

Investment Survey

April 2019

Business investment expected to increase by 3.7% in nominal terms in 2019

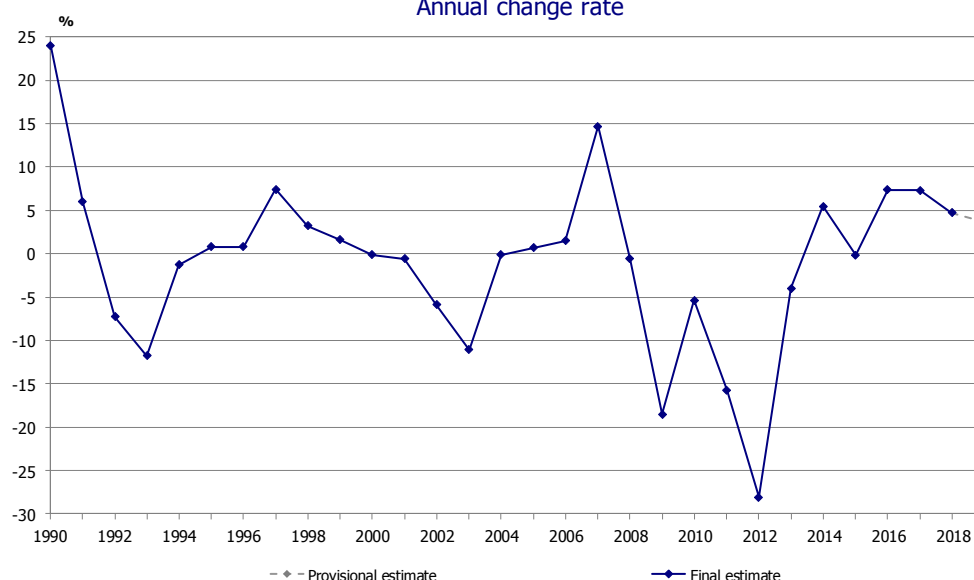
According with the opinions expressed in the April 2019 Investment Survey (with an inquiring period between the 1st April 2019 and the 25th June 2019), the entrepreneurial investment is expected to present a nominal increase of 3.7% in 2019 (4.4% estimate in the October 2018 survey). This survey also points to an increase in investment of 4.7% in 2018, which represents an upward revision comparing with the perspectives revealed in the previous survey (change rate of 1.9%).

Among the investment objectives, between 2018 and 2019, the relative weights of streamline production investment and extension of the production capacity investment are expected to increase, while the relative importance of the investment for other purposes and the replacement investment is expected to decrease. The replacement investment will continue to stand as the most mentioned investment objective.

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 2018 and 2019 the relative weight of the uncertainty about the investment profitability is expected to increase while the relative weight of the lack of self-funding capacity will decrease.

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 2019 Investment Survey (with an inquiring period between the 1st April 2019 and the 25th June 2019) point to a 4.7% nominal increase of the entrepreneurial Gross Fixed Capital Formation in 2018 (Table 1). Comparing with the investment expectations obtained in the October 2018 survey (occurred between the 1st October 2018 and the 17th January 2019) there was an upward revision of the entrepreneurial investment change rate for 2018 of 2.8 percentage points (p.p.).

