19 May 2020

Fast and Exceptional Enterprise Survey – COVID-19

1st fortnight of May 2020

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

The proportion of enterprises operating in the first fortnight of May increased to 90%, from 84% in the previous fortnight, with the *Distributive trade* sector standing out, where the percentage rose from 84% to 92%.

Given the situation that could be expected without the pandemic, 77% of the enterprises continued to report a negative impact on turnover. When comparing the 1st fortnight of May with the 2nd fortnight of April, the vast majority of the enterprises point to stabilization (41%) or a small variation (41%) in turnover. The evolution of orders/clients was the main factor mentioned by the enterprises that reduced turnover in this period, while the change in the containment measures was the most cited reason by the enterprises that reported increases.

50% of the enterprises reported reductions in persons employed effectively working in the 1st fortnight of May (58% in the previous fortnight). Regarding the 2nd fortnight of April, most enterprises did not report a change in the number of persons employed (70%), while among the rest, the percentage that reported an increase was slightly higher than the percentage that registered a decrease. The *Distributive trade* registered the highest percentage of enterprises with an increase in the number of persons employed (22%).

The activity recovery is conditioned by the hygiene and safety requirements imposed on enterprises. In this context, a new survey question points out that the unavailability of individual protection material, the restrictions on physical space and the high costs are the factors that make it most difficult to meet these requirements.

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 and during this fortnight questions were asked about turnover, persons employed, persons employed on remote work and with alternate presence on the enterprise premises, the difficulty in meeting the hygiene and safety requirements necessary for the resumption of activity, the use of public support instruments and the use of credit.

Given the degree of variability observed in the weekly frequency of the main variables collected and in order not to impose an excessive burden on the responding enterprises, the survey moved to a new fortnightly frequency phase. Compared to previous editions, most of the issues have been maintained, but new ones have been introduced to track changes in the life of enterprises with the cessation of the state of emergency but in a situation not yet stabilised.

It is important to note that the results of this survey refer **exclusively** to the responding enterprises in each edition of the survey (about 5.5 thousand in this 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 first fortnight of May 2020 indicate that:

- 90% of the responding enterprises were still in production or operation, even partially, and 11% of the enterprises closed temporarily or definitely. By economic activity, the *Distributive trade* stood out, where the percentage increased from 84% in the previous fortnight[2] to 92%. The percentage of closed enterprises (temporarily or definitely) in the *Accommodation and food services* sector continued to be significantly higher (56%).
- Compared to the expected situation without pandemic, 77% of the responding enterprises decreased their turnover, in a large part (35%) the reduction was more than 50% of turnover. When comparing the 1st fortnight of May with the 2nd fortnight of April, the enterprises mostly point to stabilization (41%) or a slight variation (41%) of turnover.
- Given the expected situation without the pandemic, 50% of the enterprises continued to report reductions in persons employed effectively working, representing 71% of persons employed by responding enterprises. A significant percentage (47%) also reported no impact of the pandemic on persons employed (25% of the total persons employed by the responding enterprises). Comparing the situation in the 1st fortnight of May with the 2nd fortnight of April, most enterprises reported no change in the number of persons employed (70%). Among the remaining enterprises, the percentage that reported an increase was slightly higher than the one that registered a decrease (18% and 12% of the enterprises, respectively). The reduction in the number of persons in layoff was the reason with positive impact most mentioned by the enterprises that reported an increase in persons employed effectively working (mentioned by 70% of the enterprises).
- 54% of the responding enterprises had persons in remote working in the first fortnight of May (58% in the week from April 27 to May 1) and 46% of the enterprises reported the existence of persons working in alternate presence on the enterprise premises due to the pandemic.

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[1] Number of valid responses until the end of May 15, corresponding to a response rate of 61.8%. The results for the week from 27 April to 1 May 2020 were slightly revised by the inclusion of about 70 responses, submitted during the subsequent Saturday and Sunday.

[2] Simple arithmetic average of the previous two weeks (periods from 20 to 24 April 2020 and 27 April to 1 May 2020), which already integrate the revised data.

- More than 75% of the responding enterprises stated that the unavailability of individual protection material (masks, visors, disinfectant, etc.), restrictions on physical space and high costs were very relevant or relevant to the difficulty of meeting the requirements for the resumption of activity.
- Excluding the simplified layoff, the proportion of enterprises that continued to make no provision for the use of support measures announced by the Government increased again, reaching proportions between 52% and 61% depending on the measures.

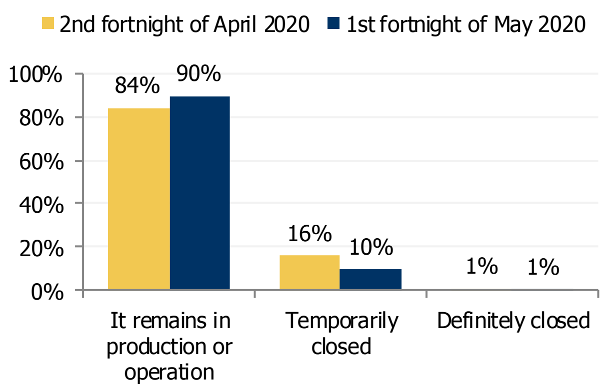
Situation of the enterprises in the first fortnight of May 2020

90% of the responding enterprises remained in operation, even partially

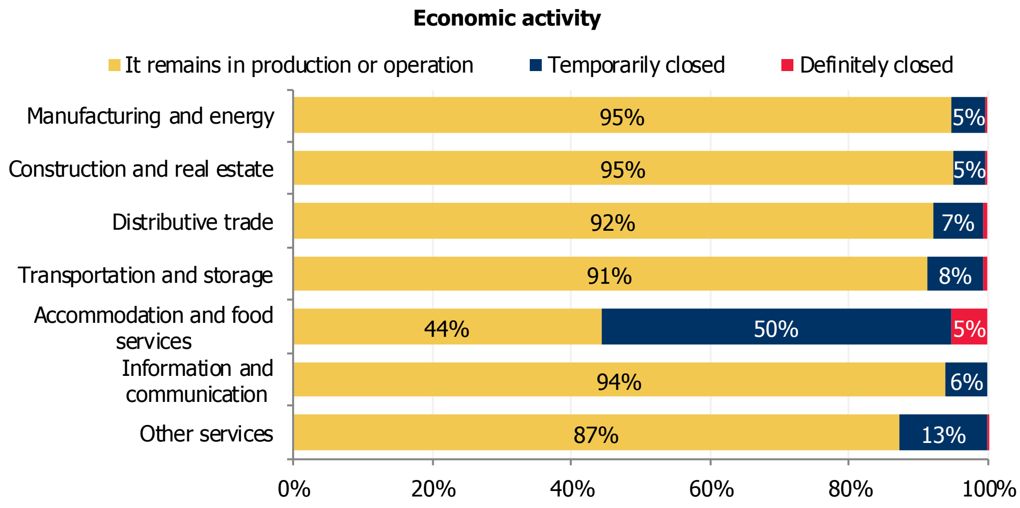
- 90% of the enterprises remained in production or operation, even partially, at the time of response to the survey (+6 p.p. than in the previous fortnight). The proportion of enterprises temporarily closed decreased to 10% (-5 p.p. from the previous fortnight), while 1% remained closed definitely.
- The increase in the number of enterprises in operation was transversal to the various economic activities, with *Distributive trade* standing out (where the percentage increased from 84% to 92%). The percentage of closed enterprises (temporarily and definitely) remained very high in the *Accommodation and food services* sector (56%).

