

Investment Survey

April 2018

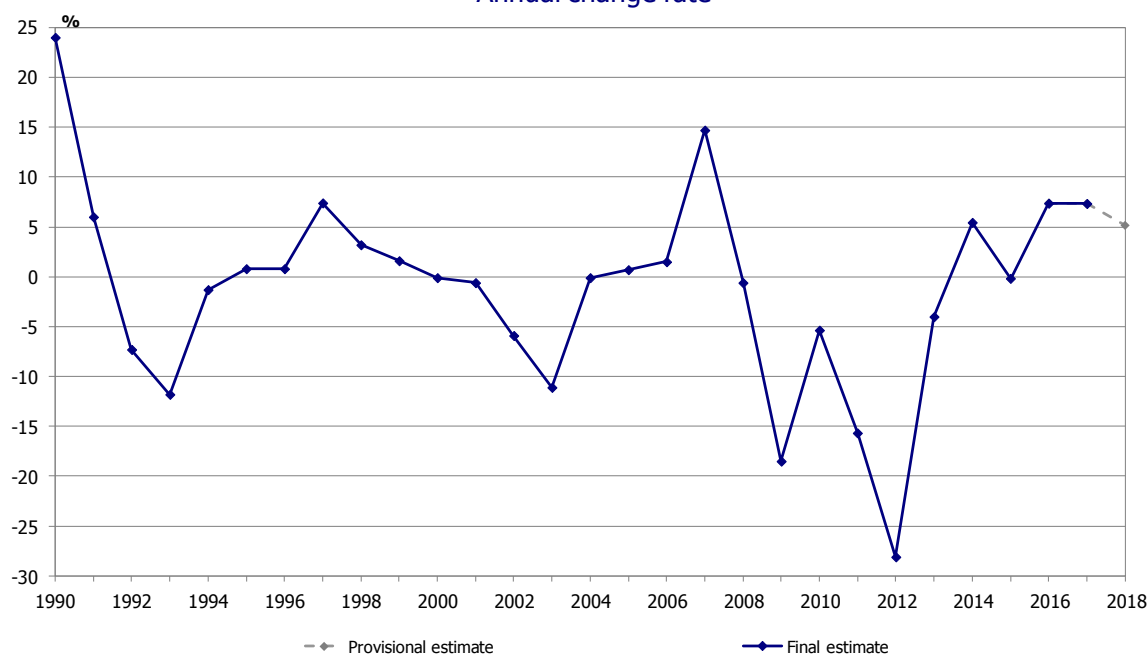
Business investment expected to increase by 5.1% in nominal terms in 2018

According with the opinions expressed in the April 2018 Investment Survey (with an inquiring period between April 1st and the 28th June 2018), the entrepreneurial investment is expected to present a nominal increase of 5.1% in 2018 (upward revision from the estimated rate of 3.7% in the October 2017 survey). This survey also points to an increase in investment of 7.3% in 2017, representing an upward revision from the result of the October survey (5.5%).

In this survey, the diffusion indicator of investment (percentage of firms with investments or intending to invest) stood at 88.9%, 81.2% and 79.1%, for 2016, 2017 and 2018, respectively, thus maintaining the downward evolution although at a higher levels than those observed in the October survey (88.5%, 80.2% and 77,2%, respectively).

Graph 1¹

Evolution of business GFCF in value
Annual change rate



¹ The percentage corresponds to the last available estimate for each year. For 2018, the change rate corresponds to the entrepreneurial perspectives.

1. Main results

The results from the April 2018 Investment Survey (with an inquiring period between April 1st 2018 and the 28th June 2018) point towards a 7.3% nominal increase of the entrepreneurial Gross Fixed Capital Formation in 2017 (see table 1). Comparing with the investment expectations obtained in the October 2017 survey (occurred between the October 1st and the 18th January 2017) there was an upward revision of the entrepreneurial investment change rate for 2017 of 1.8 percentage points (p.p.).