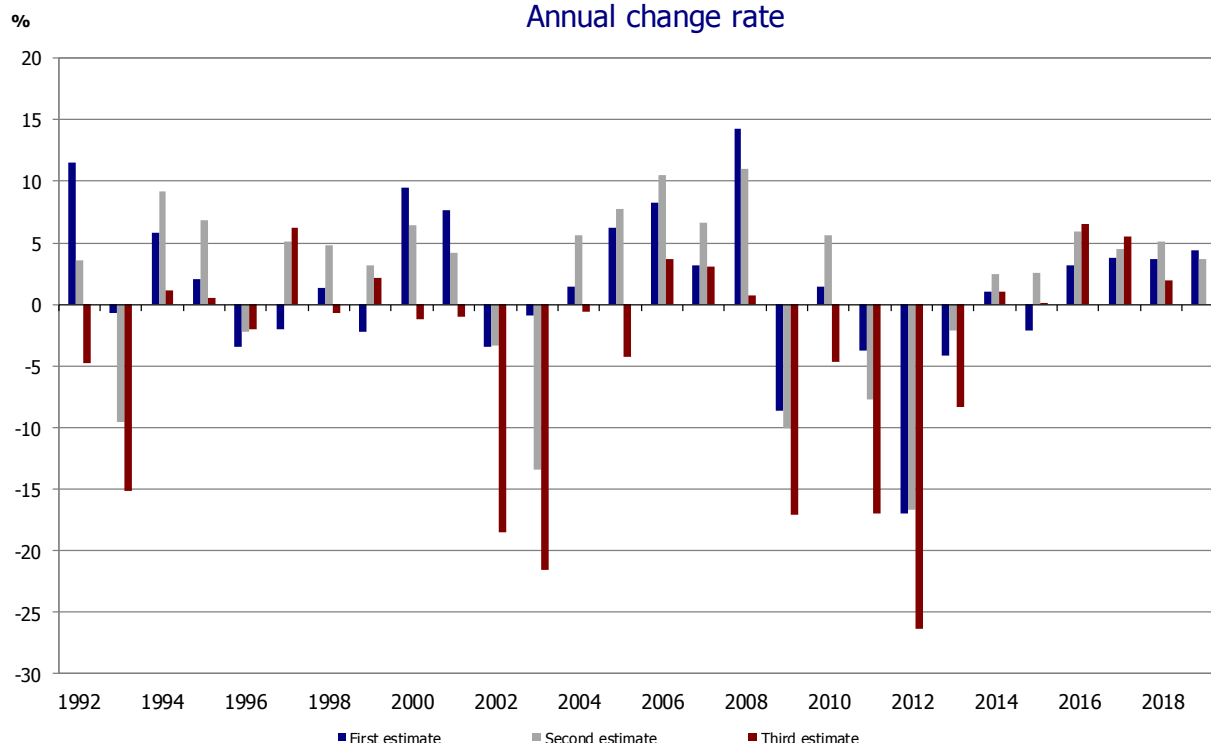
Considering the firms size by number of workers, only the firms belonging to the first group (employing less than 50 workers) contributed negatively to the investment change rate in 2018, with a decrease in investment of 4.0%. On the other hand, the firms belonging to the fourth group (employing 500 or more workers) presented the most intense positive contribution (2.7 p.p.) to the investment change rate in 2018, increasing 7.5% (see Table 3).

For 2019, the current survey points to a nominal change rate of the enterprises' investment of 3.7%, which compares with a first estimate of 4.4% obtained in the previous survey (see Graph 2).

The increase of the investment in 2019 reflects the positive contribution of the firms of the fourth group (6.2 p.p.), due to a change rate of 17.1%, followed by the 0.3 p.p. contribution of the firms of the second group (employing between 50 and 249 workers), with a 1.1% increase in investment. In the opposite direction, the firms from the first and third groups (employing between 250 and 449 workers) presented negative contributions (-2.1 p.p. and -0.8 p.p. respectively), due to investment decreases of 8.7% and 4.8%, in the same order.

Graph 2

Evolution of business GFCF in value Annual change rate



The deceleration of the business investment between 2018 (4.7%) and 2019 (3.7%) reflects especially the contribution of the investment in firms of the third group (from 1.4 p.p. in 2018 to -0.8 p.p. in 2019), with change rates of 8.7% and -4.8%, respectively.

The results obtained for the exporting firms from the *Manufacturing* section, point to a 12.3% increase of investment in 2018. This increase was more intense than the observed for the section (5.3%) and for all firms (4.7%). For 2019, the exporting firms' investment is expected to decrease by 2.9%, which is less intense than the expected decrease for the *Manufacturing* section (-4.4%).

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 88.9%, 81.3% and 78.4%, for 2017, 2018 and 2019, respectively (89.4%, 80.2% and 77.9% in the same order, for the October 2018 survey).

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

In 2018, the increase of business GFCF (4.7%) was due to the positive contribution of eight of the thirteen surveyed sections of economic activity. The *Financial and Insurance Activities* and *Manufacturing* sections recorded the most significant positive contributions (2.2 p.p. in the former case and 1.6 p.p. in the later), presenting growth rates of 51.9% and 5.3%, respectively. The *Accommodation and Food Service Activities* section registered the most intense negative contribution (-1.1 p.p. due to a 19.6% decrease in investment).

