

Investment Survey  
April 2020

**Business investment expected to decrease by 8.9% in nominal terms in 2020**

According with the opinions expressed in the April 2020 Investment Survey (with an inquiring period between the 1<sup>st</sup> April 2020 and the 25<sup>th</sup> June 2020), the entrepreneurial investment is expected to present a nominal decrease of 8.9% in 2020, which compares with the original estimate of a 3.6% increase in the October 2019 survey regarding investment intentions for 2020. This change reflects the COVID-19 pandemic impact on economic activity and businesses expectations. This survey also points to an increase in investment of 4.3% in 2019, which represents an upwards revision comparing with the perspectives revealed in the previous survey (growth rate of 3.8%).

For 2020 the survey results point to negative change rates of the business GFCF in eight of the thirteen sections. The sections with the most relevant negative contributions are *Manufacturing* (-6.0 p.p. with a change rate of -21.5%) and *Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles* (-3.0 p.p. with a change rate of -18.2%).

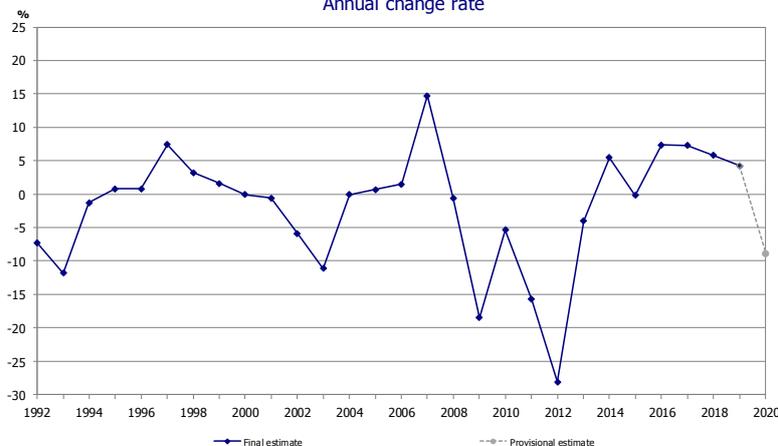
On the other hand, the *Transportation and Storage* and the *Financial and Insurance Activities* sections registered the most significant positive contributions to the change rate of total investment in 2020 (3.1 p.p. and 0.7 p.p., respectively), corresponding to expected increases of 39.6% and 9.8%, in the same order.

Regarding the main limitative factor for business investment identified in the survey, for 2019 and 2020, was the deterioration of sales perspectives, followed by the uncertainty about investment profitability in 2019 and by other limiting factors in 2020. Between 2019 and 2020 the relative weight of the deterioration of sales perspectives is expected to increase, while the relative weight of the shortage of qualified labour force will decrease.

Despite the circumstances determined by the pandemic COVID-19, Statistics Portugal will try to maintain the statistical production and release calendar, although some adjustments might occur associated with the impact of the pandemic in obtaining primary information. For this reason, Statistics Portugal asks for the best collaboration by firms, households and public entities in answering to Statistics Portugal's requests to obtain information, using Internet and telephone as alternative channels to face-to-face contacts. The quality of official statistics, particularly its ability to identify the impacts of the COVID-19 pandemic, depends crucially on this collaboration that Statistics Portugal is grateful for in advance.

**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 2020, the rates of change correspond to the entrepreneurial perspectives.

## 1. Main results

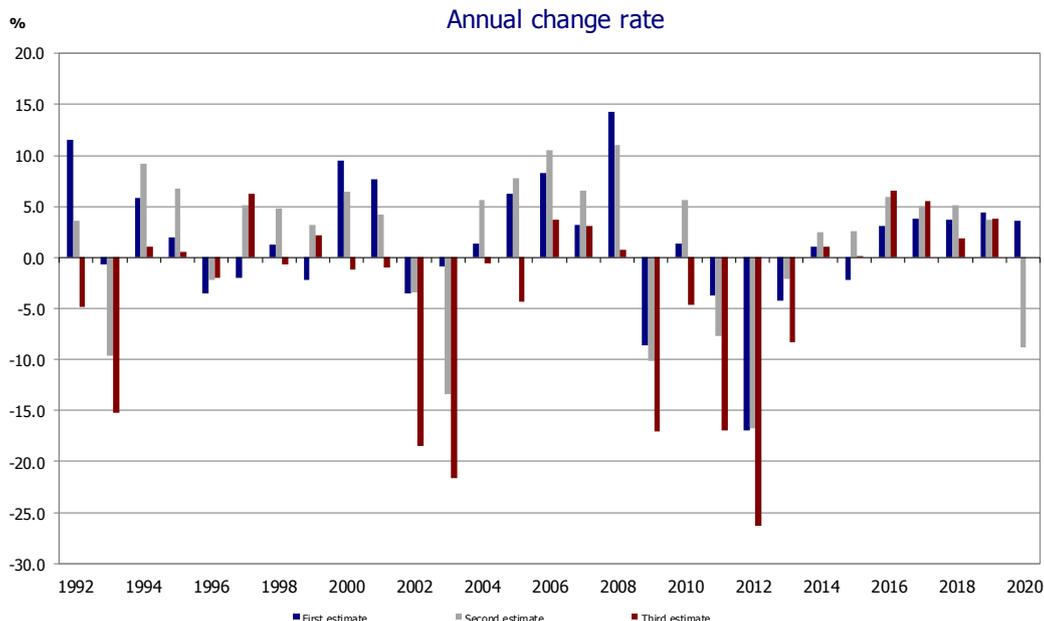
The results from the April 2020 Investment Survey (with an inquiring period between the 1<sup>st</sup> April 2020 and the 25<sup>th</sup> June 2020) point to a 4.3% nominal increase of the entrepreneurial Gross Fixed Capital Formation in 2019 (see Table 1). Comparing with the investment expectations obtained in the October 2019 survey (occurred between the 1<sup>st</sup> October 2019 and the 17<sup>th</sup> January 2020) the entrepreneurial investment growth rate for 2019 was upwards revised by 0.5 percentage points (p.p.).

