

Investment Survey

October 2019

Business investment expected to increase by 3.6% in nominal terms in 2020

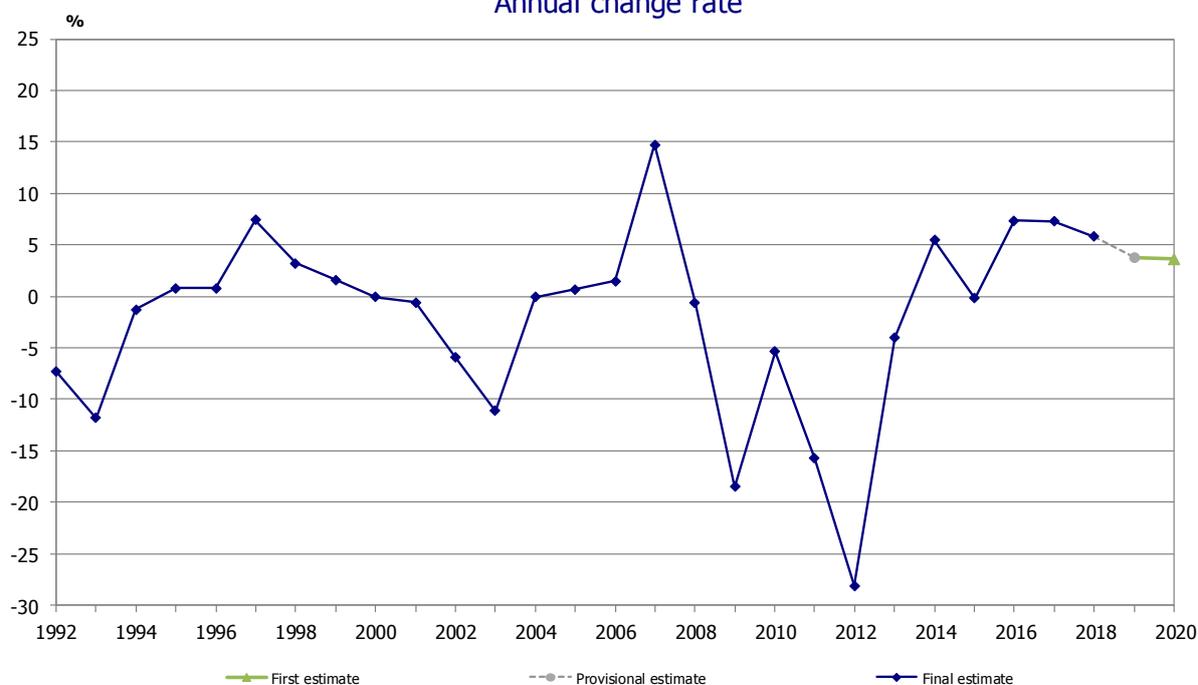
According to the results from the October 2019 Investment Survey (with a surveying period between the 1st October 2019 and the 17th January 2020), the business investment in nominal terms is expected to grow by 3.6% in 2020. The results of this survey also point to a 3.8% increase in investment in 2019, a rate which is close to the result of the previous survey (growth rate of 3.7%).

Among the investment objectives, from 2019 to 2020, the relative weights of replacement investment and other investment objectives are expected to increase, while the relative weights of investment associated with the extension of the production capacity and streamline production investment are projected to decrease. The replacement investment is the most mentioned objective in both years.

The main limitative factor for business investment identified by entrepreneurs in both years was the deterioration of the sales perspectives. Between 2019 and 2020, the relative weight of the deterioration in sales perspectives is expected to increase, partly offset by a reduction in the relative weight of uncertainty about the investment profitability.

Graph 1¹

Evolution of business GFCF in value
Annual change rate



¹ The percentages correspond to the last estimate available for each year. For 2020, the rate of change corresponds to the perspectives of entrepreneurs.

1. Main results

The results from the October 2019 Investment Survey (with a surveying period between 1st October 2019 and 17th January 2020) point out to an increase of 3.8% in nominal terms of the business Gross Fixed Capital Formation (GFCF) in 2019 (table 1). This growth is close to the result obtained in the April 2019 survey (increase of 3.7%, with a surveying period between 1st April and 27th June 2019) and is 0.6 percentage points (p.p.) below the first estimate obtained in the October 2018 survey (rate of change of 4.4%) (see graph 2).

