

Investment Survey

April 2016

Business investment in 2016 expected to increase by 6,0% in nominal terms

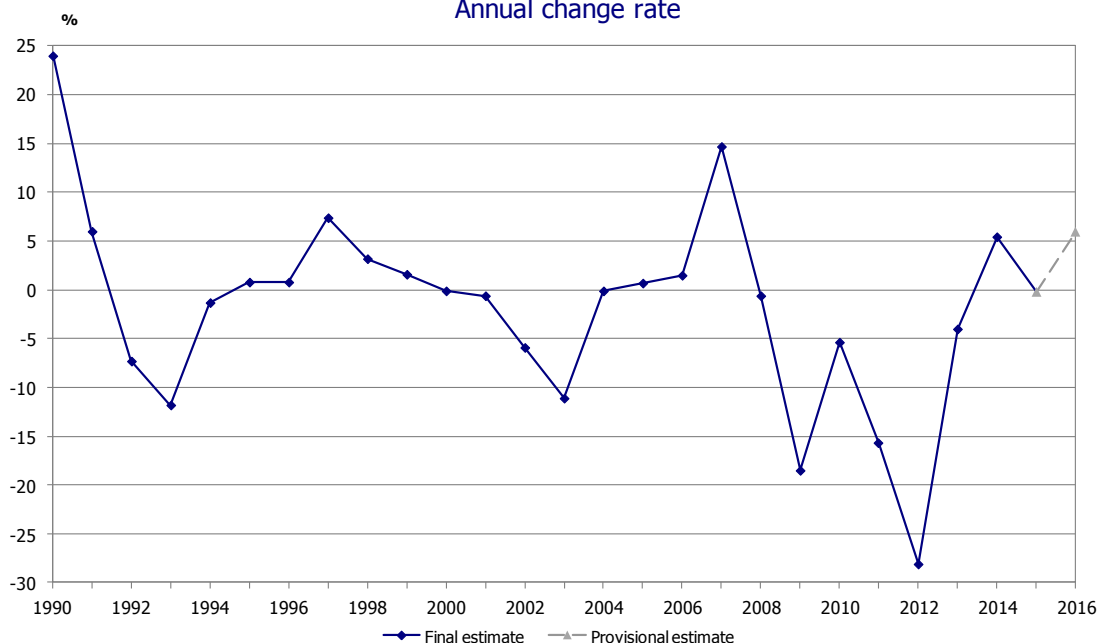
According with the opinions expressed in the April 2016 Investment Survey (with an inquiring period between the 1st April 2016 and the 4th July 2016) the entrepreneurial investment is expected to present a nominal increase of 6.0% in 2016, which compares with a change rate of 3.1% obtained in the October 2015 Investment Survey. The results of the current survey also point to a 0.2% decrease of investment in 2015.

Among the investment objectives, the relative weights of the streamline production and, to a smaller extent, the extension of the production capacity investments are expected to increase from 2015 to 2016. On the other hand, the replacement investment relative weight should decrease, even though this investment objective will continue to stand as the most mentioned.

Regarding the main limitative factor for business investment identified in the survey, the deterioration of sales perspectives, followed by the uncertainty about investment profitability were the two most mentioned in both years. Between 2015 and 2016 the relative weights of an insufficient production capacity and the deterioration of sales perspectives are expected to decrease while the relative weight of the difficulty obtaining bank loans will increase.

Graph 1¹

Evolution of business GFCF in value
Annual change rate



¹ The percentage corresponds to the last available estimate for each year. For 2015 and 2016, the change rate corresponds to the entrepreneurial perspectives.

1. Main results

The results from the April 2016 Investment Survey (with an inquiring period between the 1st April 2016 and the 4th July 2016) point to a 0.2% nominal decrease of the entrepreneurial Gross Fixed Capital Formation in 2015. Comparing with the investment expectations obtained in the October 2015 survey (occurred between the 1st October 2015 and the 20th January 2016) there was a small downward revision of the entrepreneurial investment change rate for 2015 by 0.3 percentage points (p.p.).

Considering the firms size by number of workers, the fourth group (employing 500 or more workers) presented the most intense negative contribution (-3.1 p.p.) to the evolution of the investment in 2015, decreasing -8.6% (see table 3). On the contrary, the firms of the second group (employing between 50 and 249 workers) registered the most significant positive contribution (2.0 p.p.), due to an increase of 6.9% of investment.

