

April 14th, 2020

Fast and Exceptional Enterprise Survey – COVID-19
Week from 6 to 10 April 2020

COVID-19: monitoring the impact of the pandemic on enterprises

Statistics Portugal and Bank of Portugal launched the Fast and Exceptional Enterprise Survey (COVID-IREE), on a weekly basis, with the aim of identifying the effects of the pandemic on business activity. This information is necessary in order to be able to recognise trends and to envisage lines to be followed to mitigate economic impacts, namely on enterprises themselves.

The results of the 1st reporting week (week from 6 to 10 April 2020) indicate that 82% of enterprises were still in production or operation, even partially, 16% were temporarily closed, while 2% pointed out that they had been definitively closed. 37% of enterprises in operation or temporarily closed reported a reduction of more than 50% in turnover and 26% reported a reduction of more than 50% in the number of persons employed effectively working. In terms of economic activity, the *Accommodation and food services* is the sector that has the greatest impact due to the pandemic.

In this information note, Statistics Portugal and the Bank of Portugal publish the main results of the Fast and Exceptional Enterprise Survey – COVID-19 (COVID-IREE), addressed to a wide range of micro, small, medium and large enterprises, representing the various sectors of economic activity (see technical note).

This survey aims to identify some of the main effects of the COVID-19 pandemic on business activity. It is based on a rapid response questionnaire on turnover, number of workers, use of public support instruments, availability of liquidity, use of credit and prices charged. The survey will remain active as long as justified and will hopefully have a weekly frequency.

The collaboration of enterprises has been and continues to be fundamental in order to make timely and quality information available, and to help the country to tackle this difficult situation, contributing with relevant information for the implementation of public policies appropriate to this context.

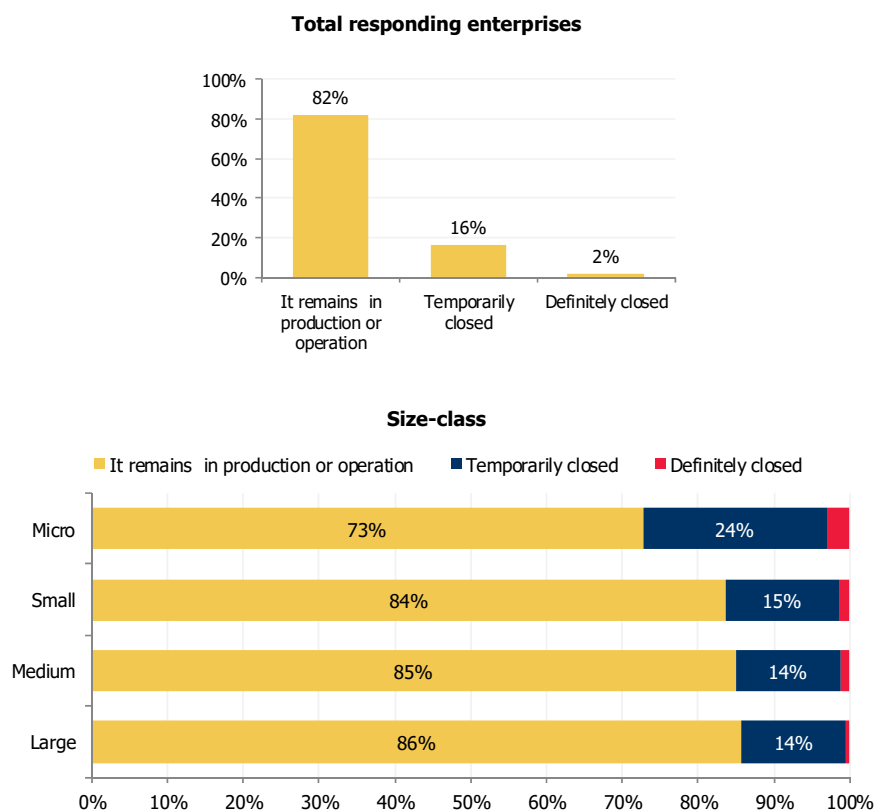
Statistics Portugal and the Bank of Portugal are grateful for the co-operation of enterprises in this difficult situation that Portugal is now going through.

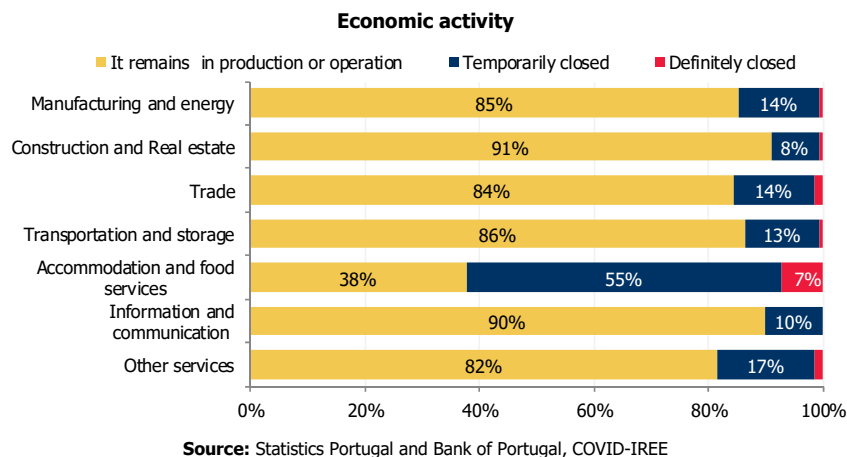
Situation of the enterprises in the week from 6 to 10 April 2020

82% of the responding enterprises were still operating

- 82% of the enterprises remained in production or operation, even partially. Around 16% of the enterprises were temporarily closed, while 2% had been definitely closed.
- The proportion of closed enterprises (temporarily and definitely) is higher, the smaller the size-class.
- By economic activity, the percentage of enterprises closed (temporarily and definitely) is higher in *Accommodation and food services*. Also noteworthy are the *Distributive trade* and *Other services* sectors, both with 2% of enterprises definitely closed.
- In the cases of definitely closure, the restrictions in the context of the state of emergency and the absence of orders/clients were cited as having a major impact by almost all enterprises.