Considering the firms size by number of workers, the firms belonging to the fourth group (employing 500 or more workers) presented the most intense positive contribution (4.8 p.p.), to the investment growth rate in 2019 (4.3%), reflecting a rate of change of 12.7%. The firms belonging to the first group (employing less than 50 workers) also contributed positively to the investment rate of change in 2019, with an increase of 3.7% (contribution of 0.8 p.p.). On the contrary, the firms belonging to the second group (employing between 50 and 249 workers) registered the most significant negative contribution (-1.1 p.p.) to the rate of change of investment in 2019, with a decrease of 5.1% (see Table 3).

For 2020, the current survey points to a nominal rate of change of the enterprises' investment of -8.9%, which compares with a first estimate of +3.6% obtained in the previous survey (see Graph 2). The contraction of the investment and the downwards revision compared to the results of the previous survey reflect the COVID-19 pandemic impact on economic activity and businesses expectations from March 2020 onwards. It is important to notice that around 51% of corporations' responses to the survey were obtained in April (see technical note at the end of the press release), being possible that some of the answers do not yet reflect readjustments in investment intentions and reflect pre-pandemic plans instead.

The increase of the investment in 2020 reflects the negative contribution of 6.7 p.p. of the firms belonging to the first group, as a result of a rate of change of -29.5%, followed by the contribution of -4.0 p.p. of the firms belonging to the second group, resulting from the decrease of 20.0% in investment. Finally, the contribution of the firms belonging to the third group (employing between 250 and 449 workers) was -1.4 p.p., reflecting a rate of change of -8.8%. In the opposite direction, the firms of the fourth group presented a positive contribution of 3.2 p.p., reflecting an increase in investment of 7.8%.

**Graph 2**  
**Evolution of business GFCF in value**  
Annual change rate



The decrease of the business investment between 2019 (4.3%) and 2020 (-8.9%) is mainly determined by the evolution of firms of the first group, that moved from a contribution of 0.8 p.p. in 2019 to -6.7 p.p. in 2020, reflecting rates of change of 3.7% and -29.5%, respectively.

The results obtained for the exporting firms from the *Manufacturing* section (see technical note), named in this analysis as “exporting firms”, point to a 10.9% decrease of investment in 2019. This increase was more intense than the observed for the section (-6.0%) and contrasts with the increase registered for all firms (4.3%). For 2020, the exporting firms’ investment is expected to decrease by 16.8%, which is less intense than the expected decrease for the *Manufacturing* section (-21.5%), but more intense than the expected decrease for all firms (-8.9%).

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 analysed. This indicator stood at 89.1%, 81.1% and 76.7%, for 2018, 2019 and 2020, respectively (88.3%, 80.5% and 77.5% in the same order, for the previous survey).

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

In 2019, the increase of business GFCF (4.3%) was due to the positive contribution of eight of the thirteen surveyed sections of economic activity. The *Financial and Insurance Activities* and *Water Supply; Sewerage, Waste Management and Remediation Activities* sections recorded the most significant positive contributions (2.1 p.p. in the former case and 1.4 p.p. in the later), presenting growth rates of 38.4% and 73.0%, respectively. The *Manufacturing* section registered the most intense negative contribution for the rate of change of investment in 2019 (-1.9 p.p. due to a 6.0% decrease in investment).

