

28 April 2020

Fast and Exceptional Enterprise Survey – COVID-19

Week from 20 to 24 April 2020

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

The results of the 3rd reporting week (week from 20 to 24 April 2020) confirm the developments identified in the previous two weeks.

The percentage of responding enterprises that reported decreases in turnover and persons employed effectively working remained high (80% and 59%, respectively). 39% 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 effectively working.

The use of simplified layoff has increased, corresponding to the main factor for the reduction of persons employed effectively working, having been pointed out by 54% of the enterprises (52% in the previous week).

Excluding the simplified layoff, the proportion of enterprises that do not plan to use the support measures has increased in the last week, reaching proportions between 48% and 59%, depending on the measure. Among the measures considered, 13% of the enterprises already benefited from the suspension of tax and contributory obligations and 10% from the moratorium for the payment of interests and principal on existing credits.

A new characteristic has been introduced for analysis: enterprises with or without an exporting profile. By size-class, enterprises with an exporting profile are mostly medium or large enterprises (65%). In the case of enterprises without an exporting profile, smaller enterprises predominate (63% are micro or small enterprises). In enterprises with an exporting profile there were a higher proportion of enterprises in operation (88% compared to 82% in the others). The percentage of enterprises with an exporting profile that reported decreases in turnover and persons employed was slightly higher than average, but the reported reductions were relatively smaller. The use of simplified layoff was reported by 47% of these enterprises (57% in enterprises without an exporting profile).

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 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 the change in its frequency to a two weeks period is being assessed.

It is important to note that the results of this survey refer **exclusively** to the responding enterprises in each reporting week which still constitute a significant mass of the business sector (about 5.8 thousand in this third week) ¹. These enterprises basically correspond to a representative sample underlying the calculation and compilation of the monthly sectoral turnover indices published by Statistics Portugal. For further information, it is recommended to read the technical note.

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.

SUMMARY OF RESULTS

The results of the 3rd reporting week (week from 20 to 24 April 2020) indicate that:

- Around 83% of the responding enterprises were still in production or operation, even partially. By economic activity, this percentage continues to be significantly lower in *Accommodation and food services* (41%). In enterprises with an exporting profile there were a lower proportion of closed enterprises (temporarily and definitely).
- A significant proportion of the responding enterprises reported having adapted their activity due to the pandemic, either by diversifying or modifying production or by changing or strengthening distribution channels (27% and 20%, respectively).
- 80% of the responding enterprises reported that the pandemic led to a decrease in turnover (the same proportion as in the previous week), with a large proportion of enterprises (39%) reducing their turnover by more than 50%, mainly reflecting the absence of orders/clients and mobility restrictions in the context of the state of emergency.
- 59% of enterprises reported reductions in persons employed effectively working, with 26% reporting a reduction of more than 50%. Compared to the previous week, there were a higher proportion of enterprises identifying the simplified layoff as the main factor for the reduction of persons employed (54% compared to 52%).
- The percentage of enterprises with an exporting profile that reported decreases in turnover and persons employed was slightly higher, but the reported reductions were relatively smaller.
- The percentage of enterprises (in operation or temporarily closed) that have already benefited from other measures announced by the Government, in addition to the simplified layoff, increased slightly compared to the previous week, but remained small. The percentage of enterprises planning to benefit has decreased in the last week, while the proportion of enterprises that still do not plan the use of support measures has increased, reaching proportions between 48% and 59%, depending on the measure.

¹Number of valid responses until the end of 24 April, corresponding to a response rate of 65.6%, similar to last week's response rate. The results of the previous week have been slightly revised by the inclusion of a hundred responses that were submitted during the past Saturday and Sunday.

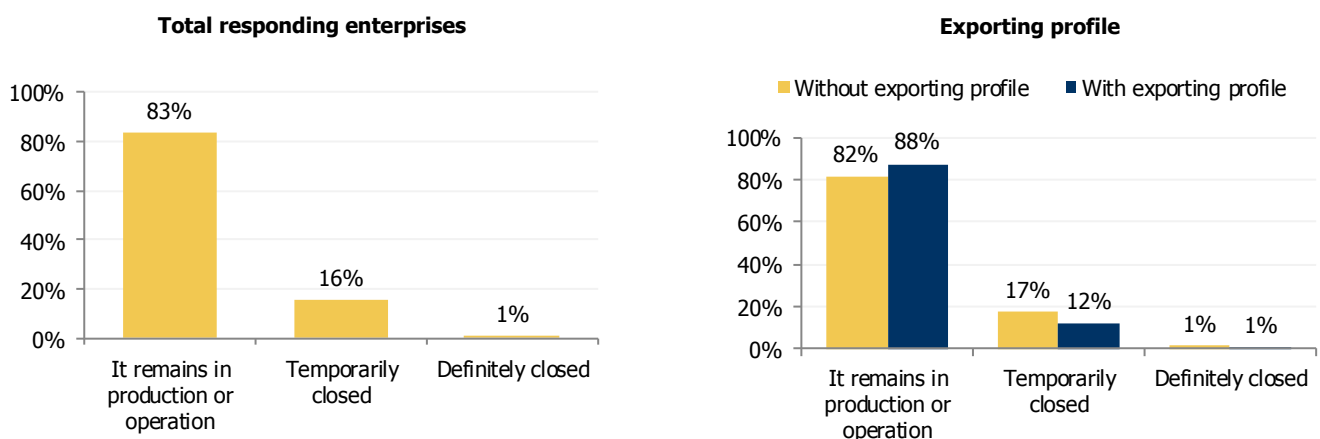
- Around 12% of the enterprises used additional credit in the previous week, this percentage being higher in enterprises with an exporting profile (15% compared with 11% in the others). Most of the new loans continued to be taken out on similar terms as before.