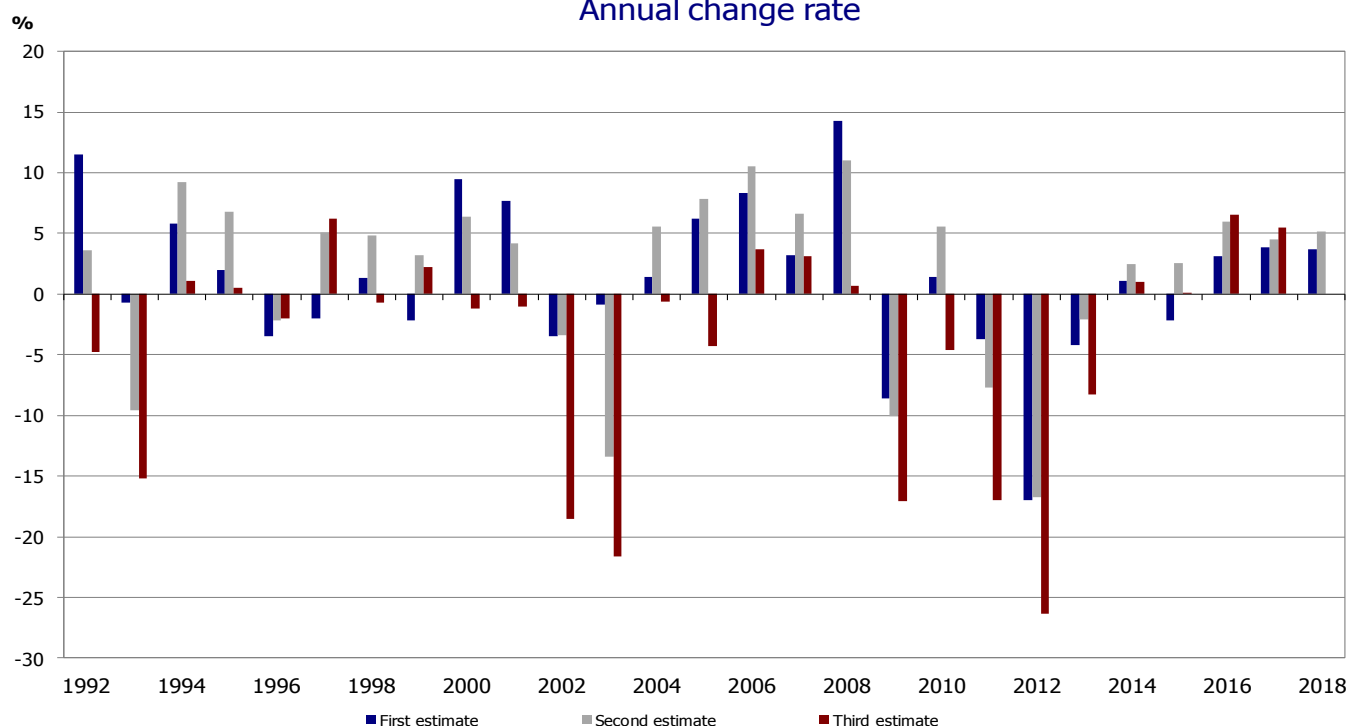
Considering the firms' size by number of workers, all groups contributed positively, with the fourth group (employing between 250 and 499 workers) presenting the most intense positive contribution (2.2 p.p.) to the investment change rate in 2017, increasing 14.8%.

For 2018, the current survey points to a nominal change rate of the enterprises' investment of 5.1%, which compares with a rate of 3.7%, from the first estimate from the previous survey (see graph 2).

The increase of the investment in 2018 reflects the positive contribution of the firms of the fourth group (6.3 p.p.), due to a change rate of 16.5%, followed by the positive contribution of 1.0 p.p. from firms of the third group, reflecting a change rate of 6.3%. On the other hand, firms from the 1st (employing less than 50 workers) and 2nd (employing between 50 and 249 workers) groups presented negative contributions (0.7 p.p. and 1.5 p.p. respectively), reflecting decreases in investment of -2.8% and -6.9%, in the same order.

Graph 2

Evolution of business GFCF in value Annual change rate



The deceleration of entrepreneurial investment between 2017 (7.3%) and 2018 (5.1%) is mostly determined by the behaviour of firms from the 2nd group, which contribute 1.7 p.p. in 2017 and -1.5 p.p. in 2018, reflecting change rates of 7.9% and -6.9% in 2017 and 2018, respectively.

The results obtained for the exporting firms from the *Manufacturing* section point towards a 10.2% change rate of the investment in 2017. This increase was less intense than the observed for the section (10.8%) and more intense than for all firms (7.3%). For 2018, the exporting firms' investment is expected to present an increase of 6.0%, more intense than the increases for the *Manufacturing* section (4.7%) and for total firms (5.1%).

In this survey, the diffusion indicator of investment (percentage of firms with investments or intending to invest) stood at 88.9%, 81.2% and 79.1%, for 2016, 2017 and 2018, respectively, thus maintaining the downward evolution although at a higher levels than those observed in the October survey (88.5%, 80.2% and 77,2%, respectively).

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

In 2017, the increase of business GFCF (7.3%) was due to the positive contribution of seven of the thirteen surveyed sections of economic activity. *Manufacturing* and *Wholesale and retail trade; repair of motor vehicles and motorcycles* sections recorded the most significant positive contributions (3.2 p.p. in the former case and 2.2 p.p. in the later), presenting growth rates of 10.8% and 15.9%, respectively. The *Electricity, gas, steam and air-conditioning supply* section registered the most intense negative contribution for the change in investment in 2017 (-1.4 p.p. due to a 16.8% decrease in investment).