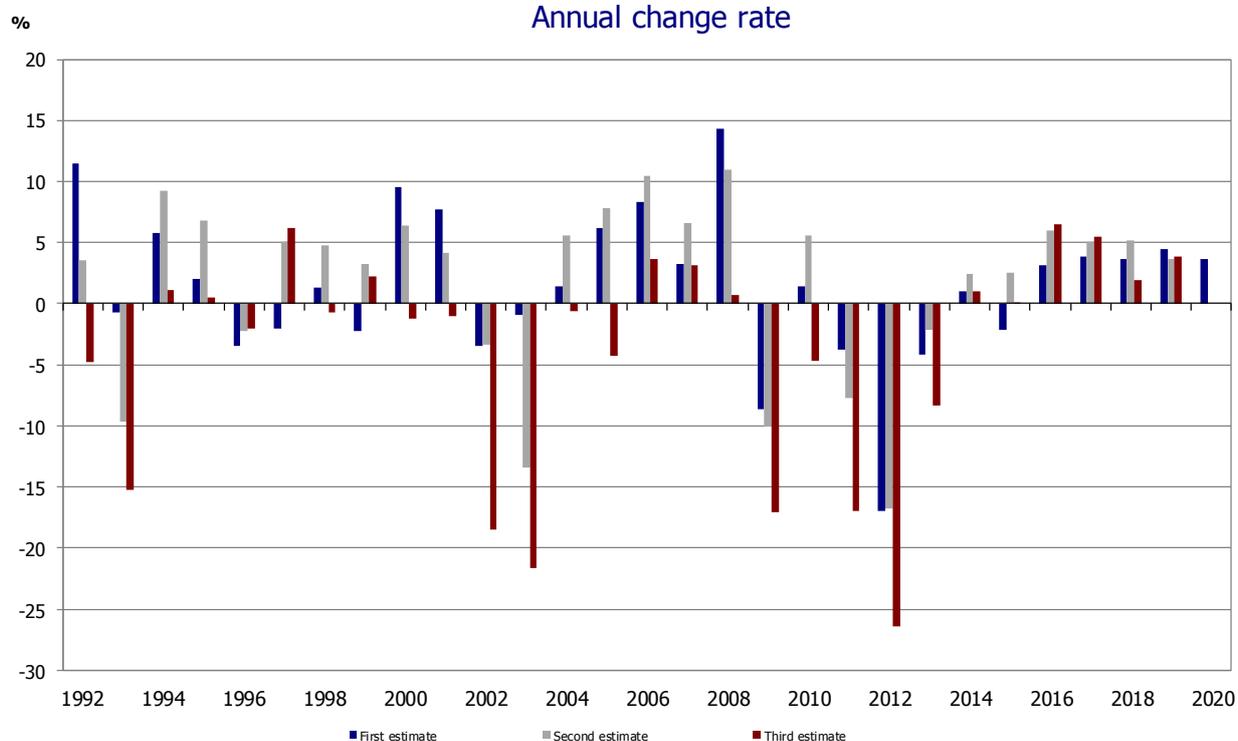
Considering the firms size by number of workers, the fourth group (employing 500 or more workers) presented the most intense positive contribution (4.6 p.p.) to the investment growth rate in 2019, reflecting an increase of 12.6%, followed by the firms of the first group (employing less than 50 workers) with a contribution of 0.7 p.p. (rate of change of 2.7%). On the other hand, the firms from the second group (employing between 50 and 249 workers) and third group (between 250 and 499 workers) registered negative contributions (-0.3 p.p. and -1.1 p.p., respectively) to the investment growth in 2019, due to decreases of 1.4% and 6.9%, in the same order.

For 2020, the results of the present survey point to an increase of the enterprises' investment by 3.6%. This growth reflects the positive contribution of the firms from the fourth group (4.9 p.p.), as a result of a 12.4% rate of change, and, to a lesser extent, the contributions of the firms from the second and third groups (0.1 p.p. and 0.5 p.p., respectively), reflecting growth rates of 0.4% and 3.6%.

The slight deceleration of the business investment between 2019 (3.8%) and 2020 (3.6%) mainly reflects the evolution of the business investment from the first group, shifting from a contribution of 0.7 p.p. in 2019 to -1.9 p.p. in 2020 (with growth rates of 2.7% and -7.6% in 2019 and 2020, respectively).