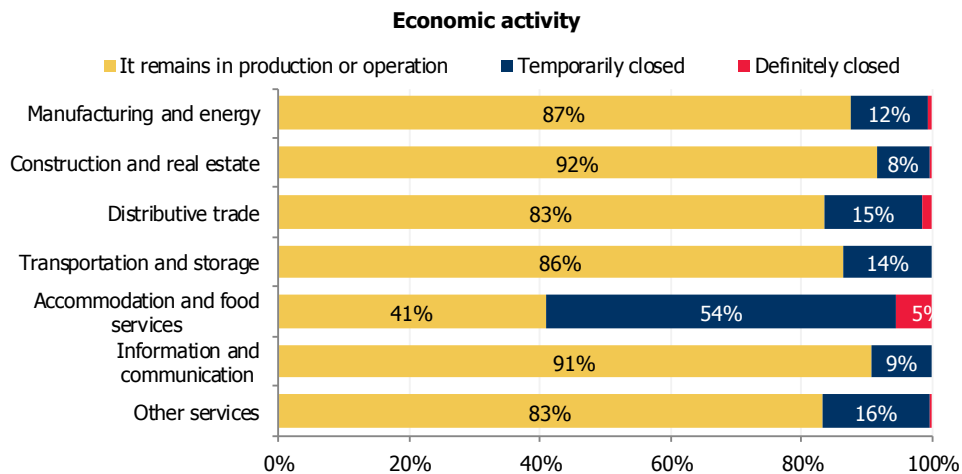
Situation of the enterprises in the week from 20 to 24 April 2020

83% of the responding enterprises remained in operation, even partially

- 83% of the enterprises remained in production or operation, even partially. Around 16% of the enterprises were temporarily closed, while 1% had been definitely closed.
- The percentage of enterprises with an exporting profile that remained in operation was 88% (82% for non-exporting enterprises).
- The percentage of closed enterprises (temporarily and definitely) is higher in the *Accommodation and food services* sector. In the *Transportation and storage* sector the percentage of enterprises temporarily closed increased in the last week (from 10% to 14%).
- The restrictions in the context of the state of emergency and the absence of orders/clients remained the reasons mentioned as having the most impact for the definitive closure of the enterprises.

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





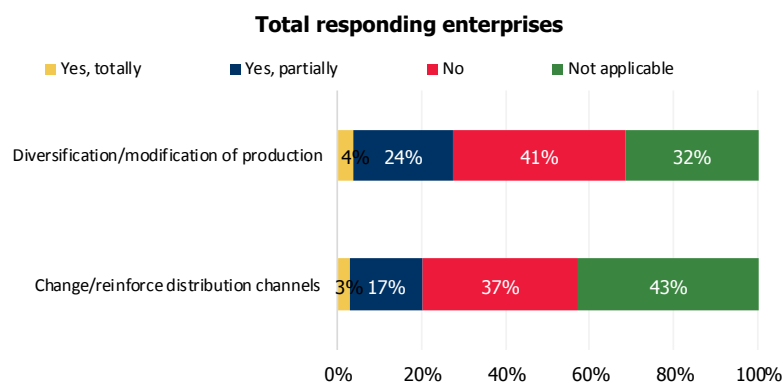
Source: Statistics Portugal and Bank of Portugal, COVID-IREE

Adaptation of enterprise activity due to the pandemic in the week from 20 to 24 April 2020

A significant proportion of enterprises reported an adaptation of activity due to the pandemic

- 27% of the enterprises diversified or changed their production and 20% changed or strengthened their distribution channels, either totally or partially, as a result of the pandemic.
- There are no significant differences in the responses by enterprise size-class. By exporting profile, mention should be made on the lower percentage of exporting enterprises that changed or strengthened distribution channels.
- By economic activity, the percentage of enterprises in the *Information and communication* sector that have diversified or modified their activity stands out.

Figure 2 • Adaptation of enterprise activity in the week due to the pandemic, as a % of the total number of enterprises in operation or temporarily closed



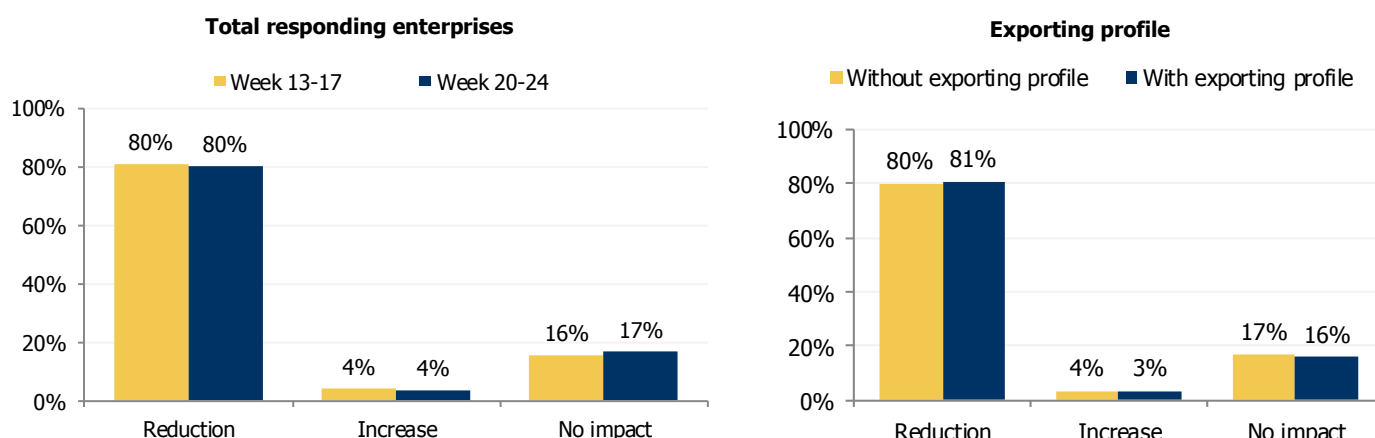
Source: Statistics Portugal and Bank of Portugal, COVID-IREE

Impact of the COVID-19 pandemic on turnover in the week from 20 to 24 April 2020

80% of the enterprises continued to register a decrease in turnover due to the pandemic

- Regarding the expected situation without pandemic, 80% of the enterprises in operation or temporarily closed reported a negative impact on turnover and 4% a positive impact, similar to the previous week.
- The percentage of enterprises with an exporting profile reporting a reduction in turnover was slightly higher than the other enterprises (81% and 80%, respectively).
- By enterprise size-class and economic activity, proportions similar to those of the previous week were recorded, with the *Accommodation and food services* sector continuing to stand out, with 96% of enterprises in this sector reporting reductions in turnover.

