

1 July 2020

## Fast and Exceptional Enterprise Survey – COVID-19

### 2<sup>nd</sup> fortnight of June 2020

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

The survey results point to a slight improvement in the enterprises' situation in the 2<sup>nd</sup> fortnight of June. The percentage of enterprises in operation was 96% (+1 p.p. than in the previous fortnight), with the *Accommodation and food services* sector standing out, where the percentage increased 5 p.p., standing at 82%. Comparing the results over the 2<sup>nd</sup> quarter, the improvement is more notorious, with the percentage of enterprises in operation increasing from 83% in April to 96% in June.

Given the situation without pandemic, 66% of the enterprises reported a negative impact on turnover (compared to 68% in the previous fortnight). The *Accommodation and food services* and *Transportation and storage* sectors recorded the largest percentage of enterprises with decreases in turnover (87% and 80%, respectively). During the 2<sup>nd</sup> quarter, the percentage of responding enterprises with decreases in turnover, given the situation without pandemic, decreased from 80% in April to 67% in June.

Compared to the previous fortnight, 37% of the enterprises reported stabilization of turnover, and among the rest, the percentage showing increases was higher than the percentage showing reductions (34% and 28%, respectively). *Accommodation and food services*, *Distributive trade* and *Transportation and storage* sectors were the ones in which the percentage of enterprises reporting an increase in turnover more than exceeded the percentage of those reporting a reduction.

In the 2<sup>nd</sup> fortnight of June, 36% of the enterprises reported reductions in the number of persons employed effectively working compared to the situation that could be expected without the pandemic (39% in the previous fortnight). *Accommodation and food services* enterprises also stand out in this case, with 64% recording a decrease in the number of persons effectively working (-3 p.p. than in the previous fortnight). Comparing the results over the 2<sup>nd</sup> quarter, there was also a decrease in the percentage of enterprises that reported a negative impact in the number of persons employed effectively working given situation without the pandemic (from 59% in April to 38% in June).

Comparing with the 1<sup>st</sup> fortnight of June, most enterprises did not report a change in the number of persons employed (72%). *Accommodation and food services* recorded the highest percentage of enterprises with an increase in the number of persons employed (33%), in most cases due to the reduction in the number of persons in simplified layoff.

46% of the responding enterprises had persons in remote working in the 2<sup>nd</sup> fortnight of June (-1 p.p. compared to the previous fortnight) and more than 55% of the enterprises do not foresee the use of Government support measures excluding the simplified layoff.

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Statistics Portugal (INE) and the Bank of Portugal (BdP) launched, last April, the Fast and Exceptional Enterprise Survey - COVID-19 (COVID-IREE), in order to identify some of the main effects of the COVID-19 pandemic on business activity, based on a rapid response questionnaire. The survey began with a weekly frequency, having moved to a fortnightly frequency in May, taking into account the degree of variability observed in the weekly frequency of the main variables collected and aiming not to place an excessive burden over respondent enterprises. Considering the evolution of the restrictions on economic activity resulting from the COVID-19 pandemic, INE and BdP decided to suspend the questionnaire from August onwards. The data collection for the last edition will take place in the week of 20 to 24 July and the dissemination of results will take place on 29 July. This decision may be reversed if the health or economic emergency conditions so justify.

During this fortnight, questions about turnover, persons employed, persons employed in remote working and with alternate presence at the enterprise's facilities and the use of public support instruments were maintained.

It is important to note that the results of this survey refer **exclusively** to the responding enterprises in each edition of the survey (about 4.9 thousand in this week)<sup>1</sup>. 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.

## I. EVOLUTION IN THE SECOND QUARTER OF 2020

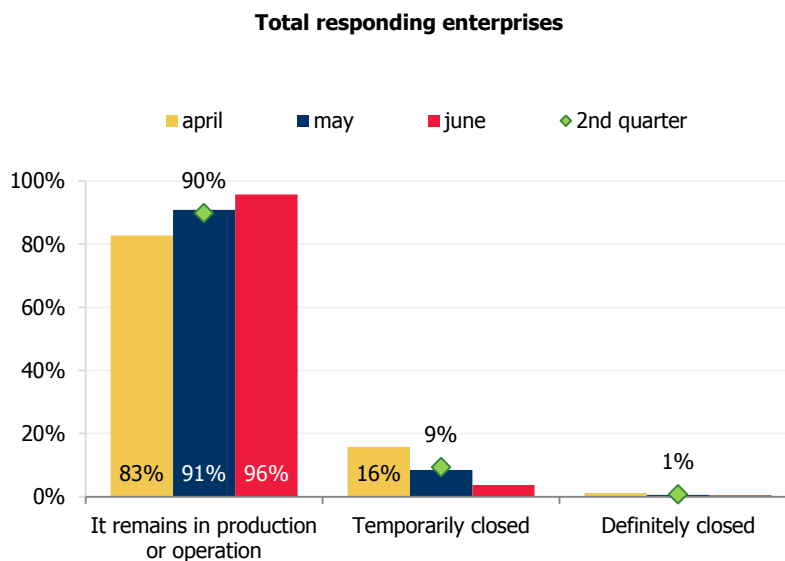
After three months of surveying, it is possible to carry out an analysis of the results throughout the 2<sup>nd</sup> quarter of 2020, which includes the period of the state of emergency and the subsequent periods of gradual lifting of the containment measures.

