

## Investment Survey

April 2017

### Enterprises expect a nominal increase of 5.1% in their investment in 2017

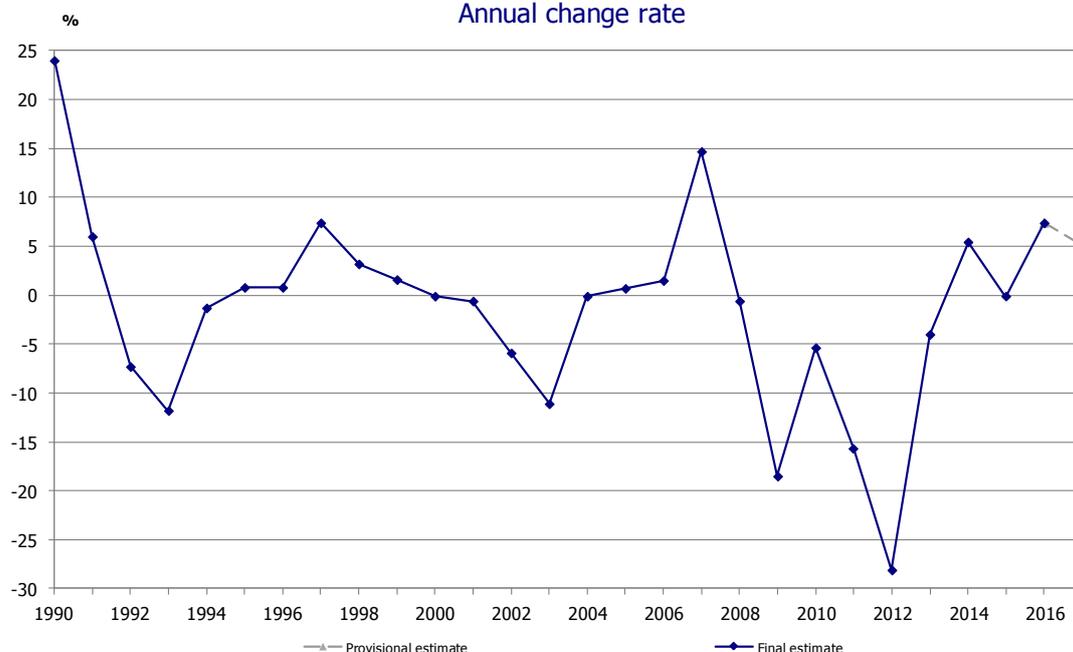
According with the opinions expressed in the April 2017 Investment Survey (with an inquiring period between the 1<sup>st</sup> April and the 28<sup>th</sup> June 2017), the entrepreneurial investment is expected to present a nominal increase of 5.1% in 2017, which compares with the estimate of 3.8% obtained in the October 2016 Investment Survey. This survey also points that in 2016, an increase of 7.4% in investment has occurred.

Among the investment objectives, the relative weights of the streamline production investment and the investment for other purposes is expected to increase. Consequently the replacement investment and the extension of the production capacity investment relative weights are predicted to decrease, even though the latter 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 the sales perspectives was the most mentioned in both years, followed, in 2016, by the uncertainty about the investment profitability and, in 2017, by the lack of self-funding capacity. Between 2016 and 2017 the relative weight of the lack of self-funding capacity is expected to increase while the relative weight of the uncertainty about the investments profitability will decrease.

**Graph 1<sup>1</sup>**

#### Evolution of business GFCF in value Annual change rate



<sup>1</sup> The percentage corresponds to the last available estimate for each year. For 2016 and 2017, the change rate corresponds to the entrepreneurial perspectives.

## 1. Main results

The results from the April 2017 Investment Survey (with an inquiring period between the 1<sup>st</sup> April and the 28<sup>th</sup> June 2017) point to a 7.4% nominal increase of the entrepreneurial Gross Fixed Capital Formation in 2016. Comparing with the investment expectations obtained in the October 2016 survey (occurred between the 1<sup>st</sup> October 2016 and the 17<sup>th</sup> January 2017) there was a slight upward revision of the entrepreneurial investment change rate for 2016 of 0.9 percentage points (p.p.).

Considering the firms size by number of workers, the fourth group (employing 500 or more workers) presented the most intense positive contribution (3.3 p.p.) to the evolution of the investment in 2016, increasing 8.1%. On the contrary, only the firms of the first group (employing less than 50 workers) registered a negative contribution (-0.8 p.p.), due to a slight decrease of 3.0% of the investment.