Table 1

STRUCTURE, CHANGE AND DIFFUSION OF INVESTMENT

NACE-Rev.2	STRUCTURE (a)			CHANGE (b)		DIFFUSION (c)		
	2016	2017	2018	2017	2018	2016	2017	2018
Mining and quarrying (Section B)	0,9	1,6	2,5	82,2	66,0	95,3	81,4	79,1
Manufacturing (Section C)	29,8	30,8	30,7	10,8	4,7	92,0	86,6	84,5
<i>Of which: exporting firms</i>	-	-	-	10,2	6,7	97,7	94,7	94,1
Electricity, gas, steam and air-conditioning supply (Section D)	8,3	6,5	6,1	-16,8	0,0	86,7	86,7	93,3
Water supply; sewerage, waste management and remediation activities (Section E)	0,7	1,0	2,0	53,6	101,6	86,8	81,1	75,5
Construction (Section F)	2,6	2,3	2,1	-5,8	-2,9	81,7	77,4	74,6
Wholesale and retail trade; repair of motor vehicles and motorcycles (Section G)	13,7	14,8	13,2	15,9	-5,8	90,7	80,7	77,5
Transportation and storage (Section H)	6,3	6,6	8,2	12,7	30,9	87,2	82,3	80,1
Accommodation and food service activities (Section I)	5,0	4,3	3,5	-8,5	-15,0	91,6	87,1	84,3
Information and communication (Section J)	11,4	11,7	10,4	10,2	-5,9	91,9	80,0	81,5
Financial and insurance activities (Section K)	5,8	4,9	5,6	-8,4	19,8	87,2	75,6	76,1
Real estate activities (Section L)	0,5	0,5	0,7	-1,1	49,1	76,4	65,5	61,2
Professional, scientific and technical activities (Section M)	2,5	2,3	2,0	-1,4	-9,2	84,9	76,3	73,9
Administrative and support service activities (Section N)	12,5	12,9	13,0	10,9	6,3	88,7	76,3	74,5
TOTAL	100	100	100	7,3	5,1	88,9	81,2	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 2018 (expected growth rate of 5.1%), the survey results point to positive change rates of the business GFCF in seven of the thirteen sections. The sections with the most relevant positive contributions are *Transportation and storage* (2.0 p.p. with a change rate of 30.9%) and *Manufacturing* (1.5 p.p. with a change rate of 4.7%). On the other hand, the *Wholesale and retail trade; repair of motor vehicles and motorcycles* and the *Information and communication* sections registered the most significant negative contributions to the change rate of total investment in 2018 (-0.9 p.p. and -0.7 p.p. with reductions of -5.8% and -5.9%, respectively).

The business GFCF deceleration between 2017 (7.3%) and 2018 (5.1%) is determined by the contribution of six sections, mainly the *Wholesale and retail trade; repair of motor vehicles and motorcycles* and *Information and communication*, with contributions of -3.0 p.p. and -1.8 p.p., respectively.

3. Results by subsection of the Manufacturing section

For 2017, the results from the current survey point to an increase of 10.8% of the investment in the *Manufacturing* section, with positive change rates in ten of the fourteen subsections (see table 2). The *Manufacture of motor vehicles, trailers and semi-trailers and other transport equipment* and the *Manufacture of food products, beverages and tobacco products* registered the most intense positive contributions to the investment change rate for this section (5.4 p.p. and 1.3 p.p., respectively), increasing by 43.9% and 9.7% in 2017. On the other hand, *Manufacture of rubber and plastic products and Manufacture of basic metals; Manufacture of fabricated metal products, except machinery and equipment* recorded the most relevant negative contribution (-0.4 p.p. for both sections) to the change rate of this section's investment in 2017, reflecting decreases of -5.5% and -2.7% in investment.

Comparing with the results from the previous survey, the business GFCG growth rate for the *Manufacturing* section was revised upward by 2.1 p.p. in 2017 (8.7% change rate in the previous survey).