The percentage of enterprises in operation, even if partially, stood at 90% on average in the 2<sup>nd</sup> quarter of 2020, having increased from 83% in April to 96% in June (+13 p.p.). By sector, the impact of the pandemic on the functioning of enterprises was more evident in *Accommodation and food services*. On average, 57% of enterprises in this sector were operating in the 2<sup>nd</sup> quarter, with a very significant improvement between April (41%) and June (79%).

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<sup>1</sup>Number of valid responses until the end of June 28, corresponding to a response rate of around 55%. The results for the 1<sup>st</sup> fortnight of June were slightly revised by the inclusion of 107 responses, submitted afterwards.

**Figure 1 • Situation of the enterprises in the second quarter of 2020, as a % of the total number of enterprises**

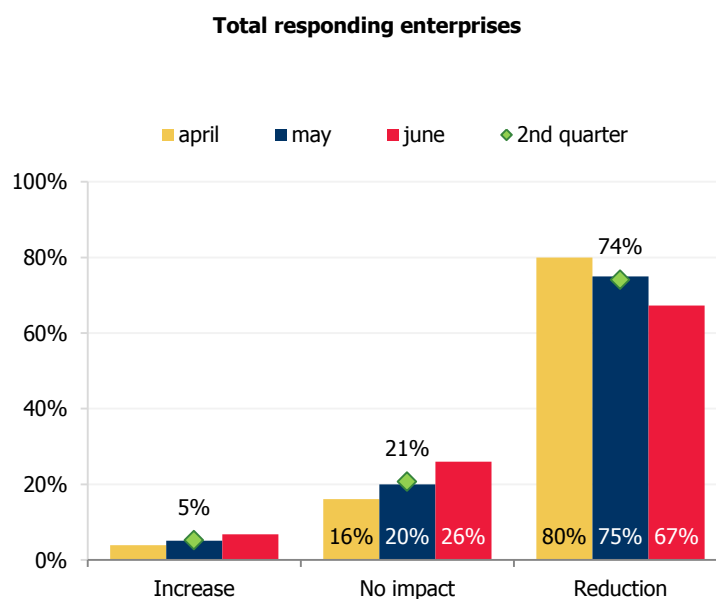


Note: the values for the 1<sup>st</sup> fortnight of June 2020 already integrate the revised data.

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

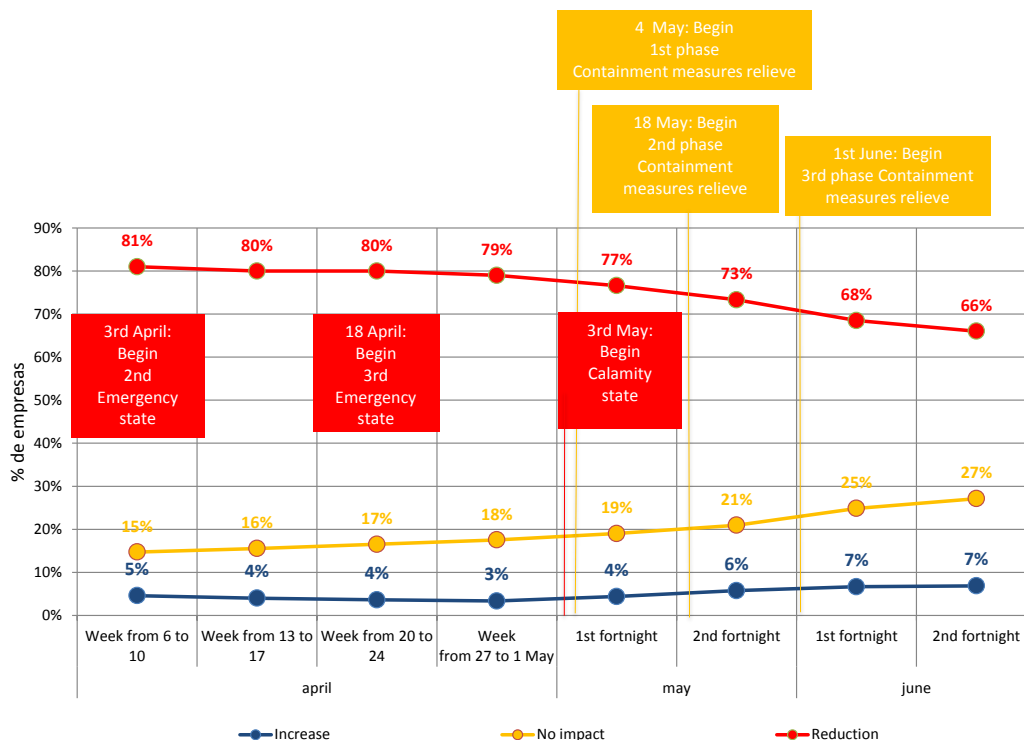
The percentage of enterprises reporting a reduction in turnover, given the situation without the pandemic, was 74% in the 2<sup>nd</sup> quarter, decreasing from 80% in April to 67% in June (-13 p.p.). *Construction and real estate* sector stands out for the lower percentage of enterprises reporting a negative impact on turnover in the 2<sup>nd</sup> quarter (62%) and for the improvement observed during the quarter (the percentage of enterprises reporting reductions decreased by 22 p.p., from 74% in April to 52% in June).