Figure 1 • Situation of the enterprises, as a % of the total number of enterprises



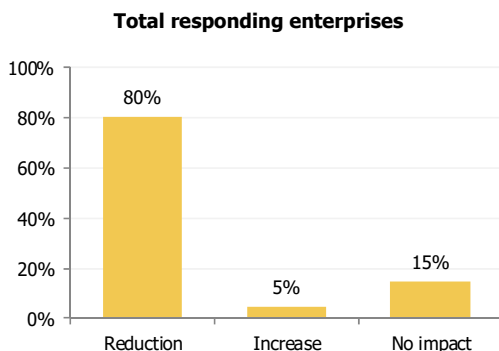


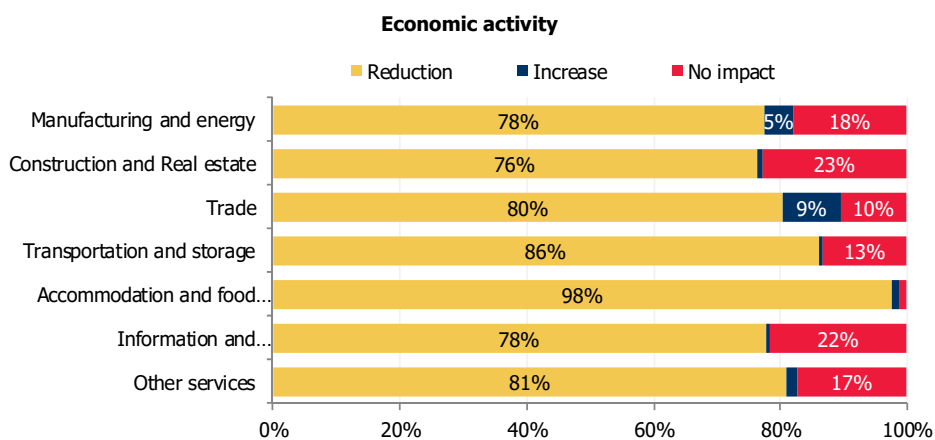
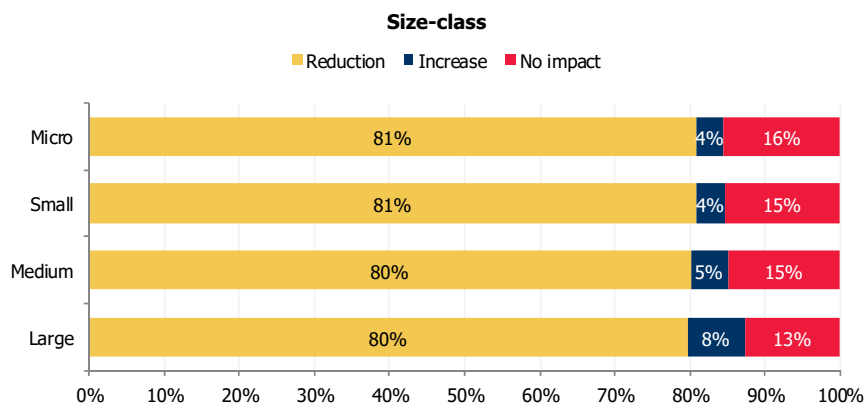
Impact of the COVID-19 pandemic on turnover in the week from 6 to 10 April 2020

80% of the enterprises reported that the pandemic led to a decrease in turnover

- Regarding the impact of the COVID-19 pandemic on turnover, 80% of enterprises in operation or temporarily closed reported a negative impact and 5% a positive impact.
- By economic activity, the *Accommodation and food services* sector presents a higher percentage of enterprises with a reduction in the turnover.

Figure 2 • Impact of the COVID-19 pandemic on turnover, as a % of the total number of enterprises in operation or temporarily closed



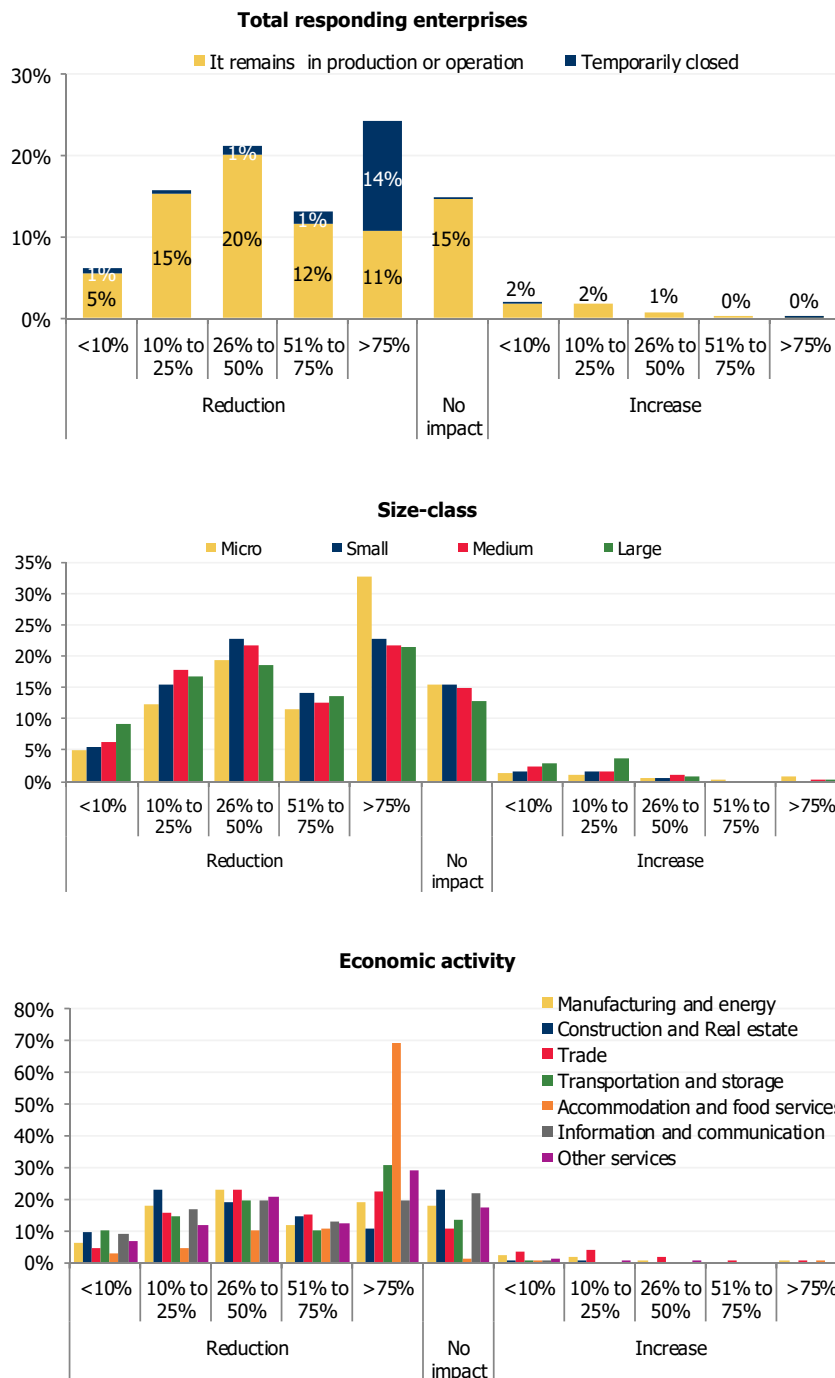


Source: Statistics Portugal and Bank of Portugal, COVID-IREE

37% of the enterprises reported a reduction of more than 50% in turnover

- 37% of the enterprises reported a reduction of more than 50% in turnover during the week from 6 to 10 April.
- Temporarily closed enterprises mostly report reductions of more than 75%.
- Micro enterprises and enterprises in the *Accommodation and food services* sector report more frequently reductions of more than 75% in turnover.