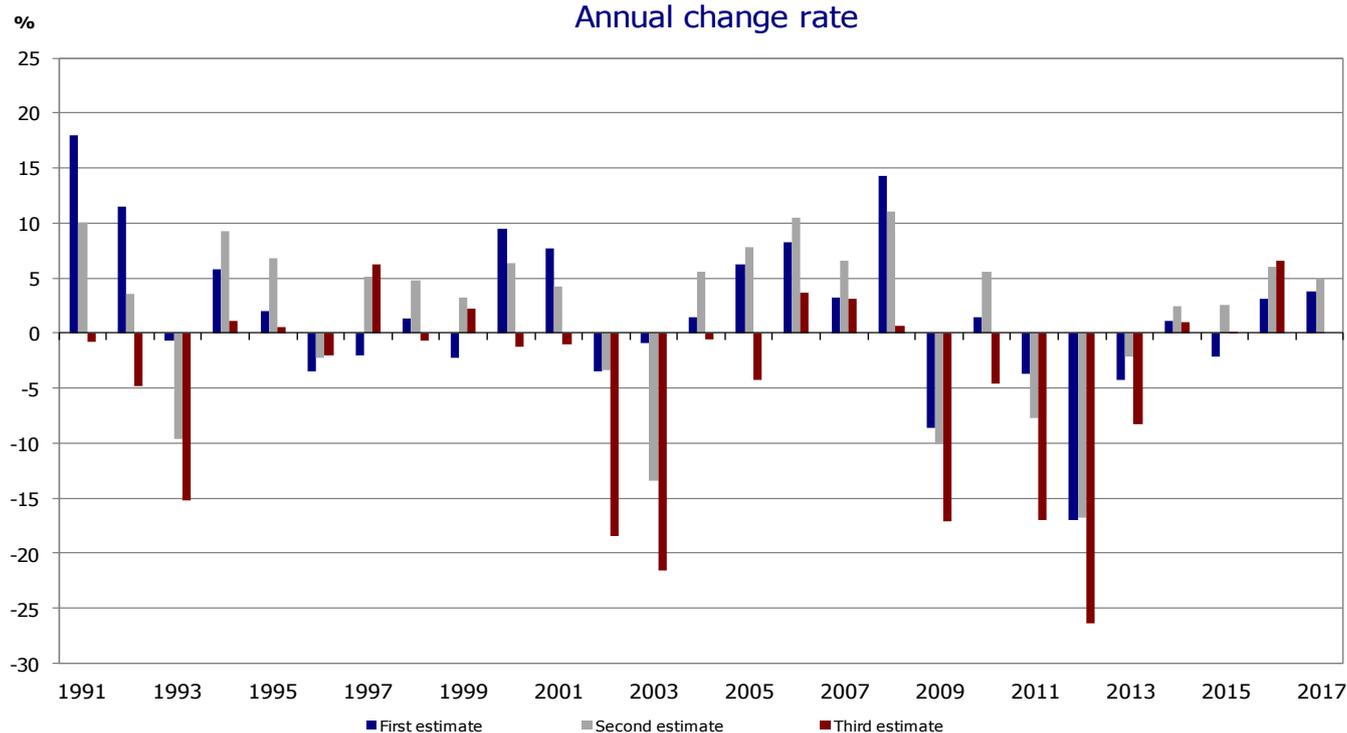
For 2017, the survey indicates a nominal change rate of the enterprises' investment of 5.1%, which compares with a first estimate of 3.8% obtained in the October 2016 survey.

According to the results of the current survey, the increase of the investment in 2017 reflects the positive contribution of the firms of the fourth group (3.9 p.p.), due to a change rate of 9.7% and, to a lesser extent, of the firms of the second group (employing between 50 and 249 workers), with an increase of 5.8% (contribution of 1.1 p.p.) and the firms of the third group (employing between 250 and 499 workers), which presented a change rate of 6.2% (contribution of 1.0 p.p.). The firms of the first group contributed negatively (-1.0 p.p.) for the investment in 2017, reflecting a change rate of -4.2%.

The deceleration of the business investment between 2016 (7.4%) and 2017 (5.1%) (difference of 2.3 p.p.) reflects especially the evolution of the investment in firms of the third group (from a contribution of 2.9 p.p. in 2016 to 1.0 p.p. in 2017), which is expected to shift from a change rate of 19.2% in 2016 to 6.2% in 2017.

**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 31.9% change rate of the investment in 2016. This increase was more intense than the observed for the whole section (16.4%) and for all firms (7.4%). For 2017, the exporting firms' investment is expected to present a change rate of 4.4%, below the change rate for the *Manufacturing* section (9.1%) and for total firms (5.1%).

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 85.6%, 80.3% and 78.3%, for 2015, 2016 and 2017, respectively.

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

In 2016, the increase of business GFCF (7.4%) was due to the positive contribution of eight of the thirteen surveyed sections of economic activity. *Manufacturing* and *Transportation and storage* sections recorded the most significant positive contributions (4.3 p.p. in the former case and 1.6 p.p. in the later), presenting growth rates of 16.4% and 26.2%, respectively. The *Electricity, gas, steam and air-conditioning supply* and the *Information and communication* sections registered the most intense negative contributions (-0.5 p.p. in both cases), while the *Water supply, sewerage, waste management and remediation activities* presented the most significant investment decrease in 2016 (19.3%).