**Figure 2A • Impact of the COVID-19 pandemic on turnover in the second quarter of 2020 given the situation without the pandemic, as a % of the total number of enterprises in operation or temporarily closed**



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

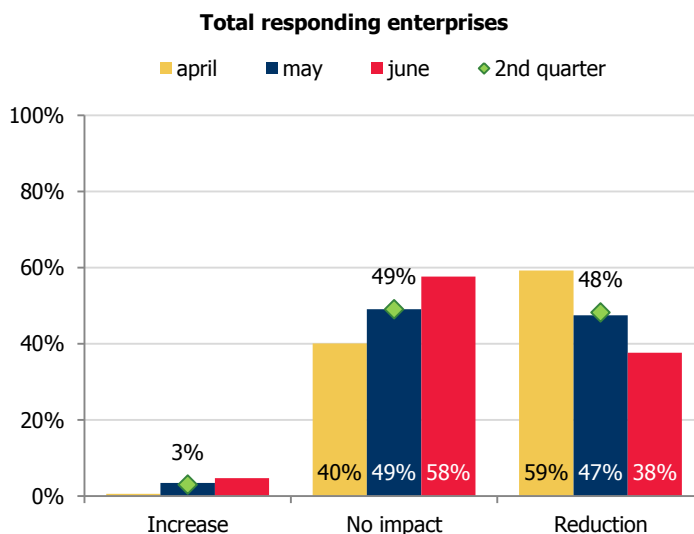
Figure 2B • Impact of the COVID-19 pandemic on turnover and chronogram for the successive mobility conditioning phases



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

In the 2<sup>nd</sup> quarter, 48% of enterprises reported reductions in the number of persons effectively working, given the situation without the pandemic. During this period, this indicator also improved, decreasing from 59% in April to 38% in June (-22 p.p.). In the *Transportation and storage* sector, this improvement was more evident, from 70% of enterprises that reported reductions in the number of persons employed in April, to 39% in June (-31 p.p.).

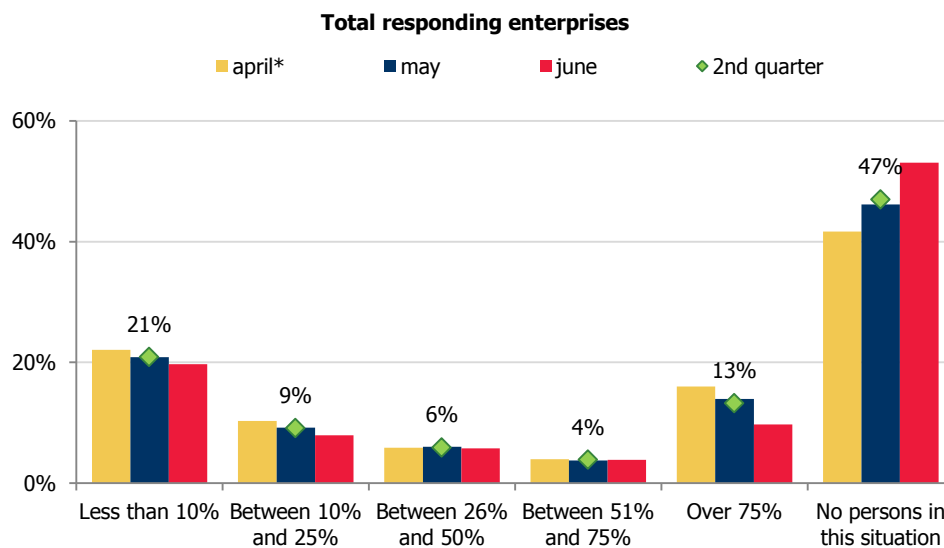
Figure 3 • Impact of the COVID-19 pandemic on persons employed effectively working in the second quarter of 2020, as a % of the total number of enterprises in operation or temporarily closed



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

A significant percentage of enterprises used remote working in order to limit reductions in the number of persons effectively working. In the 2<sup>nd</sup> quarter, 53% of enterprises had people working remotely. However, the percentage of enterprises with people in this situation decreased over the three months, from 58% in April to 47% in June (-11 p.p.). In particular, the percentage of enterprises that had more than 75% of the persons employed in remote working decreased from 16% in April to 10% in June (-6 p.p.).

**Figure 4 • Quantification of persons employed effectively working in remote working in the second quarter of 2020, as a % of the total number of enterprises in operation or temporarily closed**