Table 1

STRUCTURE, CHANGE AND DIFFUSION OF INVESTMENT

NACE-Rev.2	STRUCTURE (a)			CHANGE (b)		DIFFUSION (c)		
	2017	2018	2019	2018	2019	2017	2018	2019
Mining and quarrying (Section B)	1.5	2.0	2.6	43.0	32.7	90.9	77.3	77.3
Manufacturing (Section C)	29.4	29.5	27.2	5.3	-4.4	91.2	85.9	82.1
<i>Of which: exporting firms</i>	-	-	-	12.3	-2.9	96.4	93.9	93.0
Electricity, gas, steam and air-conditioning supply (Section D)	5.7	5.1	5.2	-5.0	5.6	92.9	85.7	85.7
Water supply; sewerage, waste management and remediation activities (Section E)	0.8	1.3	2.4	71.7	90.9	81.1	83.0	77.4
Construction (Section F)	3.6	3.5	3.0	2.3	-11.3	85.8	78.5	78.1
Wholesale and retail trade; repair of motor vehicles and motorcycles (Section G)	15.0	13.6	13.8	-5.0	4.9	90.6	78.9	76.3
Transportation and storage (Section H)	6.5	6.8	9.2	9.8	39.7	87.0	80.4	79.7
Accommodation and food service activities (Section I)	5.8	4.5	3.7	-19.6	-14.1	92.5	88.4	84.4
Information and communication (Section J)	11.6	10.6	9.6	-4.6	-6.3	88.7	80.5	76.7
Financial and insurance activities (Section K)	4.3	6.3	7.8	51.9	29.3	85.1	74.9	73.7
Real estate activities (Section L)	0.5	0.8	0.6	72.6	-24.7	81.9	67.5	60.0
Professional, scientific and technical activities (Section M)	2.0	1.7	2.5	-11.7	48.3	88.1	80.5	79.1
Administrative and support service activities (Section N)	13.3	14.2	12.4	11.7	-9.3	86.5	77.1	74.8
TOTAL	100	100	100	4.7	3.7	88.9	81.3	78.4

(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 2019 (expected growth rate of 3.7%), 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* (2.7 p.p. with a change rate of 39.7%) and *Financial and Insurance Activities* (1.8 p.p. with a change rate of 29.3%). On the other hand, the *Administrative and Support Service Activities* and the *Manufacturing* sections registered the most significant negative contributions to the change rate of total investment in 2019 (-1.3 p.p. in both sections), with reductions of 9.3% and 4.4%, in the same order.

The business GFCF deceleration between 2018 (4.7%) and 2019 (3.7%) is determined by the contribution of six sections, mainly the *Administrative and Support Service Activities and Manufacturing*, with contributions of -2.9 p.p. in both cases.

3. Results by subsection of the Manufacturing section

For 2018, the results from the current survey point to an increase of 5.3% of the investment in the *Manufacturing* section, with positive change rates in eight of the fourteen subsections (Table 2). The *Manufacture of coke and refined petroleum products* and the *Manufacture of chemicals and chemical products; Manufacture of basic pharmaceutical products and pharmaceutical preparations* subsections registered the most intense positive contributions to the investment change rate for this section (3.9 p.p. and 2.1 p.p., respectively), increasing by 172.1% and 27.3% in 2018. On the other hand, *Manufacture of motor vehicles, trailers and semi-trailers and other transport equipment* and *Manufactures of textiles, wearing apparel and leather and related products* recorded the most intense negative contributions to the change rate of this section's investment in 2018 (-2.4 p.p. and -1.7 p.p., respectively), reflecting change rates of -13.6% and -15.2%, in the same order.

Comparing with the results from the previous survey, the business GFCF growth rate for the *Manufacturing* section was upward revised by 2.7 p.p. in 2018 (2.6% change rate in the previous survey).

Table 2

STRUCTURE AND CHANGE IN MANUFACTURING

NACE-Rev.2	STRUCTURE (a)			CHANGE (b)	
	2017	2018	2019	2018	2019
Manufacture of food products, beverages and tobacco products (10 11 12)	14.4	13.3	14.3	-2.7	2.7
Manufactures of textiles, wearing apparel and leather and related products (13 14 15)	11.5	9.2	7.3	-15.2	-24.6
Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials (16)	2.9	4.5	2.9	64.3	-37.8
Manufacture of paper and paper products; Printing and reproduction of recorded media (17 18)	7.2	6.4	4.7	-6.2	-29.5
Manufacture of coke and refined petroleum products (19)	2.3	5.8	5.5	172.1	-9.1
Manufacture of chemicals and chemical products; Manufacture of basic pharmaceutical products and pharmaceutical preparations (20 21)	7.8	9.5	10.0	27.3	0.6
Manufacture of rubber and plastic products (22)	6.3	7.2	9.3	19.3	23.5
Manufacture of other non-metallic mineral products (23)	5.7	4.4	5.5	-17.6	18.3
Manufacture of basic metals; Manufacture of fabricated metal products, except machinery and equipment (24 25)	9.5	9.2	11.6	1.7	21.3
Manufacture of computer, electronic and optical products (26)	3.5	4.3	4.3	29.5	-6.0
Manufacture of electrical equipment (27)	2.3	2.4	3.6	10.7	43.2
Manufacture of machinery and equipment n.e.c. (28)	4.4	6.0	4.2	45.1	-32.7
Manufacture of motor vehicles, trailers and semi-trailers and other transport equipment (29 30)	17.8	14.6	13.5	-13.6	-11.3
Other manufacturing (31 32 33)	4.5	3.1	3.2	-26.7	-1.7
MANUFACTURING (SECTION C)	100	100	100	5.3	-4.4
<i>Of which: exporting firms</i>				<i>12.3</i>	<i>-2.9</i>