**Table 1**

### STRUCTURE, CHANGE AND DIFFUSION OF INVESTMENT

NACE-Rev.2	STRUCTURE (a)			CHANGE (b)		DIFFUSION (c)		
	2015	2016	2017	2016	2017	2015	2016	2017
Mining and quarrying (Section B)	1.2	1.1	1.5	-4.7	52.6	91.3	82.6	80.4
Manufacturing (Section C)	26.0	28.2	29.2	16.4	9.1	88.8	85.5	84.2
<i>Of which: exporting firms</i>	-	-	-	31.9	4.4	96.1	94.2	92.9
Electricity, gas, steam and air-conditioning supply (Section D)	9.9	8.7	7.6	-5.5	-9.3	86.7	73.3	73.3
Water supply; sewerage, waste management and remediation activities (Section E)	1.4	1.0	2.2	-19.3	123.8	75.4	87.7	78.9
Construction (Section F)	2.8	2.7	2.5	0.9	-1.4	83.5	73.2	72.1
Wholesale and retail trade; repair of motor vehicles and motorcycles (Section G)	15.5	15.0	13.9	3.9	-2.4	87.2	77.9	76.8
Transportation and storage (Section H)	6.1	7.2	7.7	26.2	12.2	86.6	81.9	79.9
Accommodation and food service activities (Section I)	4.0	3.9	3.9	4.7	3.0	88.2	83.9	81.7
Information and communication (Section J)	14.2	12.8	12.7	-3.6	4.1	90.8	85.8	82.3
Financial and insurance activities (Section K)	5.5	5.5	5.8	7.7	9.7	80.6	76.7	73.9
Real estate activities (Section L)	0.5	0.7	0.9	62.7	39.1	74.4	66.5	62.2
Professional, scientific and technical activities (Section M)	2.0	2.2	1.9	21.8	-9.3	83.0	76.6	74.4
Administrative and support service activities (Section N)	11.0	11.1	10.3	8.5	-2.3	79.8	74.2	70.7
<b>TOTAL</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>7.4</b>	<b>5.1</b>	<b>85.6</b>	<b>80.3</b>	<b>78.3</b>

(a) Percentual investment distribution by NACE sections

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

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

For 2017 (expected growth rate of 5.1%), the survey results point to positive change rates of the business GFCF in eight of the thirteen sections. The sections with the most relevant positive contributions are *Manufacturing* (2.6 p.p. with a change rate of 9.1%) and *Water supply, sewerage, waste management and remediation activities* (1.3 p.p. with a change rate of 123.8%). On the other hand, the *Electricity, gas, steam and air-conditioning supply* registered the most significant negative contribution to the change rate of total investment in 2017 (-0.8 p.p. due to a change rate of -9.3%).

The business GFCF deceleration between 2016 (7.4%) and 2017 (5.1%) is determined by the contribution of eight sections, mainly the *Manufacturing, Administrative and support service activities* and *Wholesale and retail trade; repair of motor vehicles and motorcycles*, with differences in contributions of -1.7 p.p., -1.2 p.p. and -1.0 p.p., respectively.

### 3. Results by subsection of the Manufacturing section

For 2016, the results from the current survey point to an increase of 16.4% of the investment in the *Manufacturing* section, with positive change rates in ten of the fourteen subsections (table 2). The *Manufacture of motor vehicles, trailers and semi-trailers and other transport equipment* and the *Manufacture of computer, electronic and optical products* registered the most intense positive contributions to the investment change rate for this section (5.2 p.p. and 2.5 p.p., respectively), increasing by 47.2% and 75.9% in 2016. On the other hand, *Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials* recorded the most significant decrease in investment (-16.9%), while the *Manufacture of textiles, wearing apparel and leather and related products* presented the most relevant negative contribution (-0.8 p.p.) to the change rate of this section's investment.

Comparing with the results from the previous survey, the business GFCG growth rate for the *Manufacturing* section was revised upward by 5.2 p.p. for 2016.

**Table 2**

#### STRUCTURE AND CHANGE IN MANUFACTURING

NACE-Rev.2	STRUCTURE (a)			CHANGE (b)	
	2015	2016	2017	2016	2017
Manufacture of food products, beverages and tobacco products (10 11 12)	17.9	15.1	15.5	-2.2	12.6
Manufactures of textiles, wearing apparel and leather and related products (13 14 15)	12.6	10.2	9.7	-6.0	4.1
Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials (16)	3.4	2.4	2.6	-16.9	15.5
Manufacture of paper and paper products; Printing and reproduction of recorded media (17 18)	5.7	6.1	4.2	24.6	-25.1
Manufacture of coke and refined petroleum products (19)	2.9	4.0	4.6	57.7	26.1
Manufacture of chemicals and chemical products; Manufacture of basic pharmaceutical products and pharmaceutical preparations (20 21)	7.8	8.2	8.3	21.9	11.5
Manufacture of rubber and plastic products (22)	8.4	8.1	6.4	12.3	-14.1
Manufacture of other non-metallic mineral products (23)	5.0	5.9	5.3	35.7	-1.9
Manufacture of basic metals; Manufacture of fabricated metal products, except machinery and equipment (24 25)	12.2	10.7	11.2	2.3	13.7
Manufacture of computer, electronic and optical products (26)	3.3	5.0	3.9	75.9	-14.9
Manufacture of electrical equipment (27)	2.3	3.0	2.7	55.9	-2.1
Manufacture of machinery and equipment n.e.c. (28)	3.9	3.0	3.8	-10.3	39.9
Manufacture of motor vehicles, trailers and semi-trailers and other transport equipment (29 30)	11.0	13.9	17.2	47.2	35.4
Other manufacturing (31 32 33)	3.7	4.6	4.6	44.3	10.5
<b>MANUFACTURING (SECTION C)</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>16.4</b>	<b>9.1</b>
<i>Of which: exporting firms</i>				<i>31.9</i>	<i>4.4</i>