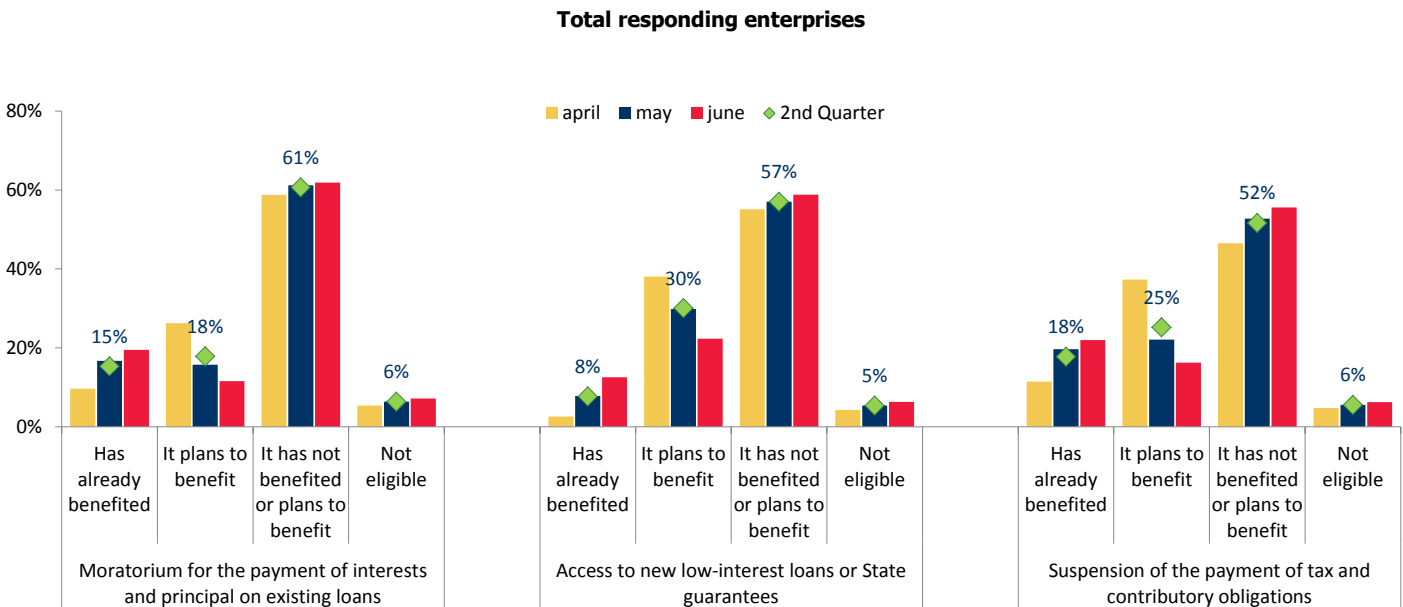


Note: \* data for April represents only to the last week of the month.

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

The percentage of enterprises that reported having benefited from the measures presented by the Government due to the COVID-19 pandemic (excluding the simplified layoff) increased over the second quarter, with the evolution being relatively similar in the three measures considered. Specifically, the proportion of enterprises that benefited from each measure increased: from 11% in April to 22% in June, in the case of suspension of the payment of tax and contributory obligations; from 10% to 19% in the case of the moratorium for the payment of interests and principal on existing loans; and from 3% to 13% in access to new low-interest loans or State guarantees. However, the percentage of enterprises that reported not benefiting or planning to benefit from the measures presented by the Government remained high in the 2<sup>nd</sup> quarter, reaching proportions between 52% and 61% depending on the measures.

**Figure 5 • Use of the measures presented by the Government due to the COVID-19 pandemic in the second quarter of 2020, as a % of total number of enterprises in operation or temporarily closed**



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

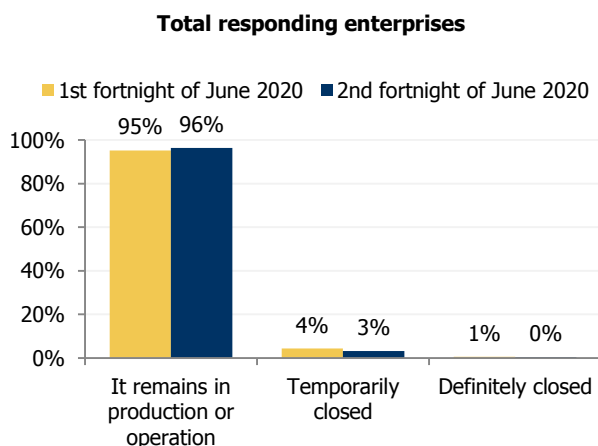
## II. ENTERPRISES' DATA ANALYSIS IN THE SECOND FORTNIGHT OF JUNE 2020

### Situation of the enterprises in the second fortnight of June 2020

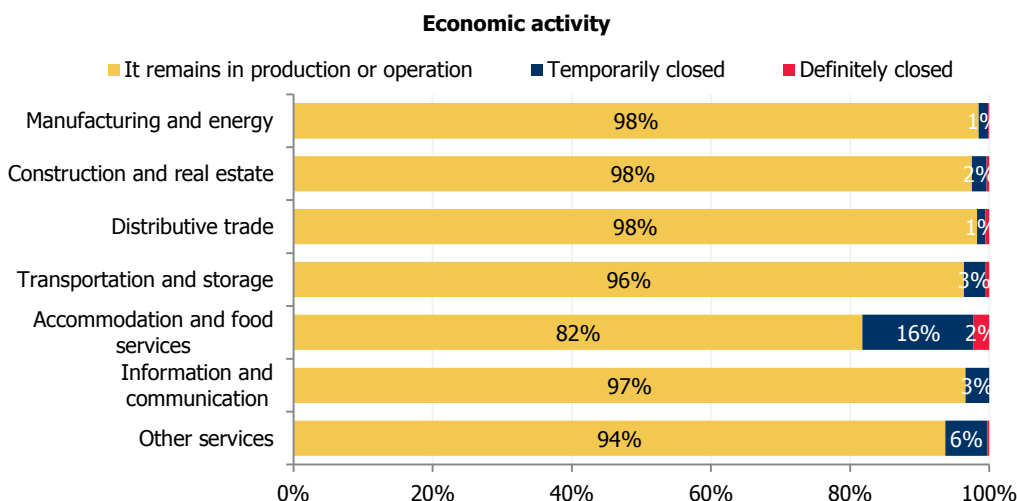
#### 96% of the responding enterprises remained in operation, even partially