Figure 3 • Quantification of the impact of the COVID-19 pandemic on turnover, as a % of total number of enterprises in operation or temporarily closed

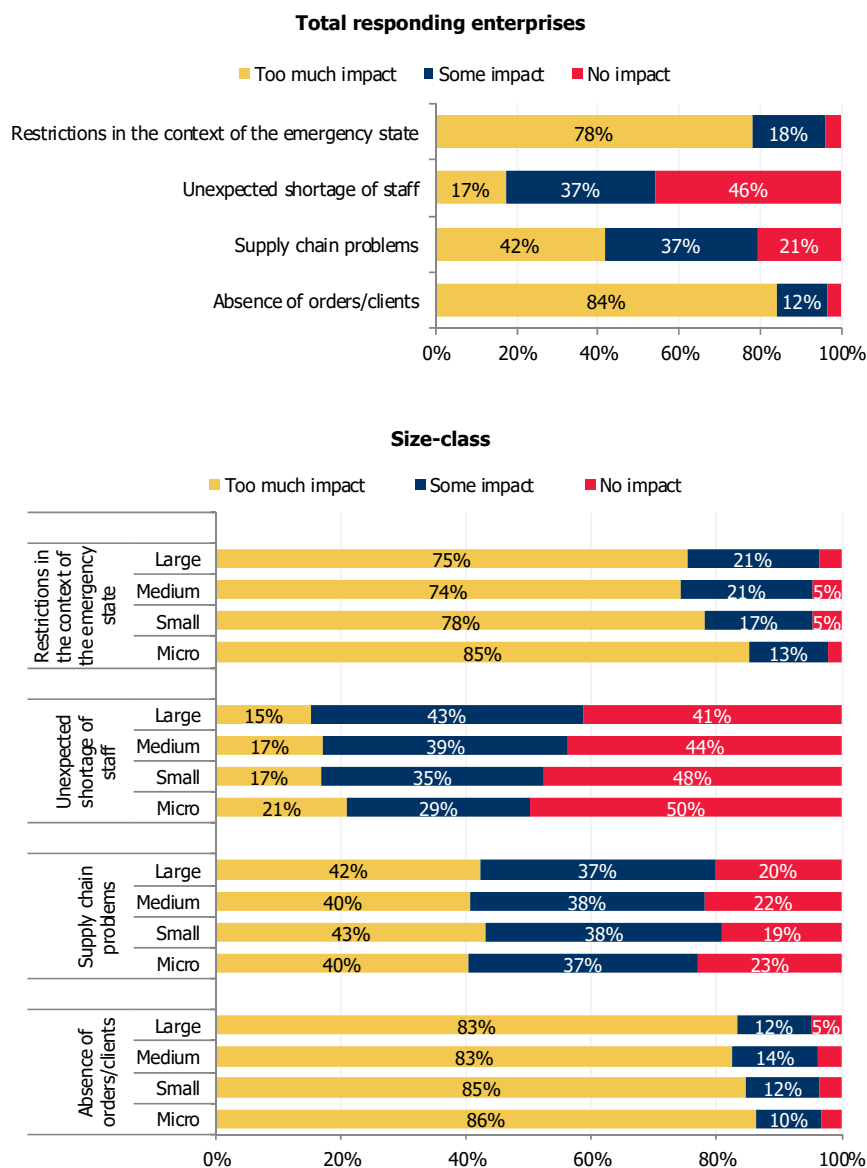


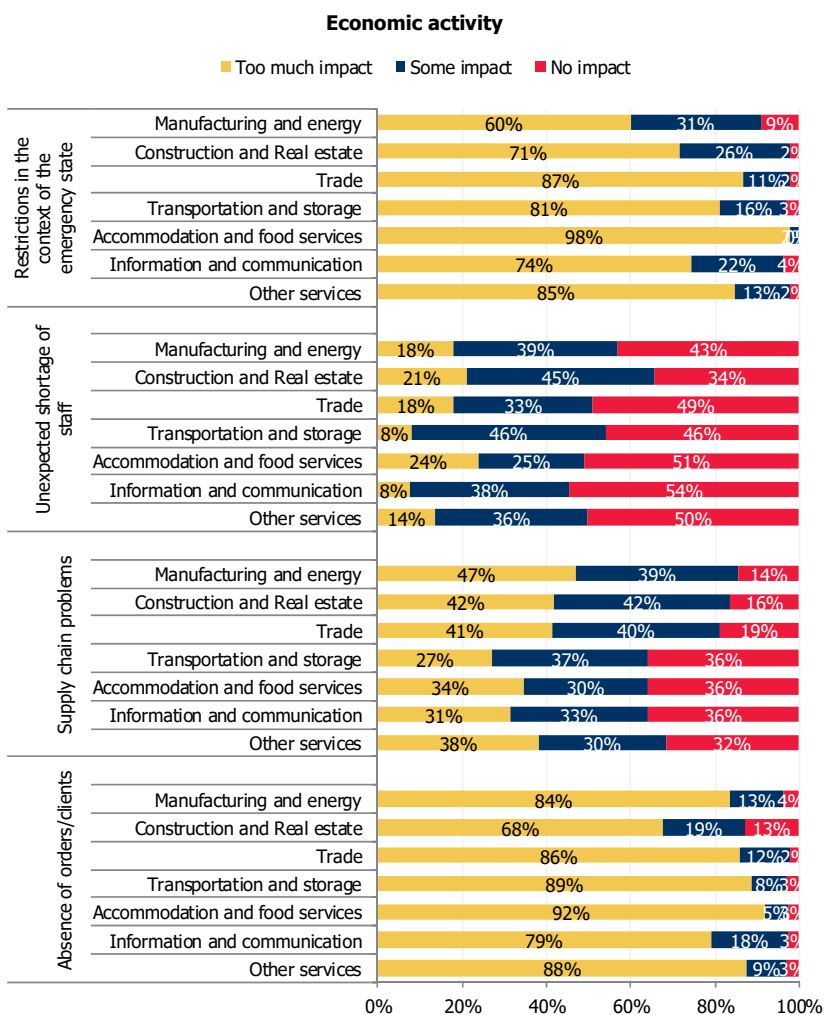
Source: Statistics Portugal and Bank of Portugal, COVID-IREE

The absence of orders/clients was the main reason for the reduction in turnover

- As factors with much impact on the reduction in turnover, the absence of orders/clients and the restrictions in the context of the state of emergency were most frequently mentioned by enterprises.
- By economic activity, the percentage of enterprises that refer to the two factors above is higher in *Accommodation and food services*. Restrictions in the context of the state of emergency are relatively less mentioned in *Manufacturing and energy*.
- The size-class of the enterprise is not a very differentiating characteristic in this subject.