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

Total responding enterprises



Note: the values for the 2nd fortnight of April 2020 correspond to the simple arithmetic average of the periods from 20 to 24 April 2020 and 27 April to 1 May 2020, which already integrate the revised data.



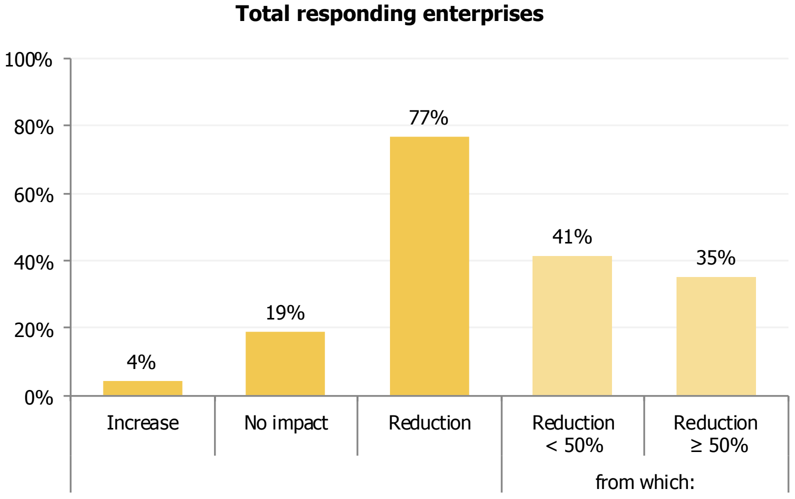
Source: Statistics Portugal and Bank of Portugal, COVID-IREE

Impact of the COVID-19 pandemic on turnover in the first fortnight of May 2020, compared to the expected situation without the pandemic

77% of the enterprises continued to register a decrease in turnover due to the pandemic

- Regarding the expected situation without pandemic, 77% of the enterprises in operation or temporarily closed continue to report a negative impact on turnover. Of the remaining enterprises, 4% had a positive impact and 19% no impact.
- The *Accommodation and food services* and *Transportation and storage* sectors stand out with a higher percentage of enterprises reporting reductions in turnover (97% and 86%, respectively). In contrast, the *Construction and real estate* sector recorded the lowest percentage of enterprises with a reduction in turnover (63%).
- 35% of the enterprises reported a reduction of more than 50% in turnover in the first half of May (slightly lower percentage than in the previous fortnight).
- The percentage of enterprises reporting reductions of more than 75% in turnover remained very high in *Accommodation and food services* (72%, +3 p.p. than in the previous fortnight). In the remaining economic activities, this percentage decreased, being noteworthy the reductions in *Transportation and storage* and in *Distributive trade* (reductions of 7 p.p. and 6 p.p., respectively, from the 2nd fortnight of April).

Figure 2 • Impact of the COVID-19 pandemic on turnover in the first fortnight of May 2020, as a % of the total number of enterprises in operation or temporarily closed



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

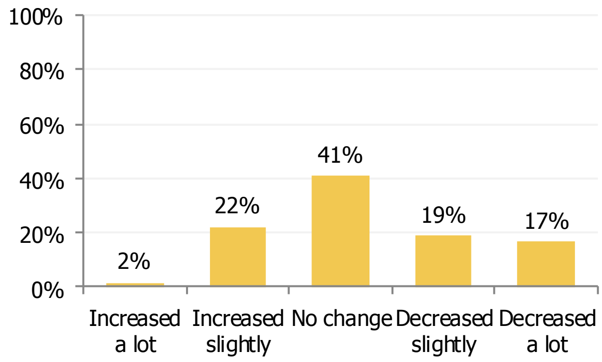
Evolution of the turnover in the first fortnight of May, compared to the second fortnight of April 2020

The vast majority of enterprises reported a stabilisation or a small change in turnover in the first fortnight of May compared with the second fortnight of April

- In the first fortnight of May, 41% of the enterprises in operation or temporarily closed reported a stabilization of their turnover in relation to the second fortnight of April, with enterprises in the sectors of *Accommodation and food services* and *Construction and real estate* activities being highlighted.
- Additionally, 41% of the enterprises reported that their turnover varied little from the second fortnight of April (22% reported an increase and 19% a small reduction). In contrast, 17% of the enterprises reported a significant reduction in their turnover and only 2% a significant increase.
- By economic activity, *Information and communication* and *Manufacturing and energy* stood out with more significant percentages of enterprises with a reduction in turnover: 42% and 40%, respectively. The economic activities that most frequently reported increases in turnover were *Transportation and storage* and *Distributive trade*, with 34% in both.

Figure 3 • Evolution of the turnover between the first fortnight of May and the second fortnight of April, as a % of the total number of enterprises in operation or temporarily closed