(a) Percentual investment distribution by subsections of Manufacturing

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

For 2019, the estimated change rate for the GFCF in the *Manufacturing* section is -4.4%, pointing to a decrease in investment in eight of the fourteen subsections. The most relevant contribution to this result is observed in *Manufactures of textiles, wearing apparel and leather and related products* (-2.3 p.p.), reflecting a change rate of -24.6% in 2019.

Between 2018 and 2019, the results point to a pronounced decrease of the change rate of investment in the *Manufacturing* section (-9.7 p.p.), which is mostly due to the significant contribution of the *Manufacture of coke and refined petroleum products* subsection (-4.4 p.p.).

The results obtained for the exporting firms of the *Manufacturing* section point to a more intense increase in 2018 than for the total section (12.3% compared to 5.3%) and the total of inquired sections (4.7%). For 2019, the survey points to a decrease of 2.9% of the business investment for the exporting firms, in line with the decrease for the *Manufacturing* section (-4.4%) and in contrast with the increase for total firms (3.7%).

4. Size of firms by number of workers

Considering all the inquired sections and the firms' size by number of workers, the companies of the second, third and fourth groups contributed positively for the increase of investment in 2018 (4.7%), with change rates of 7.6%, 8.7% and 7.5% and contributions of 1.7 p.p., 1.4 p.p. and 2.7 p.p., respectively. The first group presented a negative contribution (-1.0 p.p.) due to an investment reduction of -4.0%.

Table 3

STRUCTURE AND CHANGE BY SIZE OF FIRMS					
SIZE OF FIRMS (number of workers)	STRUCTURE (a)			CHANGE (b)	
	2017	2018	2019	2018	2019
MANUFACTURING					
1 st (≤49)	20.5	15.6	14.5	-20.1	-10.6
2 nd (50-249)	32.5	32.1	33.1	4.0	-1.5
3 rd (250-499)	18.1	20.6	19.7	20.1	-8.7
4 th (≥500)	28.9	31.8	32.7	15.7	-1.5
TOTAL	100	100	100	5.3	-4.4
TOTAL ACTIVITIES					
1 st (≤49)	26.0	23.8	21.0	-4.0	-8.7
2 nd (50-249)	22.8	23.5	22.9	7.6	1.1
3 rd (250-499)	15.5	16.1	14.8	8.7	-4.8
4 th (≥500)	35.6	36.6	41.3	7.5	17.1
TOTAL	100	100	100	4.7	3.7

(a) Percentual investment distribution by firms size

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

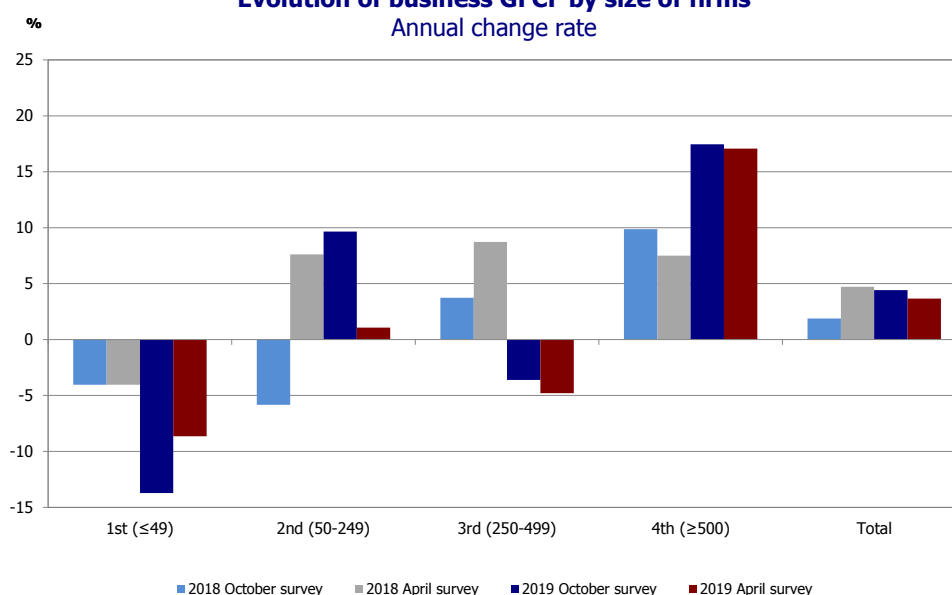
For 2019 the results point to an increase in investment only in the firms of the second and fourth groups, with change rates of 1.1% and 17.7%, and contributions to the change rate of total investment of 0.3 p.p. and 6.2 p.p., respectively. On the contrary, the firms from the first and third groups recorded negative contributions to the change rate of total investment of 2.1 p.p. and 0.8 p.p. in 2019 (due to change rates of -8.7% and -4.8%, respectively).