Graph 2

Evolution of business GFCF in value Annual change rate



The results obtained for a set of firms from the section of *Manufacturing* industries qualified as exporters (see technical note), designated in this analysis by "exporting firms", point to a decrease in investment of 2.3% in 2019. This decrease was less intense than the observed for the section (-6.0%) and contrasts with the increase observed for the total (3.8%). For 2020, the exporting firms' investment is expected to present a decrease of 9.2%, which compares with the more significant decrease for the *Manufacturing* section (-11.0%) and the increase for total firms (3.6%).

In this survey, the diffusion indicator of investment (percentage of firms with investments or intending to invest) presented a downward evolution in the three years analysed. This indicator stood at 88.3%, 80.5% and 77.5%, for 2018, 2019 and 2020, respectively.

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

In 2019, the increase of business GFCF (3.8%) was due to the positive contribution of nine of the thirteen surveyed sections of economic activity. The section of *Water Supply; Sewerage; Waste Management and Remediation Activities* recorded the most significant positive contribution (1.7 p.p.), presenting a growth rate of 96.3%. Conversely, the *Manufacturing* section registered the most intense negative contribution (-1.8 p.p.), due to a decrease of 6.0%.

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)	2.3	2.4	2.0	9.4	-13.4	91.1	80.0	80.0
Manufacturing (Section C)	29.9	27.1	23.3	-6.0	-11.0	91.1	84.8	81.2
<i>Of which: exporting firms</i>	-	-	-	-2.3	-9.2	96.8	92.9	90.1
Electricity, gas, steam and air-conditioning supply (Section D)	5.0	5.5	5.2	13.7	-1.9	93.3	86.7	80.0
Water supply; sewerage, waste management and remediation activities (Section E)	1.8	3.4	3.3	96.3	-1.1	83.9	76.8	75.0
Construction (Section F)	3.7	4.0	3.5	11.6	-10.7	88.6	77.2	76.4
Wholesale and retail trade; repair of motor vehicles and motorcycles (Section G)	13.9	14.3	14.6	7.1	5.5	89.1	80.1	73.9
Transportation and storage (Section H)	6.9	7.4	11.7	11.4	62.7	89.0	82.2	78.8
Accommodation and food service activities (Section I)	4.5	3.8	3.3	-10.8	-11.4	94.0	86.9	86.9
Information and communication (Section J)	11.0	11.0	11.0	4.0	3.3	85.3	83.1	80.1
Financial and insurance activities (Section K)	5.3	6.5	7.3	27.6	15.7	83.1	75.7	70.6
Real estate activities (Section L)	0.8	0.6	0.8	-22.6	37.5	79.9	64.0	61.6
Professional, scientific and technical activities (Section M)	1.9	1.9	1.8	5.0	-1.2	86.0	80.5	78.2
Administrative and support service activities (Section N)	13.0	12.0	12.4	-4.5	7.3	82.7	71.6	72.3
TOTAL	100	100	100	3.8	3.6	88.3	80.5	77.5

(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 growth rate of 3.6%), the survey results suggest positive rates of change of the business GFCF in six of the thirteen sections. The section with the most relevant positive contribution is *Transportation and Storage* (4.7 p.p. with a rate of change of 62.7%). On the other hand, *Manufacturing* registered the most significant negative contribution to the rate of change of total investment in 2020 (-3.0 p.p.), with a reduction of 11.0%.

3. Results by subsection of the Manufacturing section

For 2019, the current survey presents a decrease of 6.0% of the investment in the *Manufacturing* section, with negative rates of change in eight of the fourteen subsections (table 2). The *Manufacture of Wood and of Products of Wood and Cork, Except Furniture; Manufacture of Articles of Straw and Plaiting Materials* and *Manufacture of Machinery and Equipment* subsections registered the most intense negative contributions to the investment rate of change for this section (-2.8 p.p. and -2.0 p.p., respectively), decreasing by 46.0% and 34.1% in 2019. In turn, *Manufacture of Other Non-Metallic Mineral Products* recorded the most significant positive contribution (1.5 p.p.) to the rate of change of this section's investment in 2019.

Comparing with the results from the previous survey, the business GFCG growth rate for the Manufacturing section was revised downwards by 1.6 p.p. (growth rate of -4.4% in the previous survey).