Figure 4 • Reasons for reducing the turnover of the enterprises, as a % of total number of enterprises that reported a reduction





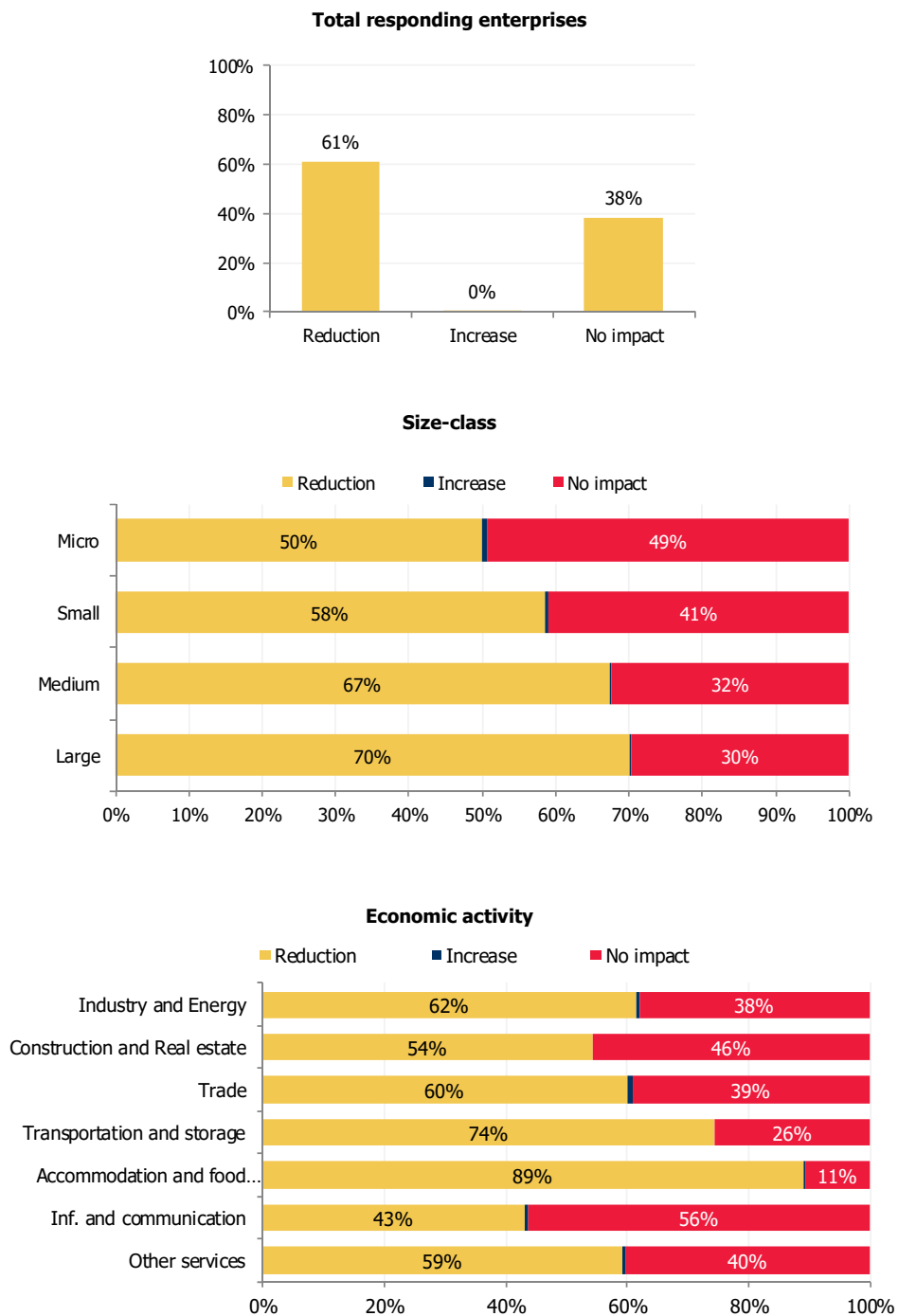
Fonte: Statistics Portugal and Bank of Portugal, COVID-IREE

Impact of the COVID-19 pandemic on persons employed during the week from 6 to 10 April 2020

61% of the enterprises reported reductions in the persons employed effectively working

- Regarding the persons employed effectively working, 61% of the enterprises reported a reduction as a result of the pandemic, while 38% registered no impact.
- The proportion of enterprises reporting a reduction increases with the size-class of the enterprise.
- By economic activity, the highest percentages of enterprises with reductions in persons employed can be observed in *Accommodation and food services* and *Transportation and storage* sectors.

Figure 5 • Impact of the COVID-19 pandemic on persons employed effectively working, as a % of the total number of enterprises in operation or temporarily closed

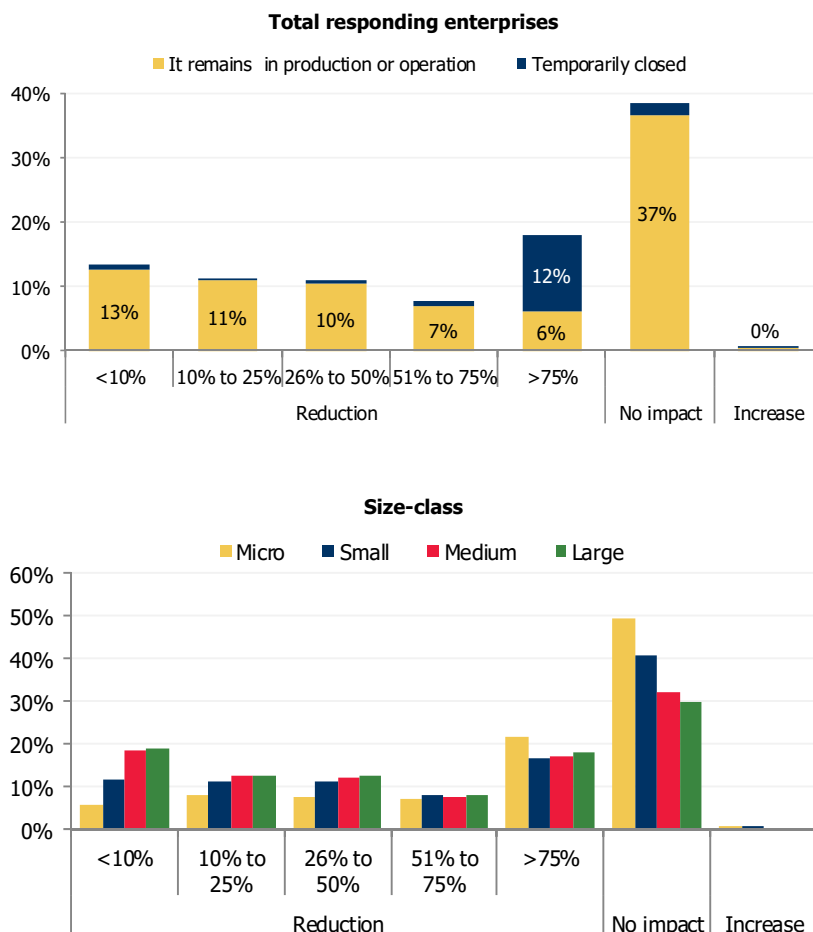


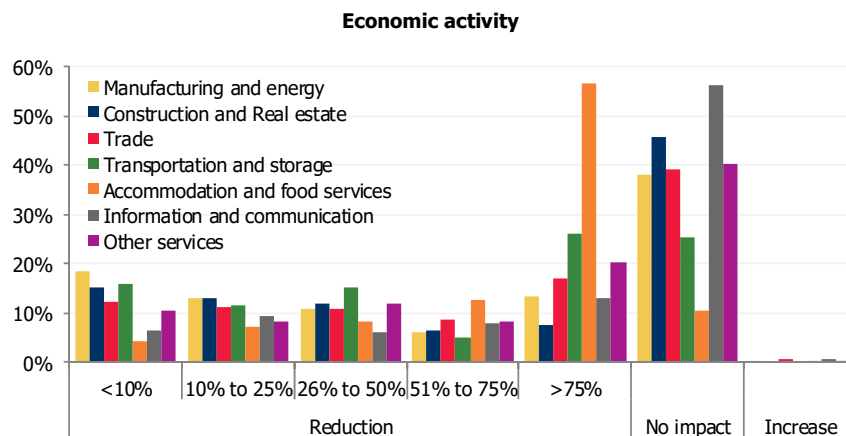
Fonte: Statistics Portugal and Bank of Portugal, COVID-IREE