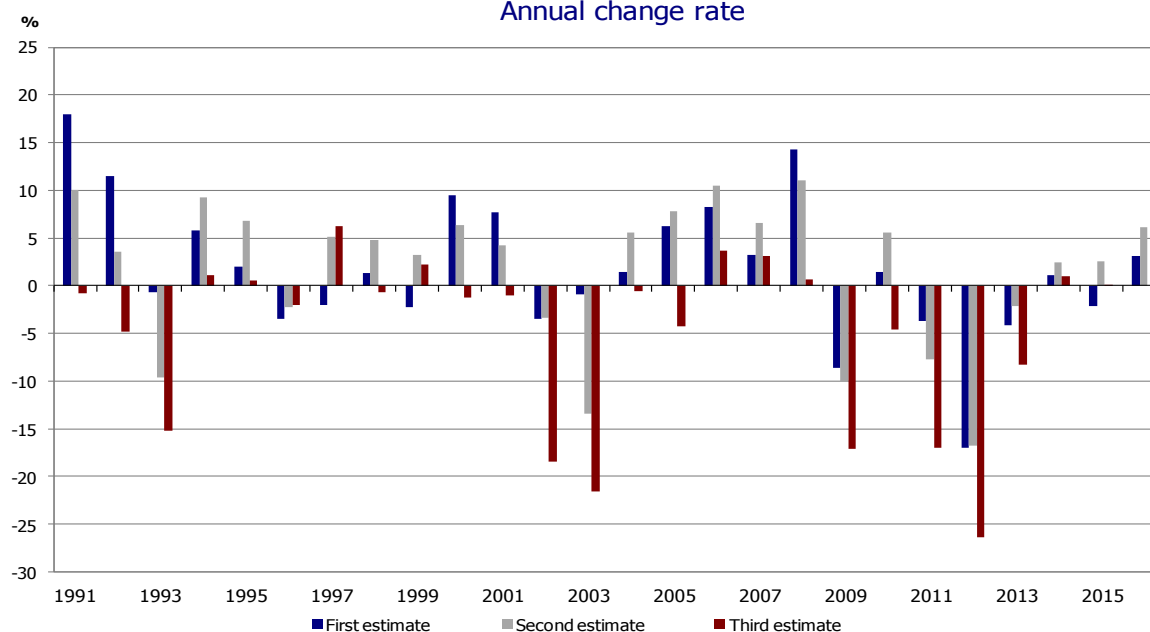
For 2016, the survey points to a nominal change rate of the enterprises' investment of 6.0%, which compares with a first estimate of 3.1% obtained in the October 2015 survey.

According with the results of the April 2016 survey, the increase of investment in 2016 reflects mainly the positive contribution of the fourth group (7.4 p.p., due to an expected increase of 22.4% of investment in 2016 among these companies) and to a lesser extent of the third and second groups (contributions of 1.2 p.p. and 0.7 p.p., respectively, due to change rates of 11.8% and 2.2%). The firms of the first group are expected to contribute negatively (-3.4 p.p.) for the investment growth rate in 2016, presenting a change rate of -13.4%.

The positive evolution of the investment change rate between 2015 (-0.2%) and 2016 (6.0%) (difference of 6.2 p.p.) reflects especially the positive contribution of investment of the firms in the fourth group (from -3.1 p.p. in 2015 to 7.4 p.p. in 2016), which is expected to shift from a change rate of -8.6% in 2015 to 22.4% 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 1.2% increase of investment in 2015. This increase was less intense than the observed for the section (4.0%), while the investment slightly decreased for total firms (-0.2%). For 2016, investment is expected to present a change rate of 19.8%, which compares with a change rate of 6.8% for the *Manufacturing* section and 6.0% for total firms.

In this survey, the diffusion indicator of investment (percentage of firms with investments or intending to invest) maintained the typical downward evolution in the three years analysed, standing at 87.8%, 81.1% and 79.1%, in 2014, 2015 and 2016, respectively.

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

In 2015, the slight increase of business GFCF (-0.2%) was due to the positive contribution of six of the thirteen surveyed sections of economic activity. Driven by their considerable weight in the structure of total investment, the *Information and communication* and the *Electricity, gas, steam and air-conditioning supply* sections recorded the most significant negative contributions (-1.8 p.p. and -1.6 p.p., respectively), reflecting growth rates of -13.9% and -14.8%. On the other hand, the *Professional, scientific and technical activities* and the *Financial and insurance activities* registered the most intense increases of investment in 2015 (32.2% and 27.1%, respectively).