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)	15.4	17.7	17.1	7.9	-13.9
Manufactures of textiles, wearing apparel and leather and related products (13 14 15)	8.2	6.9	5.5	-20.9	-28.1
Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials (16)	6.2	3.5	3.9	-46.0	-2.0
Manufacture of paper and paper products; Printing and reproduction of recorded media (17 18)	5.3	3.7	3.9	-33.3	-7.1
Manufacture of coke and refined petroleum products (19)	4.6	5.7	7.8	17.3	22.6
Manufacture of chemicals and chemical products; Manufacture of basic pharmaceutical products and pharmaceutical preparations (20 21)	10.2	9.7	9.7	-11.1	-10.8
Manufacture of rubber and plastic products (22)	7.9	8.6	8.1	1.5	-15.4
Manufacture of other non-metallic mineral products (23)	4.0	5.8	8.5	37.1	28.9
Manufacture of basic metals; Manufacture of fabricated metal products, except machinery and equipment (24 25)	9.7	11.4	11.5	10.2	-10.5
Manufacture of computer, electronic and optical products (26)	4.3	3.6	2.8	-22.1	-30.6
Manufacture of electrical equipment (27)	2.4	3.7	3.3	42.5	-20.7
Manufacture of machinery and equipment n.e.c. (28)	5.9	4.1	3.9	-34.1	-15.6
Manufacture of motor vehicles, trailers and semi-trailers and other transport equipment (29 30)	12.2	12.0	11.1	-7.9	-17.5
Other manufacturing (31 32 33)	3.7	3.6	2.9	-7.4	-29.1
MANUFACTURING (SECTION C)	100	100	100	-6.0	-11.0
<i>Of which: exporting firms</i>				-2.3	-9.2

(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 -11.0%, pointing to a decrease in investment in twelve of the fourteen subsections. The most relevant negative contribution to this result is observed in the *Manufacture of Food Products, Beverages and Tobacco Products* (-2.5 p.p.), reflecting a rate of change of -13.9%.

The more pronounced reduction of the investment perspectives in the *Manufacturing* section in 2020 (-11.0%) compared to 2019 (-6.0%) is mainly explained by the *Manufacture of Food Products, Beverages and Tobacco Products* subsection, with a significant negative contribution (-3.7 p.p.).

The results obtained for the exporting firms of the *Manufacturing* section point to a 2.3% decrease of investment in 2019, less intense than for the total section (-6.0%) and contrasting with the increase registered for the total of inquired firms (3.8%). For 2020, the survey points to a decrease of 9.2% of the business investment for the exporting firms, less intense than the reduction expected for the *Manufacturing* section (-11.0%), while for the total firms is expected an increase by 3.6%.

4. Size of firms by number of workers

Considering all the surveyed sections and the firms' size by number of workers, the firms from the first and fourth groups contributed positively to the increase of investment in 2019 (3.8%), especially the latter, with a rate of change of 12.6% and a contribution of 4.6 p.p..

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 st (≤49)	18.3	20.8	16.9	7.0	-27.7
2 nd (50-249)	29.5	27.7	28.6	-11.6	-8.2
3 rd (250-499)	21.5	19.4	19.7	-15.1	-9.8
4 th (≥500)	30.7	32.1	34.9	-1.9	-3.2
TOTAL	100	100	100	-6.0	-11.0
TOTAL ACTIVITIES					
1 st (≤49)	24.9	24.6	21.9	2.7	-7.6
2 nd (50-249)	22.5	21.4	20.7	-1.4	0.4
3 rd (250-499)	16.2	14.6	14.6	-6.9	3.6
4 th (≥500)	36.4	39.5	42.8	12.6	12.4
TOTAL	100	100	100	3.8	3.6

(a) Percentual investment distribution by firms size

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

For 2020, the results suggest an increase in investment in the firms from the second, third and fourth groups, with contributions to the growth rate of total investment of 0.1 p.p., 0.5 p.p. and 4.9 p.p., respectively (rates of change of 0.4%, 3.6% and 12.4% in the same order). On the contrary, the firms from the first group recorded a negative contribution of 1.9 p.p. to the change rate of total investment (rate of change of -7.6%).