Total responding enterprises



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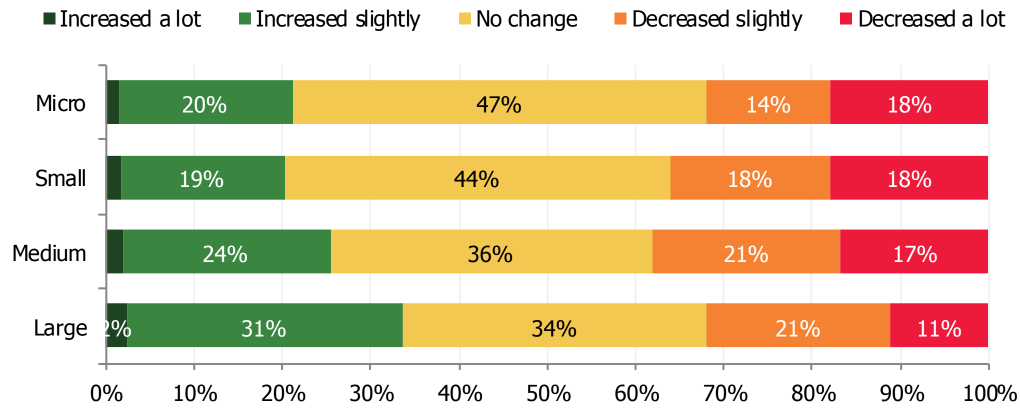
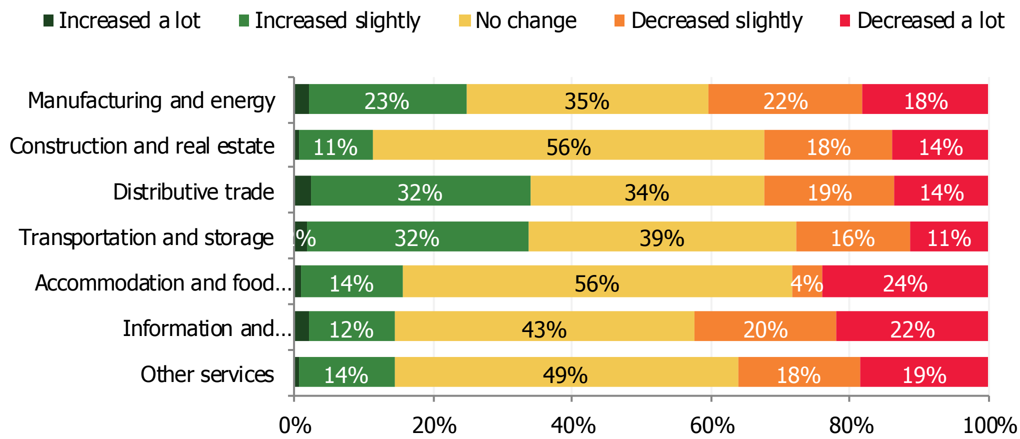


Economic activity

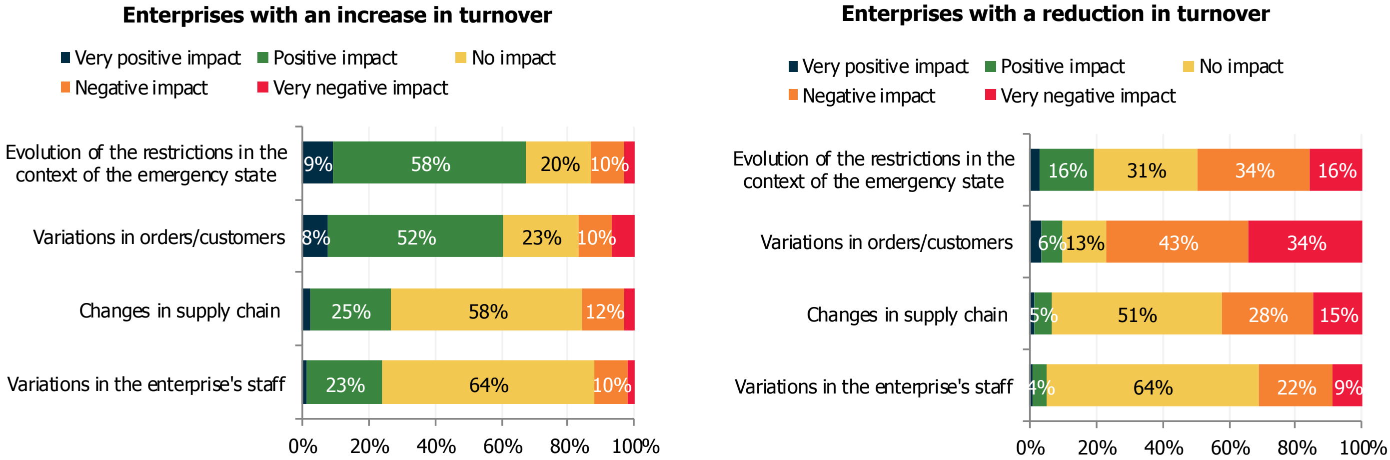


Source: Statistics Portugal and Bank of Portugal, COVID-IREE

The reasons with more impact on the change in turnover in the first fortnight of May were the evolution of the measures to contain the pandemic and of the orders/clients

- The evolution of orders/clients was the most mentioned reason (77%) by enterprises for the decrease in turnover in the first fortnight of May compared to the second fortnight of April. Changes in containment measures and in the supply chain also contributed negatively to the evolution of turnover, according to 49% and 42% of enterprises, respectively.
- In *Manufacturing and energy*, the enterprises that reported a reduction in turnover mentioned the negative contribution of the evolution of orders/clients in a higher percentage (82%).
- The enterprises that reported an increase in turnover in this fortnight pointed out the evolution of the containment measures as the explanatory factor with the greatest impact (68%). The improvement in orders/clients was mentioned by 60% of the enterprises.
- In the *Distributive trade* sector, the enterprises that reported an increase in turnover reported, in a higher percentage, the positive contribution of the evolution of containment measures (75%) and of orders/clients (62%).

Figure 4 • Impact of the reasons for the evolution of the enterprises turnover in the first fortnight of May compared to the previous fortnight, as a % of the total number of enterprises in operation or temporarily closed which reported an increase or decrease in turnover



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

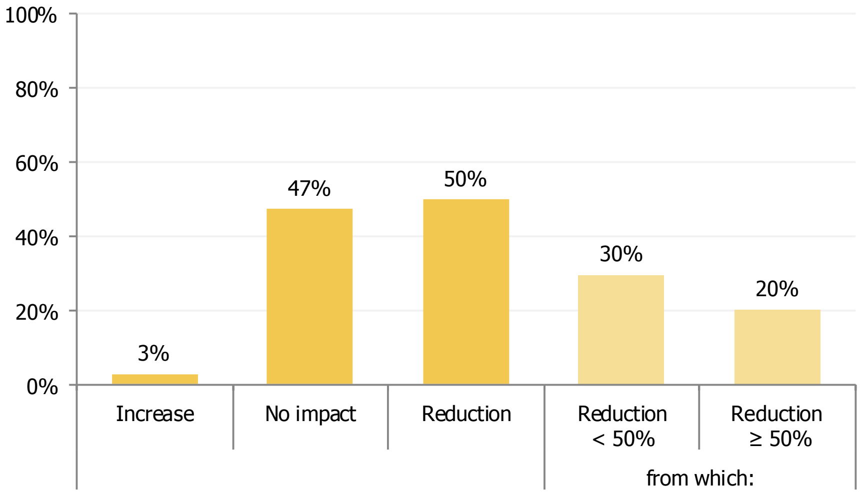
Impact of the COVID-19 pandemic on persons employed during the first fortnight of May 2020, compared with the expected situation without pandemic

50% of the enterprises reported reductions in persons employed effectively working, compared with the expected situation without pandemic

- Comparing with the expected situation without pandemic, 50% of the enterprises reported a reduction in the persons employed effectively working during the first fortnight of May (-8 p.p. vis-à-vis the previous fortnight), representing 71% of the total persons employed by the respondent enterprises. A significant percentage (47% of the enterprises, corresponding to 25% of the total persons employed by the respondent enterprises) reported that the pandemic had no impact on the persons employed.
- In terms of the magnitude of the reduction in the number of persons employed effectively working, 20% of the enterprises reported a reduction of more than 50% and 17% reported reductions between 10% and 50%.
- By economic activity, the enterprises from *Accommodation and food services* sector continued to stand out, with 82% referring a decrease in the number persons employed, being that in 53% of them this reduction was greater than 75% of the persons employed.