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)	1.1	1.0	1.1	-3.1	15.2	83.3	87.5	83.3
Manufacturing (Section C)	26.7	27.8	28.0	4.0	6.8	90.2	83.6	82.2
<i>Of which: exporting firms</i>	-	-	-	1.2	19.8	97.0	93.5	92.7
Electricity, gas, steam and air-conditioning supply (Section D)	11.0	9.4	7.9	-14.8	-10.6	92.0	84.0	84.0
Water supply; sewerage, waste management and remediation activities (Section E)	2.6	2.3	3.2	-11.1	46.3	94.0	91.7	92.9
Construction (Section F)	3.7	3.1	2.5	-17.2	-15.5	82.5	70.9	66.7
Wholesale and retail trade; repair of motor vehicles and motorcycles (Section G)	15.5	17.1	15.4	9.7	-4.4	86.7	80.1	75.1
Transportation and storage (Section H)	5.9	7.4	9.8	24.0	40.8	89.4	87.0	83.9
Accommodation and food service activities (Section I)	1.5	1.7	1.5	14.5	-3.9	89.8	85.7	81.6
Information and communication (Section J)	13.2	11.4	12.6	-13.9	17.3	89.3	79.3	78.7
Financial and insurance activities (Section K)	2.8	3.6	3.5	27.1	3.1	80.8	81.8	80.8
Real estate activities (Section L)	0.8	0.7	0.7	-11.3	10.4	65.6	71.9	62.5
Professional, scientific and technical activities (Section M)	1.3	1.7	1.8	32.2	8.7	84.9	77.4	78.0
Administrative and support service activities (Section N)	13.9	12.8	11.9	-7.7	-1.6	79.0	67.9	65.5
TOTAL	100	100	100	-0.2	6.0	87.8	81.1	79.1

(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 6.0%), the survey results point to positive change rates of the business GFCF in eight of the thirteen sections. The *Transportation and storage*, the *Information and communication* and the *Manufacturing* sections present the most relevant positive contributions (3.0 p.p., 2.0 p.p. and 1.9 p.p., respectively, with change rates of 40.8%, 17.3% and 6.8%). On the contrary, the *Electricity, gas, steam and air-conditioning supply* section registers the most significant negative contribution to the change rate of total investment in 2016 (-1.0 p.p. due to an investment reduction of -10.6%).

The business GFCF change rate increase between 2015 (-0.2%) and 2016 (6.0%) is determined by the contribution of nine sections, mainly the *Information and communication* (contribution of 3.8 p.p.), *Transportation and storage* (1.6 p.p.) and *Water supply, sewerage, waste management and remediation activities* (1.4 p.p.).

3. Results by subsection of the Manufacturing section

For 2015, the results from the current survey point to an increase of 4.0% of investment in the *Manufacturing* section, with positive change rates in ten of the fourteen subsections (table 2). The *Manufacture of food products, beverages and tobacco products* and the *Manufacture of motor vehicles, trailers and semi-trailers and other transport equipment* subsections registered the strongest positive contributions (2.8 p.p. and 1.9 p.p., respectively) to the investment change rate for this section, increasing by 16.9% and 21.5%. On the other hand, the *Manufacture of coke and refined petroleum products* subsection recorded the most significant decrease in investment (-29.1%), while the *Manufacture of rubber and plastic products* section registered the most relevant negative contribution (-2.0 p.p.) to the change rate of this section's investment in 2015.

Comparing to the results from the previous survey, the business GFCG growth rate for the *Manufacturing* section in 2015 was upward revised by 7.1 p.p., mainly due to the *Manufacture of food products, beverages and tobacco products* subsection which had registered a contribution of -0.4 p.p. to the investment change rate in 2015 for this section in the October 2015 survey (comparing with a contribution of 2.8 p.p. in the present one).