Table 2

STRUCTURE AND CHANGE IN MANUFACTURING

NACE-Rev.2	STRUCTURE (a)			CHANGE (b)	
	2016	2017	2018	2017	2018
Manufacture of food products, beverages and tobacco products (10 11 12)	13,8	13,7	12,8	9,7	-1,7
Manufactures of textiles, wearing apparel and leather and related products (13 14 15)	11,2	10,8	8,9	6,8	-12,9
Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials (16)	2,6	2,8	3,9	20,4	47,4
Manufacture of paper and paper products; Printing and reproduction of recorded media (17 18)	7,4	7,0	6,0	5,1	-9,4
Manufacture of coke and refined petroleum products (19)	3,2	3,0	8,2	4,4	184,5
Manufacture of chemicals and chemical products; Manufacture of basic pharmaceutical products and pharmaceutical preparations (20 21)	8,2	8,4	9,5	13,6	17,4
Manufacture of rubber and plastic products (22)	7,1	6,0	6,3	-5,5	9,9
Manufacture of other non-metallic mineral products (23)	5,4	6,0	4,1	21,3	-28,5
Manufacture of basic metals; Manufacture of fabricated metal products, except machinery and equipment (24 25)	13,1	11,5	11,5	-2,7	5,2
Manufacture of computer, electronic and optical products (26)	4,7	4,1	4,7	-2,6	18,4
Manufacture of electrical equipment (27)	2,4	2,2	2,7	2,0	25,9
Manufacture of machinery and equipment n.e.c. (28)	3,5	4,1	5,9	31,5	49,7
Manufacture of motor vehicles, trailers and semi-trailers and other transport equipment (29 30)	12,3	15,9	12,4	43,9	-18,7
Other manufacturing (31 32 33)	5,2	4,4	3,1	-5,6	-27,7
MANUFACTURING (SECTION C)	100	100	100	10,8	4,7
<i>Of which: exporting firms</i>				<i>10,2</i>	<i>6,7</i>

(a) Percentual investment distribution by subsections of Manufacturing

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

For 2018, the estimated growth rate for the GFCF in the *Manufacturing* section is 4.7%, pointing to an increase in investment in eight of the fourteen subsections. The most relevant contribution to this result is observed in the *Manufacture of coke and refined petroleum products* (5.6 p.p.), reflecting a growth rate of 184.5% in 2018.

Comparing with the results obtained in the previous survey, the rate of entrepreneurial investment was revised upwards by 4.5 p.p. (change rate of 0.2% in the previous survey).

Between 2017 and 2018, the results point to a deceleration of 6.1 p.p. in the *Manufacturing* section investment, which is mostly due to the *Manufacture of motor vehicles, trailers and semi-trailers and other transport equipment* (-8.4 p.p.).

The results obtained for the exporting firms of the *Manufacturing* section point to a less intense increase in 2017 than for the total section (10.2% compared to 10.8%) and more intense than the total of inquired sections (10.2% compared to 7.3%). For 2018, the survey points to an increase of 6.7% of the business investment for the exporting firms, in line with the increases for the *Manufacturing* section (4.7%) and for total firms (5.1%).

4. Size of firms by number of workers

All four groups of firms contributed positively for the growth of investment in 2017 (7.3%). The third group, with a change rate of 14.8%, presented the largest contribution (2.2 p.p.), followed by the first, second and fourth groups, with rates of 8.3%, 7.9% and 3.6%, respectively, and contributions of 2.0 p.p., 1.7 p.p. and 1.4 p.p., in the same order.

Table 3

STRUCTURE AND CHANGE BY SIZE OF FIRMS					
SIZE OF FIRMS (number of workers)	STRUCTURE (a)			CHANGE (b)	
	2016	2017	2018	2017	2018
MANUFACTURING					
1 st (≤49)	23.7	21.3	18.4	-0.6	-9.4
2 nd (50-249)	30.2	29.2	24.4	7.1	-12.4
3 rd (250-499)	17.4	18.7	20.4	19.3	14.2
4 th (≥500)	28.6	30.7	36.7	19.0	25.1
TOTAL	100	100	100	10.8	4.7
TOTAL ACTIVITIES					
1 st (≤49)	23.8	24.0	22.2	8.3	-2.8
2 nd (50-249)	21.7	21.8	19.3	7.9	-6.9
3 rd (250-499)	14.8	15.9	16.0	14.8	6.3
4 th (≥500)	39.7	38.3	42.5	3.6	16.5
TOTAL	100	100	100	7.3	5.1

(a) Percentual investment distribution by firms size

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

For 2018 the results point to an increase in investment in the firms of the third and fourth groups, with change rates of 6.3% and 16.5%, respectively and contributions to the change rate of total investment of 1.0 p.p. and 6.3 p.p., by the same order. On the contrary, the firms from the first and second groups recorded negative contributions to the change rate of total investment of 0.7 p.p. and 1.5 p.p. (due to change rates of -2.8% and -6.9%, respectively).