- 96% of the enterprises remained in production or operation, even partially, at the time of response to the survey. This percentage was greater than 95% in almost all activity sectors, except in *Other services* and *Accommodation and food services*.
- The *Accommodation and food services* sector, being the sector with the highest percentage of enterprises closed (temporarily or definitely), registered the most significant increase in operating enterprises comparing with the previous fortnight (+5 p.p., to 82%).

**Figure 6 • Situation of the enterprises, as a % of the total number of enterprises**



Note: the values for the 1<sup>st</sup> fortnight of June 2020 already integrate the revised data.



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

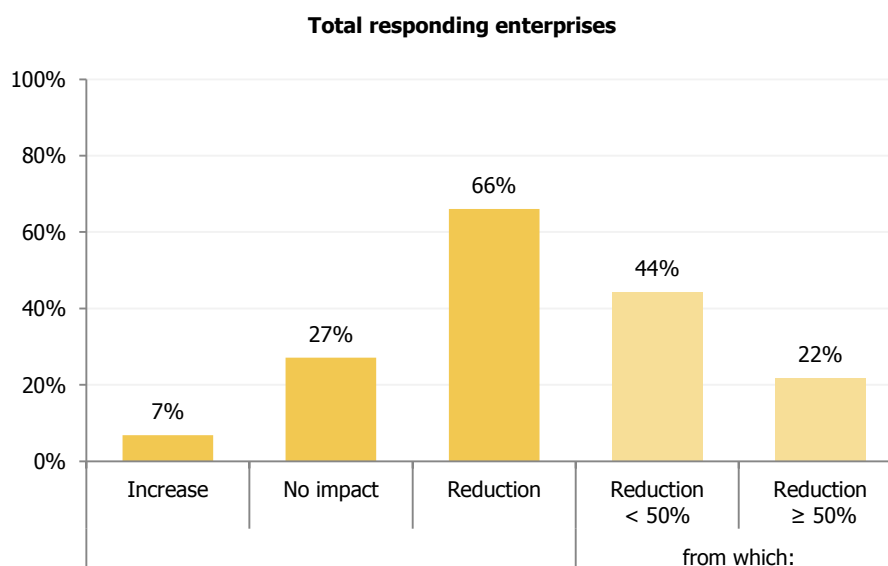
**Impact of the COVID-19 pandemic on turnover in the second fortnight of June 2020, compared to the expected situation without the pandemic**

**Most enterprises continue to report turnover reductions due to the pandemic**

- Comparing with the expected situation without the pandemic, 66% of the enterprises in operation or temporarily closed reported a negative impact on turnover (-2 p.p. than in the previous fortnight), while 7% reported an increase in the same variable.
- The *Accommodation and food services* and *Transportation and storage* sectors concentrated the higher percentages of enterprises reporting a reduction in turnover, 87% and 80%, respectively (-1 p.p. and +3 p.p. than in the previous fortnight). In contrast, the *Construction and real estate* sector recorded the lowest percentage of enterprises with a reduction in turnover (52%, equal to the previous fortnight).

- The percentage of enterprises reporting reductions of more than 75% in turnover remained higher in the *Accommodation and food services* (39%), but 6 p.p. lower than the observed in the previous fortnight.

**Figure 7 • Impact of the COVID-19 pandemic on turnover in the second fortnight of June 2020, as a % of the total number of enterprises in operation or temporarily closed**



