

INNOVATION AND ENTREPRENEURSHIP CENTER

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[Brazilian's Manufacturing Sectors: Empirical Results from Panel Data and Fixed Effects' Models](#)

ABSTRACT:

This article examines the determinants of private investment in Brazil from sectorial industry data for the period of 1996 to 2010. The series of gross fixed capital formation, commonly used in empirical studies of aggregate investment, eliminates irregular adjustments of individual production units due to the aggregation process. Using the industry's sectorial data it is possible to avoid smoothing in this aggregate series and it may help to understand aggregated investment's dynamics. The results reveal the importance of the available funds volume for investment with the complementarity between public and private investment. The results also indicate that the real high interest rates prevailing in the market did not affect the private sector's investment negatively during the considered period. The investment financing alternative from own resources and subsidized credit, seems to have been more important. As expected, the economic instability adversely affected private investment during this period.