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)	16.3	18.3	13.7	16.9	-20.3
Manufactures of textiles, wearing apparel and leather and related products (13 14 15)	12.2	12.5	11.9	6.7	1.8
Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials (16)	2.9	3.5	2.7	25.2	-18.8
Manufacture of paper and paper products; Printing and reproduction of recorded media (17 18)	6.0	6.2	6.8	7.7	16.8
Manufacture of coke and refined petroleum products (19)	3.1	2.1	4.1	-29.1	102.4
Manufacture of chemicals and chemical products; Manufacture of basic pharmaceutical products and pharmaceutical preparations (20 21)	6.1	6.2	8.1	4.5	40.5
Manufacture of rubber and plastic products (22)	14.3	11.8	7.3	-14.1	-34.0
Manufacture of other non-metallic mineral products (23)	6.7	6.6	5.3	1.5	-13.0
Manufacture of basic metals; Manufacture of fabricated metal products, except machinery and equipment (24 25)	12.8	11.6	12.4	-5.4	13.7
Manufacture of computer, electronic and optical products (26)	1.6	1.9	3.5	28.1	94.7
Manufacture of electrical equipment (27)	2.9	2.5	3.3	-8.2	37.3
Manufacture of machinery and equipment n.e.c. (28)	3.3	3.2	3.3	2.8	9.8
Manufacture of motor vehicles, trailers and semi-trailers and other transport equipment (29 30)	8.8	10.3	14.4	21.5	50.0
Other manufacturing (31 32 33)	2.9	3.1	3.2	10.7	9.7
MANUFACTURING (SECTION C)	100	100	100	4.0	6.8
<i>Of which: exporting firms</i>				<i>1.2</i>	<i>19.8</i>

(a) Percentual investment distribution by subsections of Manufacturing

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

For 2016, the estimated growth rate for the GFCF in the *Manufacturing* section is 6.8%, pointing to an increase in investment in ten of the fourteen subsections. The most relevant contribution to this result is observed in the *Manufacture of motor vehicles, trailers and semi-trailers and other transport equipment* subsection (5.1 p.p.), with a growth rate of 50.0%.

The business GFCG growth rate for the *Manufacturing* section in 2016 has remained practically unchanged comparing to the results from the October 2015 survey (slight downwards revision of 0.1 p.p.).

For the *Manufacturing* section, the results point to an increase in the investment change rates between 2015 and 2016 (2.8 p.p.), mostly due to the *Manufacture of motor vehicles, trailers and semi-trailers and other transport equipment* (3.3 p.p.) and the *Manufacture of coke and refined petroleum products* (3.1 p.p.) subsections.

The results obtained for the exporting firms of the *Manufacturing* section point to a less intense increase in the investment in 2015 (1.2%) compared with the total section (4.0%). Notice that, for all the inquired sections, investment decreased by -0.2% in 2015. For 2016, the survey points to a business investment growth rate of 19.8% for the exporting firms, above the rate estimated for the total *Manufacturing* section (6.8%) and for the total of the inquired sections (6.0%).

4. Size of firms by number of workers

Considering the total of the inquired sections, the firms of the fourth and first group, according to their size by number of workers, contributed negatively for the slight decrease of investment in 2015, with change rates of -8.6% and -2.3% and contributions of -3.1 p.p. and 0.6 p.p. to the growth rate of total investment, respectively. On the other hand, firms of the second and third groups recorded positive contributions of 2.0 p.p. and 1.5 p.p., driven by growth rates of 6.9% and 17.3%, respectively.

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)	26.9	29.0	19.9	12.2	-26.5
2 nd (50-249)	37.8	35.8	37.3	-1.5	11.4
3 rd (250-499)	13.1	14.6	15.4	15.7	13.0
4 th (≥500)	22.3	20.7	27.4	-3.3	41.1
TOTAL	100	100	100	4.0	6.8
TOTAL ACTIVITIES					
1 st (≤49)	25.8	25.3	20.7	-2.3	-13.4
2 nd (50-249)	29.1	31.2	30.1	6.9	2.2
3 rd (250-499)	8.7	10.3	10.8	17.3	11.8
4 th (≥500)	36.3	33.3	38.4	-8.6	22.4
TOTAL	100	100	100	-0.2	6.0