Figure 5 • Impact of the COVID-19 pandemic on persons employed effectively working in the first fortnight of May 2020, as a % of the total number of enterprises in operation or temporarily closed

Total responding enterprises



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

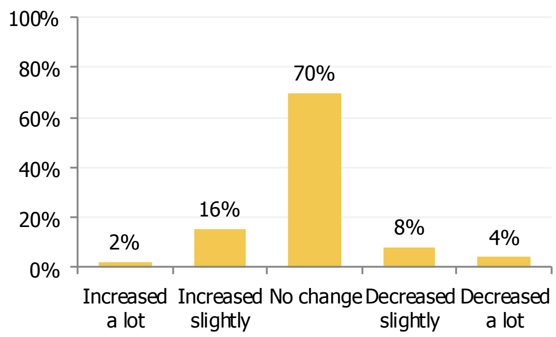
Evolution of the persons employed effectively working during the first fortnight of May, compared with the second fortnight of April 2020

70% of the enterprises reported that the persons employed effectively working didn't change, when compared with the previous fortnight

- 70% of the enterprises, representing 59% of the total persons employed by the respondent enterprises, reported not to have changed the number of persons employed effectively working during the first fortnight of May, compared to the second fortnight of April.
- The percentage of enterprises that reported an increase in the persons employed was higher than the percentage that registered a decrease (18% and 12% of enterprises, respectively) and it increases with the size-class of the enterprise.
- By economic activity, *Distributive trade* was the sector with the highest percentage of enterprises with increases in the number of persons employed (22% of enterprises, representing 31% of persons employed). In opposite, in *Transportation and storage* sector, 19% of the enterprises reported a reduction in the number of persons employed (34% of persons employed).

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

Total responding enterprises



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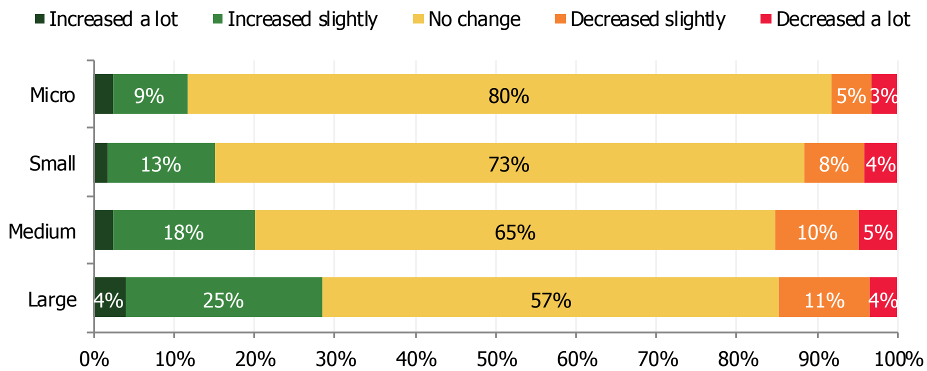
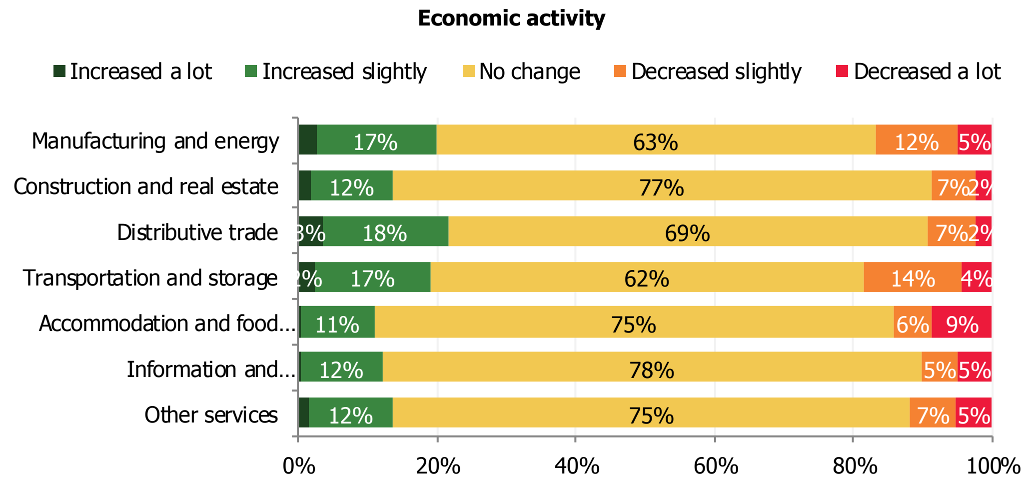


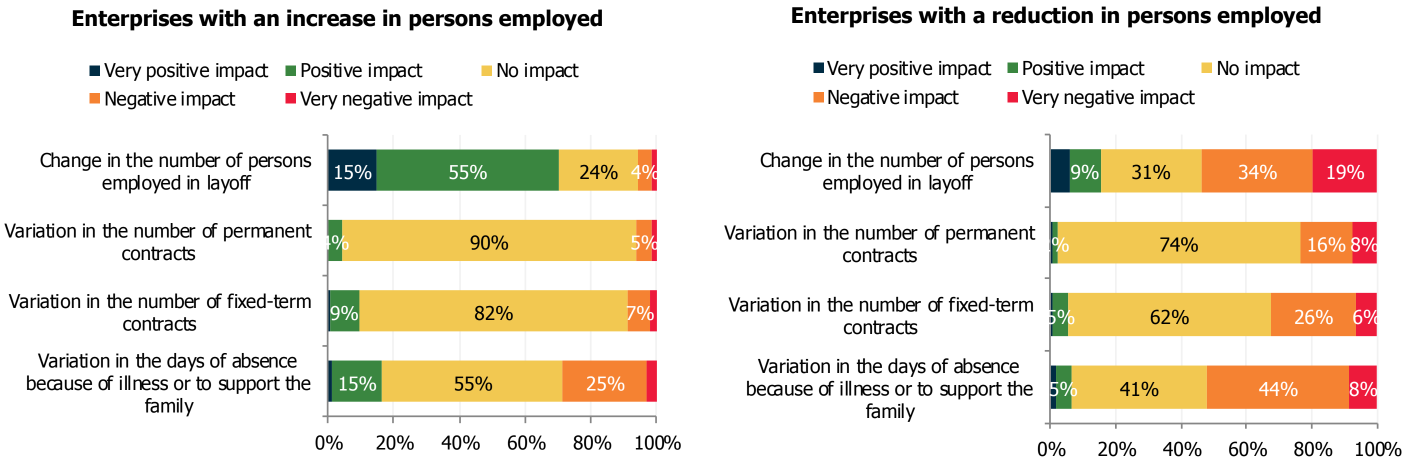


Source: Statistics Portugal and Bank of Portugal, COVID-IREE

Simplified layoff was the reason with the greatest impact in the variation of the persons employed effectively working during the first fortnight of May

- The reduction in the number of persons in layoff was the reason with a positive impact most reported by the enterprises that reported an increase in the number of persons employed effectively working compared with the second fortnight of April (mentioned by 70% of the enterprises).
- Enterprises that reported a reduction in the number of persons effectively working refer more often the layoff (53%) and the increase in the days of absence because of illness or to support the family (52%) as the reasons that most contributed negatively to this evolution.