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

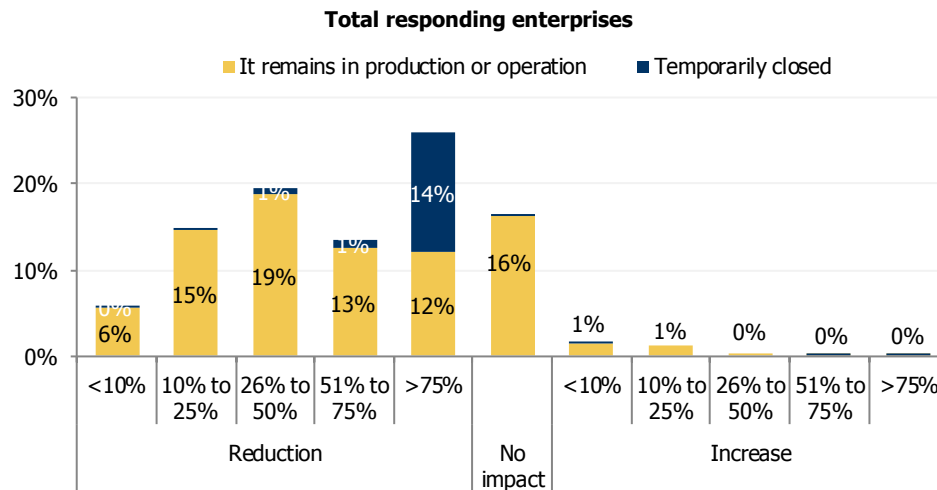


Source: Statistics Portugal and Bank of Portugal, COVID-IREE

39% of the enterprises once again reported a reduction of more than 50% in turnover

- 39% of the enterprises reported a reduction of more than 50% in turnover during the week from 20 to 24 April. 34% of enterprises reported reductions in turnover of between 10% and 50%.
- Temporarily closed enterprises mostly report reductions of more than 75%.
- The percentage of enterprises that reported reductions of more than 75% in turnover continued to be higher among micro enterprises and in the *Accommodation and food services* sector. This percentage was slightly lower than the total in enterprises with an exporting profile.

Figure 4 • Quantification of the impact of the COVID-19 pandemic on turnover, as a % of total number of enterprises in operation or temporarily closed

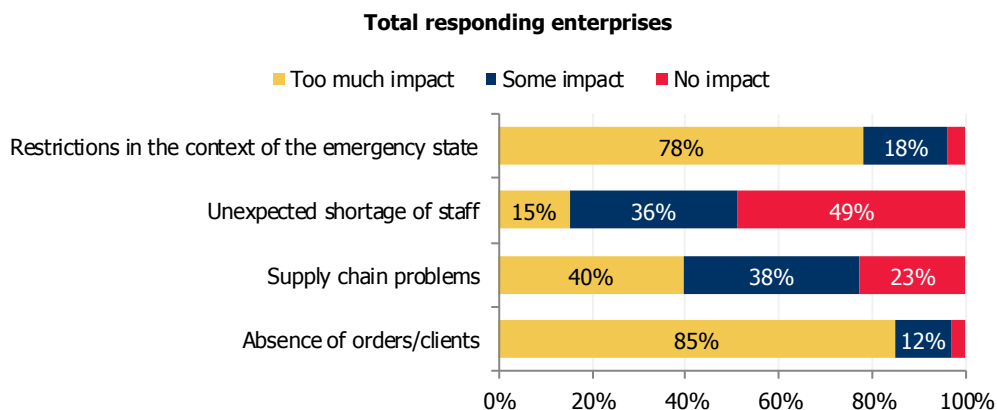


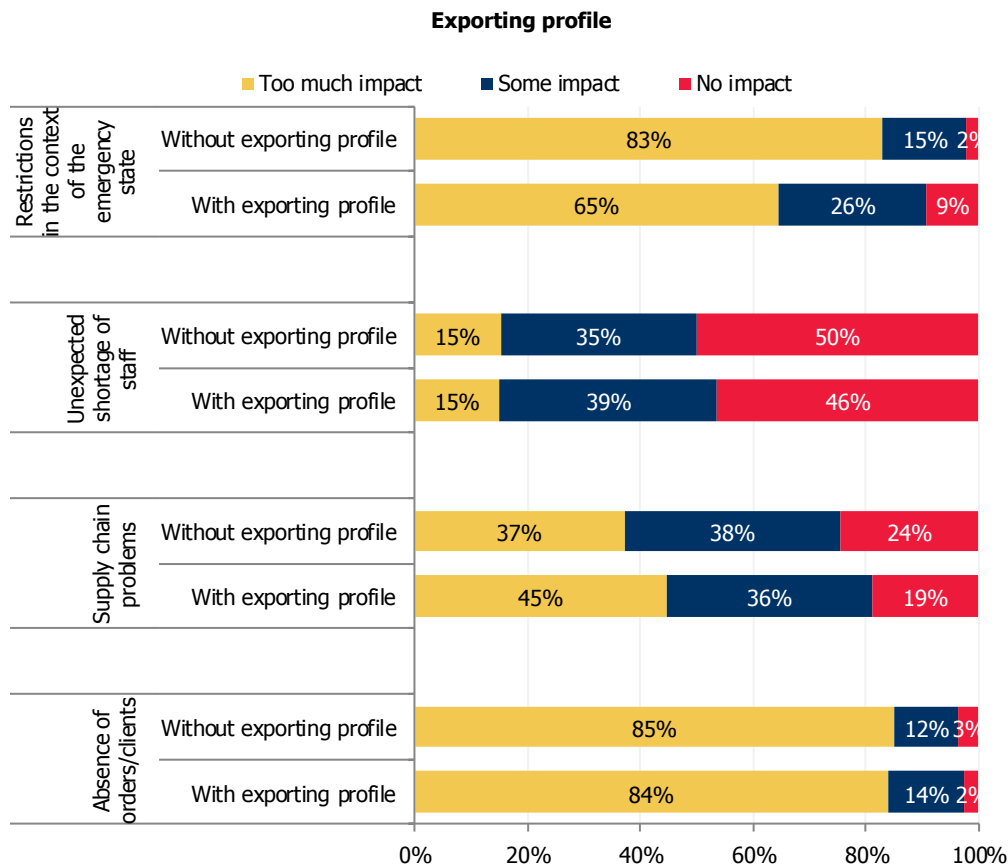
Source: Statistics Portugal and Bank of Portugal, COVID-IREE

The absence of orders/clients remained the reason with the greatest impact for the reduction in turnover

- The absence of orders/clients and restrictions in the context of the state of emergency continued to be frequently referred to as factors having a major impact on reducing turnover.
- By size-class, the percentage of micro enterprises that reported these factors as having a large impact on the reduction of turnover was slightly higher than the others.
- Compared to the total, enterprises with an exporting profile reported fewer the restrictions in the context of the state of emergency (65%, compared to 83% for non-exporters) and more the problems in the supply chain (45%, compared to 37%).
- By economic activity, the percentage of enterprises that reported the absence of orders/clients continued to exceed 90% in *Accommodation and food services* and in *Transportation and storage*.