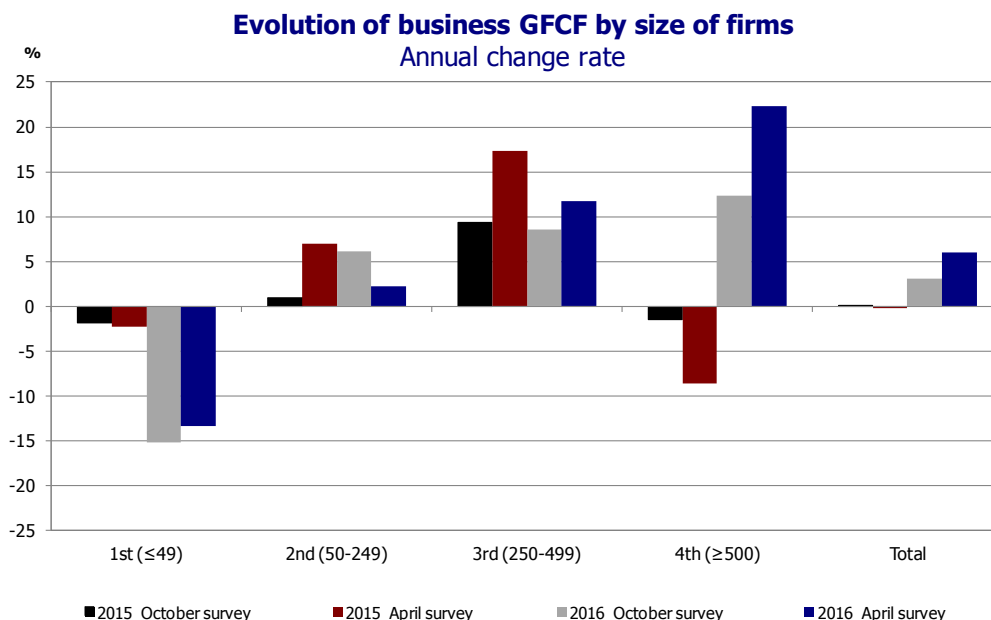
(a) Percentual investment distribution by firms size

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

For 2016, the results point to an increase in investment by firms of the fourth, third and second group, with change rates of 22.4%, 11.8% and 2.2% and contributions to the change rate of total investment of 7.4 p.p., 1.2 p.p. and 0.7 p.p., respectively. On the contrary, firms within the first group recorded a negative contribution of 3.4 p.p. to the change rate of total investment (with a change rate of -13.4%).

The difference in the change rate of business investment between 2015 (-0.2%) and 2016 (6.0%) reflects the positive contribution of the firms within the fourth group (10.6 p.p.).

Graph 3



Regarding the *Manufacturing* section, in 2015, firms within the first and third groups, according to their size by number of workers, recorded investment increases with change rates of 12.2% and 15.7%, respectively and contributions of 3.3 p.p. and 2.1 p.p. to the section's investment change rate.

According to the results obtained in the current survey, the increase in investment in 2016 for the *Manufacturing* section is mostly determined by the firms of the fourth group, with a 41.1% change rate which translates into a contribution of 8.5 p.p.. On the other hand, firms belonging to the first group feature a negative change rate of 26.5%, with a contribution of -7.7 p.p..

In the *Manufacturing* section, the acceleration of investment between 2015 and 2016 (2.8 p.p.) is mostly due to the firms of the fourth group (9.3 p.p. contribution), followed by the ones in the second group (4.6 p.p. contribution).

5. Investment destinations

The business GFCF negative change rate (-0.2%) obtained for 2015, resulted, according to their destination, from the negative contributions of the investment in equipment (-0.9 p.p.) and in construction (-0.4 p.p.), while investment in transport material featured the most positive contribution (0.9 p.p.) (see table 4).

For 2016, the investment in equipment registered the higher contribution (4.8 p.p.) to the change rate of total investment (6.0%), followed by the investment in transport material (0.7 p.p.), while investment in constructions contributed negatively (-0.1 p.p.).

Table 4

INVESTMENT DESTINATIONS								
YEAR	STRUCTURE (a)				CHANGE (b)			
	CONSTRUCTIONS	EQUIPMENT	TRANSPORT MATERIAL	OTHERS	CONSTRUCTIONS	EQUIPMENT	TRANSPORT MATERIAL	OTHERS
2014	21.1	59.9	7.3	11.7				
2015	20.7	59.1	7.5	12.6	-1.7	-1.5	2.5	7.6
2016	19.5	60.3	7.8	12.4	-0.5	8.1	9.8	4.4

(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, replacement investment was the main objective of investment (with a two-year average weight of 42.0%), followed by extension of production capacity (two-year average weight of 35.5%) (see table 5). Other investment and streamline production objectives featured two-year average weights of 13.4% and 9.1%, respectively.

Between 2015 and 2016, the relative weight of replacement and other investment objectives should diminish (-1.2 p.p. and -0.1 p.p. respectively), while streamline production and extension of production capacity's relative weights are expected to increase (1.2 p.p. and 0.1 p.p.).

Regarding the Manufacturing section, and considering two-year average rates, 43.8% of investment had the objective of extending production capacity and 28.8% of replacement. Between 2015 and 2016, replacement investment should be the only objective featuring a reduction in its relative weight (-5.0 p.p.), while streamline production, extension of production capacity and other investment objectives should all see an increase in their relative importance (2.5 p.p., 2.4 p.p. and 0.1 p.p. respectively).