Concerning the *Manufacturing* section, in 2019, the firms from the second group registered the more intense negative contribution (-3.4 p.p.) to the rate of change of total investment in this section (-6.0%), with a decrease of 11.6%, while the firms from the first group presented the most significant positive contribution (1.3 p.p.).

According with the results obtained in the current survey, the decrease in investment in 2020 for the *Manufacturing* section (-11.0%) is determined by the firms of all groups, mainly the firms from the first group with the most intense negative contribution (-5.8 p.p.), reflecting a change rate of -27.7%.

The negative profile of investment in the *Manufacturing* section between 2019 (-6.0%) and 2020 (-11.0%) was driven by the results of the firms of the first and fourth groups that shifted from rates of change of 7.0% and -1.9% in 2019 to -27.7% and -3.2% in 2020 (contributing -7.0 p.p. and -0.4 p.p.).

5. Investment by type of asset

The business GFCF growth (3.8%) obtained for 2019 resulted from the positive contributions of investment in constructions (2.0 p.p.), in equipment (1.3 p.p.) and in others investments (0.7 p.p.), while the investment in transport material registered a negative contribution (-0.2 p.p.) (table 4).

For 2020, the investment in transport material registers a negative contribution (-0.9 p.p.) to the rate of change of total investment (3.6%), while the investment in constructions, in equipment and other investments are expected to contribute positively (2.5 p.p., 1.7 p.p. and 0.3 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
2018	18.2	56.9	11.1	13.8				
2019	19.4	56.1	10.5	14.0	11.2	2.3	-1.8	5.0
2020	21.2	55.8	9.2	13.8	13.0	3.0	-9.0	2.4

(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 surveyed sections, the replacement investment objective stood out as the main objective of investment (with a weight of 42.4% for the average of the two years), followed by the investment in extension of production capacity (34.5%) (table 5). The objectives related to other investments and streamline production represented 14.1% and 9.0%, respectively, of total business investment in the average of the two years.

The relative weight of the investment in extension of production capacity investment and the streamline production is expected to diminish between 2019 and 2020 (-1.9 p.p. and -0.2 p.p., respectively), while the relative importance of replacement investment and other investment objectives is predicted to increase (1.6 p.p. and 0.5 p.p. in the same order).

In the specific case of the *Manufacturing* section, considering the average weight of the two years, 45.0% of the investment will be targeted to the extension of production capacity and 29.7% to replacement. From 2019 to 2020, the importance of replacement and streamline production objectives should increase (4.3 p.p. and 2.0 p.p. respectively), while the relative weight of the extension of production capacity and other investment objectives should diminish (-6.1 p.p. and -0.1 p.p., respectively).

Regarding the exporting firms, the extension of the production capacity is also the main objective of investment for 2019 and 2020 (weighting 46.5% in the average of the two years), followed by the replacement investment (28.6%). Comparing to the *Manufacturing* section, the extension of the production capacity and the streamline production investments present a higher relative weight among the exporting firms (1.5 p.p. and 0.2 p.p. respectively) and the replacement investments a lower weight (-1.1 p.p.). Between 2019 and 2020, the weight of the replacement investment is expected to increase among the exporting firms (5.2 p.p.), higher than the increase for the total of the *Manufacturing* section (4.3 p.p.).

Table 5

INVESTMENT OBJECTIVES (a)					
NACE-Rev.2	YEAR	REPLACEMENT	EXTENSION OF PRODUCTION CAPACITY	TO STREAMLINE PRODUCTION	OTHER INVESTMENT OBJECTIVES
TOTAL	2019	41.6	35.5	9.1	13.8
	2020	43.2	33.6	8.9	14.3
Manufacturing	2019	27.6	48.0	16.5	7.9
	2020	31.9	41.9	18.5	7.8
<i>Of which: exporting firms</i>	2019	<i>26.0</i>	<i>50.6</i>	<i>16.6</i>	<i>6.8</i>
	2020	<i>31.2</i>	<i>42.5</i>	<i>18.9</i>	<i>7.4</i>

(a) Percentual investment distribution by investment objectives

7. Investment funding

Self-funding is the main source of funding for the surveyed firms, weighting 65.9% and 63.2% 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 sections of *Information and Communication* (90.2%), the *Real Estate Activities* (87.4%) and *Financial and Insurance Activities* (84.7%). Self-funding is less important in the *Administrative and Support Service Activities* section (24.7%).