Figure 5 • Reasons for reducing the turnover of the enterprises, as a % of total number of enterprises that reported a reduction





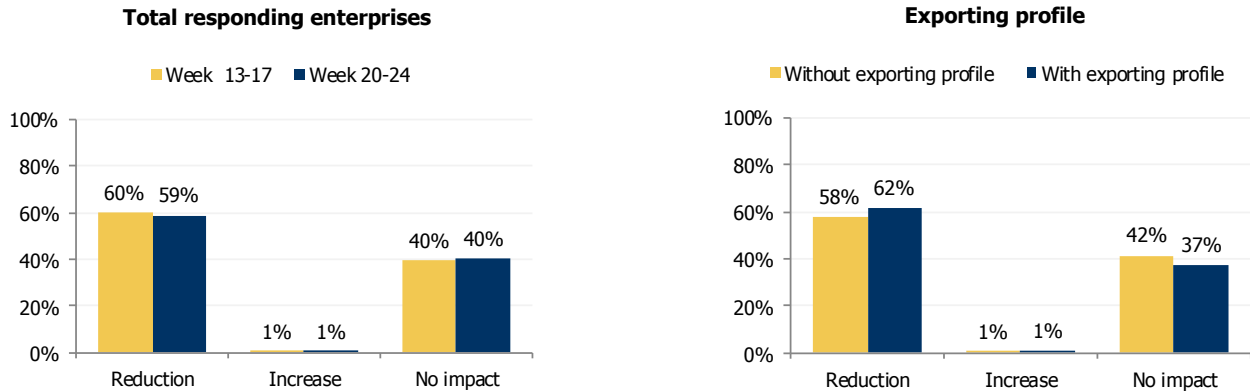
Source: Statistics Portugal and Bank of Portugal, COVID-IREE

Impact of the COVID-19 pandemic on persons employed during the week from 20 to 24 April 2020

59% of the enterprises reported reductions in persons employed effectively working

- As a result of the pandemic, 59% of the enterprises reported a reduction in persons employed effectively working, while 40% continued to report no impact.
- The percentage of enterprises with an exporting profile that reported reductions in persons employed effectively working was 62% (58% in the case of non-exporting enterprises).
- The proportion of enterprises reporting a reduction increases with the size-class of the enterprise and, by economic activity, the highest percentage of enterprises with reductions in persons employed continued to occur in *Accommodation and food services*.

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

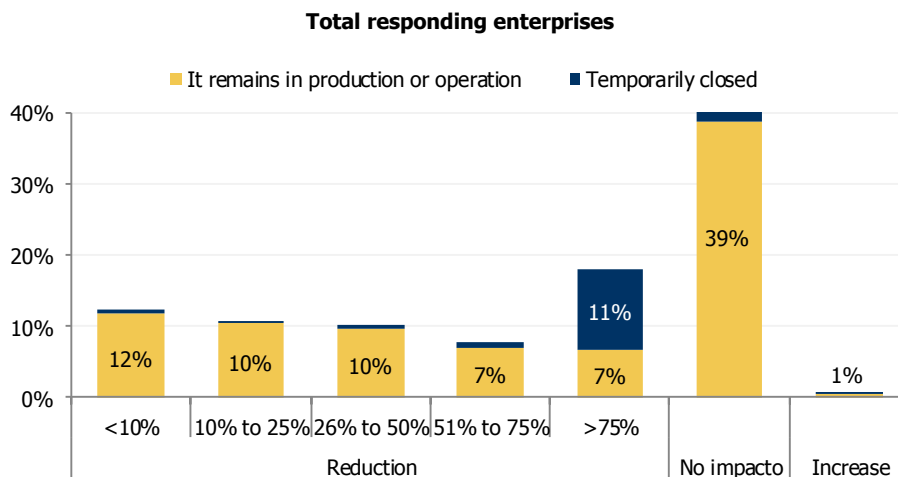


Source: Statistics Portugal and Bank of Portugal, COVID-IREE

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

- Considering the expected situation without pandemic, 26% of the enterprises reported a reduction of more than 50% in the number of persons employed effectively working and 21% reported reductions of between 10% and 50%. The temporarily closed enterprises mostly reported reductions in persons employed effectively working above 75%.
- Reductions of more than 75% in persons employed continued to be reported more frequently by micro enterprises and in the *Accommodation and food services* sector. Exporting enterprises reported more frequently reductions of smaller magnitude.

Figure 7 • 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

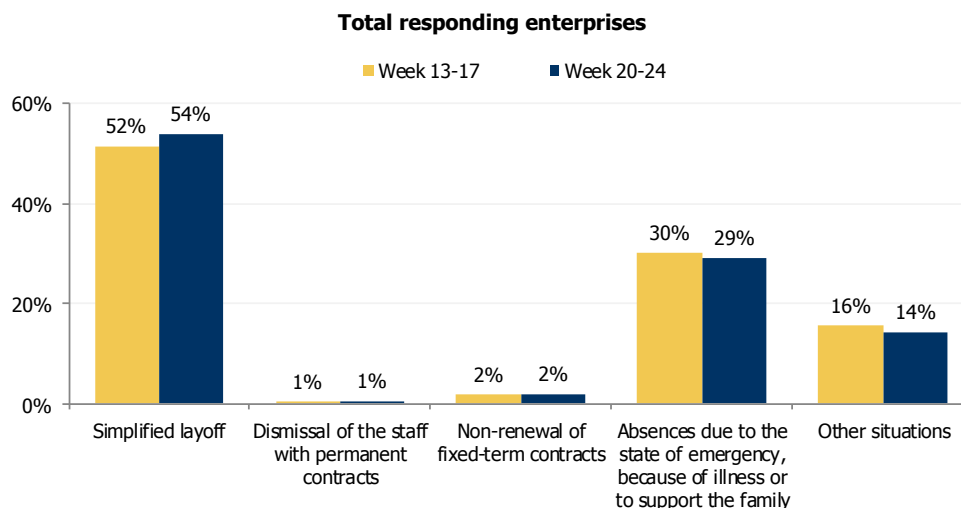


Source: Statistics Portugal and Bank of Portugal, COVID-IREE

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

- The most relevant situation for the reduction of persons employed effectively working remained the simplified layoff, noted by 54% of enterprises (52% in the previous week), followed by the absences due to the state of emergency, because of illness or to support the family, reported by 29% of enterprises.
- By size-class, this proportion remained higher in micro enterprises and, by economic activity, in *Accommodation and food services*.
- Regarding the exporting profile, it was the non-exporting enterprises that made the most use of the simplified layoff.