Concerning the *Manufacturing* section, in 2018, an increase of investment was observed in the second, third and fourth groups with change rates of 4.0%, 20.1% and 15.7% and contributions of 1.3 p.p., 3.6 p.p. and 4.5 p.p., respectively. The firms of the first group presented the only negative contribution (-4.1 p.p., with a change rate of -20.1%).

According with the results obtained in the current survey, the decrease in investment in 2019 for the *Manufacturing* section is determined by the firms of all groups (change rates of -10.6% in the first group, -8.7% in the third group and -1.5% in the second and fourth groups, resulting in contributions of -1.7 p.p., -1.8 p.p. and -0.5 p.p., in the same order).

Between 2018 and 2019, the strong reduction in the change rate of investment in the *Manufacturing* section (-9.7 p.p.), was mainly driven by the results of the firms of the third group, that shifted from a change rate of 20.1% in 2018 to -8.7% (contribution of -5.4 p.p. to the evolution of the investment between 2018 and 2019), followed by the firms in the fourth and second groups (contributions of -5.0 p.p. and -1.8 p.p., respectively).

Graph 3
Evolution of business GFCF by size of firms
Annual change rate



5. Investment destinations

The business GFCF positive change rate (4.7%) for 2018 resulted from the positive contributions of all investment destinations, in other investments (3.0 p.p.), in constructions (1.3 p.p.), in investment in equipment (0.4 p.p.) and in transport material (0.1 p.p.) (table 4).

For 2019, the investment in equipment registers the most significant positive contribution (2.7 p.p.) to the change rate of total investment (3.7%), followed by investment in constructions and other investments (1.3 p.p. and 1.1 p.p., respectively), while the investment in transport material contributed negatively (-1.4 p.p.).

Table 4

INVESTMENT BY TYPE OF ASSET								
YEAR	STRUCTURE (a)				CHANGE (b)			
	CONSTRUCTIONS	EQUIPMENT	TRANSPORT MATERIAL	OTHERS	CONSTRUCTIONS	EQUIPMENT	TRANSPORT MATERIAL	OTHERS
2017	17.8	57.7	11.8	12.7				
2018	18.2	55.5	11.3	14.9	7.0	0.7	0.5	23.5
2019	18.8	56.2	9.6	15.4	6.9	4.8	-12.0	7.2

(a) Percentual investment distribution by type of assets.

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

6. Investment objectives

In 2018 and 2019, for the total of the inquired sections, the replacement investment remained as the main objective (with a weight of 39.8% for the average of the two years), followed by the extension of production capacity (37.0%) (table 5). The objectives related to other investments and streamline production represented 14.7% and 8.5% of total investment for the average of the two years, respectively.

Between 2018 and 2019, the relative weights of streamline production and extension of production capacity are expected to increase (1.3 p.p. and 0.2 p.p., respectively), while the weight of other investments and replacement investment should diminish their relative importance (-1.0 p.p. and -0.5, respectively).

Concerning the *Manufacturing* section, in the average of the two years, 50.4% of investment has the objective of extension of production capacity and 26.5% of replacement. From 2018 to 2019, the replacement and other investment objectives will decrease their relative importance (-3.2 p.p. and -2.1 p.p., respectively), while the relative weight of extension of production capacity and the streamline production objectives are expected to increase (3.1 p.p. and 2.2 p.p., in the same order).

Table 5

INVESTMENT OBJECTIVES (a)					
NACE-Rev.2	YEAR	REPLACEMENT	EXTENSION OF PRODUCTION CAPACITY	TO STREAMLINE PRODUCTION	OTHER INVESTMENT OBJECTIVES
TOTAL	2018	40.0	36.9	7.9	15.2
	2019	39.5	37.1	9.2	14.2
Manufacturing	2018	28.1	48.9	13.6	9.4
	2019	24.9	52.0	15.8	7.3
<i>Of which: exporting firms</i>	2018	28.2	46.7	13.5	11.5
	2019	25.0	50.5	17.0	7.5

(a) Percentual investment distribution by investment objectives

Regarding the exporting firms, the extension of the production capacity is also the main objective of investment for 2018 and 2019 (weighting 48.6% in the average of the two years), followed by the replacement investment (26.6%). These results are similar to the observed for the total of the *Manufacturing* section. Nevertheless, between 2018 and 2019, the weight of the extension of the production capacity investment is expected to increase 3.8 p.p. among the exporting firms, above the expected for the total of the *Manufacturing* section (3.1 p.p.). The weight of the streamline production investment is expected to grow among the exporting firms (3.5 p.p.) at a higher pace comparing with the total *Manufacturing* section (2.2 p.p.).