When analysing the evolution of the funding structure between 2019 and 2020, the weight of self-funding decreases in eight of the thirteen sections, more intensely in the cases of the *Mining and Quarrying* (-28.3 p.p.), the *Water Supply; Sewerage, Waste Management and Remediation Activities* (-7.4 p.p.) and *Electricity, Gas, Steam and Air Conditioning Supply* (-5.4%) sections. On the contrary, the sections of *Real Estate Activities* (10.0%), *Accommodation and Food Service Activities* and the *Professional, Scientific and Technical Activities* (1.6 p.p. on both) presented the most significant increases of the weight of self-funding between the two years.

The weight of other investment funding and EU funds is expected to increase between 2019 and 2020 (1.3 p.p. and 1.1 p.p., respectively), with these two main sources of funding maintaining the third and fourth places, respectively. Note that EU funds represent, on average, 38.9% of investment funding in the *Water Supply; Sewerage, Waste Management and Remediation Activities*. From 2019 to 2020, the importance of this funding source increased in nine of the thirteen sections, mainly in the sections of the *Water Supply; Sewerage, Waste Management and Remediation Activities* (11.4 p.p.) and *Electricity, Gas, Steam and Air Conditioning Supply* (2.7 p.p.).

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 70.9% and 65.6% of the total in 2019 and 2020, respectively. Between the two years, the weight of this source diminished in both the exporting firms (-5.3 p.p.) and the *Manufacturing* section (-1.4 p.p.). Bank loans remain as the second source of funding among the exporting firms, weighting 26.2% in the average of the two years (comparing with 28.0% for the *Manufacturing* section and 21.4% for the total of the surveyed activities).

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	57.1	18.4	0.0	0.0	0.2	24.4
	2020	28.8	13.4	0.0	0.0	0.2	57.6
Manufacturing (Section C)	2019	66.5	27.5	0.4	1.3	2.7	1.5
	2020	65.1	28.4	0.4	1.6	3.1	1.3
<i>Of which: exporting firms</i>	2019	70.9	23.4	0.5	0.9	2.9	1.4
	2020	65.6	29.1	0.5	1.1	2.4	1.3
Electricity, gas, steam and air conditioning supply (Section D)	2019	90.8	0.8	0.0	0.0	3.4	5.0
	2020	85.4	2.6	0.0	0.0	6.1	6.0
Water supply; sewerage, waste management and remediation activities (Section E)	2019	48.1	15.7	0.0	0.5	33.2	2.5
	2020	40.7	12.9	0.0	0.7	44.6	1.1
Construction (Section F)	2019	49.3	48.0	0.0	0.3	0.5	1.9
	2020	49.1	48.1	0.0	0.0	0.1	2.7
Wholesale and retail trade; repair of motor vehicles and motorcycles (Section G)	2019	77.6	20.8	0.0	0.0	0.4	1.2
	2020	74.5	20.7	0.0	1.1	2.2	1.5
Transportation and storage (Section H)	2019	47.8	40.0	0.0	2.1	2.3	7.8
	2020	45.2	40.1	0.0	3.9	3.8	7.0
Accommodation and food service activities (Section I)	2019	76.6	17.4	0.0	2.5	0.0	3.5
	2020	78.2	19.3	0.0	0.2	0.6	1.8
Information and communication (Section J)	2019	90.4	7.2	0.0	0.0	2.0	0.4
	2020	90.0	5.9	0.0	0.0	3.7	0.4
Financial and insurance activities (Section K)	2019	84.4	2.8	0.0	0.0	0.0	12.8
	2020	85.0	3.1	0.0	0.0	0.0	11.9
Real estate activities (Section L)	2019	82.4	11.8	0.0	0.0	0.0	5.8
	2020	92.4	6.5	0.0	0.0	0.5	0.6
Professional, scientific and technical activities (Section M)	2019	75.0	19.9	0.0	0.1	1.0	4.1
	2020	76.6	15.9	0.0	0.1	1.2	6.1
Administrative and support service activities (Section N)	2019	24.4	23.5	13.7	0.0	0.0	38.3
	2020	24.9	23.2	10.2	0.0	0.0	41.7
TOTAL	2019	65.9	21.3	1.7	0.6	2.6	7.9
	2020	63.2	21.5	1.4	1.0	3.7	9.2

(a) Percentual investment distribution by investment funding

8. Investment limitations

Between 2019 and 2020, for the total of the inquired activities, the percentage of firms with investment limitations increased slightly (31.1% and 31.3% in 2019 and 2020, respectively), led by six of the thirteen surveyed sections, while three sections stabilized. Considering the average for the two years, two of the thirteen sections presented limitations of investment in more than 50% of the firms, namely in *Information and Communication* (55.1%) and *Water Supply; Sewerage, Waste Management and Remediation Activities* (51.3%) (table 7). The *Accommodation and Food Service Activities* section presented the lowest percentage (20.5%).