Figure 8 • 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



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

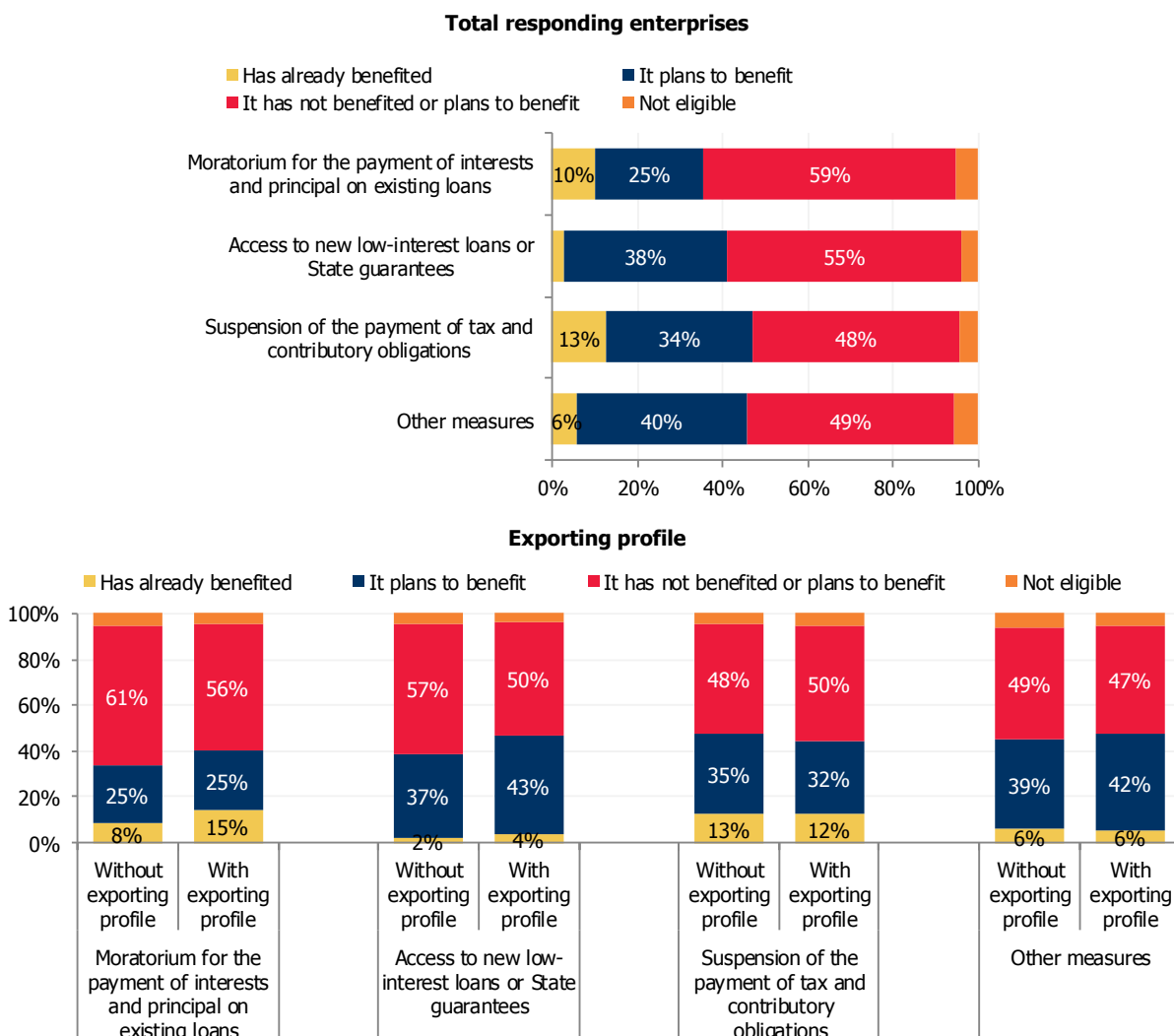
Enterprises that have benefited or intend to benefit from the measures presented by the Government due to the COVID-19 pandemic in the week from 20 to 24 April 2020

13% of the responding enterprises have already benefited from the suspension of tax and contributory obligations

- The percentage of enterprises in operation or temporarily closed that already benefited from the measures announced by the Government due to the pandemic increased slightly compared to the previous week, but remained small. The percentage of enterprises planning to benefit has decreased in the last week.

- Among the measures considered in this question, 13% of the enterprises have already benefited from the suspension of tax and contributory obligations and 10% of the moratorium for the payment of interests and principal on existing credits.
- Excluding the simplified layoff, the proportion of enterprises that continued to not pretend to benefit from support measures increased, reaching proportions between 48% and 59%, depending on the measure.
- The *Accommodation and food services* sector continued to register higher proportions of enterprises that have already benefited or intend to benefit from the support measures.
- Enterprises with an exporting profile refer in a greater proportion to the use (carried out or prospective) of the moratorium for the payment of interests and principal on existing credits (40%) and access to new low-interest loans or State guarantees (47%).

Figure 9 • 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



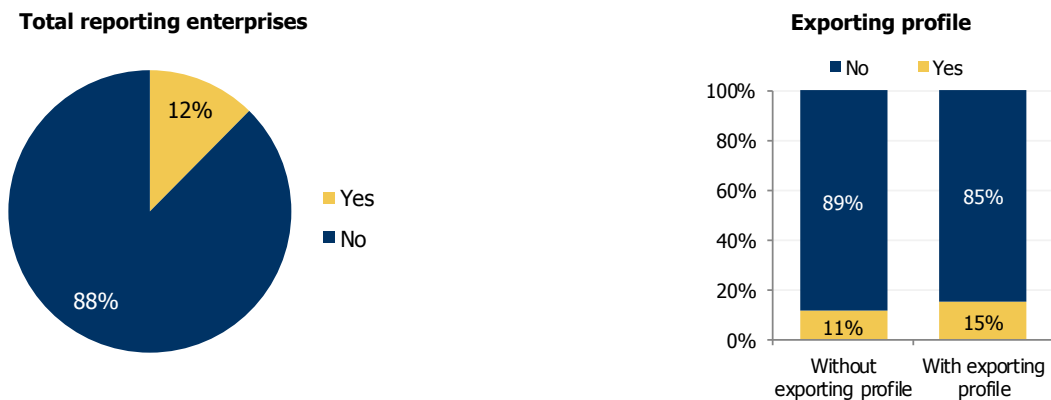
Source: Statistics Portugal and Bank of Portugal, COVID-IREE

Access to credit for enterprises in the week from 20 to 24 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.
- The percentage of enterprises with an exporting profile that resorted to additional credit was higher than the other enterprises (15% and 11%, respectively).
- The percentage of enterprises using additional credit is higher the larger the size-class of the enterprise.
- The *Accommodation and food services* sector stands out for the higher percentage of enterprises that used additional credit (23%).