Concerning the exporting firms, the extension of production capacity also stood out as the main objective of investment in 2015 and 2016 (two-year average weight of 47.1%), followed by replacement investment (26.2%). This distribution is very similar to the one observed in the *Manufacturing* section, although the extension of production capacity's weight is 3.3 p.p. higher for the exporting firms and the replacement investment's weight is 2.6 p.p. lower. Between 2015 and 2016, the replacement investment's weight of exporting firms is expected to diminish (-4.3 p.p.) less intensively when compared with the *Manufacturing* section (-5.0 p.p.), while the increase in the extension of production capacity's weight should be lower among exporting firms (0.7 p.p. increase, compared with 2.4 p.p. for 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	42.6	35.5	8.5	13.4
	2016	41.4	35.6	9.7	13.3
Manufacturing	2015	31.3	42.6	15.8	10.2
	2016	26.3	45.0	18.3	10.3
<i>Of which: exporting firms</i>	2015	28.4	46.8	16.7	8.2
	2016	24.1	47.5	18.9	9.4

(a) Percentual investment distribution by investment objectives

7. Investment funding

Self-funding continues as the main source of funding for the surveyed firms, weighting 66.3% and 67.4% 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* (98.4%), in the *Financial and insurance activities* (89.3%) and in the *Electricity, gas, steam and air conditioning supply* (88.8%) sections. Self-funding is less important in the section of *Administrative and support service activities* (18.3%).

When comparing the evolution of the funding structure between 2015 and 2016, the weight of self-funding increases in seven of the thirteen sections, more intensely in the cases of *Water supply; sewerage, waste management and remediation activities* (9.8 p.p.), *Transportation and storage* (7.8 p.p.) and *Professional, scientific and technical activities* (6.2 p.p.). On the opposite direction, the sections of *Financial and insurance activities* (-2.8 p.p.) and *Electricity, gas, steam and air conditioning supply* (-2.2 p.p.) presented the most significant decreases of the weight of self-funding between the two 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	87.0	12.0	0.0	0.0	0.0	1.1
	2016	89.4	7.7	0.0	0.0	1.8	1.1
Manufacturing (Section C)	2015	64.1	25.3	0.2	2.6	3.5	4.2
	2016	66.3	24.6	0.5	2.4	4.4	1.7
<i>Of which: exporting firms</i>	2015	66.5	24.1	0.5	2.4	3.7	2.7
	2016	66.2	25.7	0.7	2.6	3.2	1.5
Electricity, gas, steam and air conditioning supply (Section D)	2015	89.9	0.9	0.0	0.0	0.0	9.2
	2016	87.7	0.7	0.0	0.0	0.0	11.6
Water supply; sewerage, waste management and remediation activities (Section E)	2015	65.4	24.3	0.0	0.8	6.6	2.8
	2016	75.2	12.6	0.0	1.5	7.2	3.4
Construction (Section F)	2015	49.2	47.2	0.0	0.0	0.4	3.2
	2016	48.9	47.1	0.0	0.0	1.0	2.8
Wholesale and retail trade; repair of motor vehicles and motorcycles (Section G)	2015	79.7	17.8	0.0	0.3	0.9	1.3
	2016	78.4	19.5	0.0	0.0	0.7	1.4
Transportation and storage (Section H)	2015	38.0	40.5	0.0	14.4	2.7	4.5
	2016	45.8	31.0	3.8	9.7	5.3	4.4
Accommodation and food service activities (Section I)	2015	65.2	27.1	0.0	0.0	0.9	6.9
	2016	67.0	27.3	0.0	0.0	1.0	4.7
Information and communication (Section J)	2015	97.7	1.6	0.0	0.1	0.4	0.2
	2016	99.0	0.6	0.0	0.1	0.3	0.0
Financial and insurance activities (Section K)	2015	90.7	4.2	0.5	0.0	0.0	4.6
	2016	87.9	6.6	0.7	0.0	0.0	4.7
Real estate activities (Section L)	2015	62.8	11.1	0.0	0.2	0.0	26.0
	2016	60.9	16.4	0.0	0.3	0.0	22.4
Professional, scientific and technical activities (Section M)	2015	77.9	18.7	0.0	0.0	0.3	3.0
	2016	84.1	14.2	0.0	0.0	0.6	1.1
Administrative and support service activities (Section N)	2015	18.7	31.9	0.0	0.0	0.0	49.4
	2016	17.9	30.1	0.0	0.0	0.0	51.9
TOTAL	2015	66.3	20.6	0.1	1.9	1.6	9.6
	2016	67.4	19.3	0.5	1.7	2.2	8.8