(a) Percentual investment distribution by subsections of Manufacturing

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

For 2017, the estimated growth rate for the GFCF in the *Manufacturing* section is 9.1%, pointing to an increase in investment in nine of the fourteen subsections. The most relevant contribution to these results is observed in the *Manufacture of motor vehicles, trailers and semi-trailers and other transport equipment* subsection (4.9 p.p.), reflecting a growth rate of 35.4% in 2017.

The estimated business GFCG growth rate for the *Manufacturing* section in 2017 was revised upward in 2.2 p.p. comparing with the results from the October 2016 survey (6.9% change rate).

Between 2016 and 2017, the results point to a pronounced deceleration in the *Manufacturing* section investment (-7.2 p.p.), which is mostly due to the *Manufacture of computer, electronic and optical products* (-3.3 p.p.),

*Manufacture of paper and paper products; Printing and reproduction of recorded media* (-2.9 p.p.) and *Manufacture of rubber and plastic products* (-2.2 p.p.) negative contributions.

The results obtained for the exporting firms of the *Manufacturing* section point to a more intense increase in 2016 than for the total section (31.9% compared to 16.4%) and the total of inquired sections (7.4%). For 2017, the survey points to a business investment growth rate of 4.4% for the exporting firms, below the rate estimated for the total *Manufacturing* section (9.1%), and the total of the inquired sections (5.1%).

#### 4. Size of firms by number of workers

Considering the total of the inquired sections and the firms' size by number of workers, the companies of the fourth, third and second groups contributed positively for the increase of investment in 2016, with change rates of 8.1%, 19.2% and 10.8% and contributions of 3.3 p.p., 2.9 p.p. and 2.0 p.p., respectively. On the other hand, the firms of the first group recorded a negative contribution, which reflected a change rate of investment of -3.0%.

**Table 3**

STRUCTURE AND CHANGE BY SIZE OF FIRMS					
SIZE OF FIRMS (number of workers)	STRUCTURE (a)			CHANGE (b)	
	2015	2016	2017	2016	2017
MANUFACTURING					
1 <sup>st</sup> (≤49)	25.7	19.1	18.9	-13.6	7.9
2 <sup>nd</sup> (50-249)	30.6	28.3	24.8	7.4	-4.1
3 <sup>rd</sup> (250-499)	18.2	19.8	20.2	26.6	11.4
4 <sup>th</sup> (≥500)	25.4	32.8	36.1	50.3	19.9
<b>TOTAL</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>16.4</b>	<b>9.1</b>
TOTAL ACTIVITIES					
1 <sup>st</sup> (≤49)	26.3	23.8	21.7	-3.0	-4.2
2 <sup>nd</sup> (50-249)	18.4	19.0	19.2	10.8	5.8
3 <sup>rd</sup> (250-499)	15.1	16.7	16.9	19.2	6.2
4 <sup>th</sup> (≥500)	40.2	40.4	42.2	8.1	9.7
<b>TOTAL</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>7.4</b>	<b>5.1</b>

(a) Percentual investment distribution by firms size

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

For 2017, the results also point to an increase in investment in the firms of the fourth, third and second groups, with change rates of 9.7%, 6.2% and 5.8% and contributions to the change rate of total investment of 3.9 p.p., 1.0 p.p. and 1.1 p.p., respectively. On the contrary, the firms of the first group recorded the only negative contribution to the change rate of total investment (-1.0 p.p. and a change rate of -4.2%).