**Table 1**

### STRUCTURE, CHANGE AND DIFFUSION OF INVESTMENT

NACE-Rev.2	STRUCTURE (a)			CHANGE (b)		DIFFUSION (c)		
	2018	2019	2020	2019	2020	2018	2019	2020
Mining and quarrying (Section B)	2.4	2.5	2.1	11.5	-24.2	87.5	80.0	80.0
Manufacturing (Section C)	30.9	27.8	24.0	-6.0	-21.5	92.6	85.3	81.4
<i>Of which: exporting firms</i>	-	-	-	-10.9	-16.8	98.0	92.8	92.4
Electricity, gas, steam and air-conditioning supply (Section D)	5.6	6.0	5.9	12.0	-9.8	92.9	92.9	85.7
Water supply; sewerage, waste management and remediation activities (Section E)	2.0	3.3	3.7	73.0	3.0	87.0	87.0	78.3
Construction (Section F)	3.3	2.6	2.7	-17.4	-6.0	90.6	78.9	78.9
Wholesale and retail trade; repair of motor vehicles and motorcycles (Section G)	15.8	16.3	14.6	7.8	-18.2	89.9	80.5	72.5
Transportation and storage (Section H)	7.5	7.9	12.0	9.4	39.6	87.7	82.3	80.0
Accommodation and food service activities (Section I)	2.8	2.1	1.2	-20.0	-47.8	94.3	88.6	81.9
Information and communication (Section J)	10.4	10.5	11.7	5.3	1.6	86.6	80.7	79.0
Financial and insurance activities (Section K)	5.4	7.2	8.7	38.4	9.8	83.8	74.9	73.7
Real estate activities (Section L)	0.9	0.8	1.0	-10.2	23.4	81.7	61.3	59.2
Professional, scientific and technical activities (Section M)	2.1	2.4	2.4	19.5	-7.3	85.3	83.8	77.1
Administrative and support service activities (Section N)	11.1	10.7	9.9	-0.1	-15.1	83.6	72.6	64.8
<b>TOTAL</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>4.3</b>	<b>-8.9</b>	<b>89.1</b>	<b>81.1</b>	<b>76.7</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 2020 (expected decrease of 8.9%), the survey results point to negative change rates of the business GFCF in eight of the thirteen sections. The sections with the most relevant negative contributions are *Manufacturing* (-6.0 p.p. with a

change rate of -21.5%) and *Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles* (-3.0 p.p. with a change rate of -18.2%).

On the other hand, the *Transportation and Storage* and the *Financial and Insurance Activities* sections registered the most significant positive contributions to the change rate of total investment in 2020 (3.1 p.p. and 0.7 p.p., respectively), corresponding to expected increases of 39.6% and 9.8%, in the same order.

The business GFCF decrease between 2019 (4.3%) and 2020 (-8.9%) is determined by the contribution of most of the sections, mainly the *Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles* and *Manufacturing*, with respective contributions of -4.2 p.p. and -4.1 p.p..

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

For 2019, the results from the current survey point to a decrease of 6.0% of the investment in the *Manufacturing* section, with negative change rates in eight of the fourteen subsections (Table 2). The *Manufacture of Paper and Paper Products; Printing and Reproduction of Recorded Media* and the *Manufacture of Motor Vehicles, Trailers and Semi-Trailers and Other Transport Equipment* subsections registered the most intense negative contributions to the investment rate of change for this section (-2.9 p.p. and -2.2 p.p., respectively), decreasing by 39.4% and 15.8% in 2019. On the other hand, *Manufacture of Food Products, Beverages and Tobacco Products* and *Manufacture of Basic Metals; Manufacture of Fabricated Metal Products, Except Machinery and Equipment* recorded the most intense positive contributions to the change rate of this section's investment in 2019 (1.9 p.p. and 1.5 p.p., respectively), reflecting increases of 13.2% and 15.3%, in the same order.

Comparing with the results from the previous survey, the business GFCF growth rate for the *Manufacturing* section remained unchanged at -6.0%.

**Table 2**

#### STRUCTURE AND CHANGE IN MANUFACTURING

NACE-Rev.2	STRUCTURE (a)			CHANGE (b)	
	2018	2019	2020	2019	2020
Manufacture of food products, beverages and tobacco products (10 11 12)	14.1	17.0	18.0	13.2	-16.9
Manufactures of textiles, wearing apparel and leather and related products (13 14 15)	7.5	7.6	6.2	-4.0	-35.9
Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials (16)	4.8	3.1	2.6	-39.1	-33.9
Manufacture of paper and paper products; Printing and reproduction of recorded media (17 18)	7.3	4.7	4.6	-39.4	-23.9
Manufacture of coke and refined petroleum products (19)	4.7	5.9	6.7	18.4	-11.5
Manufacture of chemicals and chemical products; Manufacture of basic pharmaceutical products and pharmaceutical preparations (20 21)	9.6	8.8	9.4	-14.0	-16.1
Manufacture of rubber and plastic products (22)	6.7	5.4	4.4	-25.2	-35.8
Manufacture of other non-metallic mineral products (23)	4.6	6.3	8.2	29.0	3.4
Manufacture of basic metals; Manufacture of fabricated metal products, except machinery and equipment (24 25)	9.8	12.1	10.9	15.3	-29.0
Manufacture of computer, electronic and optical products (26)	5.2	4.1	3.6	-27.1	-31.1
Manufacture of electrical equipment (27)	3.0	3.4	3.1	7.2	-27.9
Manufacture of machinery and equipment n.e.c. (28)	5.7	6.5	5.3	7.6	-36.0
Manufacture of motor vehicles, trailers and semi-trailers and other transport equipment (29 30)	13.9	12.5	14.0	-15.8	-12.1
Other manufacturing (31 32 33)	3.0	2.6	2.9	-17.4	-12.2
<b>MANUFACTURING (SECTION C)</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>-6.0</b>	<b>-21.5</b>
<i>Of which: exporting firms</i>				<i>-10.9</i>	<i>-16.8</i>