(a) Percentual investment distribution by investment funding

One should highlight, in 2015 and 2016, the decrease observed in the weight of bank loans as a source of funding (-1.3 p.p.), continuing as the second main source of funding (19.9% in the average of the two years). Notice that in the *Construction* and in the *Administrative and support service activities* sections this source represents, on average, 47.2% and 35.7% of the total, respectively. Between 2015 and 2016, the importance of this source increased in five of the thirteen sections, mainly in *Real estate activities* (5.3 p.p.) and *Financial and insurance activities* (2.4 p.p.). *Wholesale and retail trade; repair of motor vehicles and motorcycles* (-11.7 p.p.) and *Transportation and storage* (-9.5 p.p.) presented the most pronounced decreases in the weight of bank loans between the two referred years.

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 66.5% and 66.2% of the total in 2015 and 2016, respectively.

Bank loans remain as the second source of funding among the exporting firms, weighting 24.9% in the average of the two years (comparing with 24.9% for the *Manufacturing* section and 19.9% for the total of the inquired activities).

8. Investment limitations

From 2015 to 2016, and for the total of the inquired activities, the percentage of firms with investment limitations increased, from 47.6% to 50.2%, in ten of the thirteen inquired sections. Considering the average of the two years, *Mining and quarrying* (59.8%), *Construction* (57.8%), *Manufacturing* (55.3%) and *Transportation and storage* (54%) registered limitations of investment in more than 50% of the firms (see table 7). On the other hand, *Financial and insurance activities* presented the lowest percentage (21.6%).

In the *Manufacturing* section, the percentage of firms with limitations of investment shifted from 53.5% in 2015 to 57.1% in 2016, with higher percentages in the case of the exporting firms (55.4% and 57.4% in 2015 and 2016, respectively).

Table 7

INVESTMENT LIMITATIONS (a)

NACE-Rev.2	2015	2016
Mining and quarrying (Section B)	55.2	64.4
Manufacturing (Section C)	53.5	57.1
<i>Of which: exporting firms</i>	<i>55.4</i>	<i>57.4</i>
Electricity, gas, steam and air conditioning supply (Section D)	43.8	43.8
Water supply; sewerage, waste management and remediation activities (Section E)	46.1	51.0
Construction (Section F)	55.3	60.2
Wholesale and retail trade; repair of motor vehicles and motorcycles (Section G)	42.3	43.5
Transportation and storage (Section H)	54.5	53.6
Accommodation and food service activities (Section I)	44.4	48.2
Information and communication (Section J)	42.3	43.4
Financial and insurance activities (Section K)	19.7	23.4
Real estate activities (Section L)	40.6	39.6
Professional, scientific and technical activities (Section M)	36.0	38.0
Administrative and support service activities (Section N)	44.6	45.9
TOTAL	47.6	50.2

(a) Percentage of enterprises with investment limitations

For most of the firms, the main factor limiting investment continues to be the deterioration of sales perspectives (49.3% and 48.8% in 2015 and 2016, respectively), followed by the uncertainty about investments profitability (19.7% and 20.0%) and the self funding capacity (10.8% in both years) (table 8).

From 2015 to 2016, the increase in the weight of the difficulty obtaining bank loans (1.0 p.p.), the shortage of qualified labour force (0.4 p.p.) and the uncertainty about the investments profitability (0.3 p.p.) was partially offset by the reduction in the weight of the insufficient production capacity (-0.8 p.p.) and the deterioration of the sales perspectives (-0.5 p.p.).