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

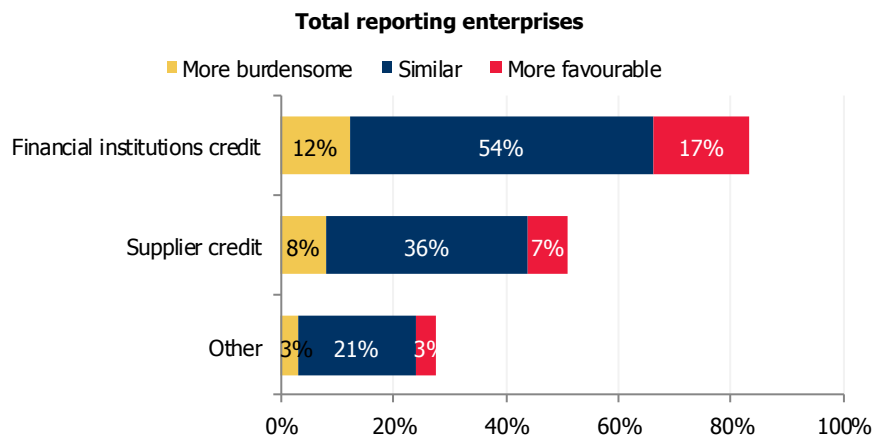


Source: Statistics Portugal and Bank of Portugal, COVID-IREE

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

- Among the enterprises that increased their use of credit, 83% reported an increase in financing from financial institutions and 51% reported an increase in supplier credit. In most cases, the new credits presented conditions similar to those previously applied.
- Among the group of enterprises that did not increase the use of credit, the majority continued to mention that they did not use additional credit because they did not intend to. The reasons underlying the lack of recourse to additional credit are similar in terms of exporting profile, enterprise size-class and economic activity.

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

Main results in the week from 20 to 24 April 2020

Figure 12 • Main results in the week from 20 to 24 April 2020

Total reporting enterprises and Economic activity



Situation of the enterprises

83% of enterprises in operation
being that:

- 41% in Accommodation and food services
- 92% in Construction and real estate



Activity diversification/modification

27% of enterprises diversified or modified the activity
being that:

- 38% in Information and communication
- 21% in Transportation and storage

20% of enterprises adapted or strengthened the distribution channels
being that:

- 29% in Distributive trade
- 11% in Manufacturing and energy



Impact on turnover

80% of enterprises reported a reduction
being that:

- 96% in Accommodation and food services
- 73% in Construction and real estate



Impact on persons employed

59% of enterprises registered a reduction
being that:

- 84% in Accommodation and food services
- 45% in Information and communication



Simplified layoff

54% of enterprises mentioned as the most relevant situation for the reduction of people in service
being that:

- 89% in Accommodation and food services
- 36% in Construction and real estate

Exporting profile



With exporting profile

- 88% of enterprises in operation
- 27% of enterprises diversified or modified the activity
- 15% of enterprises adapted or strengthened the distribution channels
- 81% of enterprises reported a reduction in turnover
- 62% of enterprises reported a reduction in persons employed effectively working
- 47% of enterprises referred to the simplified layoff as the most relevant situation for the reduction in persons employed effectively working



Without exporting profile

- 82% of enterprises in operation
- 28% of enterprises diversified or modified the activity
- 22% of enterprises adapted or strengthened the distribution channels
- 80% of enterprises reported a reduction in turnover
- 58% of enterprises reported a reduction in persons employed effectively working
- 57% of enterprises referred to the simplified layoff as the most relevant situation for the reduction in persons employed effectively working

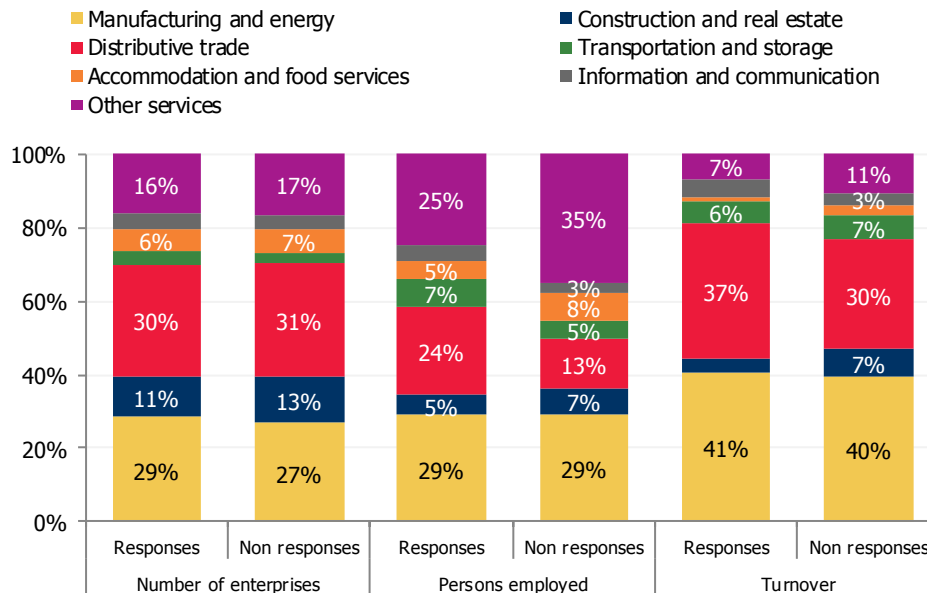
Source: Statistics Portugal and Bank of Portugal, COVID-IREE

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 20 to 24 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 5,830 valid replies were obtained, representing an overall response rate of 65.6%. The respondent enterprises represent 70.5% of the persons employed and 80.4% 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 13 • 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

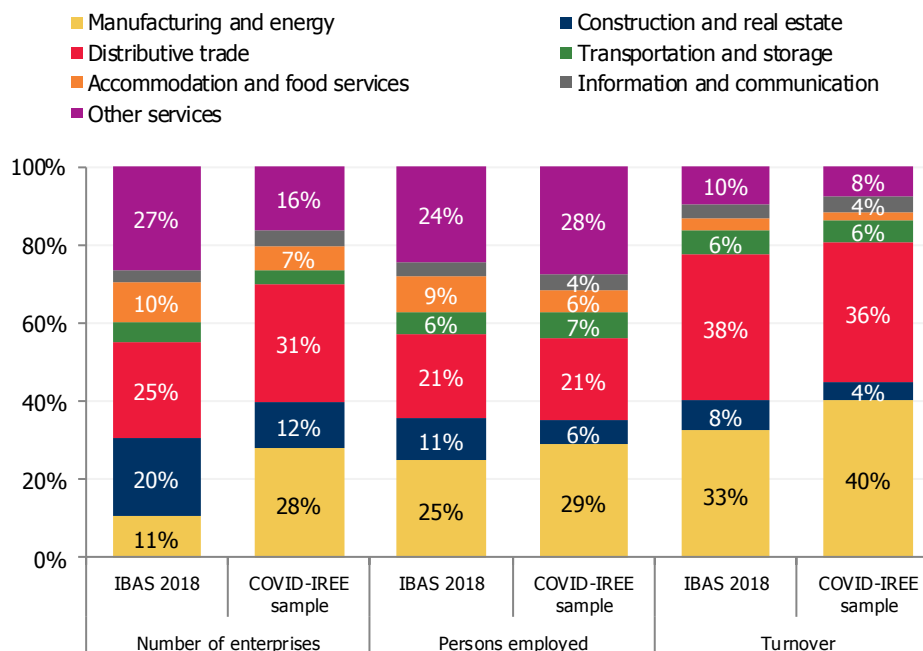
Applying a simple *Probit* model to assess the probability of response to the survey, a lower probability of response of micro and small enterprises was observed, and the possible bias resulting from this should be considered in the analysis. However, there was no evidence of bias associated with the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