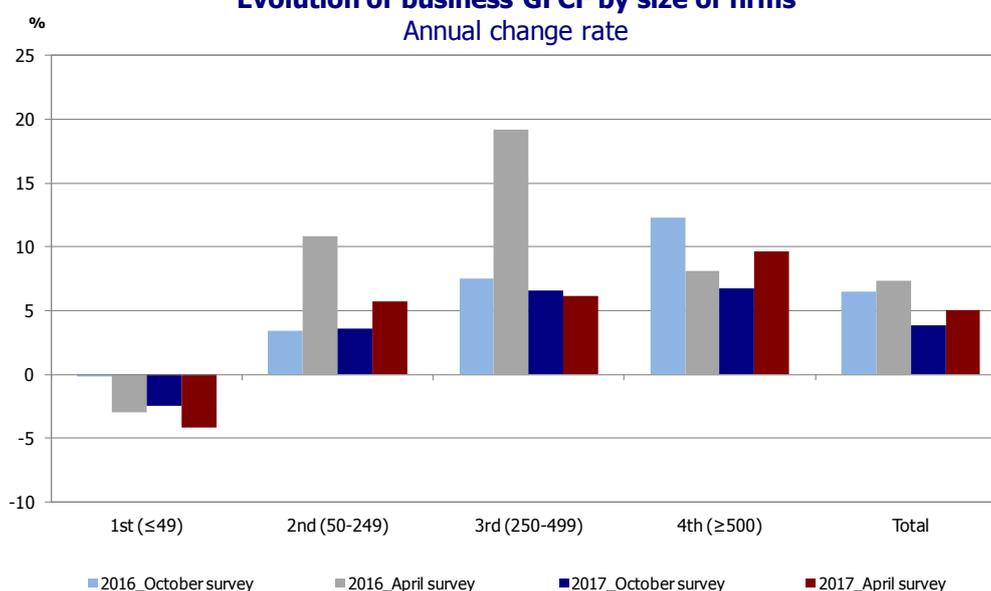
The less intense growth of the business investment between 2016 (7.4%) and 2017 (5.1%) was led by the more intense negative contribution of the companies of the first group and the less significant positive contribution of the companies of the second and third groups.

Concerning the *Manufacturing* section, an increase of investment was observed in 2016 in three of the four groups. The firms of the fourth group registered the most intense increase (50.3%) and the most significant positive contribution to the investment change rate in this section (12.8 p.p.). The firms of the first group presented the only negative contribution (-3.5 p.p., with a change rate of -13.6%).

According to the results obtained in the current survey, the increase in investment in 2017 for the *Manufacturing* section is determined by the firms in the fourth, third and first groups (change rates of 19.9%, 11.4% and 7.9%, with contributions of 6.5 p.p., 2.3 p.p. and 1.5 p.p., respectively). The investment of the firms in the second group presented a negative change rate (-4.1%, with a contribution of -1.2 p.p.).

Between 2016 and 2017, the deceleration of investment in the *Manufacturing* section (-7.2 p.p.), was mainly driven by the results of the firms of the fourth group, that shifted from a change rate of 50.3% in 2016 to 19.9% (contribution of -6.3 p.p. to the evolution of the investment between 2016 and 2017), followed by the firms in the second and third groups (with contributions of -3.4 p.p. and -2.6 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 (7.4%) obtained for 2016 resulted from the evolution of the investment in equipment, constructions and other investments (contributions of 4.4 p.p., 2.7 p.p. and 0.2 p.p. respectively), while the contribution of the investment in transport material was nil (table 4).

For 2017, the investment in equipment registers the most significant positive contribution (4.6 p.p.) to the change rate of total investment (5.1%), followed by other investments (2.0 p.p.), while the investment in transport material and constructions contributed negatively (-1.1 p.p. and -0.4 p.p., respectively).

**Table 4**

### INVESTMENT BY TYPE OF ASSET

YEAR	STRUCTURE (a)				CHANGE (b)			
	CONSTRUCTIONS	EQUIPMENT	TRANSPORT MATERIAL	OTHERS	CONSTRUCTIONS	EQUIPMENT	TRANSPORT MATERIAL	OTHERS
2015	20.1	55.3	11.8	12.8				
2016	21.2	55.6	11.0	12.2	13.5	8.0	0.2	1.7
2017	19.8	57.3	9.4	13.5	-2.1	8.3	-10.1	16.6

(a) Percentual investment distribution by type of assets.

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

## 6. Investment objectives

In 2016 and 2017, for all the inquired sections, the extension of production capacity remained as the main objective of investment (with a weight of 38.7% for the average of the two years), followed by the replacement investment (36.8%) (table 5). The objectives related to other investments and streamline production represented 14.7% and 9.9% of total investment for the average of the two years, respectively.

Between 2016 and 2017, the relative weight of the objectives of streamline production and other investments is predicted to increase (0.8 p.p. and 0.4 p.p., respectively), while the weight of the replacement and the extension of production capacity objectives is expected to diminish (-0.7 p.p. and -0.4 p.p., in the same order).

Concerning the *Manufacturing* section, in the average of the two years, 47.0% of investment has the objective of extension of production capacity and 25.5% the replacement. From 2016 to 2017, only the replacement investment might diminish its relative weight (-2.0 p.p.), while the relative weight of the extension of production capacity, streamline production and other investments objectives might increase (1.1 p.p., 0.6 p.p. and 0.3 p.p., respectively).