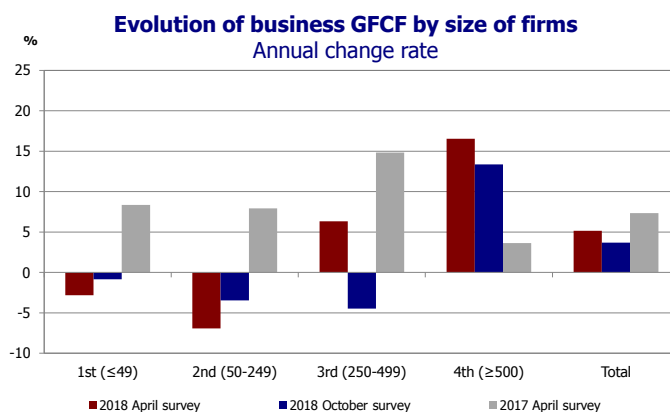
The less intense growth of the business investment in 2018 (5.1%), compared with a growth rate of 7.3% in 2017, was led by the negative contributions of the companies of the first and second groups (positive in 2017) and the less intense positive contribution of the firms from the third group.

Concerning the *Manufacturing* section, in 2017 increases in investment were observed in three of the four groups. The firms of the third group registered the most intense increase (19.3%), with a contribution of 3.4 p.p., and the firms of the fourth group had the most significant positive contribution to the investment change rate in this section (5.4 p.p., reflecting a change rate of 19.0%). The firms of the first group presented the only negative contribution (-0.2 p.p., with a change rate of -0.6%).

According with the results obtained in the current survey, the increase in investment in 2018 for the *Manufacturing* section is determined by the firms in the third and fourth groups (change rates of 14.2% and 25.1% with contributions of 2.7 p.p. and 7.7 p.p., respectively). The investment of the firms in the first and second groups presented negative change rates (-9.4% and -12.4%, with contributions of -2.0 p.p. and -3.6 p.p., by the same order).

Between 2017 and 2018, the 6.6 p.p. deceleration of investment in the *Manufacturing* section, was mainly driven by the results of the firms of the second group, that shifted from a change rate of 7.1% in 2017 to -12.4% (contribution of -5.8 p.p. to the evolution of the investment between 2017 and 2018), followed by the firms in the first and third groups (with contributions of -1.8 p.p. and -0.7 p.p., respectively).

Graph 3



5. Investment destinations

The business GFCF positive change rate (7.3%) obtained for 2017 resulted from the positive contributions of investment in equipment (5.1 p.p.), of other investments (4.2 p.p.), and in transport material (1.0 p.p.), while the investment in constructions registered a negative contribution (-3.0 p.p.) (See table 4).

For 2018, the investment in construction registers the most significant positive contribution (2.4 p.p.) to the change rate of total investment (5.1%), followed by other investments and equipments (1.7 p.p. and 1.3 p.p., respectively), while the investment in transport material contributes negatively (-0.2 p.p.).

Table 4

INVESTMENT BY TYPE OF ASSET

YEAR	STRUCTURE (a)				CHANGE (b)			
	CONSTRUCTIONS	EQUIPMENT	TRANSPORT MATERIAL	OTHERS	CONSTRUCTIONS	EQUIPMENT	TRANSPORT MATERIAL	OTHERS
2016	20.0	57.9	10.4	11.7				
2017	15.8	58.7	10.6	14.8	-15.2	8.9	10.0	36.0
2018	17.3	57.1	9.9	15.7	15.0	2.3	-2.1	11.3

(a) Percentual investment distribution by type of assets.

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

6. Investment objectives

In 2017 and 2018, for the total of the inquired sections, the extension of production capacity objective remained as the main objective of investment (with a weight of 39.4% for the average of the two years), followed by the replacement investment (37.2%) (table 5). The objectives related to other investments and streamline production represented, respectively, 14.2% and 9.1% of total investment for the average of the two years.

Between 2017 and 2018, the relative weight of extension of production capacity, the streamline production and the replacement investment is expected to increase (1.0 p.p., 0.7 p.p. and 0.4 p.p. respectively), while the weight of the other investments objective will decrease its relative importance to investment (-1.9 p.p.).

Concerning the *Manufacturing* section, in the average of the two years, 52.8% of investment has the objective of extension of production capacity and 26.2% of replacement. From 2017 to 2018, the importance of the replacement objectives and other investments are expected to increase (0.6 p.p. and 0.1 p.p. respectively), while the relative weight of extension of production capacity and streamline production objective may diminish (-0.6 p.p. and -0.1 p.p., respectively).

Regarding the exporting firms, the extension of the production capacity is also the main objective of investment for 2017 and 2018 (weighting 51.4% in the average of the two years), followed by the replacement investment (27.0%). It is noteworthy that *Manufacturing* section and the exporting investment firms have very similar distributions of investment objectives.