The results of this survey are always indicated as referring to the responding enterprises in each week of survey and no extrapolation of the results to the universe of firms is made (see methodological documentation associated with the new Fast and Exceptional Enterprise Survey (COVID-IREE) available at:

<http://smi.ine.pt/DocumentacaoMetodologica/Detalhes/1593>

The sample of this survey basically corresponds to the integration of the samples underlying the monthly industry, construction, distributive trade and services turnover surveys, plus about three hundred enterprises, aiming at completing the sectors of activity represented. The context information of this sample has as reference the Integrated Business Accounts System (IBAS 2018). The following figure presents, by economic activity, the structures of the number of enterprises, persons employed and turnover in the COVID-IREE sample and in the universe of firms - IBAS 2018.

Figure 14 • Structure of the number of enterprises, persons employed and turnover, of the universe of enterprises (IBAS 2018) and the sample of the Fast and Exceptional Enterprise Survey



Source: Statistics Portugal, IBAS 2018 and Statistics Portugal and Bank of Portugal, COVID-IREE

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 data for each week of enquiry may be revised in the following week by incorporating any replies received during the weekend.

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).

Also in this information note were considered as enterprises with an exporting profile, those that export goods and services and that meet the following criteria: (i) enterprises where at least 50% of the turnover comes from exports of goods and services, or; (ii) enterprises where at least 10% of the turnover comes from exports of goods and services and the value of exports of goods and services exceeds 150 thousand euros. Enterprises that did not meet these criteria were classified as not having an exporting profile.

Expected date for the next dissemination:

5 May 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
IBAS	Integrated Business Accounts System

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.

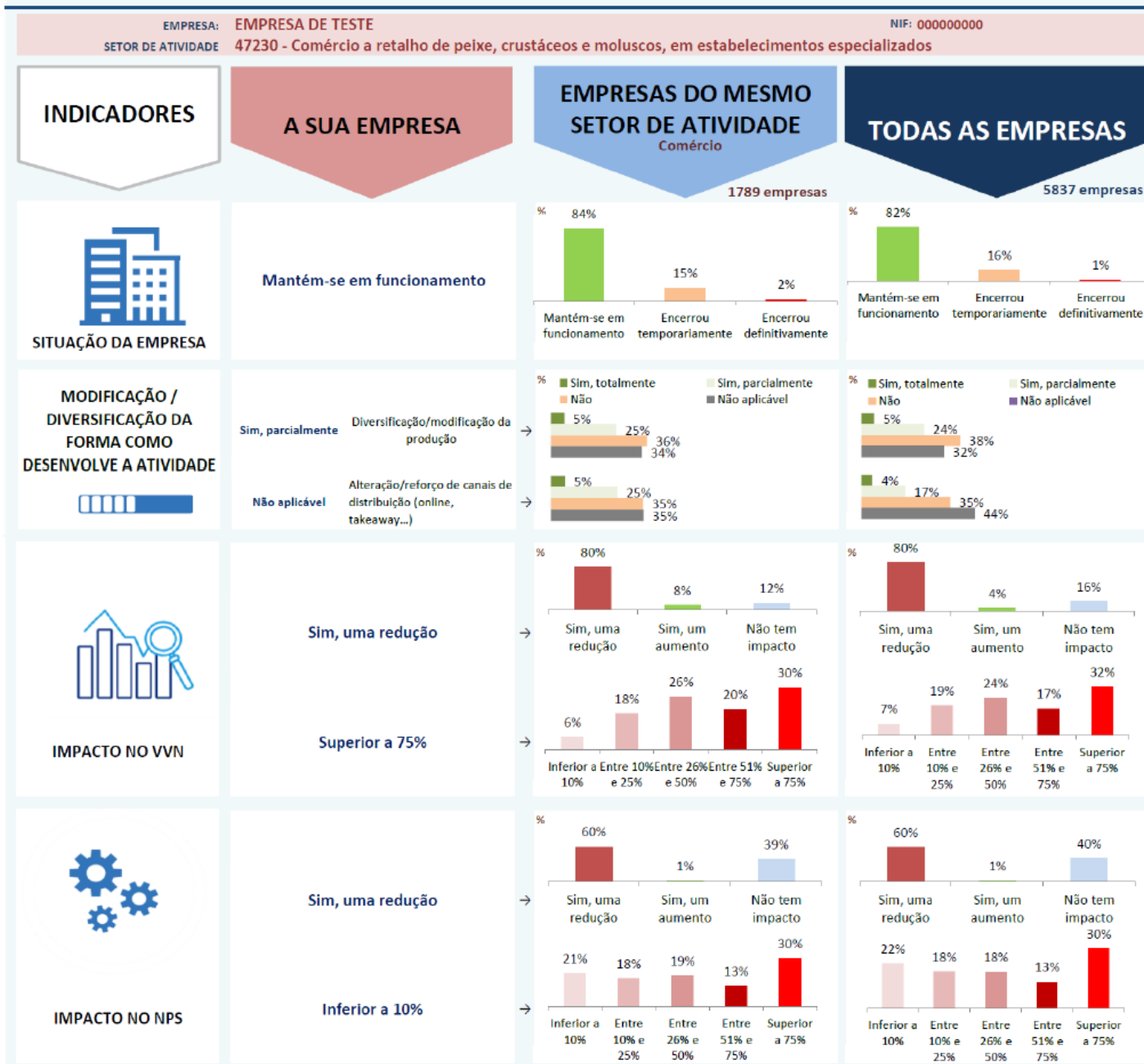
Return of information to respondents:

Taking into account the results of COVID-IREE, customized Return of Information to Respondents (RIR) reports were prepared and sent to each of the responding enterprises, containing the enterprise's response to the survey and its framework regarding the economic activity in which the enterprise is classified and the total of the responding enterprises (as an example attached, referring to the return of the 2nd week, from 13 to 17 April 2020 – only in Portuguese).