7. Investment funding

Self-funding continues to be the main source of funding for the surveyed firms, weighting 65.7% and 65.0% of the total in 2018 and 2019, respectively (table 6). For the average of the two years, this source of funding is particularly relevant in the *Information and communication* (94.8%), the *Electricity, gas, steam and air conditioning supply* (89.0%) and the *Real estate activities* (85.2%) sections. Self-funding is less important in the *Administrative and support service activities* section (22.2%).

When analysing the evolution of the funding structure between 2018 and 2019, the weight of self-funding decreases in seven of the thirteen sections, more intensely in the cases of the *Mining and quarrying* (-13.2 p.p.), *Transportation and storage* (-9.6 p.p.) and *Construction* (-3.2 p.p.) sections. On the opposite direction, there is an increase in self-funding in six of the thirteen sections, with the sections of *Professional, scientific and technical activities* (8.7 p.p.), the *Real estate activities* (7.7 p.p.) and the *Accommodation and food service activities* (2.4 p.p.) presenting the most significant increases in the relative weight for self-funding between the two years.

The weight of bank loans is expected to slightly increase between 2018 and 2019 (0.1 p.p.). Nevertheless, bank loans continue to be the second main source of funding (21.6% in the average of the two years). It should be noted that in the *Transportation and storage*, *Construction* and *Accommodation and food service activities* sections this source represents, on average, 43.6%, 31.7% and 28.4% of the total, respectively. From 2018 to 2019, the importance of this funding source increased in five of the thirteen sections, mainly in the sections of *Transportation and storage* (7.4 p.p.) and *Electricity, gas, steam and air conditioning supply* (1.9 p.p.). The sections of *Accommodation and food service activities* and *Real estate* presented the most pronounced decreases in the weight of this funding source between the two referred years (-6.5 p.p. and -5.2 p.p., respectively).

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)	2018	68.7	15.5	0.0	0.0	0.3	15.4
	2019	55.5	11.9	0.0	0.0	0.1	32.6
Manufacturing (Section C)	2018	67.0	26.0	0.0	1.5	3.6	1.9
	2019	66.4	26.6	0.6	1.3	3.6	1.5
<i>Of which: exporting firms</i>	2018	67.6	26.9	0.1	1.0	2.6	2.0
	2019	66.8	27.2	0.8	1.1	2.9	1.3
Electricity, gas, steam and air conditioning supply (Section D)	2018	89.6	2.5	0.0	0.0	2.4	5.6
	2019	88.3	4.4	0.0	0.0	1.4	5.9
Water supply; sewerage, waste management and remediation activities (Section E)	2018	61.8	21.0	0.0	0.1	17.1	0.0
	2019	61.0	21.2	0.0	0.0	17.7	0.2
Construction (Section F)	2018	63.4	31.9	0.0	0.2	0.0	4.4
	2019	60.2	31.6	0.0	0.1	0.0	8.1
Wholesale and retail trade; repair of motor vehicles and motorcycles (Section G)	2018	77.0	20.4	0.0	0.0	0.3	2.2
	2019	77.1	21.3	0.0	0.0	1.0	0.5
Transportation and storage (Section H)	2018	49.5	39.9	0.0	2.3	2.2	6.1
	2019	39.9	47.3	0.0	2.1	1.5	9.1
Accommodation and food service activities (Section I)	2018	65.1	31.7	0.0	0.0	0.4	2.8
	2019	67.5	25.2	0.0	0.0	2.4	4.9
Information and communication (Section J)	2018	94.2	4.4	0.0	0.2	0.8	0.5
	2019	95.4	3.1	0.0	0.1	0.9	0.5
Financial and insurance activities (Section K)	2018	81.3	8.0	0.0	0.0	0.0	10.7
	2019	82.7	7.1	0.0	0.0	0.0	10.2
Real estate activities (Section L)	2018	81.4	12.3	0.0	0.0	1.5	4.9
	2019	89.1	7.1	0.0	0.0	0.6	3.2
Professional, scientific and technical activities (Section M)	2018	69.8	16.5	0.0	0.2	7.4	6.2
	2019	78.5	14.2	0.0	0.1	2.3	4.9
Administrative and support service activities (Section N)	2018	22.4	26.4	14.1	0.0	0.0	37.0
	2019	21.9	23.6	12.0	0.0	0.0	42.5
TOTAL	2018	65.7	21.5	2.0	0.6	1.9	8.3
	2019	65.0	21.6	1.6	0.6	2.0	9.2

(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 67.6% and 66.8% of the total in 2018 and 2019, respectively.