(a) Percentual investment distribution by subsections of Manufacturing  
(b) Year-on-year change rate, nominal (%)

For 2020, the estimated rate of change for the GFCF in the *Manufacturing* section is -21.5%, pointing to a decrease in investment in thirteen of the fourteen subsections. The most relevant contribution to this result is observed in *Manufacture of Basic Metals; Manufacture of Fabricated Metal Products, Except Machinery and Equipment* (-3.5 p.p.), reflecting a rate of change of investment of -29.0% in 2020.

Between 2019 and 2020, the results point to a pronounced decrease of the rate of change of investment in the *Manufacturing* section (-15.5 p.p.), which is mainly due to the significant contribution of the *Manufacture of Basic Metals; Manufacture of Fabricated Metal Products, Except Machinery and Equipment* subsection (-5.0 p.p.).

The results obtained for the exporting firms of the *Manufacturing* section point out to a 10.9% decrease of investment in 2019, more intense than for the total section (-6.0%) and in contrast with the increase for the total of inquired sections (4.3%). For 2020, the survey points to a decrease of 16.8% of the business investment for the exporting firms, less intense than the *Manufacturing* section (-21.5%) and more intense than the expected decrease for total firms (-8.9%).

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

Considering all the inquired sections and the firms' size by number of workers, the increase in investment in 2019 (4.3%) is determined by the positive contributions of firms in the first and fourth groups, with rates of change of 3.7% and 12.7% and contributions of 0.8 p.p. and 4.8 p.p., respectively. The second and third groups presented negative contributions (-1.1 p.p. and -0.3 p.p.), as a result of decreases in investment of 5.1% and 1.5% respectively.

**Table 3**

#### STRUCTURE AND CHANGE BY SIZE OF FIRMS

SIZE OF FIRMS (number of workers)	STRUCTURE (a)			CHANGE (b)	
	2018	2019	2020	2019	2020
MANUFACTURING					
1 <sup>st</sup> (≤49)	15.9	19.8	15.8	16.6	-37.2
2 <sup>nd</sup> (50-249)	31.6	26.7	27.6	-20.5	-18.8
3 <sup>rd</sup> (250-499)	22.2	22.1	21.7	-6.5	-23.0
4 <sup>th</sup> (≥500)	30.2	31.4	34.8	-2.6	-12.9
<b>TOTAL</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>-6.0</b>	<b>-21.5</b>
TOTAL ACTIVITIES					
1 <sup>st</sup> (≤49)	22.8	22.7	17.6	3.7	-29.5
2 <sup>nd</sup> (50-249)	21.7	19.7	17.3	-5.1	-20.0
3 <sup>rd</sup> (250-499)	17.4	16.5	16.5	-1.5	-8.8
4 <sup>th</sup> (≥500)	38.1	41.1	48.7	12.7	7.8
<b>TOTAL</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>4.3</b>	<b>-8.9</b>

(a) Percentual investment distribution by firms size

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

For 2020 the results point to an increase in investment only in the firms of the fourth group, with a rate of change of 7.8% and a contribution of 3.2 p.p. to the total rate of change of investment. On the contrary, the firms from the first, second and third groups recorded negative contributions to the change rate of total investment of 6.7 p.p., 4.0 p.p. and 1.4 p.p. to the total rate of change of -8.9% (due to rates of -29.5%, -20.0% and -8.8%, respectively).

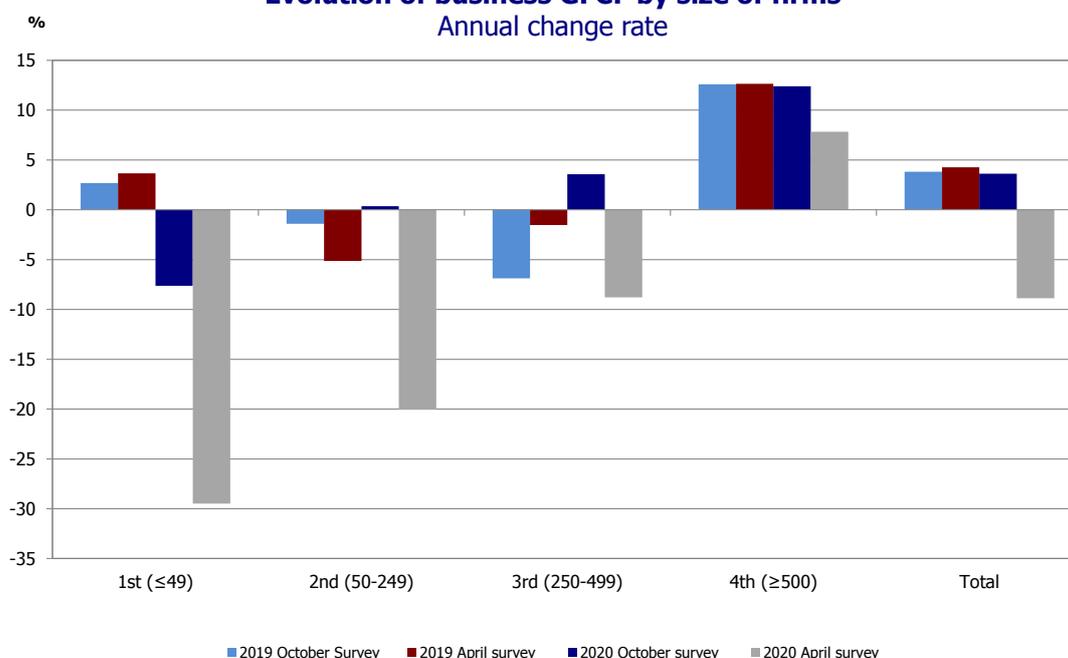
Concerning the *Manufacturing* section, in 2019, an increase of investment was observed in first group with a growth rate of 16.6% and a contribution of 2.6 p.p.. The second, third and fourth groups presented negative contributions (-6.5 p.p., -1.4 p.p. and -0.8 p.p.) as a result of rates of change of -20.5%, -6.5% and -2.6%.