Between 2017 and 2018, the weight of the streamline production is expected to grow among the exporting firms (0.5 p.p.) in opposition to the total of the *Manufacturing* section (-0.1 p.p.). Similarly, the weight of the replacement investment is expected to increase (0.9 p.p.), which compares to a (0.6 p.p.) increase 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	2017	37,0	38,9	8,8	15,2
	2018	37,4	39,9	9,5	13,3
Manufacturing	2017	25,9	53,1	14,1	6,9
	2018	26,5	52,5	14,0	7,0
Of which: exporting firms	2017	26,5	52,0	14,8	6,7
	2018	27,4	50,8	15,3	6,4

(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 65.8% and 64.3% of the total in 2017 and 2018, respectively (table 6). For the average of the two years, this source of funding is particularly relevant in the *Information and communication* (96.4%), the *Professional, scientific and technical activities* (82.3%) and the *Electricity, gas, steam and air conditioning supply* (81.9%) sections. The self-funding is less important in the *Administrative and support service activities* section (20.4%).

When analysing the evolution of the funding structure between 2017 and 2018, a decrease in the weight of self-funding is observed in eight of the thirteen inquired sections, which presented the most significant decreases of the weight of self-funding between the two years, notably in the sections of *Accommodation and food service activities* (-7.9 p.p.), *Water supply; sewerage, waste management and remediation activities* (-7.3 p.p.) and *Wholesale and retail trade; repair of motor vehicles and motorcycles* (-4.4 p.p.).

On the other hand, the weight of self-funding increases in five of the thirteen sections, more intensely in the cases of the *Mining and quarrying* (25.7 p.p.), *Financial and insurance activities* (8.1 p.p.) and *Construction* (4.3 p.p.) sections.

The weight of bank loans is predicted to increase between 2017 and 2018 (2.1 p.p.), remaining as the second source of funding (22.1 p.p. in the average of the two years). Notice that in the *Transportation and storage*, *Construction* and *Administrative and support service activities* sections this source represents, on average, 41.6%, 36.8% and 36.3% of the total, respectively. From 2017 to 2018, the importance of this funding source increased in six of the thirteen sections, mainly in the sections of *Accommodation and food service activities* (16.4 p.p.) and *Wholesale and retail trade; repair of motor vehicles and motorcycles* (5.3 p.p.). On the opposite side, the sections of *Mining and quarrying* (-26.4 p.p.) and *Transportation and storage* (-5.5 p.p.) presented the most pronounced decreases in the weight of this funding 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)	2017	66,7	31,6	0,0	0,0	0,5	1,1
	2018	92,4	5,2	0,0	0,0	1,7	0,6
Manufacturing (Section C)	2017	67,9	23,8	0,1	0,7	4,5	3,0
	2018	65,6	27,6	0,1	0,7	4,0	2,0
<i>Of which: exporting firms</i>	2017	73,1	18,1	0,1	0,7	5,0	3,0
	2018	68,4	24,3	0,1	0,8	4,0	2,4
Electricity, gas, steam and air conditioning supply (Section D)	2017	82,9	1,1	0,0	0,0	2,0	14,1
	2018	81,0	6,3	0,0	0,0	3,3	9,5
Water supply; sewerage, waste management and remediation activities (Section E)	2017	71,1	21,6	0,0	0,6	6,5	0,2
	2018	63,8	17,1	0,0	0,0	19,0	0,1
Construction (Section F)	2017	54,9	39,4	0,0	0,1	0,0	5,6
	2018	59,2	34,3	0,0	0,2	0,1	6,2
Wholesale and retail trade; repair of motor vehicles and motorcycles (Section G)	2017	71,8	17,2	0,0	0,0	2,1	8,9
	2018	67,4	22,5	0,0	0,0	0,6	9,5
Transportation and storage (Section H)	2017	47,4	44,3	0,0	0,6	3,3	4,4
	2018	47,9	38,8	0,0	3,8	5,3	4,2
Accommodation and food service activities (Section I)	2017	67,5	19,4	0,0	0,5	1,7	10,8
	2018	59,6	35,8	0,0	0,0	2,0	2,6
Information and communication (Section J)	2017	96,4	2,7	0,0	0,0	0,5	0,4
	2018	96,3	3,0	0,0	0,0	0,5	0,1
Financial and insurance activities (Section K)	2017	75,0	7,6	0,1	0,0	0,0	17,2
	2018	83,1	8,4	0,0	0,0	0,0	8,5
Real estate activities (Section L)	2017	75,5	17,3	0,0	0,0	1,4	5,8
	2018	75,1	12,1	0,0	0,2	3,1	9,6
Professional, scientific and technical activities (Section M)	2017	82,1	11,9	0,1	0,1	5,0	0,9
	2018	82,4	10,6	0,2	0,5	5,6	0,6
Administrative and support service activities (Section N)	2017	20,8	37,1	9,1	0,0	0,0	33,0
	2018	20,1	35,6	8,7	0,0	0,2	35,5
TOTAL	2017	65,8	21,1	1,2	0,3	2,4	9,2
	2018	64,3	23,2	1,2	0,5	2,6	8,2

(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 73.1% and 68.4% of the total in 2017 and 2018, respectively.