26% of the enterprises reported a reduction of more than 50% in the number of persons employed effectively working

- Around 26% of the enterprises reported a reduction of more than 50% in the number of persons employed effectively working and 22% reported reductions of between 10 and 50%. In the enterprises temporarily closed, reductions in the persons employed effectively working are mostly over 75%.
- Micro enterprises record a higher proportion of reductions of more than 75%. By economic activity, it should be noted that almost 60% of enterprises in the *Accommodation and food services* sector report falls of more than 75%.

Figure 6 • Quantification of the impact of the COVID-19 pandemic on persons employed effectively working, as a % of total number of enterprises in operation or temporarily closed



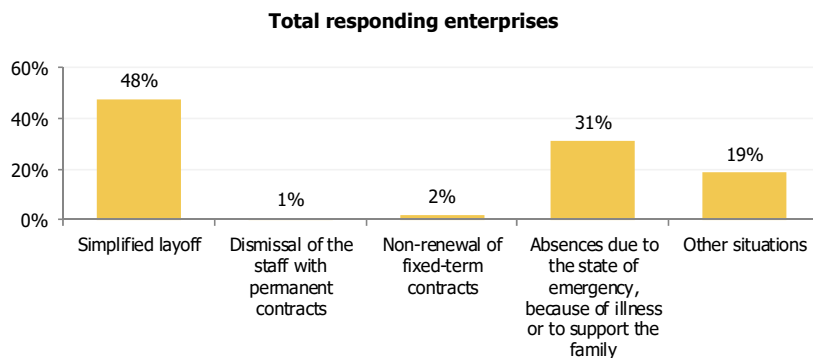


Source: Statistics Portugal and Bank of Portugal, COVID-IREE

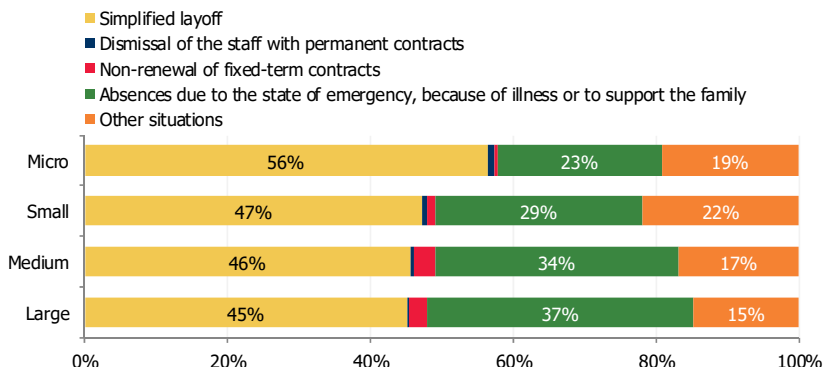
Simplified layoff was the most relevant situation for the reduction of the persons employed effectively working

- The reduction in the number of persons employed effectively working occurred mainly due to the simplified layoff and, to a lesser extent, resulted from absences within the scope of the state of emergency, due to illness or family support.
- The highest proportion of simplified layoff was observed among micro enterprises. The *Accommodation and food services* sector stands out with 90% of enterprises referring to the use of simplified layoff.

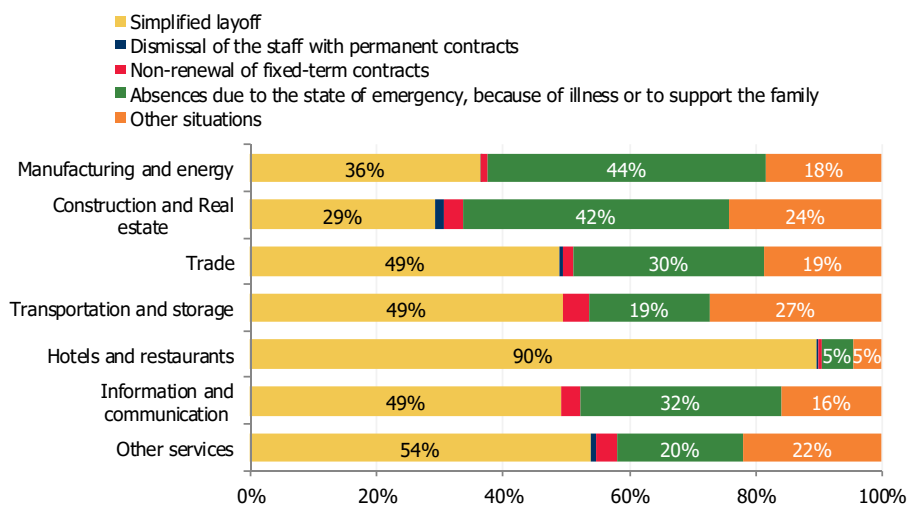
Figure 7 • Most relevant situation for the reduction of persons employed effectively working, as a % of the total number of enterprises reporting a reduction in the persons employed effectively working