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

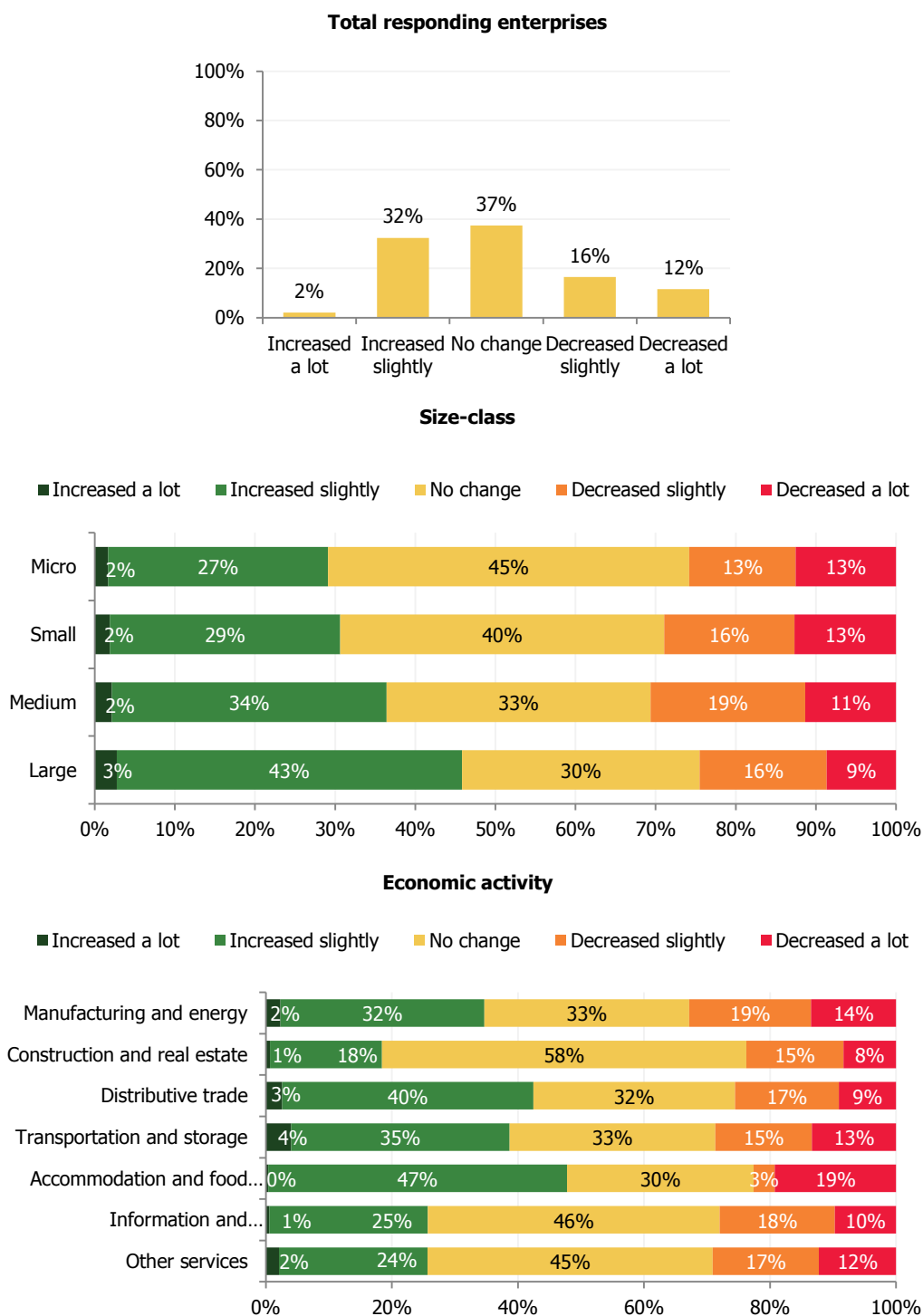
### Evolution of the turnover in the second fortnight of June, compared to the previous fortnight

#### **37% of the enterprises reported a stabilisation in turnover in the second fortnight of June compared with the previous fortnight**

- In the second fortnight of June, 37% of the enterprises in operation or temporarily closed reported a stabilization of their turnover compared with the previous fortnight, standing out the *Construction and real estate* sector with 58% of the enterprises mentioning this situation. The remaining enterprises mentioned more frequently turnover increases (34%) than reductions (28%), comparing with the previous fortnight.
- By sector, this difference was more expressive in *Accommodation and food services* (48% and 23%), *Distributive trade* (42% and 26%) and *Transportation and storage* (39% and 29%).
- By size, the percentage of enterprises that reported turnover increases always exceed the percentage that reported reductions, being this differential clearly higher among large enterprises (+21 p.p.).



**Figure 8 • Evolution of the turnover between the second fortnight of June and the first fortnight of June, as a % of the total number of enterprises in operation or temporarily closed**