The weight of this source diminished in both the exporting firms (-4.7 p.p.) and in the *Manufacturing* section (-2.3 p.p.), being compensated by the growth in bank loans (6.2 p.p. and 3.8 p.p., respectively) between the two referred years. Bank loans are the second source of funding among the exporting firms, weighting 21.2% in the average of the two years (comparing with 25.7% for the *Manufacturing* section and 22.1% for the total of the inquired activities).

8. Investment limitations

Between 2017 and 2018, for the total of the inquired activities, the percentage of firms with investment limitations increased (30.6% and 33.0%, respectively), led by eleven of the thirteen inquired sections. Considering the average of the two years, only the section *Water supply; sewerage, waste management and remediation activities* (66.4%) of the thirteen sections presented limitations of investment in more than 50% of the firms (table 7). On the other hand, the *Electricity, gas, steam and air conditioning supply* section presented the lowest percentage (4.4%).

In the *Manufacturing* section, the percentage of firms with investment limitations shifted from 34.5% in 2017 to 39.1% in 2018, with slightly higher percentages in the case of the exporting firms (36.9% and 41.2% in 2017 and 2018, respectively).

Table 7

INVESTMENT LIMITATIONS (a)		
NACE-Rev.2	2017	2018
Mining and quarrying (Section B)	49,2	48,7
Manufacturing (Section C)	34,5	39,1
<i>Of which: exporting firms</i>	36,9	41,2
Electricity, gas, steam and air conditioning supply (Section D)	4,4	4,4
Water supply; sewerage, waste management and remediation activities (Section E)	66,9	65,9
Construction (Section F)	32,0	34,0
Wholesale and retail trade; repair of motor vehicles and motorcycles (Section G)	28,6	29,6
Transportation and storage (Section H)	22,3	26,6
Accommodation and food service activities (Section I)	23,7	23,8
Information and communication (Section J)	45,0	52,3
Financial and insurance activities (Section K)	25,9	26,7
Real estate activities (Section L)	24,2	26,2
Professional, scientific and technical activities (Section M)	29,5	30,7
Administrative and support service activities (Section N)	32,7	36,8
TOTAL	30,6	33,0

(a) Percentage of enterprises with investment limitations

The deterioration of the sales perspectives remained as the main limiting factor (25.6% and 25.4% in 2017 and 2018, respectively), followed, by the lack of self-funding capacity (20.9% and 21.2%, by the same order) (table 8).

From 2017 to 2018, the increase of difficulty in obtaining bank loans weight (0.6 p.p.), of insufficient production capacity, of uncertainty about the investments profitability and the lack of self-funding capacity (0.3 for witch case) was partially offset by the reduction in the weight of the shortage of qualified labour force (-0.9 p.p.) and other limiting factors (-0.4 p.p.).

Table 8

MAIN FACTOR LIMITING INVESTMENT IN 2018 (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	DIFFICULTY OBTAINING BANK LOANS	CAPITAL MARKETS	OTHER
Mining and quarrying (Section B)	2,3	30,1	0,8	0,0	28,0	11,1	9,1	0,4	18,2
Manufacturing (Section C)	6,6	25,7	6,3	2,8	23,6	27,2	5,2	0,1	2,5
<i>Of which: exporting firms</i>	<i>11,8</i>	<i>31,6</i>	<i>8,0</i>	<i>0,5</i>	<i>19,4</i>	<i>13,1</i>	<i>12,6</i>	<i>0,1</i>	<i>3,0</i>
Electricity, gas, steam and air conditioning supply (Section D)	0,0	66,7	0,0	0,0	16,7	16,7	0,0	0,0	0,0
Water supply; sewerage, waste management and remediation activities (Section E)	0,0	18,4	0,0	2,3	34,9	5,4	19,8	0,0	19,2
Construction (Section F)	3,8	27,2	9,6	0,3	23,8	22,7	10,0	0,0	2,7
Wholesale and retail trade; repair of motor vehicles and motorcycles (Section G)	1,6	26,9	4,6	1,6	16,9	14,1	11,0	1,7	21,7
Transportation and storage (Section H)	0,0	29,7	0,6	15,9	25,4	25,9	0,0	0,0	2,4
Accommodation and food service activities (Section I)	3,3	5,5	0,0	0,2	37,1	32,1	13,0	0,0	8,9
Information and communication (Section J)	0,0	25,0	23,5	0,5	8,1	16,5	15,9	0,0	10,5
Financial and insurance activities (Section K)	1,5	38,6	0,0	5,9	19,2	11,6	5,0	0,7	17,5
Real estate activities (Section L)	2,5	27,2	2,5	2,5	12,4	28,4	7,4	2,5	14,7
Professional, scientific and technical activities (Section M)	1,4	30,8	0,0	1,7	14,6	32,4	5,1	0,0	14,0
Administrative and support service activities (Section N)	0,4	29,5	12,8	8,6	10,8	12,5	20,3	0,0	5,2
TOTAL	3,0	25,4	5,4	2,7	20,9	21,2	9,1	0,7	11,5