Size-class



Economic activity



Fonte: Statistics Portugal and Bank of Portugal, COVID-IREE

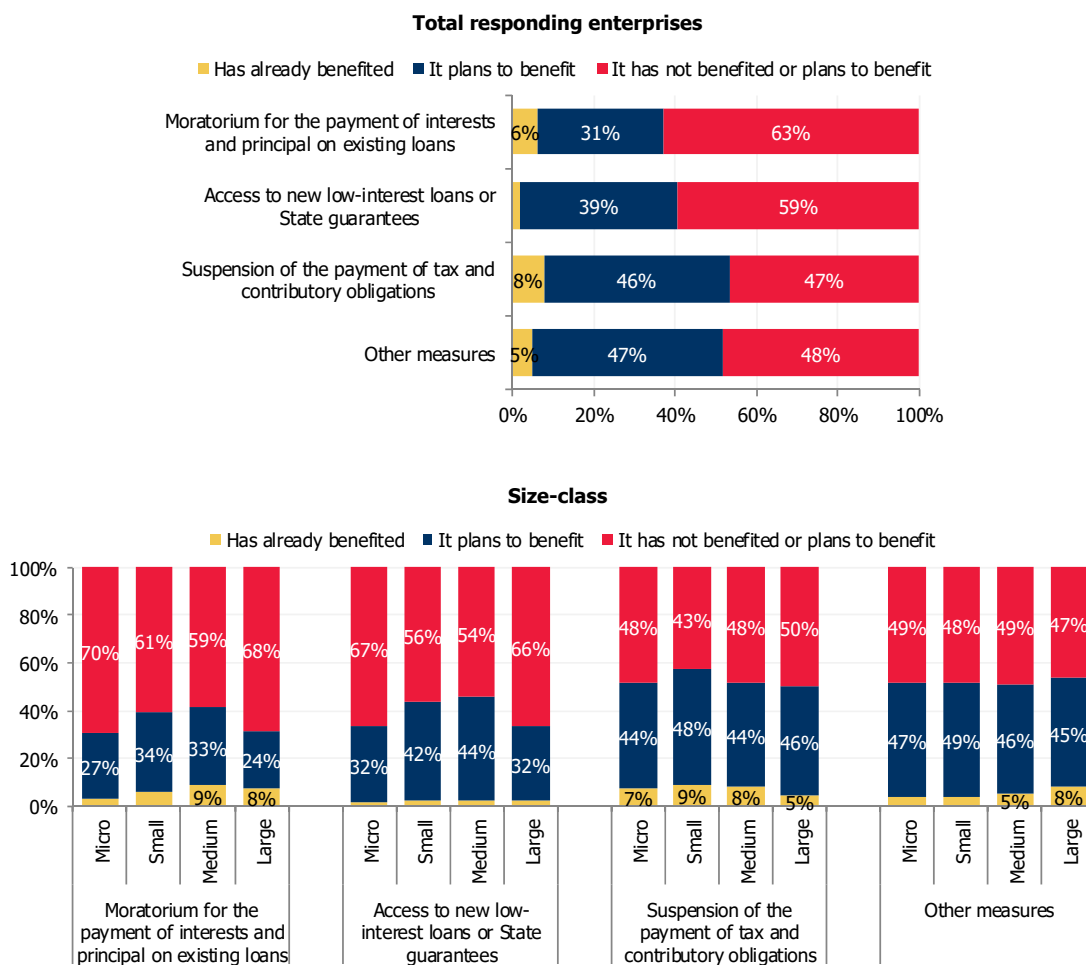
Enterprises that have benefited or intend to benefit from the measures presented by the Government due to the COVID-19 pandemic in the week from 6 to 10 April 2020

A very small percentage of enterprises have already benefited from public support measures, in addition to the simplified layoff

- A small percentage of enterprises in operation or temporarily closed have already benefited from the measures announced by the Government due to the pandemic, but there is a higher percentage that plan to benefit. However, it should be noted that a significant proportion of the enterprises neither benefited nor planned to benefit from each of the measures taken individually. Among the measures considered in this question, 54% of the enterprises have already benefited or plan to benefit from the suspension of the payment of tax and contributory obligations.

- As regards the moratorium on credits and access to new credits, the proportion of micro and large enterprises intending to use these support measures is lower.

Figure 8 • Use of the measures presented by the Government due to the COVID-19 pandemic, as a % of total number of enterprises in operation or temporarily closed



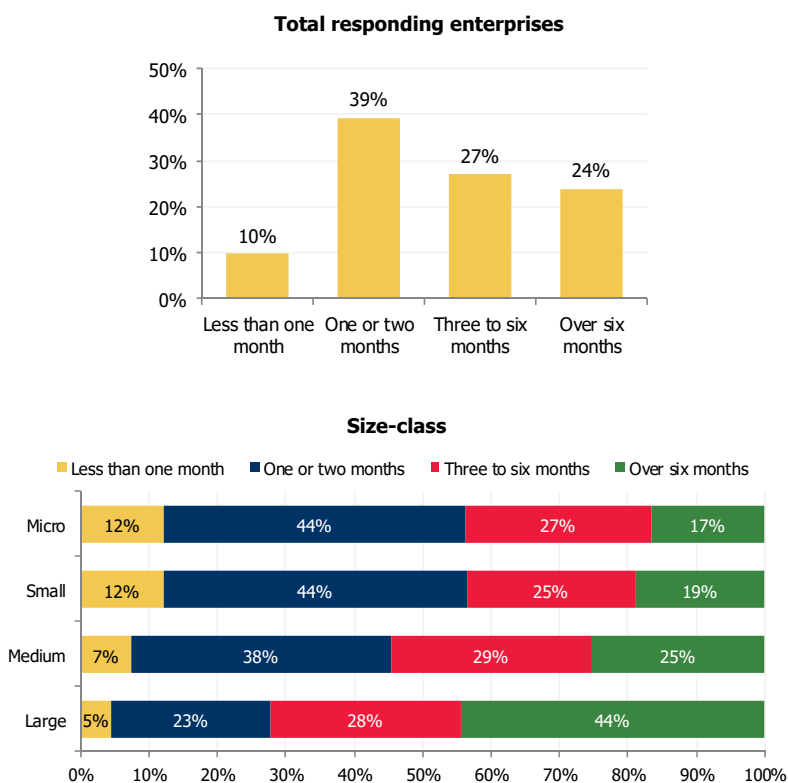
Source: Statistics Portugal and Bank of Portugal, COVID-IREE

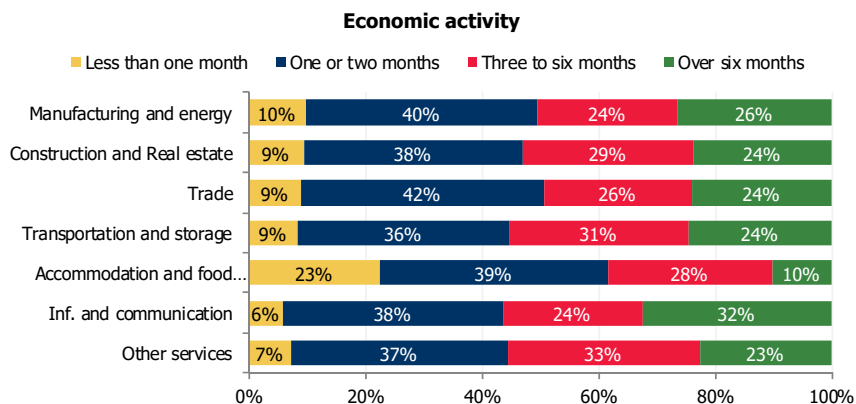
Time that enterprises plan to remain in activity without additional liquidity support measures in the week from 6 to 10 April 2020

Almost 50% of the enterprises are unable to stay in activity for more than two months without additional liquidity support measures

- Almost 50% of the enterprises reported being able to stay in activity for only 2 months without additional liquidity support measures, with 10% reporting that they are not able to stay in activity for more than one month.
- These percentages are more significant in the group of micro and small enterprises. By economic activity, highlight again for the *Accommodation and food services* sector.