Regarding the exporting firms, the extension of the production capacity is also the main objective of investment for 2016 and 2017 (weighting 47.2% in the average of the two years), followed by the replacement investment (24.1%). This distribution is similar to the observed in the *Manufacturing* section, although the extension of production capacity investment presents a slightly higher weight among the exporting firms (0.2 p.p.) and the replacement investment a lower weight (-1.4 p.p.). Between 2016 and 2017, the weight of the replacement investment is predicted to strengthen by 1.1 p.p., in contrast with the total *Manufacturing* section (decrease of 2.0 p.p.), while the weight of streamline production will decrease (-2.2 p.p.), which compares with the increase (0.6 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	2016	37.1	38.9	9.5	14.5	
	2017	36.4	38.5	10.3	14.9	
Manufacturing	2016	26.5	46.5	17.3	9.7	
	2017	24.5	47.6	17.9	10.0	
<i>Of which: exporting firms</i>	2016	23.6	46.9	19.9	9.6	
	2017	24.7	47.6	17.7	10.0	

(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 66.4% of the total in 2016 and 2017, respectively (table 6). For the average of the two years, this source of funding is particularly relevant in the *Information and communication* (97.9%), *Financial and insurance activities* (83.6%) and *Professional, scientific and technical activities* (81.6%) sections. Self-funding is less important in the *Administrative and support service activities* section (13.6%).

When analysing the evolution of the funding structure between 2016 and 2017, the weight of self-funding increases in five of the thirteen sections, more intensely in the cases of *Electricity, gas, steam and air conditioning supply* (10.6 p.p.), the *Wholesale and retail trade; repair of motor vehicles and motorcycle* (4.4 p.p.) and *Construction* (2.9 p.p.). On the opposite direction, the sections of *Mining and quarrying* (-15.2 p.p.), the *Real estate activities*

(-7.7 p.p.) and the *Transportation and storage* (-5.8 p.p.) presented the most significant reduction of the weight of self-funding between the two years.

Between 2016 and 2017, the weight of the European Union funds as a source of funding increased (1.3 p.p.). Nevertheless, bank loans continued to be the second main source of funding (21.7% in the average of the two years). Notice that in the *Transportation and storage*, the *Administrative and support service activities* and the *Construction* sections this source represents, in average, 44.7%, 37.8% and 34.3% of the total, respectively. From 2016 to 2017, the importance of this source increased in five of the thirteen sections, especially in *Mining and quarrying* (20.6 p.p.) and *Real estate activities* (6.3 p.p.). The sections of *Water supply; sewerage, waste management and remediation activities* (-7.6 p.p.) and *Construction* (-4.8 p.p.) presented the most pronounced decreases in the weight of this source between the two referred years.

**Table 6**

INVESTMENT FUNDING							
NACE-Rev.2	YEAR	INVESTMENT FUNDING (a)					
		SELF-FUNDING	BANK LOANS	SHARE AND BOND ISSUING	GOVERNMENT LOANS AND GRANTS	EU FUNDS	OTHER
Mining and quarrying (Section B)	2016	79.3	13.8	0.0	0.0	4.0	2.9
	2017	64.1	34.4	0.0	0.0	1.2	0.3
Manufacturing (Section C)	2016	66.9	25.8	1.0	0.8	3.8	1.6
	2017	66.6	24.8	0.1	0.6	4.9	3.0
<i>Of which: exporting firms</i>	2016	66.1	25.9	1.3	1.0	4.2	1.5
	2017	70.3	20.3	0.1	0.7	4.6	4.0
Electricity, gas, steam and air conditioning supply (Section D)	2016	72.7	0.3	0.0	0.0	0.5	26.5
	2017	83.3	2.9	0.0	0.0	3.2	10.5
Water supply; sewerage, waste management and remediation activities (Section E)	2016	69.3	19.5	0.0	0.4	10.5	0.2
	2017	69.6	11.9	0.0	0.4	18.1	0.0
Construction (Section F)	2016	59.8	36.7	0.1	0.3	0.3	2.8
	2017	62.7	31.9	0.1	0.7	0.9	3.7
Wholesale and retail trade; repair of motor vehicles and motorcycles (Section G)	2016	69.0	24.7	0.2	0.0	0.2	5.9
	2017	73.4	21.2	0.2	0.0	0.1	5.0
Transportation and storage (Section H)	2016	48.4	45.7	1.8	0.7	1.5	1.9
	2017	42.6	43.8	0.0	4.9	4.3	4.3
Accommodation and food service activities (Section I)	2016	67.0	21.6	0.0	0.9	2.1	8.4
	2017	63.5	19.4	0.0	1.6	9.0	6.5
Information and communication (Section J)	2016	97.9	0.8	0.0	0.2	0.8	0.3
	2017	97.8	1.4	0.0	0.3	0.1	0.4
Financial and insurance activities (Section K)	2016	85.1	12.9	0.0	0.0	0.0	1.9
	2017	82.0	13.3	0.0	0.0	0.0	4.7
Real estate activities (Section L)	2016	69.2	21.1	0.0	0.0	0.7	9.0
	2017	61.5	27.4	0.0	0.0	3.2	7.9
Professional, scientific and technical activities (Section M)	2016	80.8	16.2	0.0	0.8	1.6	0.6
	2017	82.3	12.4	0.0	0.8	3.0	1.4
Administrative and support service activities (Section N)	2016	13.8	37.9	12.2	0.0	0.0	36.1
	2017	13.4	37.8	13.7	0.0	0.1	35.1
<b>TOTAL</b>	<b>2016</b>	<b>65.8</b>	<b>22.0</b>	<b>1.8</b>	<b>0.4</b>	<b>1.6</b>	<b>8.4</b>
	<b>2017</b>	<b>66.4</b>	<b>21.4</b>	<b>1.5</b>	<b>0.7</b>	<b>2.9</b>	<b>7.1</b>

(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 66.1% and 70.3% of the total in 2016 and 2017, respectively.