Figure 7 • Impact of the reasons for the evolution of persons employed effectively working, as a % of the total number of enterprises in operation or temporarily closed which reported an increase or decrease in persons employed



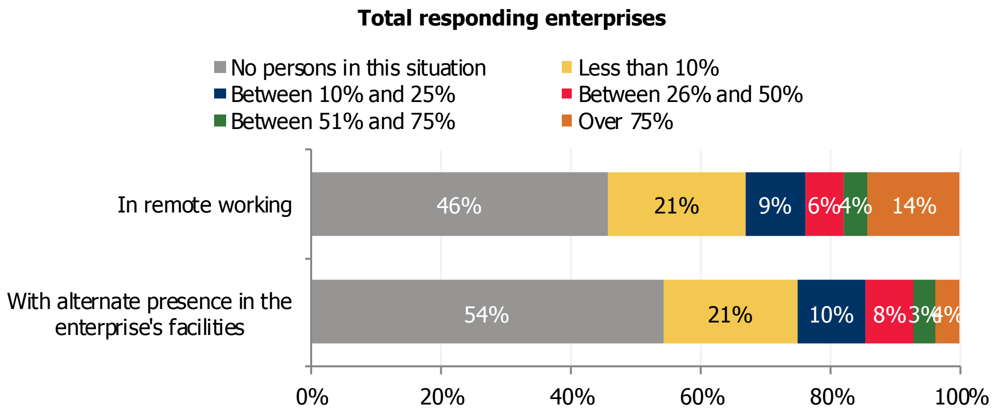
Source: Statistics Portugal and Bank of Portugal, COVID-IREE

Remote working and alternate presence in the enterprise premises during the first fortnight of May 2020

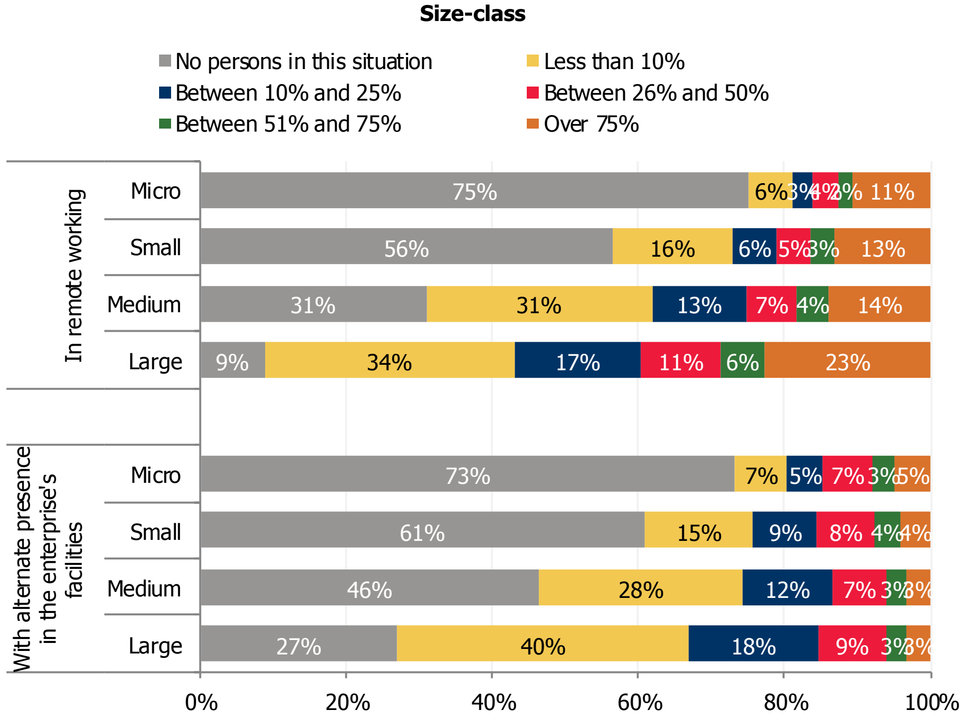
54% of the enterprises had persons in remote working[3] and 46% had persons with alternate presence in the enterprise premises

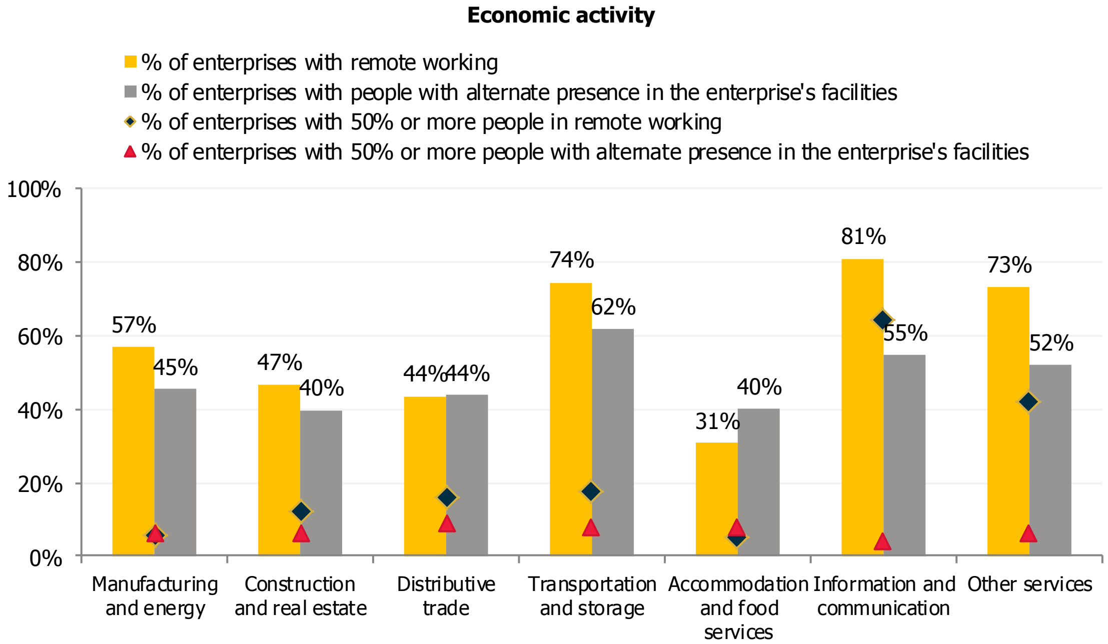
- 58% of the responding enterprises had persons in remote working during the first fortnight of May (58% in the week from 27 April to 1 May 2020), with 14% having more than 75% of the persons employed effectively working in remote working.
- The proportion of enterprises that reported persons employed in remote working increases with the size-class of the enterprise, ranging from 25% in micro enterprises and 91% in large ones. By economic activity, the percentage of enterprises that referred having persons in remote working was higher in the *Information and communication sector* (81%).
- 46% of the enterprises reported the existence of persons working with alternate presence in the enterprise premises due to the pandemic.
- The use of alternate presence in the enterprise premises grows with the size of the enterprise, being mentioned by 27% of micro enterprises and 73% of large enterprises. The *Transportation and storage* sector stands out in the use of this practice, mentioned by 62% of enterprises.