Figure 9 • Remaining in activity without additional liquidity support measures, as a % of total number of enterprises in operation or temporarily closed





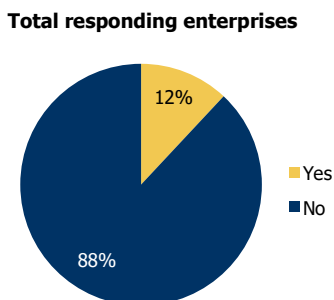
Source: Statistics Portugal and Bank of Portugal, COVID-IREE

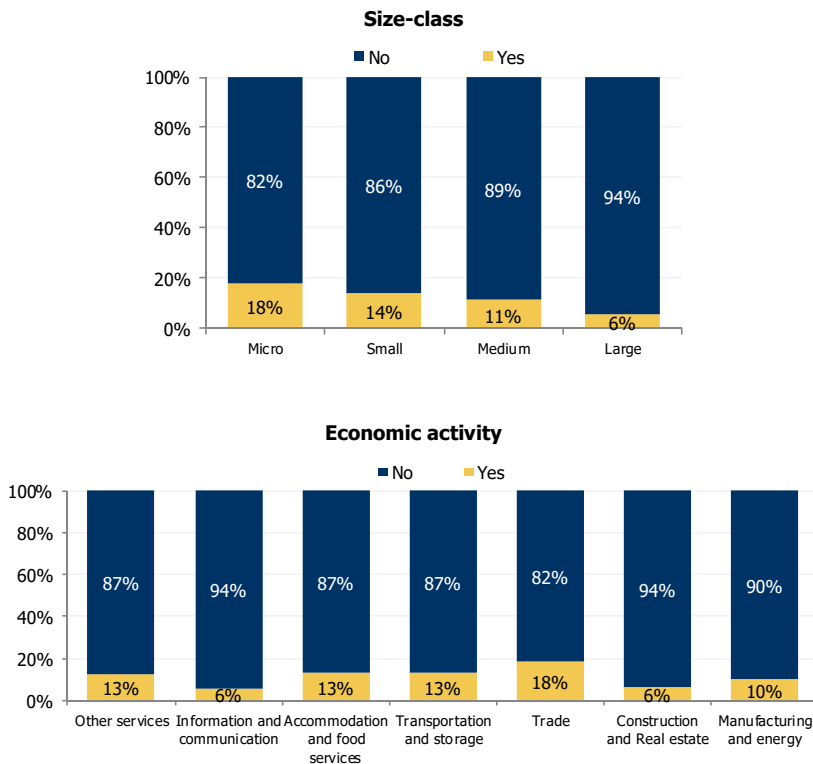
Access to credit for enterprises in the week from 6 to 10 April 2020

Around 12% of the enterprises in operation or temporarily closed increased their use of credit in the previous week

- Around 12% of the enterprises resorted to additional credit in the previous week, this percentage being higher in micro-sized enterprises and lower in large ones.
- By economic activity, the highest percentage of enterprises that resorted to additional credit belongs to the *Trade* sector.

Figure 10 • Recourse to additional credit in the previous week, as a % of total number of enterprises in operation or temporarily closed



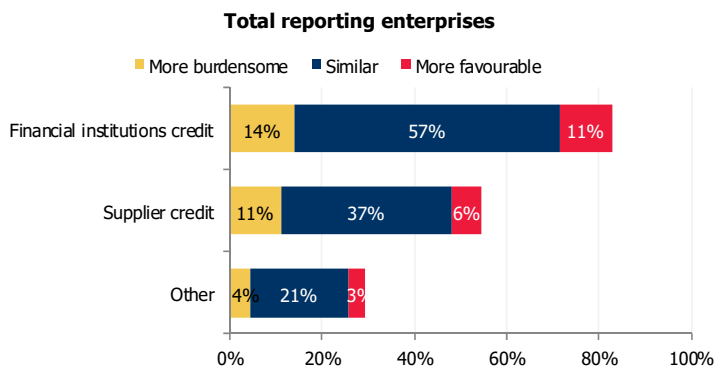


Source: Statistics Portugal and Bank of Portugal, COVID-IREE

Most of the new credits were on similar terms to those previously applied

- Among the enterprises that increased their use of credit, 82% reported an increase in financing from financial institutions and 54% reported an increase in supplier credit.
- In most cases, the new credits were subject to conditions similar to those previously applied.

Figure 11 • Additional credit conditions in the previous week by credit type, as a % of the total number of enterprises using additional credit

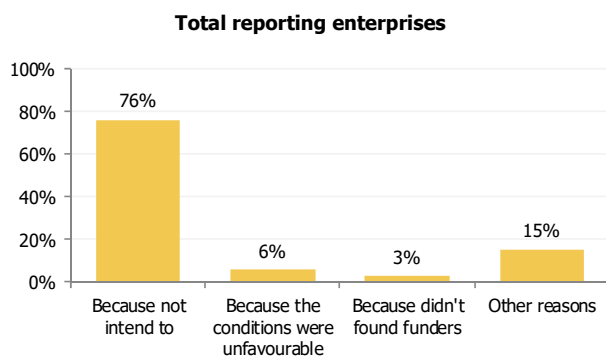


Source: Statistics Portugal and Bank of Portugal, COVID-IREE

Among the group of enterprises that did not increase the use of credit, 76% reported that they did not use additional credit because they did not intend to

- The reasons for not using additional credit are similar in terms of enterprise size-class and economic activity.

Figure 12 • Reasons for not using additional credit the previous week, as a % of the total number of enterprises using additional credit



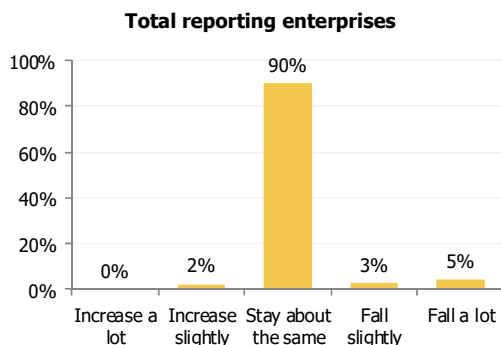
Source: Statistics Portugal and Bank of Portugal, COVID-IREE

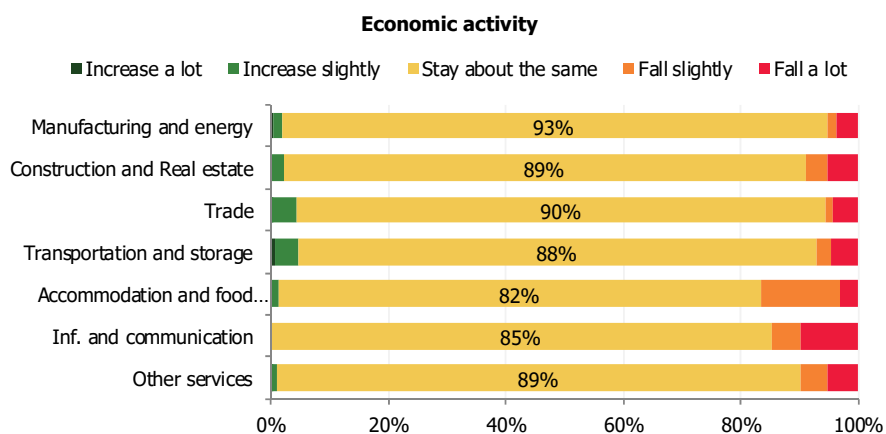
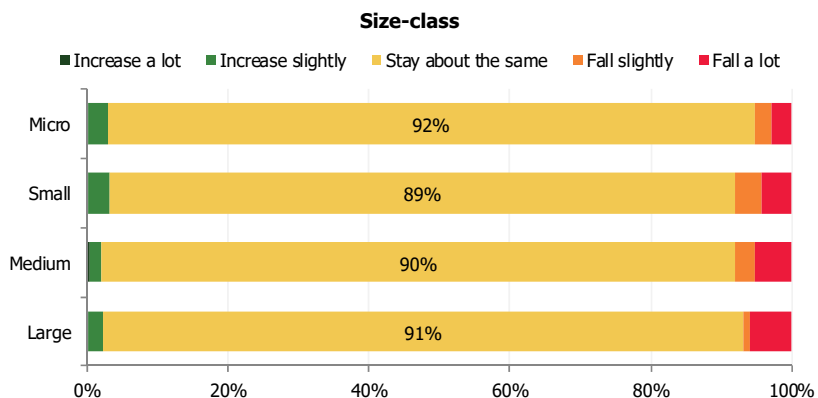
Impact on prices due to the COVID-19 pandemic in the week from 6 to 10 April 2020