In the *Manufacturing* section, the percentage of firms with investment limitations shifted from 36.3% in 2019 to 37.9% in 2020, with higher percentages in the case of the exporting firms (43.9% and 46.4% in 2019 and 2020, respectively).

Table 7

INVESTMENT LIMITATIONS (a)

NACE-Rev.2	2019	2020
Mining and quarrying (Section B)	37.1	37.1
Manufacturing (Section C)	36.3	37.9
<i>Of which: exporting firms</i>	<i>43.9</i>	<i>46.4</i>
Electricity, gas, steam and air conditioning supply (Section D)	38.0	38.0
Water supply; sewerage, waste management and remediation activities (Section E)	51.7	51.0
Construction (Section F)	31.8	31.7
Wholesale and retail trade; repair of motor vehicles and motorcycles (Section G)	28.0	26.8
Transportation and storage (Section H)	27.0	27.0
Accommodation and food service activities (Section I)	18.5	22.5
Information and communication (Section J)	54.9	55.2
Financial and insurance activities (Section K)	27.0	28.0
Real estate activities (Section L)	20.8	22.2
Professional, scientific and technical activities (Section M)	33.0	34.8
Administrative and support service activities (Section N)	36.1	33.7
TOTAL	31.1	31.3

(a) Percentage of enterprises with investment limitations

The deterioration of the sales perspectives remained as the most mentioned main limiting factor (30.5% and 33.0% in 2019 and 2020, respectively), followed, in 2019, by the uncertainty of investment profitability (19.7%) and, in 2020, by the uncertainty about self-funding capacity (18.2%) (table 8).

From 2019 to 2020, there was an increase in the weight of the limiting factor related to the deterioration of the sales perspectives (2.5 p.p.), as opposed to the decrease in the weight of the difficulty about the investments profitability (-2.8 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)	0.8	38.0	0.8	0.4	24.3	12.6	0.4	0.0	22.7
Manufacturing (Section C)	6.9	32.3	9.2	0.2	15.7	24.5	6.9	0.1	4.0
<i>Of which: exporting firms</i>	<i>15.3</i>	<i>30.0</i>	<i>3.4</i>	<i>0.4</i>	<i>11.1</i>	<i>22.7</i>	<i>14.5</i>	<i>0.0</i>	<i>2.6</i>
Electricity, gas, steam and air conditioning supply (Section D)	9.9	0.0	0.0	0.0	45.1	45.1	0.0	0.0	0.0
Water supply; sewerage, waste management and remediation activities (Section E)	0.0	6.8	0.0	2.2	43.2	4.7	15.6	0.0	27.3
Construction (Section F)	0.4	31.8	24.2	0.1	13.5	19.0	4.7	0.0	6.2
Wholesale and retail trade; repair of motor vehicles and motorcycles (Section G)	0.7	38.0	4.3	3.7	13.9	16.9	6.3	0.0	16.1
Transportation and storage (Section H)	6.7	27.1	16.1	0.0	26.2	4.7	17.0	1.0	1.2
Accommodation and food service activities (Section I)	0.1	32.7	5.3	1.7	31.5	8.6	16.6	0.0	3.6
Information and communication (Section J)	0.7	17.8	37.8	0.5	5.2	8.9	19.0	0.0	10.1
Financial and insurance activities (Section K)	1.2	37.2	3.0	0.0	10.0	13.7	2.7	4.5	27.6
Real estate activities (Section L)	0.0	35.1	11.7	2.9	8.8	22.2	8.8	0.0	10.5
Professional, scientific and technical activities (Section M)	0.5	27.6	6.3	1.1	20.6	20.7	6.6	0.0	16.7
Administrative and support service activities (Section N)	10.3	18.7	5.6	1.9	21.8	26.5	7.3	0.0	7.9
TOTAL	2.9	33.0	9.2	1.8	16.9	18.2	8.0	0.1	10.0