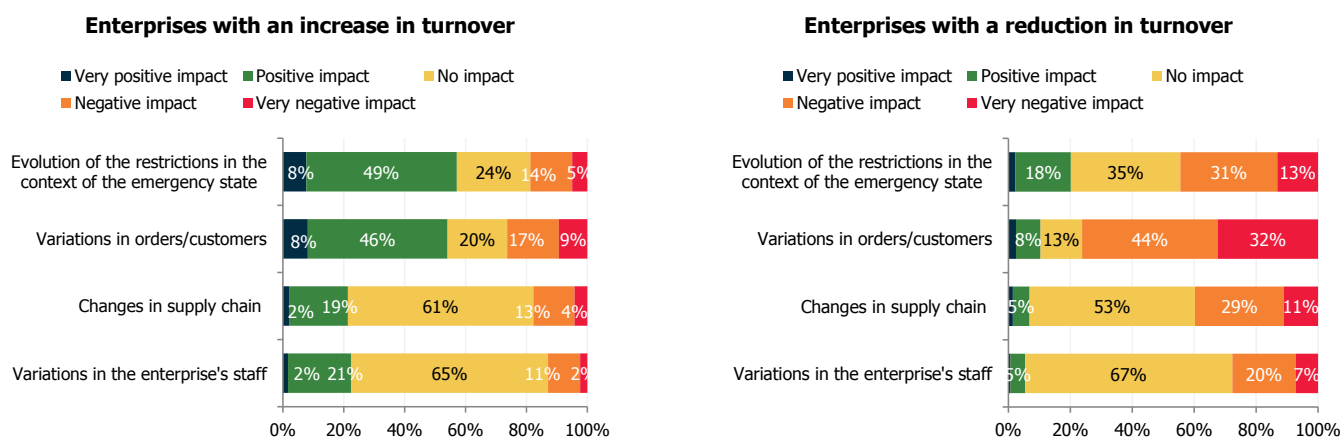


Source: Statistics Portugal and Bank of Portugal, COVID-IREE

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

- Enterprises that reported an increase in turnover in this fortnight pointed out the evolution of the containment measures and the improvement in orders/clients as the explanatory factors with the greatest impact (57% and 54%, respectively).
- The most mentioned reason for the decrease in turnover compared to the previous fortnight was the reduction in orders/clients (76% of enterprises).

**Figure 9 • Impact of the reasons for the evolution of the enterprises turnover in the second fortnight of June 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

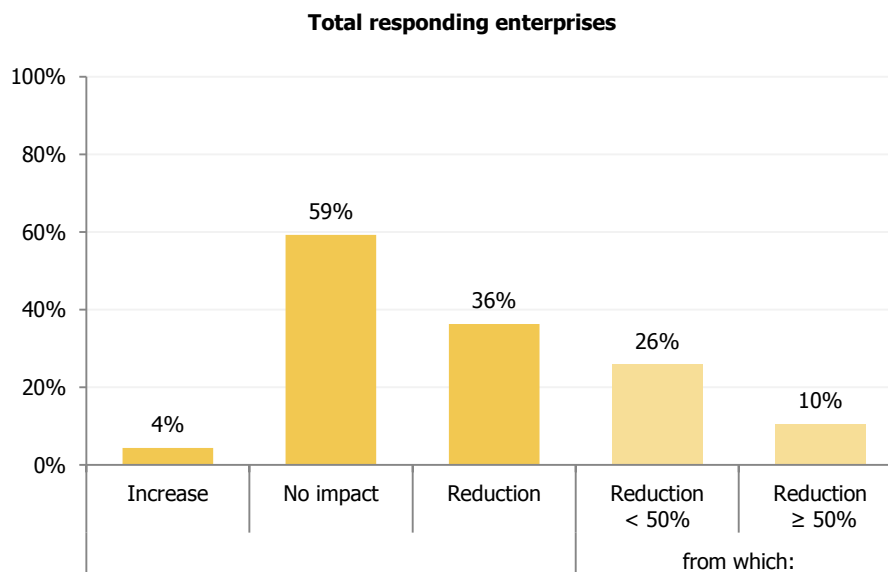
**Impact of the COVID-19 pandemic on persons employed during the second fortnight of June 2020, compared with the expected situation without the pandemic**

**59% of enterprises reported that the persons employed effectively working did not change, while 36% reported a reduction compared to the given situation without the pandemic**

- Comparing with the expected situation without the pandemic, 36% of the enterprises reported a negative impact in the persons employed effectively working during the second fortnight of June (-3 p.p. vis-à-vis the previous fortnight), representing 58% of the total persons employed by the respondent enterprises. For the majority of the enterprises, the pandemic had no impact on the persons employed (59% of the enterprises, +3 p.p. than in the previous fortnight, corresponding to 36% of the total persons employed by the respondent enterprises).

- By economic activity, the enterprises from *Accommodation and food services* sector continued to stand out, with 64% referring a decrease in the number of persons employed (-3 p.p. than in the previous fortnight), with this reduction exceeding 75% in 25% of the enterprises (-4 p.p. than in the previous fortnight).

**Figure 10 • Impact of the COVID-19 pandemic on persons employed effectively working in the second fortnight of June 2020, as a % of the total number of enterprises in operation or temporarily closed**