Between the two referred years, the weight of this source improved in the exporting firms (4.2 p.p.) and diminished tenuously in the *Manufacturing* section (-0.3 p.p.). Notwithstanding a strong decrease between 2016 and 2017 (5.6 p.p.), bank loans remained as the second main source of funding among the exporting firms, weighting 23.1% in the average of the two years (comparing with 25.3% for the *Manufacturing* section and 21.7% for the total of the inquired activities).

## 8. Investment limitations

Between 2016 and 2017, for all the inquired activities, the percentage of firms with investment limitations slightly increased, from 31.0% to 34.6%, led by ten of the thirteen sections. Considering the average of the two years, only *Water supply; sewerage, waste management and remediation activities* presented limitations of investment in more than 50% of the firms (55.2%) (table 7). In opposition, the *Accommodation and food service activities* presented the lowest percentage (17.5%).

In the *Manufacturing* section, the percentage of firms with limitations of investment shifted from 32.5% in 2016 to 36.6% in 2017, with higher percentages among the exporting firms (42.4% and 44.7% in 2016 and 2017, respectively).

**Table 7**

INVESTMENT LIMITATIONS (a)		
NACE-Rev.2	2016	2017
Mining and quarrying (Section B)	47.1	46.6
Manufacturing (Section C)	32.5	36.6
<i>Of which: exporting firms</i>	42.4	44.7
Electricity, gas, steam and air conditioning supply (Section D)	19.3	19.3
Water supply; sewerage, waste management and remediation activities (Section E)	51.8	58.5
Construction (Section F)	38.2	40.9
Wholesale and retail trade; repair of motor vehicles and motorcycles (Section G)	29.6	33.3
Transportation and storage (Section H)	44.9	44.9
Accommodation and food service activities (Section I)	14.0	21.0
Information and communication (Section J)	35.6	36.0
Financial and insurance activities (Section K)	25.6	28.0
Real estate activities (Section L)	22.8	25.9
Professional, scientific and technical activities (Section M)	27.9	29.8
Administrative and support service activities (Section N)	30.2	34.9
<b>TOTAL</b>	<b>31.0</b>	<b>34.6</b>

(a) Percentage of enterprises with investment limitations

For most firms, the main factor limiting investment continues to be the deterioration of the sales perspectives (27.4% and 27.6% in 2016 and 2017, respectively), followed, in 2016, by the uncertainty about the investments profitability (20.9%) and, in 2017, by the lack of self-funding capacity (22.3%) (table 8).

From 2016 to 2017, the increase in the weight of the lack of self-funding capacity (2.1 p.p.), the difficulty in obtaining bank loans and the deterioration of the sales perspectives (0.2 p.p. both cases), was partially compensated by the

reduction in the weight of the uncertainty about the investments profitability (-1.9 p.p.) and the shortage of qualified labour force (-0.4 p.p.).

**Table 8**

MAIN FACTOR LIMITING INVESTMENT IN 2017 (a)										
NACE-Rev.2	INSUFFICIENT PRODUCTION CAPACITY	DETERIORATION OF THE SALES PERSPECTIVES	SHORTAGE OF QUALIFIED LABOUR FORCE	INTEREST RATE LEVEL	UNCERTAINTY ABOUT THE INVESTMENT PROFITABILITY	SELF-FUNDING CAPACITY	DIFICULTY OBTAINING BANK LOANS	CAPITAL MARKETS	OTHER	
Mining and quarrying (Section B)	0.6	43.9	0.6	0.0	9.5	19.7	8.7	0.4	16.5	
Manufacturing (Section C)	2.5	30.8	7.7	0.3	18.3	18.5	16.1	0.4	5.3	
<i>Of which: exporting firms</i>	<i>13.4</i>	<i>18.1</i>	<i>2.8</i>	<i>0.4</i>	<i>18.6</i>	<i>16.8</i>	<i>27.1</i>	<i>0.2</i>	<i>2.6</i>	
Electricity, gas, steam and air conditioning supply (Section D)	0.0	0.0	0.0	0.0	2.7	97.3	0.0	0.0	0.0	
Water supply; sewerage, waste management and remediation activities (Section E)	8.6	31.3	8.6	1.5	9.3	5.1	27.2	0.0	8.4	
Construction (Section F)	2.7	23.0	1.8	6.1	23.6	8.3	15.0	0.0	19.4	
Wholesale and retail trade; repair of motor vehicles and motorcycles (Section G)	1.3	24.8	4.8	2.7	15.2	28.2	15.1	1.3	6.5	
Transportation and storage (Section H)	0.1	55.8	2.0	0.0	22.9	4.5	7.4	0.0	7.4	
Accommodation and food service activities (Section I)	0.0	19.9	2.9	2.3	38.5	29.2	1.9	0.4	4.8	
Information and communication (Section J)	0.3	47.2	5.2	0.4	6.3	36.5	1.6	0.0	2.5	
Financial and insurance activities (Section K)	0.6	28.9	3.4	2.9	15.2	12.6	9.6	2.3	24.4	
Real estate activities (Section L)	2.5	15.2	2.5	0.0	30.5	24.6	8.5	2.5	13.6	
Professional, scientific and technical activities (Section M)	0.7	26.1	2.2	0.2	15.6	27.4	16.1	0.0	11.7	
Administrative and support service activities (Section N)	0.5	15.6	14.0	4.7	16.5	22.4	15.6	0.8	9.9	
<b>TOTAL</b>	<b>1.6</b>	<b>27.6</b>	<b>5.1</b>	<b>2.1</b>	<b>19.0</b>	<b>22.3</b>	<b>13.7</b>	<b>0.7</b>	<b>8.0</b>	