According with the results obtained in the current survey, the decrease in investment in 2020 for the *Manufacturing* section is determined by the firms of the first, second and third groups (change rates of -37.2%, -18.8% and -23.0%, resulting in contributions of -7.4 p.p., -5.0 p.p. and -5.1 p.p., in the same order).

Between 2019 and 2020, the strong reduction of investment in the *Manufacturing* section, from a decrease of 6.0% to 21.5%, was mainly driven by the results of the firms of the first group, that shifted from a change rate of 16.6% in 2019 to -37.2% (contribution of -10.0 p.p. to the evolution of the investment between 2019 and 2020), followed by the firms in the third and fourth groups (contributions of -3.6 p.p. and -3.3 p.p., respectively).

**Graph 3**

**Evolution of business GFCF by size of firms**  
Annual change rate



**5. Investment destinations**

The growth of business GFCF (4.3%) for 2019 resulted from the positive contributions of the investment destinations, in constructions (2.1 p.p.), in equipment (1.3 p.p.) and in other investments (1.1 p.p.), while the investment in transport material presented a negative contribution (-0.2 p.p.) (table 4).

For 2020, the investment in equipment (-7.5 p.p.), in transport material (-3.7 p.p.) and in other investments (-1.6 p.p.) presented negative contributions to the change rate of total investment (-8.9%), as the investment in constructions contributed positively (3.8 p.p.).

**Table 4**

**INVESTMENT BY TYPE OF ASSET**

YEAR	STRUCTURE (a)				CHANGE (b)			
	CONSTRUCTIONS	EQUIPMENT	TRANSPORT MATERIAL	OTHERS	CONSTRUCTIONS	EQUIPMENT	TRANSPORT MATERIAL	OTHERS
2018	16.8	59.2	9.7	14.4				
2019	18.1	57.9	9.1	14.9	12.6	2.1	-2.1	7.8
2020	24.1	55.3	6.0	14.6	21.2	-13.0	-40.2	-10.5

(a) Percentual investment distribution by type of assets.

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

## 6. Investment objectives

In 2019 and 2020, for the total of the inquired sections, the replacement investment remained as the main objective (with a weight of 39.9% for the average of the two years), followed by the extension of production capacity (36.7%) (table 5). The objectives related to other investments and streamline production represented 14.6% and 8.8% of total investment for the average of the two years, respectively.

Between 2019 and 2020, the relative weight of the extension of production capacity is expected to increase (1.7 p.p.), while the weights of replacement investment, other investments and streamline production should diminish their relative importance (-1.0 p.p., -0.6 p.p. and -0.2 p.p., respectively).

Concerning the *Manufacturing* section, in the average of the two years, 44.2% of investment has the objective of extension of production capacity and 30.5% of replacement. From 2019 to 2020, the extension of production capacity and other investment objectives should decrease their relative importance (-1.7 p.p. and -0.3 p.p., respectively), while the relative weights of the streamline production and replacement objectives are expected to increase (1.2 p.p. and 0.9 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	2019	40.4	35.8	8.9	14.9
	2020	39.4	37.5	8.7	14.3
Manufacturing	2019	30.0	45.0	15.8	9.1
	2020	30.9	43.3	17.0	8.8
<i>Of which: exporting firms</i>	2019	29.0	43.9	18.6	8.5
	2020	31.2	41.5	18.7	8.6

(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 2019 and 2020 (weighting 42.7% in the average of the two years), followed by the replacement investment (30.1%). These results are similar to the observed for the total of the *Manufacturing* section. Nevertheless, between 2019 and 2020, the relative weight of the extension of the production capacity investment is expected to decrease 2.4 p.p. among the exporting firms, slightly more intense than the expected for the total of the *Manufacturing* section (-1.7 p.p.). The weight of the replacement investment is expected to grow among the exporting firms (2.2 p.p.) at a higher pace when comparing with the total *Manufacturing* section (0.9 p.p.).