(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 was the deterioration of the sales perspectives (35.9% and 31.6%, in 2017 and 2018, by the same order), followed by the uncertainty about the investments profitability (14.0% and 19.4%, respectively) and the difficulty in obtaining bank loans (12.5% and 12.6%, in 2017 and 2018, respectively). For the average of the two years and comparing to the *Manufacturing* section, the deterioration of the sales perspectives, the difficulty in obtaining bank loans, the insufficient production capacity, the shortage of qualified labour force and the other limiting factors are more relevant for the exporting firms, while the opposite is observed for the remaining factors, especially in the case of the self-funding capacity.

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 *Information and communication* (29.4 p.p.), of *Mining and quarrying* (25.7 p.p.) and *Transportation and storage* (21.1 p.p.) (table 9). On the contrary, the sections of *Financial and insurance activities* (-42.4%) and *Electricity, gas, steam and air conditioning supply* (-12.2%) presented, in average terms, the only negative balances.

From 2017 to 2018, this balance should slightly reduce for the total of the inquired activities, driven by tree of the thirteen sections. The *Mining and quarrying* (-5.9 p.p.) section registers the most significant decrease, while the *Electricity, gas, steam and air-conditioning supply* section records the most pronounced raise (4.3 p.p.).

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 2017 and 2018.

Table 9

INVESTMENT AND JOB CREATION (a)

NACE-Rev.2	YEAR	INCREASE	REMAIN UNCHANGED	DECREASE	BALANCES
Mining and quarrying (Section B)	2017	29,4	69,9	0,7	28,7
	2018	26,6	69,6	3,8	22,8
Manufacturing (Section C)	2017	22,5	75,2	2,3	20,2
	2018	24,3	73,3	2,4	21,8
<i>Of which: exporting firms</i>	2017	28,6	70,2	1,2	27,4
	2018	31,3	66,5	2,2	29,1
Electricity, gas, steam and air conditioning supply (Section D)	2017	0,0	85,7	14,3	-14,3
	2018	4,3	81,4	14,3	-10,0
Water supply; sewerage, waste management and remediation activities (Section E)	2017	20,7	77,4	1,9	18,7
	2018	25,3	71,0	3,7	21,6
Construction (Section F)	2017	11,7	82,9	5,4	6,3
	2018	13,6	81,7	4,6	9,0
Wholesale and retail trade; repair of motor vehicles and motorcycles (Section G)	2017	25,4	72,2	2,4	23,1
	2018	23,6	71,1	5,3	18,3
Transportation and storage (Section H)	2017	22,4	75,7	1,9	20,5
	2018	23,2	75,3	1,5	21,6
Accommodation and food service activities (Section I)	2017	22,9	73,3	3,8	19,1
	2018	18,3	78,3	3,5	14,8
Information and communication (Section J)	2017	33,9	61,4	4,7	29,2
	2018	33,3	63,1	3,7	29,6
Financial and insurance activities (Section K)	2017	3,4	49,7	47,0	-43,6
	2018	5,4	48,0	46,6	-41,2
Real estate activities (Section L)	2017	8,9	88,4	2,7	6,2
	2018	12,6	82,7	4,7	8,0
Professional, scientific and technical activities (Section M)	2017	13,0	82,1	5,0	8,0
	2018	13,2	81,9	4,9	8,3
Administrative and support service activities (Section N)	2017	21,7	73,8	4,6	17,1
	2018	24,9	68,5	6,5	18,4
TOTAL	2017	21,3	73,8	5,0	16,3
	2018	21,8	72,4	5,8	16,1

(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 3.762 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 2017 and the 28th June 2018 and the overall response rate was 96.2%.

Considering the number of workers as the stratification/extrapolation variable, these firms represent 91.3% 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 2014 to 2016, 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 2016, it was considered information for 2015)

2. Firms that comply in 2015 and 2016 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 7.335 firms (in total 43.926 firms) and a sample of 924 companies (in a total of 3.820 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 3.761 firms for the frame and 577 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 2019.

The methodological document for this survey is available at:

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