Figure 8 • Quantification of persons employed effectively working in remote working and with alternate presence in the enterprise's facilities in the first fortnight of May, as a % of the total number of enterprises in operation or temporarily closed



[3] It should be recalled that this survey does not cover enterprises in the financial sector or public administration organisations.





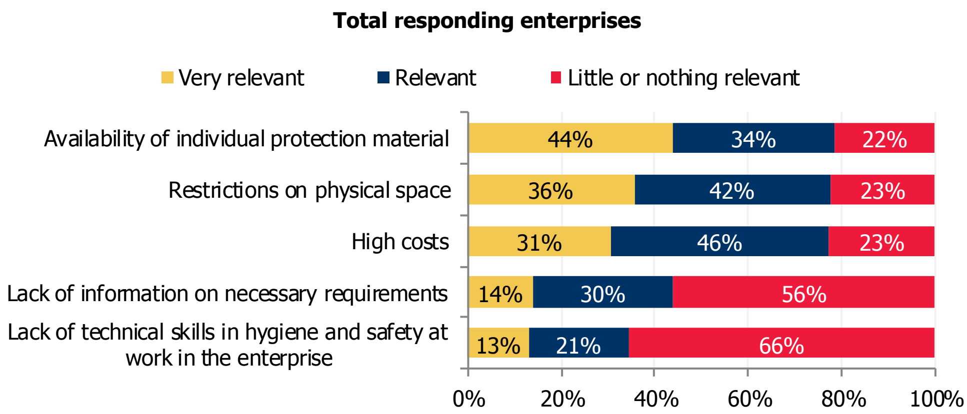
Source: Statistics Portugal and Bank of Portugal, COVID-IREE

Difficulty in complying with the hygiene and safety requirements for the resumption of activity in the first fortnight of May 2020

A very high percentage of enterprises indicate difficulties in complying with the hygiene and safety requirements for the resumption of activity

- The respondent enterprises mentioned as a very relevant or relevant situation for the difficulty in complying with the requirements for the resumption of activity: the unavailability of individual protection material (masks, visors, disinfectant, etc.) (78%), restrictions on physical space (77%) and high costs (77%).
- These three situations are most frequently pointed out by the *Accommodation and food services* enterprises.
- The size-class of the enterprise is not a differentiating factor.

Figure 9 • Relevance of the following situations in the difficulty in complying with the hygiene and safety requirements necessary for the resumption of the activity, as a % of the total number of enterprises in operation or temporarily closed



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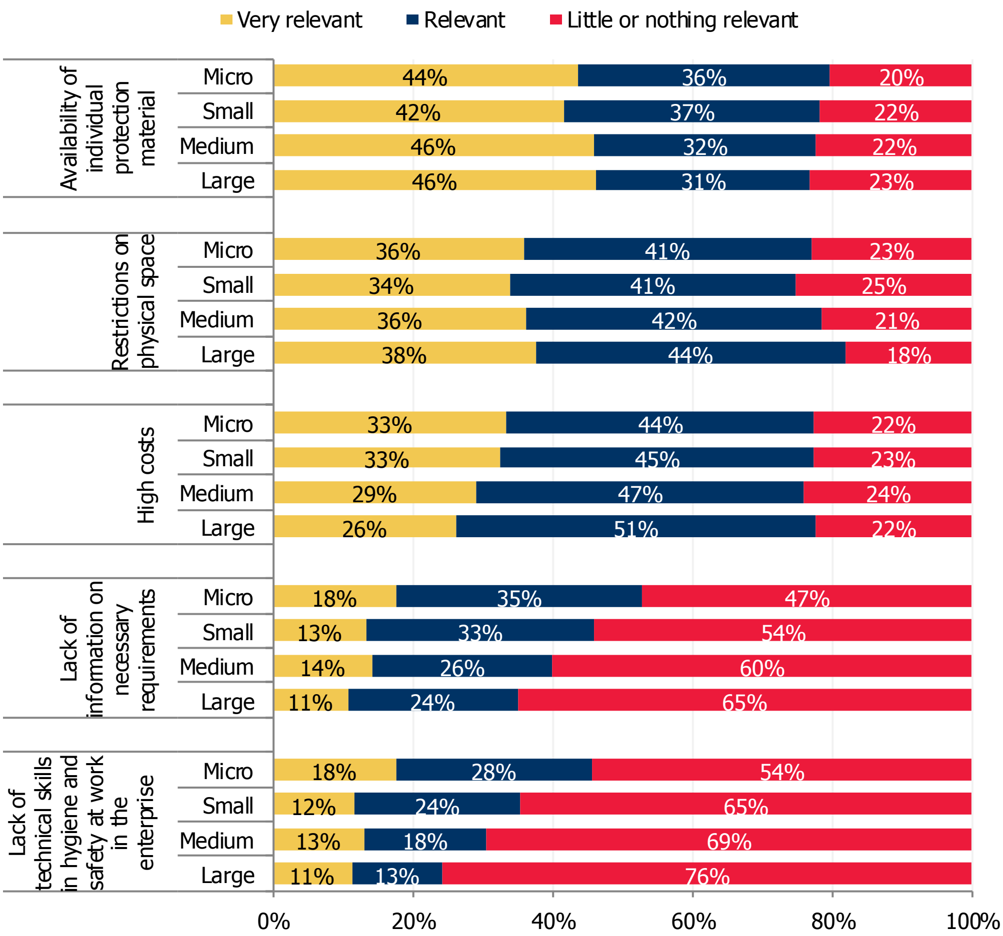