## 7. Investment funding

Self-funding continues to be the main source of funding for the surveyed firms, weighting 66.9% and 66.3% of the total in 2019 and 2020, respectively (table 6). For the average of the two years, this source of funding is particularly relevant in the *Information and communication* (96.8%), the *Electricity, gas, steam and air conditioning supply* (89.4%) and *Professional, scientific and technical activities* (86.8%) sections. Self-funding is less important in the *Administrative and support service activities* section (28.4%).

When analysing the evolution of the funding structure between 2019 and 2020, the weight of self-funding decreases in five of the thirteen sections, more intensely in the cases of the *Mining and quarrying* (-16.8 p.p.), *Transportation and storage* (-9.1 p.p.) and *Administrative and support service activities* (-8.1 p.p.) sections. On the opposite direction, there is an increase in self-funding in eight of the thirteen sections, with the sections of *Accommodation and food service activities* (16.9 p.p.), *Water supply; sewerage, waste management and remediation activities* (10.7 p.p.), and

the *Real estate activities* (8.4 p.p.) presenting the most significant increases in the relative weight for self-funding between the two years.

**Table 6**

**INVESTMENT FUNDING**

NACE-Rev.2	YEAR	INVESTMENT FUNDING (a)					
		SELF-FUNDING	BANK LOANS	SHARE AND BOND ISSUING	GOVERNMENT LOANS AND GRANTS	EU FUNDS	OTHER
Mining and quarrying (Section B)	2019	51.0	20.7	0.0	0.0	0.3	28.0
	2020	34.2	11.2	0.0	0.0	0.2	54.4
Manufacturing (Section C)	2019	63.5	28.7	0.3	2.4	3.1	2.1
	2020	64.3	27.6	0.1	1.7	4.4	1.9
<i>Of which: exporting firms</i>	2019	67.1	24.9	0.4	2.0	3.2	2.4
	2020	68.3	24.8	0.1	1.4	3.2	2.1
Electricity, gas, steam and air conditioning supply (Section D)	2019	89.7	2.2	0.0	0.0	2.7	5.5
	2020	89.2	3.1	0.0	0.0	1.5	6.2
Water supply; sewerage, waste management and remediation activities (Section E)	2019	34.3	19.9	0.0	0.2	31.9	13.8
	2020	45.0	13.4	0.0	1.0	39.2	1.3
Construction (Section F)	2019	54.4	41.6	0.0	0.0	0.1	3.9
	2020	49.3	46.5	0.0	0.1	0.0	4.1
Wholesale and retail trade; repair of motor vehicles and motorcycles (Section G)	2019	79.5	19.2	0.0	0.1	0.3	0.8
	2020	84.7	14.3	0.0	0.1	0.0	0.9
Transportation and storage (Section H)	2019	44.2	34.6	12.0	1.9	2.4	5.0
	2020	35.1	54.0	0.0	2.9	3.9	4.2
Accommodation and food service activities (Section I)	2019	65.5	27.6	0.0	0.6	1.6	4.7
	2020	82.4	9.4	0.0	0.7	3.0	4.5
Information and communication (Section J)	2019	96.3	2.4	0.0	0.0	1.1	0.2
	2020	97.3	1.4	0.0	0.0	1.1	0.2
Financial and insurance activities (Section K)	2019	84.5	1.6	0.0	0.0	0.0	13.8
	2020	85.5	3.5	0.0	0.0	0.0	11.0
Real estate activities (Section L)	2019	81.8	10.0	0.0	0.0	0.1	8.1
	2020	90.2	8.1	0.0	0.3	0.4	1.0
Professional, scientific and technical activities (Section M)	2019	83.1	15.9	0.0	0.0	0.9	0.2
	2020	90.5	8.2	0.0	0.1	0.7	0.4
Administrative and support service activities (Section N)	2019	32.5	20.7	0.0	0.0	0.1	46.7
	2020	24.4	16.6	0.0	0.0	0.0	59.0
<b>TOTAL</b>	<b>2019</b>	<b>66.9</b>	<b>19.8</b>	<b>1.0</b>	<b>0.9</b>	<b>2.5</b>	<b>8.9</b>
	<b>2020</b>	<b>66.3</b>	<b>19.9</b>	<b>0.0</b>	<b>0.8</b>	<b>3.3</b>	<b>9.7</b>

(a) Percentual investment distribution by investment funding

The weight of bank loans is expected to slightly increase between 2019 and 2020 (0.1 p.p.). Nevertheless, bank loans continue to be the second main source of funding (19.9% in the average of the two years). It should be noted that in the *Transportation and storage*, in *Construction* and in *Manufacturing* sections this source represents, on average, 44.3%, 44.0% and 28.1% of the total, respectively. From 2019 to 2020, the importance of this funding source increased in four of the thirteen sections, mainly in the sections of *Transportation and storage* (19.4 p.p.) and *Construction* (4.9 p.p.). The sections of *Accommodation and food service activities* and *Mining and quarrying* presented the most pronounced decreases in the weight of this funding source between the two referred years (-18.2 p.p. and -9.5 p.p., respectively).