Between the two years, the weight of this source diminished in both the exporting firms (-0.8 p.p.) and for the total of the *Manufacturing* section (-0.6 p.p.), being compensated by the increase in the use of bank loans (0.3 p.p. and 0.6 p.p. in 2018 and 2019, respectively), which remained the second source of funding among the exporting firms, weighting 27.0% in the average of the two years (comparing with 26.3% for the *Manufacturing* section and 21.6% for the total of the inquired activities).

8. Investment limitations

Between 2018 and 2019, for the total of the inquired activities, the percentage of firms with investment limitations increased from 29.3% to 31.4%. This behaviour is observed in eleven of the thirteen inquired sections.

Considering the average of the two years, the sections *Water supply; sewerage, waste management and remediation activities*, *Mining and quarrying* and *Information and communication* presented limitations of investment in more than 50% of the firms (58.3%, 54.0% and 51.0%, respectively) (Table 7). The *Electricity, gas, steam and air conditioning supply* section presented the lowest percentage (2.4%).

In the *Manufacturing* section, the percentage of firms with investment limitations shifted from 32.7% in 2018 to 36.4% in 2019, with higher percentages in the case of the exporting firms (38.5% and 41.0% in 2018 and 2019, respectively).

Table 7

INVESTMENT LIMITATIONS (a)

NACE-Rev.2	2018	2019
Mining and quarrying (Section B)	53.6	54.5
Manufacturing (Section C)	32.7	36.4
<i>Of which: exporting firms</i>	<i>38.5</i>	<i>41.0</i>
Electricity, gas, steam and air conditioning supply (Section D)	2.4	2.4
Water supply; sewerage, waste management and remediation activities (Section E)	58.3	58.3
Construction (Section F)	31.9	34.0
Wholesale and retail trade; repair of motor vehicles and motorcycles (Section G)	28.1	28.4
Transportation and storage (Section H)	25.8	30.1
Accommodation and food service activities (Section I)	15.8	19.0
Information and communication (Section J)	46.2	55.9
Financial and insurance activities (Section K)	25.9	27.0
Real estate activities (Section L)	20.3	22.3
Professional, scientific and technical activities (Section M)	31.4	32.5
Administrative and support service activities (Section N)	25.6	26.6
TOTAL	29.3	31.4

(a) Percentage of enterprises with investment limitations

The deterioration of the sales perspectives remained as the main limiting factor (26.7% and 30.5% in 2018 and 2019, respectively), followed by the uncertainty of investment profitability (20.7% and 19.8% in 2018 and 2019, in the same order) (Table 8).

From 2018 to 2019, the increase of deterioration of the sales weight (3.8 p.p.) was partially offset by the decrease in the weight of the lack of self-funding capacity (-3.4 p.p.).

Table 8

MAIN FACTOR LIMITING INVESTMENT IN 2019 (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)	8.7	33.9	1.2	0.4	30.8	9.3	7.6	0.4	7.6
Manufacturing (Section C)	6.2	35.3	10.0	0.6	17.4	16.4	11.1	0.1	3.0
<i>Of which: exporting firms</i>	<i>10.6</i>	<i>32.8</i>	<i>4.8</i>	<i>0.9</i>	<i>11.4</i>	<i>15.7</i>	<i>18.0</i>	<i>0.1</i>	<i>5.7</i>
Electricity, gas, steam and air conditioning supply (Section D)	0.0	0.0	0.0	0.0	50.0	50.0	0.0	0.0	0.0
Water supply; sewerage, waste management and remediation activities (Section E)	0.0	11.5	0.0	2.2	46.2	5.2	11.4	0.0	23.4
Construction (Section F)	0.5	24.2	16.7	0.4	17.5	20.1	15.1	0.0	5.6
Wholesale and retail trade; repair of motor vehicles and motorcycles (Section G)	0.5	30.6	2.4	6.2	22.2	13.2	10.2	1.3	13.4
Transportation and storage (Section H)	0.0	20.9	10.4	15.8	15.4	18.9	0.1	0.0	18.5
Accommodation and food service activities (Section I)	0.3	39.6	1.0	1.9	21.5	12.3	19.5	0.0	3.8
Information and communication (Section J)	0.0	26.6	38.4	0.9	6.1	9.4	13.4	0.0	5.3
Financial and insurance activities (Section K)	1.2	30.0	4.1	3.9	12.4	14.9	2.2	6.8	24.5
Real estate activities (Section L)	0.0	23.4	2.9	0.0	26.3	29.3	5.9	0.0	12.2
Professional, scientific and technical activities (Section M)	5.2	24.3	0.3	2.3	28.5	21.2	8.4	0.2	9.7
Administrative and support service activities (Section N)	1.2	24.1	19.4	3.7	9.6	15.6	22.0	0.0	4.3
TOTAL	2.2	30.5	7.4	3.8	19.8	15.4	11.4	0.6	8.9