Very relevant
Relevant
Little or nothing relevant
Availability of individual protection material
Restrictions on physical space
High costs
Lack of information on necessary requirements
Lack of technical skills in hygiene and safety at work in the enterprise
Micro
Small
Medium
Large
44%
36%
20%
42%
37%
22%
46%
32%
22%
46%
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41%
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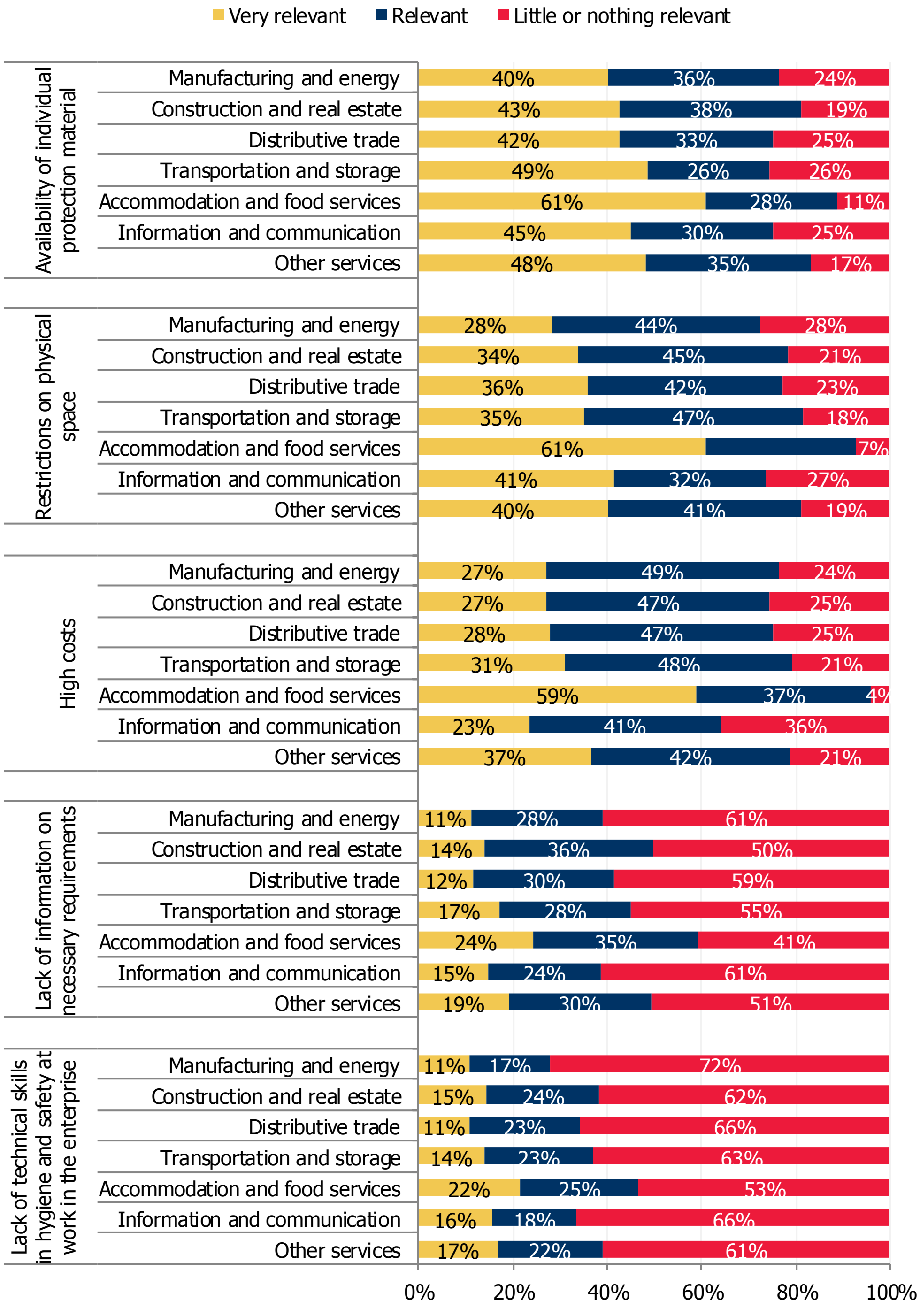
18%
69%
11%
13%
76%
0%
20%
40%
60%
80%
100%

Economic activity



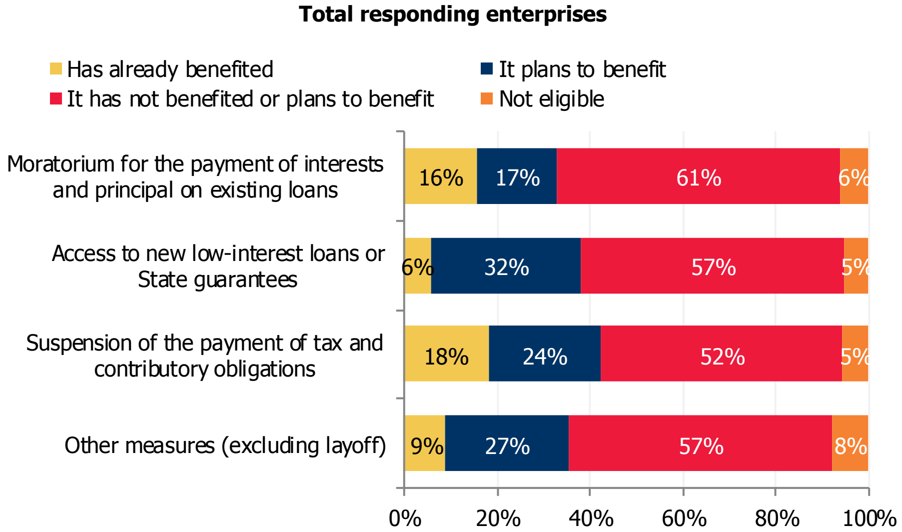
Source: Statistics Portugal and Bank of Portugal, COVID-IREE

Enterprises that have benefited or intend to benefit from the measures presented by the Government due to the COVID-19 pandemic in the first fortnight of May 2020

The proportion of enterprises that do not intend to use support measures, excluding the simplified layoff, increased again

- Among the measures considered, 18% of the responding enterprises have already benefited from the suspension of tax and contributory obligations, 16% of the moratorium for the payment of interests and principal on existing credits and 6% of the access to new low-interest loans or State guarantees.
- Excluding the simplified layoff, the proportion of enterprises that continued to not pretend to benefit from support measures increased, reaching proportions between 52% and 61% depending on the measures.
- 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, with 27% of the enterprises in this sector already benefiting from the suspension of tax and contributory obligations.