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 67.1% and 68.3% of the total in 2019 and 2020, respectively.

Between the two years, the weight of this source increased in both the exporting firms (1.2 p.p.) and for the total of the *Manufacturing* section (0.8 p.p.), being partially compensated by the reduction in the use of bank loans (-0.1 p.p. and -1.1 p.p. in 2019 and 2020, respectively), which remained the second source of funding among the exporting firms, weighting 24.9% in the average of the two years (comparing with 28.1% for the *Manufacturing* section and 19.9% for the total of the inquired activities).

## 8. Investment limitations

Between 2019 and 2020, for the total of the inquired activities, the percentage of firms with investment limitations increased from 27.9% to 44.0%. This behaviour is observed in twelve of the thirteen inquired sections.

**Table 7**

INVESTMENT LIMITATIONS (a)		
NACE-Rev.2	2019	2020
Mining and quarrying (Section B)	44.3	63.3
Manufacturing (Section C)	32.9	49.9
<i>Of which: exporting firms</i>	32.7	55.0
Electricity, gas, steam and air conditioning supply (Section D)	19.3	21.7
Water supply; sewerage, waste management and remediation activities (Section E)	47.8	55.0
Construction (Section F)	24.1	42.9
Wholesale and retail trade; repair of motor vehicles and motorcycles (Section G)	24.0	35.2
Transportation and storage (Section H)	30.8	50.9
Accommodation and food service activities (Section I)	28.2	60.9
Information and communication (Section J)	48.5	64.9
Financial and insurance activities (Section K)	25.9	31.5
Real estate activities (Section L)	20.5	36.9
Professional, scientific and technical activities (Section M)	26.2	39.4
Administrative and support service activities (Section N)	24.3	44.3
<b>TOTAL</b>	<b>27.9</b>	<b>44.0</b>

(a) Percentage of enterprises with investment limitations

Considering the average of the two years, the sections *Information and communication*, *Mining and quarrying* and *Water supply; sewerage, waste management and remediation activities* presented limitations of investment in more than 50% of the firms (56.7%, 53.8% and 51.4%, respectively) (Table 7). The *Electricity, gas, steam and air conditioning supply* section presented the lowest percentage (20.5%).

In the *Manufacturing* section, the percentage of firms with investment limitations shifted from 32.9% in 2019 to 49.9% in 2020, with a higher increase in the case of the exporting firms (32.7% and 55.0% in 2019 and 2020, respectively).

The deterioration of the sales perspectives remained as the main limiting factor (36.3% and 46.7% in 2019 and 2020, respectively), followed by the uncertainty of investment profitability (15.2%) in 2019 and other investment limitations (25.3%) in 2020 (Table 8).

From 2019 to 2020, the increase of the deterioration of the sales' weight (10.4 p.p.) was partially offset by the decrease in the weight of shortage of qualified labour force (-6.1 p.p.).

**Table 8**

**MAIN FACTOR LIMITING INVESTMENT IN 2020 (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)		7.0	25.6	16.1	0.4	15.1	14.5	0.0	0.0	21.1
Manufacturing (Section C)		10.5	47.2	1.9	0.5	16.3	6.7	3.5	0.5	12.9
<i>Of which: exporting firms</i>		6.3	48.2	2.7	0.1	18.0	5.8	7.8	0.0	11.2
Electricity, gas, steam and air conditioning supply (Section D)		0.0	9.9	0.0	0.0	87.7	2.5	0.0	0.0	0.0
Water supply; sewerage, waste management and remediation activities (Section E)		0.0	14.4	13.7	1.5	41.2	5.9	0.0	0.0	23.3
Construction (Section F)		0.5	52.4	9.4	0.0	11.2	6.0	4.3	1.8	14.4
Wholesale and retail trade; repair of motor vehicles and motorcycles (Section G)		3.7	46.6	1.5	0.0	3.0	7.3	0.6	0.0	37.3
Transportation and storage (Section H)		0.1	37.7	1.1	0.0	15.1	5.4	0.0	0.7	40.0
Accommodation and food service activities (Section I)		0.1	47.4	0.0	0.1	15.4	11.7	0.0	0.0	25.5
Information and communication (Section J)		13.7	18.8	21.6	0.4	5.6	19.6	12.6	0.0	7.7
Financial and insurance activities (Section K)		0.9	36.9	2.3	0.0	8.1	10.6	2.7	2.9	35.5
Real estate activities (Section L)		0.0	50.7	0.0	0.0	12.3	13.7	4.1	2.1	17.1
Professional, scientific and technical activities (Section M)		0.5	57.1	0.2	0.1	17.2	9.8	5.2	0.9	9.0
Administrative and support service activities (Section N)		0.0	53.3	0.1	0.7	5.3	3.6	2.2	0.3	34.5
<b>TOTAL</b>		<b>4.5</b>	<b>46.7</b>	<b>2.7</b>	<b>0.2</b>	<b>10.3</b>	<b>7.6</b>	<b>2.2</b>	<b>0.4</b>	<b>25.3</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 deterioration of the sales perspectives (46.7% and 48.2%, in 2019 and 2020, respectively), followed by the lack of self-funding capacity in 2019 (13.9%) and the uncertainty about investment profitability in 2020 (18.0%). For the average of the two years and comparing with the *Manufacturing* section, the deterioration of the sales perspectives and the difficulty in obtaining bank loans are more relevant for the exporting firms, while the opposite is observed on the remaining factors.