Table 8

MAIN FACTOR LIMITING INVESTMENT IN 2015 (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)	14.4	31.0	0.0	0.3	25.0	26.9	0.0	0.3	2.2
Manufacturing (Section C)	7.2	42.2	2.0	1.9	21.5	9.5	11.6	0.2	4.0
<i>Of which: exporting firms</i>	9.3	27.9	4.1	2.1	27.3	10.6	14.9	0.1	3.7
Electricity, gas, steam and air conditioning supply (Section D)	0.0	0.0	0.0	0.0	16.3	33.7	0.0	0.0	50.0
Water supply; sewerage, waste management and remediation activities (Section E)	16.6	14.0	1.7	3.1	8.5	33.3	1.7	0.0	21.1
Construction (Section F)	3.6	52.8	0.0	4.8	12.7	8.2	13.1	0.0	4.9
Wholesale and retail trade; repair of motor vehicles and motorcycles (Section G)	0.0	55.9	2.4	2.4	23.7	10.1	2.9	0.0	2.7
Transportation and storage (Section H)	0.0	49.4	9.5	0.0	5.5	23.1	10.6	0.0	2.0
Accommodation and food service activities (Section I)	0.0	36.1	0.0	0.5	25.2	14.9	15.2	0.0	8.2
Information and communication (Section J)	1.3	41.1	11.2	1.7	29.5	4.0	1.2	0.4	9.7
Financial and insurance activities (Section K)	0.0	15.5	0.0	0.0	22.5	14.2	18.2	2.7	26.9
Real estate activities (Section L)	0.0	35.2	0.0	1.5	35.2	3.1	11.7	0.0	13.3
Professional, scientific and technical activities (Section M)	0.3	54.5	0.0	4.3	9.9	21.1	3.8	0.0	6.1
Administrative and support service activities (Section N)	3.8	49.5	3.9	6.1	19.8	3.8	4.8	1.3	7.1
TOTAL	2.7	48.8	2.1	2.6	20.0	10.8	8.2	0.1	4.7

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

Regarding the exporting firms, the main factor limiting investment indicated by a larger percentage of these firms was the deterioration of sales perspectives (31.3% and 27.9%, in 2015 and 2016 respectively), followed by the uncertainty about investments profitability (26.9% and 27.3%). Note that, for the average of the two years and comparing to the *Manufacturing* section, the deterioration of sales perspectives and the other limitations are less relevant for the exporting firms, while the contrary happens on the remaining factors, especially in the case of the uncertainty about investments profitability.

Between 2015 and 2016, the weight of the factor associated to the difficulty in obtaining bank loans increased 3.5 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 3.4 p.p. (2.2 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 analysed years, the higher balances were observed in the sections of *Professional, scientific and technical activities, Manufacturing and Wholesale and retail trade; repair of motor vehicles and motorcycles* (see table 9). On the contrary, the sections of *Financial and insurance activities, Construction and Information and communication* presented the lowest balances.

From 2015 to 2016, this balance might diminish, although very slightly, for the total of the inquired activities, driven by six of the thirteen sections. *Mining and quarrying* register the most significant decrease, while the *Water supply; sewerage, waste management and remediation activities* 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	15.9	74.4	9.7	6.1
	2016	12.8	75.2	12.0	0.9
Manufacturing (Section C)	2015	18.1	78.2	3.7	14.4
	2016	17.7	78.6	3.7	14.0
<i>Of which: exporting firms</i>	2015	21.8	73.1	5.2	16.6
	2016	22.4	73.1	4.6	17.8
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	3.2	92.9	3.9	-0.7
	2016	14.8	82.4	2.8	12.0
Construction (Section F)	2015	4.2	81.8	13.9	-9.7
	2016	6.3	76.9	16.8	-10.5
Wholesale and retail trade; repair of motor vehicles and motorcycles (Section G)	2015	17.4	78.6	4.1	13.3
	2016	13.1	84.9	2.0	11.1
Transportation and storage (Section H)	2015	11.7	81.0	7.3	4.4
	2016	13.3	79.2	7.5	5.8
Accommodation and food service activities (Section I)	2015	15.5	77.8	6.7	8.8
	2016	17.9	78.4	3.7	14.2
Information and communication (Section J)	2015	9.3	74.8	15.9	-6.6
	2016	15.1	64.4	20.6	-5.5
Financial and insurance activities (Section K)	2015	4.2	66.8	29.0	-24.8
	2016	12.0	59.4	28.6	-16.5
Real estate activities (Section L)	2015	6.6	86.8	6.6	0.0
	2016	11.2	80.7	8.1	3.1
Professional, scientific and technical activities (Section M)	2015	18.1	79.1	2.8	15.4
	2016	16.7	80.9	2.4	14.3
Administrative and support service activities (Section N)	2015	16.3	76.5	7.2	9.1
	2016	14.1	78.8	7.1	7.0
TOTAL	2015	14.2	78.5	7.3	6.9
	2016	14.0	78.8	7.2	6.8

(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 3,492 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 April 2016 and the 4th July 2016 and the overall response rate was 97.7%.

Considering the number of workers as the stratification/extrapolation variable, these firms represent 99.2% 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 6140 firms (in total 57191 firms) and a sample of 1111 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 3309 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 January 2017.

The methodological document for this survey is available at:

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