(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 difficulty in obtaining bank loans (28.9% and 27.1% in 2016 and 2017, respectively), followed by the uncertainty about the investments profitability (25.9% and 18.6%). For the average of the two years and comparing to the *Manufacturing* section, the difficulty in obtaining bank loans, the insufficient production capacity and the uncertainty about the investments profitability are more relevant for the exporting firms, while the opposite is observed on the remaining limiting factors especially in the case of the deterioration of the sales perspectives.

## 9. Investment and job creation

Concerning the creation of jobs due to investment, most of the inquired sections presented positive balances. Considering the average for the two analyzed years, the higher balances were observed in the sections of *Water supply; sewerage, waste management and remediation activities*, in *Accommodation and food service activities* and in *Administrative and support service activities* (table 9). On the contrary, the sections of *Financial and insurance activities*, stands out with significant negative balances for both years.

From 2016 to 2017, this balance is expected to increase tenuously for the total of the inquired activities, driven by eight of the thirteen sections. The *Water supply; sewerage, waste management and remediation activities* section registers the most significant increase, while the *Electricity, gas, steam and air-conditioning supply* 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, increasing between 2016 and 2017.

**Table 9**

**INVESTMENT AND JOB CREATION (a)**

NACE-Rev.2	YEAR	INCREASE	REMAIN UNCHANGED	DECREASE	BALANCES
Mining and quarrying (Section B)	2016	11.6	86.6	1.8	9.8
	2017	12.5	85.7	1.8	10.7
Manufacturing (Section C)	2016	21.5	74.2	4.2	17.3
	2017	23.6	71.7	4.7	18.9
<i>Of which: exporting firms</i>	2016	25.1	71.3	3.7	21.4
	2017	30.3	64.5	5.2	25.0
Electricity, gas, steam and air conditioning supply (Section D)	2016	0.0	100.0	0.0	0.0
	2017	0.0	84.3	15.7	-15.7
Water supply; sewerage, waste management and remediation activities (Section E)	2016	21.1	74.8	4.1	17.0
	2017	30.3	65.6	4.1	26.3
Construction (Section F)	2016	8.9	78.2	12.9	-4.0
	2017	12.2	79.2	8.6	3.6
Wholesale and retail trade; repair of motor vehicles and motorcycles (Section G)	2016	23.0	75.2	1.8	21.2
	2017	19.8	75.6	4.7	15.1
Transportation and storage (Section H)	2016	11.4	85.8	2.8	8.6
	2017	16.0	81.7	2.3	13.7
Accommodation and food service activities (Section I)	2016	19.3	79.1	1.6	17.8
	2017	21.8	76.1	2.1	19.6
Information and communication (Section J)	2016	25.5	53.3	21.2	4.4
	2017	30.4	49.4	20.3	10.1
Financial and insurance activities (Section K)	2016	3.1	57.3	39.6	-36.5
	2017	4.6	56.4	38.9	-34.3
Real estate activities (Section L)	2016	12.5	85.7	1.8	10.7
	2017	12.7	83.5	3.8	8.9
Professional, scientific and technical activities (Section M)	2016	15.8	80.0	4.2	11.6
	2017	15.5	77.8	6.7	8.8
Administrative and support service activities (Section N)	2016	22.1	74.7	3.1	19.0
	2017	24.1	70.1	5.8	18.3
<b>TOTAL</b>	<b>2016</b>	<b>19.0</b>	<b>75.0</b>	<b>6.0</b>	<b>13.1</b>
	<b>2017</b>	<b>20.3</b>	<b>72.9</b>	<b>6.9</b>	<b>13.4</b>

(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 3.820 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 1<sup>st</sup> April 2017 and the 28th June 2017 and the overall response rate was 93.8%.

Considering the variable number of workers, these firms represent 98.8% 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 2013 to 2015, 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 2015, it was considered information for 2014)

2. Firms that comply in 2014 and 2015 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 7.310 firms (in total 43.926 firms) and a sample of 920 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 3.725 firms for the frame and 570 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 2018.***

The methodological document for this survey is available at:

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