## 9. Investment and job creation

Regarding 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 *Water supply; sewerage, waste management and remediation activities*, of *Professional, scientific and technical activities* and *Mining and quarrying* (Table 9). On the contrary, the sections of *Financial and insurance activities* and *Electricity, gas, steam and air conditioning supply* presented the most negative balances.

From 2019 to 2020, this balance should decrease intensely for the total of the inquired activities, driven by twelve of the thirteen sections. The *Accommodation and food service activities* section registers the most significant decrease between the two years.

For the exporting firms, the average of this balance was positive and higher than in the *Manufacturing* section and the total of inquired activities, despite strongly decreasing between 2019 and 2020.

**Table 9**

**INVESTMENT AND JOB CREATION (a)**

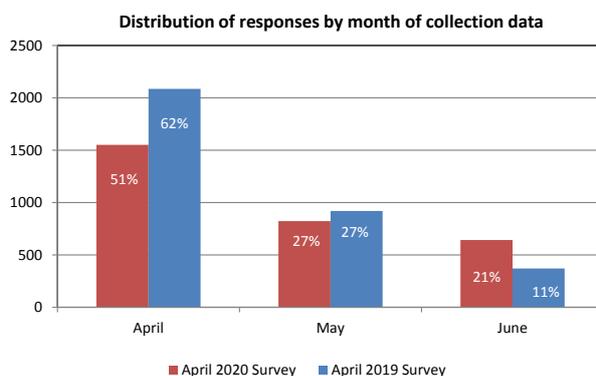
NACE-Rev.2	YEAR	INCREASE	REMAIN UNCHANGED	DECREASE	BALANCES
Mining and quarrying (Section B)	2019	12.1	87.9	0.0	12.1
	2020	5.7	92.6	1.7	4.0
Manufacturing (Section C)	2019	15.7	80.9	3.4	12.3
	2020	9.6	81.0	9.5	0.1
<i>Of which: exporting firms</i>	2019	19.6	76.7	3.7	15.8
	2020	10.5	78.2	11.3	-0.8
Electricity, gas, steam and air conditioning supply (Section D)	2019	0.0	85.7	14.3	-14.3
	2020	0.0	85.7	14.3	-14.3
Water supply; sewerage, waste management and remediation activities (Section E)	2019	21.6	76.7	1.7	19.8
	2020	17.8	75.6	6.7	11.1
Construction (Section F)	2019	16.0	76.8	7.2	8.8
	2020	15.7	72.3	12.0	3.7
Wholesale and retail trade; repair of motor vehicles and motorcycles (Section G)	2019	16.8	77.3	5.9	10.9
	2020	12.9	76.5	10.6	2.3
Transportation and storage (Section H)	2019	17.7	68.4	13.9	3.7
	2020	3.9	79.0	17.0	-13.1
Accommodation and food service activities (Section I)	2019	16.5	81.5	2.0	14.5
	2020	7.6	74.6	17.8	-10.3
Information and communication (Section J)	2019	23.1	58.9	18.0	5.1
	2020	23.2	55.6	21.2	2.1
Financial and insurance activities (Section K)	2019	3.2	73.1	23.7	-20.5
	2020	2.1	60.9	37.0	-34.9
Real estate activities (Section L)	2019	4.3	92.3	3.4	0.8
	2020	2.6	92.8	4.5	-1.9
Professional, scientific and technical activities (Section M)	2019	16.4	81.3	2.3	14.2
	2020	8.4	88.6	3.0	5.4
Administrative and support service activities (Section N)	2019	10.2	82.1	7.7	2.5
	2020	9.6	71.6	18.9	-9.3
<b>TOTAL</b>	<b>2019</b>	<b>15.1</b>	<b>78.1</b>	<b>6.7</b>	<b>8.4</b>
	<b>2020</b>	<b>10.4</b>	<b>76.2</b>	<b>13.4</b>	<b>-3.0</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 3.622 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 1<sup>st</sup> April 2020 and the 25<sup>th</sup> June 2020, with 51% of total responses obtained in April and 27% and 11% in the following months.



The overall response rate was 83.4% and considering the number of workers as the stratification/extrapolation variable, these firms represent 93.3% 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 2016 to 2018, 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 2018, it was considered information for 2017)

- 2. Firms that comply in 2017 and 2018 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 865 companies (in a total of 3.622 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 3.591 firms for the frame and 556 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 2021.**

The methodological document for this survey is available at:

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