(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 more frequently indicated was the deterioration of the sales perspectives (35.2% and 30.0%, in 2019 and 2020, respectively), followed by the uncertainty about the self-funding capacity (21.1% and 22.7%, respectively). For the average of the two years and comparing to the *Manufacturing* section, the insufficient production capacity, the ability to obtain bank loans and the deterioration of the sales perspectives are more relevant to exporting firms. In the opposite direction, the lack of self-funding capacity and the shortage of qualified labour force are less relevant.

Between 2019 and 2020, the weight of the difficulty in obtaining bank loans increased 4.7 p.p. (0.4 p.p. in the *Manufacturing* section) and the weight of deterioration of the sales perspectives diminished 5.2 p.p. (having increased in the *Manufacturing* section).

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 highest balances were observed in the sections of the *Professional, Scientific and Technical Activities*, of *Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles* and of *Water Supply; Sewerage, Waste Management and Remediation 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 2019 to 2020, this balance should increase for the total of the inquired activities, driven by nine of the thirteen sections. The *Transportation and Storage* section registers the most significant growth, while the *Financial and Insurance Activities* 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, decreasing between 2019 and 2020 (similar to the decrease in the *Manufacturing* section and in contrast with the increase for the total of inquired activities).

Table 9

INVESTMENT AND JOB CREATION (a)					
NACE-Rev.2	YEAR	INCREASE	REMAIN UNCHANGED	DECREASE	BALANCES
Mining and quarrying (Section B)	2019	14.4	82.9	2.7	11.8
	2020	11.1	76.2	12.7	-1.6
Manufacturing (Section C)	2019	16.2	79.4	4.4	11.7
	2020	15.5	78.5	6.0	9.5
<i>Of which: exporting firms</i>	2019	<i>19.9</i>	<i>76.7</i>	<i>3.4</i>	<i>16.6</i>
	2020	<i>18.3</i>	<i>75.7</i>	<i>6.0</i>	<i>12.2</i>
Electricity, gas, steam and air conditioning supply (Section D)	2019	0.0	85.7	14.3	-14.3
	2020	1.8	83.9	14.3	-12.5
Water supply; sewerage, waste management and remediation activities (Section E)	2019	13.9	81.9	4.1	9.8
	2020	23.1	76.3	0.7	22.4
Construction (Section F)	2019	13.1	82.1	4.8	8.2
	2020	18.5	78.6	2.9	15.6
Wholesale and retail trade; repair of motor vehicles and motorcycles (Section G)	2019	24.5	71.2	4.3	20.2
	2020	26.4	68.6	4.9	21.5
Transportation and storage (Section H)	2019	21.9	64.3	13.8	8.1
	2020	25.2	72.9	1.9	23.2
Accommodation and food service activities (Section I)	2019	14.1	82.8	3.1	11.1
	2020	14.2	84.5	1.3	12.8
Information and communication (Section J)	2019	28.7	52.1	19.2	9.5
	2020	30.4	51.0	18.6	11.8
Financial and insurance activities (Section K)	2019	4.6	72.4	23.0	-18.4
	2020	4.1	59.0	36.9	-32.7
Real estate activities (Section L)	2019	5.6	89.7	4.8	0.8
	2020	5.3	90.9	3.8	1.6
Professional, scientific and technical activities (Section M)	2019	31.8	65.6	2.6	29.2
	2020	30.6	65.8	3.5	27.1
Administrative and support service activities (Section N)	2019	14.0	81.2	4.8	9.1
	2020	18.9	76.0	5.1	13.9
TOTAL	2019	18.1	75.7	6.2	11.9
	2020	19.8	73.9	6.4	13.4

(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 3.682 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 October 2019 and the 17th January 2020 and the overall response rate was 93.2%.

Considering the number of workers as the stratification/extrapolation variable, these firms represent 98.2% of the sample.

For the selection of the exporting firms, the following criteria were applied to the frame and sample of the Investment Survey:

1. Based on the information provided by the Simplified Corporate Information, it was considered the firms that comply, from 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 3.682 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 July 2020.

The methodological document for this survey (code 54) is available at:

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