(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 was the deterioration of the sales perspectives (30.4% and 32.8%, in 2018 and 2019, respectively), followed by the difficulty in obtaining bank loans (23.5% and 18.0%) and the lack of self-funding capacity (14.9% and 15.7%, in the same order). For the average of the two years and comparing with the *Manufacturing* section, the difficulty in obtaining bank loans, the insufficient production capacity and the interest rate level are more relevant for the exporting firms, while the opposite is observed on the remaining factors.

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 *Administrative and support service activities*, of *Wholesale and retail trade; repair of motor vehicles and motorcycles* and of *Professional, scientific and technical activities* (Table 9). On the contrary, the sections of *Financial and insurance activities* and *Electricity, gas, steam and air conditioning supply* presented the only negative balances.

From 2018 to 2019, this balance will slightly decrease for the total of the inquired activities, driven by eight of the thirteen sections. The *Mining and quarrying* section registers the most significant growth while the *Wholesale and retail trade; repair of motor vehicles and motorcycles* section records the most pronounced decrease.

For the exporting firms, the average of this balance was positive and higher than in the *Manufacturing* section and the total of inquired activities, even though decreasing between 2018 and 2019.

Table 9

INVESTMENT AND JOB CREATION (a)					
NACE-Rev.2	YEAR	INCREASE	REMAIN UNCHANGED	DECREASE	BALANCES
Mining and quarrying (Section B)	2018	13.8	78.1	8.1	5.6
	2019	16.1	79.6	4.3	11.8
Manufacturing (Section C)	2018	20.3	76.4	3.3	17.0
	2019	19.8	75.1	5.2	14.6
<i>Of which: exporting firms</i>	2018	26.7	70.2	3.1	23.7
	2019	26.3	69.1	4.6	21.7
Electricity, gas, steam and air conditioning supply (Section D)	2018	0.0	85.7	14.3	-14.3
	2019	0.0	85.7	14.3	-14.3
Water supply; sewerage, waste management and remediation activities (Section E)	2018	16.4	79.9	3.7	12.7
	2019	19.9	72.5	7.6	12.3
Construction (Section F)	2018	9.9	87.8	2.3	7.6
	2019	11.3	85.7	3.0	8.4
Wholesale and retail trade; repair of motor vehicles and motorcycles (Section G)	2018	27.2	69.8	3.0	24.2
	2019	26.2	70.4	3.4	22.8
Transportation and storage (Section H)	2018	21.8	75.2	3.0	18.7
	2019	24.3	62.4	13.3	11.1
Accommodation and food service activities (Section I)	2018	14.1	84.3	1.6	12.5
	2019	17.1	81.8	1.1	16.0
Information and communication (Section J)	2018	31.2	47.1	21.7	9.4
	2019	32.7	49.7	17.6	15.1
Financial and insurance activities (Section K)	2018	4.3	59.8	35.9	-31.6
	2019	4.3	58.3	37.4	-33.1
Real estate activities (Section L)	2018	6.4	90.6	3.0	3.4
	2019	5.2	92.4	2.5	2.7
Professional, scientific and technical activities (Section M)	2018	18.6	80.5	1.0	17.6
	2019	17.5	80.3	2.2	15.3
Administrative and support service activities (Section N)	2018	27.4	70.5	2.1	25.2
	2019	23.9	74.7	1.4	22.5
TOTAL	2018	21.0	74.2	4.8	16.2
	2019	20.7	73.3	6.0	14.7

(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 3.731 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 250 or more workers were exhaustively surveyed.

The survey was conducted between the 1st April 2019 and the 25th June 2019 and the overall response rate was 91.3%.

Considering the number of workers as the stratification/extrapolation variable, these firms represent 97.8% 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 2015 to 2017, 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 2017, it was considered information for 2016)

2. Firms that comply in 2016 and 2017 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 analysed 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 7.083 firms (in total 43.926 firms) and a sample of 889 companies (in a total of 3.731 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 3.718 firms for the frame and 569 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 2020.

The methodological document for this survey is available at:

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