Most of the enterprises reported price maintenance

- 90% of the enterprises reported that their prices should remain unchanged and 7% reported that they should decrease. These intentions are relatively uniform across size classes.
- The proportion of enterprises that intend to reduce sales prices is slightly more significant (16%) in the *Accommodation and food services* sector.

Figure 13 • Expected price change by enterprises this week, as a % of total number of enterprises in operation or temporarily closed





Source: Statistics Portugal and Bank of Portugal, COVID-IREE

SUMMARY OF RESULTS

The results of the 1st reporting week (week from 6 to 10 April 2020) indicate that:

- Around 82% of the responding enterprises were still in production or operation. By economic activity, the percentage of enterprises temporarily or definitely closed is higher in the *Accommodation and food services* sector (55% and 7% respectively).
- Most enterprises in operation or temporarily closed reported reductions in turnover and in the number of persons employed effectively working as a result of the pandemic in the reference week (80% and 61% of the enterprises, respectively). 37% of the enterprises reported a reduction of more than 50% in turnover and 26% reported a reduction of more than 50% in the number of persons employed.
- A significant percentage of enterprises have already made use of the simplified layoff. For other recently implemented public support measures, only a very small percentage of enterprises have already benefited from these measures, but there is a higher percentage that plan to benefit. However, a significant proportion of enterprises do not plan to use each of the measures considered individually (excluding the simplified layoff).
- Almost 50% of the enterprises claim to have no liquidity conditions to remain in activity for more than two months without additional liquidity support measures.



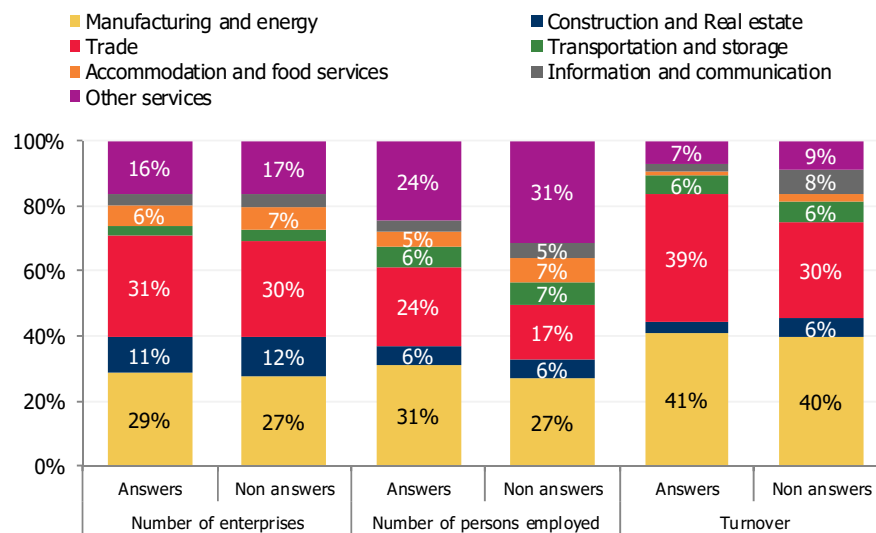
- Around 12% of the enterprises used additional credit in the previous week, this percentage being higher in micro-sized enterprises and lower in large ones (18% and 6%, respectively). Most of the new loans were taken out on similar terms as before.
- The intention to maintain prices is mentioned by 90% of the enterprises, while 7% reported that they should decrease, a percentage that is more than doubled in the *Accommodation and food services* sector.

Technical note

The statistical data disclosed in this information note correspond to those collected by the Fast and Exceptional Enterprise Survey – COVID-19 (COVID-IREE), in the week from 6 to 10 April 2020. The survey was addressed to a broad range of micro, small, medium and large enterprises representative of the various sectors of economic activity, the sample being 8,883 enterprises. A total of 4,793 valid replies were obtained, representing an overall response rate of 54%. The respondent enterprises represent 54% of the persons employed and 65% of the turnover of the sample.

The following graph shows the distribution between responding and non-responding enterprises, in terms of the number of enterprises, persons employed and turnover, as a % of total enterprises in the sample, by economic activity:

Figure 14 • Structure of the number of enterprises, persons employed and turnover, as a % of total number of responding and non-responding enterprises by economic activity



Source: Statistics Portugal and Bank of Portugal, COVID-IREE

Applying a simple *Probit* model to assess the probability of response to the survey, a lower probability of response of micro and small enterprises was observed, and the possible bias resulting from this should be considered in the analysis. However, there was no evidence of bias associated with the sector of economic activity of the enterprise.

This survey is conducted weekly in order to obtain urgent information on the consequences of the current pandemic (COVID-19) on business activity.

The collection of information starts on Monday and finishes at the end of Friday.

The frequency of the survey and the starting and finishing dates of data collection are indicative and may be revised if circumstances can justify it.

In this information note were considered:

- A) 4 enterprise size-classes: Micro enterprise (number of persons employed < 10 and turnover ≤ EUR 2 million); Small enterprise (number of persons employed < 50, turnover ≤ EUR 10 million and not classified as micro enterprise); Medium enterprise (number of persons employed < 250, turnover ≤ EUR 50 million and not classified as micro or small enterprise); and Large enterprise (number of persons employed ≥ 250 or turnover > EUR 50 million)
- B) 7 groups of economic activities: Manufacturing and energy (sections B to E from CAE Rev.3), Construction and real estate (sections F and L from CAE Rev.3), Distributive trade (sections G from CAE Rev.3), Transportation and storage (sections H

from CAE Rev.3), Accommodation and food services (section I from CAE Rev.3), Information and communication (section J from CAE Rev.3), and Other services (section M to S from CAE Rev.3, except section O). This classification is based on the A10 nomenclature of the European System of Accounts (ESA2010).

Expected date for the next dissemination:

21 April 2020

Acronyms:

%	Percentage
CAE-Rev.3	Portuguese Classification of Economic Activities, Revision 3
COVID-19	New coronavirus
COVID-IREE	Fast and Exceptional Enterprise Survey – COVID-19

Information to users:

For issues related to the rounding of values, the totals, in value or percentage, may not correspond exactly to the sum of their parts.