair of motor vehicles and motorcycles (Section G)	46.6	45.5
Transportation and storage (Section H)	70.4	69.9
Accommodation and food service activities (Section I)	57.7	62.0
Information and communication (Section J)	41.5	39.3
Financial and insurance activities (Section K)	15.4	18.6
Real estate activities (Section L)	50.3	50.3
Professional, scientific and technical activities (Section M)	31.4	36.1
Administrative and support service activities (Section N)	49.1	48.6
TOTAL	54.2	54.0

(a) Percentage of enterprises with investment limitations

For most of the firms, the main factor limiting investment continues to be the deterioration of the sales perspectives (48.1% and 48.2% in 2015 and 2016, respectively), followed by the uncertainty about the investments profitability (20.9% and 22.6%) (table 8).

From 2015 to 2016, the increase in the weight of the uncertainty about the investments profitability (1.7 p.p.) was partially offset by the reduction in the weight of the self-funding capacity (-1.0 p.p.).

Table 8

MAIN FACTOR LIMITING INVESTMENT IN 2016 (a)

NACE-Rev.2	INSUFFICIENT 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)	0.0	49.0	0.0	0.3	12.6	26.8	0.0	0.0	11.3
Manufacturing (Section C)	0.0	44.2	0.0	0.3	11.4	24.4	9.8	0.0	10.0
<i>Of which: exporting firms</i>	7.5	24.6	1.6	3.9	26.6	12.8	19.3	0.1	3.8
Electricity, gas, steam and air conditioning supply (Section D)	4.2	39.2	2.9	2.4	23.8	9.3	12.1	0.0	6.1
Water supply; sewerage, waste management and remediation activities (Section E)	0.0	24.1	1.7	2.0	8.3	34.0	20.4	0.0	9.5
Construction (Section F)	0.9	47.5	1.6	3.5	26.8	4.3	5.9	0.0	9.4
Wholesale and retail trade; repair of motor vehicles and motorcycles (Section G)	1.2	59.2	0.3	1.2	22.1	8.3	3.9	0.0	3.8
Transportation and storage (Section H)	0.5	39.1	7.7	0.2	6.7	30.1	2.9	0.0	12.8
Accommodation and food service activities (Section I)	0.0	33.8	0.0	0.4	27.6	20.1	11.4	0.0	6.7
Information and communication (Section J)	1.3	61.9	0.0	1.3	22.6	5.8	2.5	0.0	4.6
Financial and insurance activities (Section K)	0.3	31.3	0.0	0.0	11.0	18.7	17.0	1.7	19.9
Real estate activities (Section L)	0.0	44.8	0.0	0.0	31.3	13.5	0.0	0.0	10.4
Professional, scientific and technical activities (Section M)	4.3	54.2	7.2	0.0	0.3	23.7	3.6	0.0	6.6
Administrative and support service activities (Section N)	0.6	44.8	4.1	4.7	20.7	4.3	8.4	0.4	11.9
TOTAL	1.9	48.2	1.6	1.8	22.6	10.4	7.0	0.0	6.5

(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 a larger percentage of these firms was the uncertainty about the investments profitability (27.4% and 26.6%, respectively), followed by the deterioration of the sales perspectives (25.7% and 24.6% in 2015 and 2016). For the average of the two years and comparing to the *Manufacturing* section, the shortage of qualified labour force, the other limitations and mainly the deterioration of the sales perspectives are less relevant for the exporting firms, presenting the contrary on the remaining factors, especially in the case of the uncertainty about the investments profitability. Between 2015 and 2016, the weight of the factor associated to the difficulty in obtaining bank loans increased 2.3 p.p. (0.2 p.p. in the *Manufacturing* section) and the weight of the factor associated to the deterioration of the sales perspectives diminished 1.1 p.p. (-0.2 p.p. in the *Manufacturing* section).

9. Investment and job creation

Concerning the creation of jobs due 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 *Professional, scientific and technical activities*, of *Water supply; sewerage, waste management and remediation activities* and of *Manufacturing* (table 9). On the contrary, the sections of *Financial and insurance activities* and *Construction* presented the lowest balances.

From 2015 to 2016, this balance might diminish for the total of the inquired activities, driven by eight of the thirteen sections. The *Manufacturing* section registers the most significant decrease, while the *Information and communication* section record the most pronounced increase.

For the exporting firms, the average of this balance was positive and higher than in the *Manufacturing* section, increasing between 2015 and 2016.

Table 9

INVESTMENT AND JOB CREATION (a)

NACE-Rev.2	YEAR	INCREASE	REMAIN UNCHANGED	DECREASE	BALANCES
Mining and quarrying (Section B)	2015	15.1	81.8	3.1	12.0
	2016	6.6	87.1	6.3	0.4
Manufacturing (Section C)	2015	16.2	80.2	3.5	12.7
	2016	17.0	78.2	4.9	12.1
<i>Of which: exporting firms</i>	2015	20.7	75.2	4.1	16.5
	2016	21.0	74.5	4.4	16.6
Electricity, gas, steam and air conditioning supply (Section D)	2015	0.0	100.0	0.0	0.0
	2016	0.0	100.0	0.0	0.0
Water supply; sewerage, waste management and remediation activities (Section E)	2015	15.8	81.9	2.3	13.5
	2016	13.2	85.1	1.7	11.4
Construction (Section F)	2015	3.4	81.0	15.5	-12.1
	2016	5.5	78.5	16.1	-10.6
Wholesale and retail trade; repair of motor vehicles and motorcycles (Section G)	2015	16.1	80.1	3.8	12.3
	2016	10.8	85.1	4.1	6.6
Transportation and storage (Section H)	2015	11.2	87.1	1.7	9.5
	2016	7.1	91.7	1.1	6.0
Accommodation and food service activities (Section I)	2015	12.7	82.1	5.2	7.5
	2016	20.8	72.0	7.2	13.6
Information and communication (Section J)	2015	11.4	82.5	6.0	5.4
	2016	15.8	80.5	3.7	12.1
Financial and insurance activities (Section K)	2015	4.7	66.2	29.2	-24.5
	2016	4.4	67.0	28.7	-24.3
Real estate activities (Section L)	2015	12.3	82.0	5.7	6.6
	2016	9.4	84.9	5.7	3.7
Professional, scientific and technical activities (Section M)	2015	17.9	77.9	4.2	13.7
	2016	15.5	80.8	3.7	11.8
Administrative and support service activities (Section N)	2015	15.5	79.3	5.2	10.4
	2016	11.7	82.0	6.3	5.5
TOTAL	2015	13.2	80.3	6.5	6.8
	2016	12.3	80.6	7.1	5.2

(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:

The Investment Survey was based on a sample of 3.636 firms with more than 4 workers, classified in divisions 05-82 of NACE-Rev.2 and with a yearly turnover of, at least, €125,000. The firms with 200 or more workers were exhaustively surveyed.

The survey was conducted between the 1st October 2015 and the 20th January 2016 and the overall response rate was 94.7%.

Considering the number of workers as the stratification/extrapolation variable, these firms represent 96.5% 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 provided by the Simplified Corporate Information, it was considered the firms that comply, from 2012 to 2014, 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 2014, it was considered information for 2013)

2. Firms that comply in 2013 and 2014 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 6,140 firms (in total 57,191 firms) and a sample of 1,111 companies (in a total of 3636 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 3,309 firms for the frame and 852 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 2016.

The methodological document for this survey is available at:

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