Figure 10 • 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

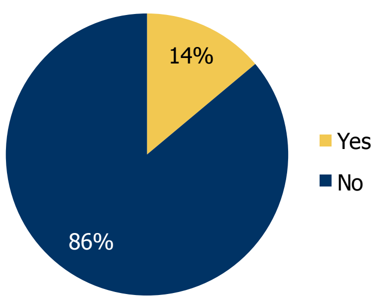
Access to credit for enterprises in the first fortnight of May 2020

Around 14% of the enterprises in operation or temporarily closed increased their use of credit in the first fortnight of May 2020

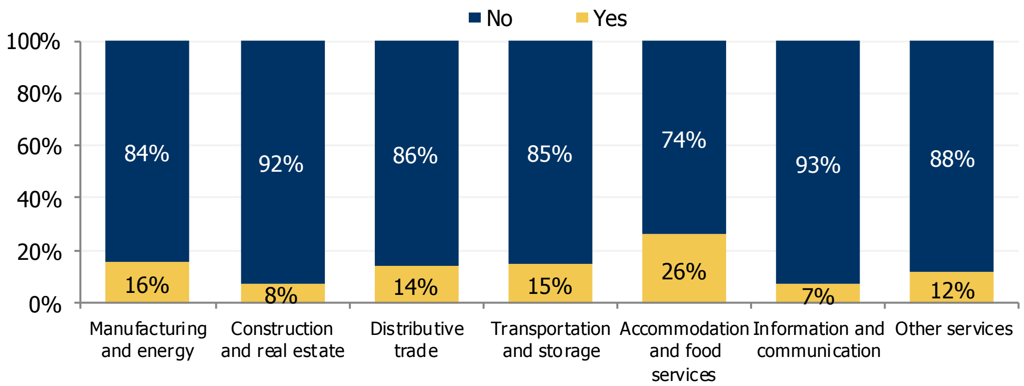
- Approximately 14% of the respondent enterprises resorted to additional credit in the first fortnight of May, highlighting the *Accommodation and food services* sector with the highest percentage of enterprises in this situation (26%), followed by the *Manufacturing and energy* sector (16%).
- From the enterprises that increased the use of credit, 84% reported an increase in financing from financial institutions and 48% reported an increase in credit from suppliers. In most cases, the new credits presented conditions similar to those previously practiced.

Figure 11 • Recourse of additional credit in the first fortnight of May, as a % of total number of enterprises in operation or temporarily closed

Total responding enterprises



Economic activity



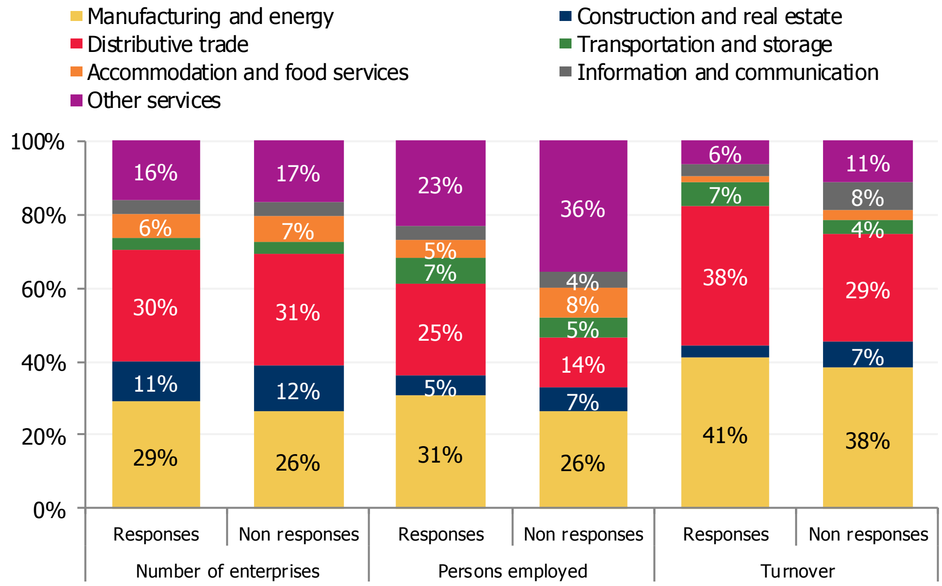
Source: Statistics Portugal and Bank of Portugal, COVID-IREE

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 11 to 15 May 2020, with reference to the first fortnight of May 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 5,493 valid responses were obtained, representing an overall response rate of 61.8%. The respondent enterprises represent 64.8% of the persons employed and 74.7% 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 12 • 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.

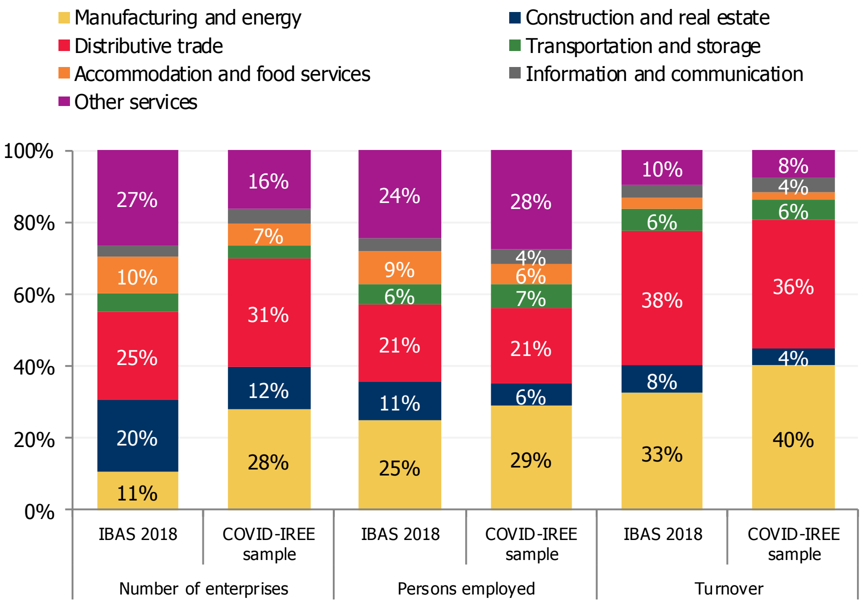
The results of this survey are always indicated as referring to the responding enterprises in each week of survey and no extrapolation of the results to the universe of firms is made (see methodological documentation associated with the new Fast and Exceptional Enterprise Survey (COVID-IREE) available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

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

In the context of this information note, when comparing the first fortnight of May with the previous fortnight, in cases where this was not requested directly from the enterprise, the simple arithmetic average of the previous two weeks (periods from 20 to 24 April 2020 and 27 April to 1 May 2020) is used, which already integrate the revised data.

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 13 • 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 began with a weekly frequency in order to obtain urgent information on the consequences of the current pandemic (COVID-19) on business activity, having moved to a fortnightly frequency after the end of the state of emergency but where a number of limitations to economic activity remain. 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.

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:

2 June 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.