COVID-19: acompanhamento do impacto da pandemia nas empresas - Semana de 13 a 17 de abril

Os resultados da 2ª semana de inquirição (semana de 13 a 17 de abril de 2020) confirmam os desenvolvimentos devido à pandemia identificados na semana anterior. A percentagem de empresas respondentes que referiram que a pandemia implicou uma diminuição no volume de negócios manteve-se elevada (80%, proporção igual à apurada na semana anterior). Essa redução foi superior a 50% numa grande parte das empresas respondentes (39%). Como fatores com muito impacto para a redução no volume de negócios, foram referidos mais frequentemente pelas empresas a ausência de encomendas/clientes e as restrições no contexto do estado de emergência. Uma nova questão do inquérito revela em que medida as empresas adaptaram a sua atividade em resultado da pandemia, sendo que quase 30% das empresas respondentes referiram a diversificação ou modificação da produção e 21% referiram a alteração ou reforço dos canais de distribuição.

Visite no portal do INE a página **Especial INE COVID-19**, com os dados estatísticos oficiais mais recentes em Portugal para acompanhamento do impacto social e económico da Pandemia. Para saber mais, consulte o nosso Portal, **AQUI**

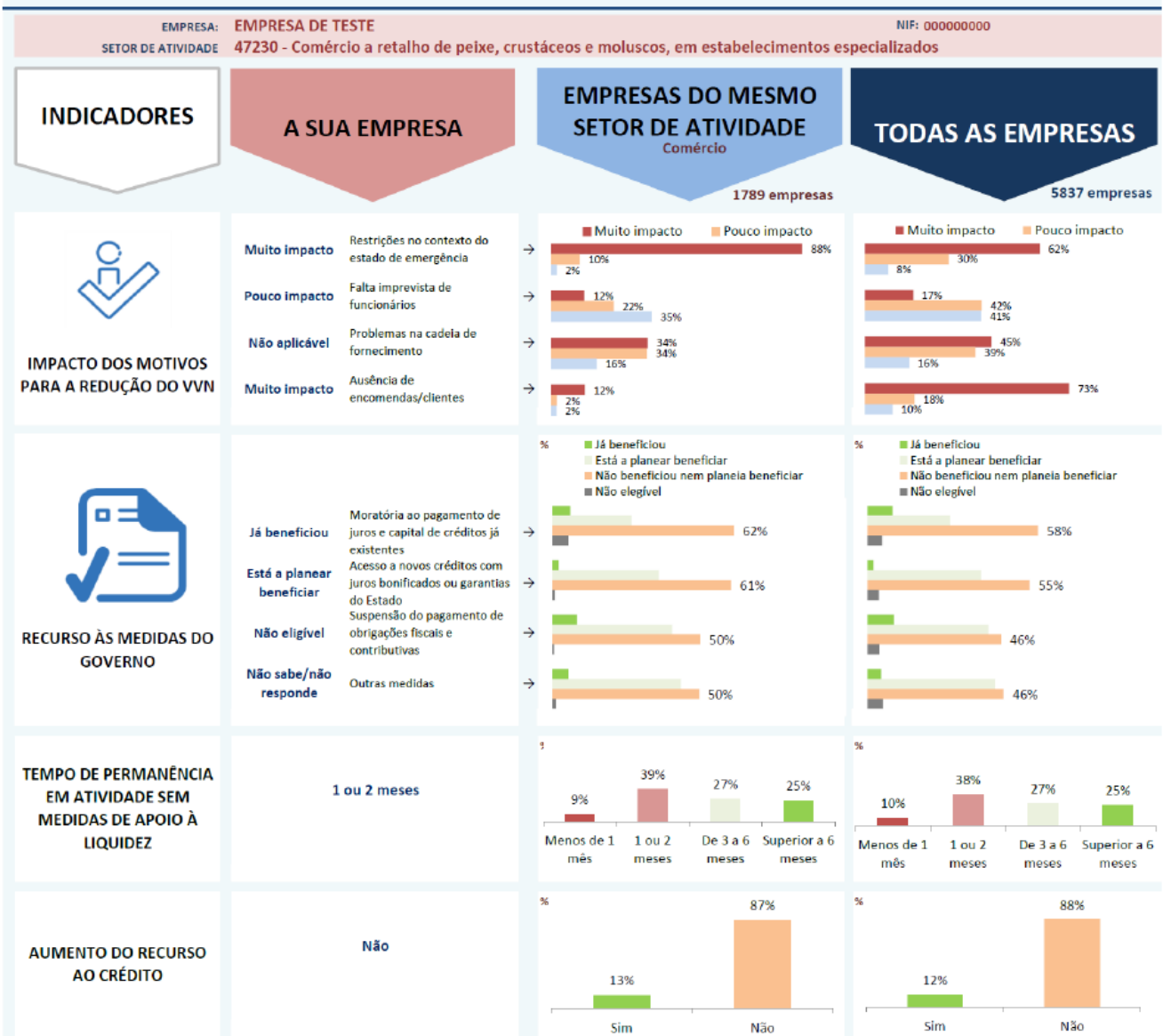




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NOTA METODOLÓGICA

Inquérito Rápido e Excepcional às Empresas – COVID-19 (COVID-IREE)

O Instituto Nacional de Estatística e o Banco de Portugal lançaram o Inquérito Rápido e Excepcional às Empresas – COVID-19 (COVID-IREE), com frequência semanal, tendo como objetivo identificar os efeitos da pandemia na atividade das empresas. Esta informação é necessária para que se possam reconhecer tendências e perspetivar linhas a seguir para minorar impactos económicos, nomeadamente sobre as próprias empresas. A informação constante nesta ficha refere-se aos dados compilados a partir das respostas ao COVID-IREE.

SIGLAS E SINAIS CONVENCIONAIS:

COVID-IREE - Inquérito Rápido e Excepcional às Empresas – COVID-19

VVN - Valor do Volume de Negócios

NPS - Número de Pessoas ao Serviço

Informação adicional encontra-se disponível no Portal de Estatísticas Oficiais em: www.ine.pt

Esta informação foi produzida unicamente para a sua empresa, estando garantidos todos os direitos de confidencialidade.

Se esta informação não corresponder totalmente às suas expectativas, por favor não hesite em contactar-nos. O seu contacto irá permitir ao INE analisar o conteúdo da informação e contribuirá para o acréscimo da qualidade dos dados.