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

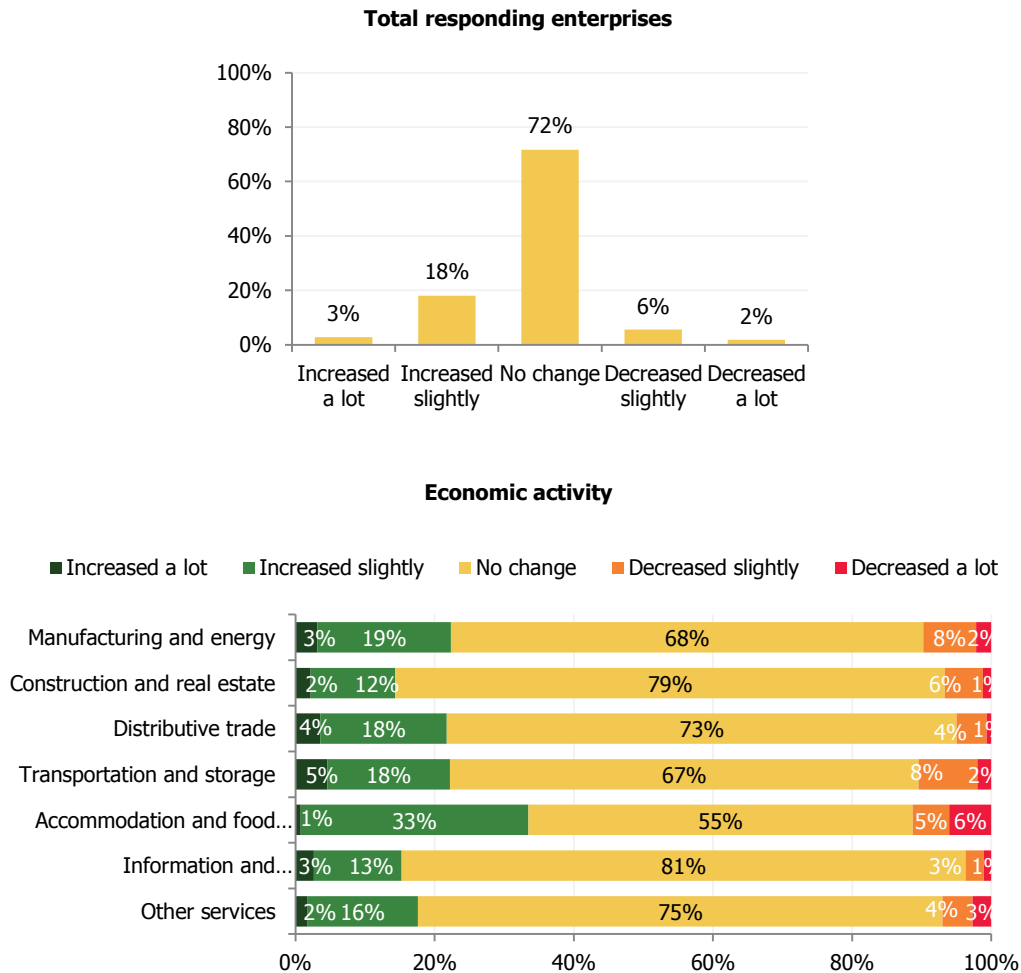
**Evolution of the persons employed effectively working during the second fortnight of June, compared with the previous fortnight**

**The *Accommodation and food services* sector recorded the highest percentage of enterprises with increases in the number of persons effectively working, compared to the previous fortnight**

- 72% of the enterprises, representing 51% of the total persons employed by the respondent enterprises, reported not to have changed the number of persons employed effectively working during the second fortnight of June, compared to the previous fortnight.
- The percentage of enterprises that reported an increase in the persons employed was higher than the percentage that registered a decrease (21% and 7% of enterprises, respectively) and it increases with the size-class of the enterprise.

- By sector, *Accommodation and food services* registered the highest percentage of enterprises with increases in the persons employed compared with the previous fortnight (33% of the enterprises, representing 37% of the persons employed).

**Figure 11 • Impact of the COVID-19 pandemic on persons employed effectively working in the second fortnight of June compared to the previous fortnight, as a % of the total number of enterprises in operation or temporarily closed**

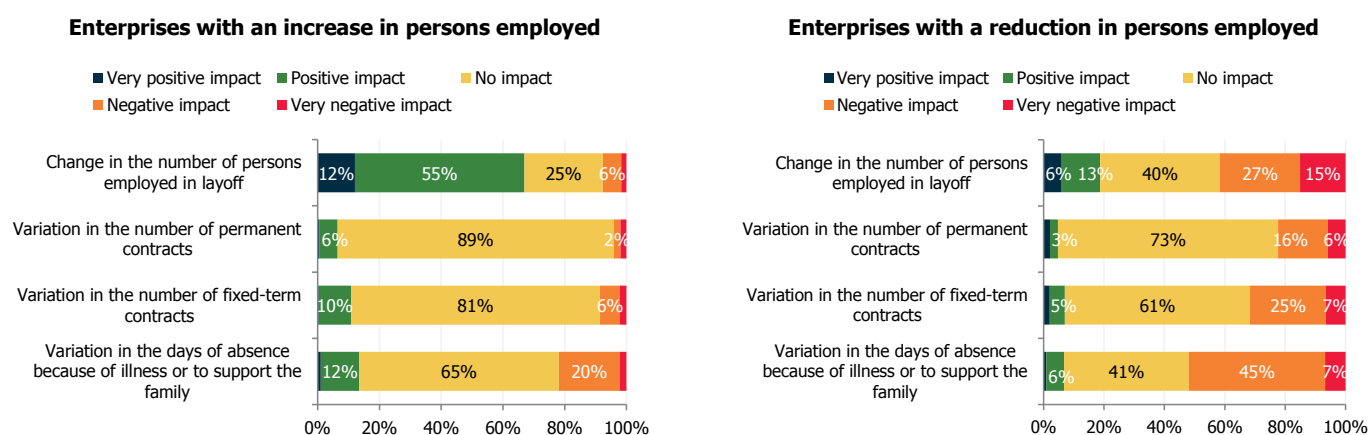


Source: Statistics Portugal and Bank of Portugal, COVID-IREE

**The reduction of the simplified layoff was the reason with the greatest impact in the increase of the persons employed effectively working during the second fortnight of June, compared to the previous fortnight**

- 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 previous fortnight was the reduction in the number of persons in layoff (mentioned by 67% of the enterprises).
- Enterprises that reported a reduction in the number of persons effectively working refer more often the increase in the days of absence because of illness or to support the family (52%) and the layoff (42%) as the reasons that most contributed negatively to this evolution.

**Figure 12 • 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

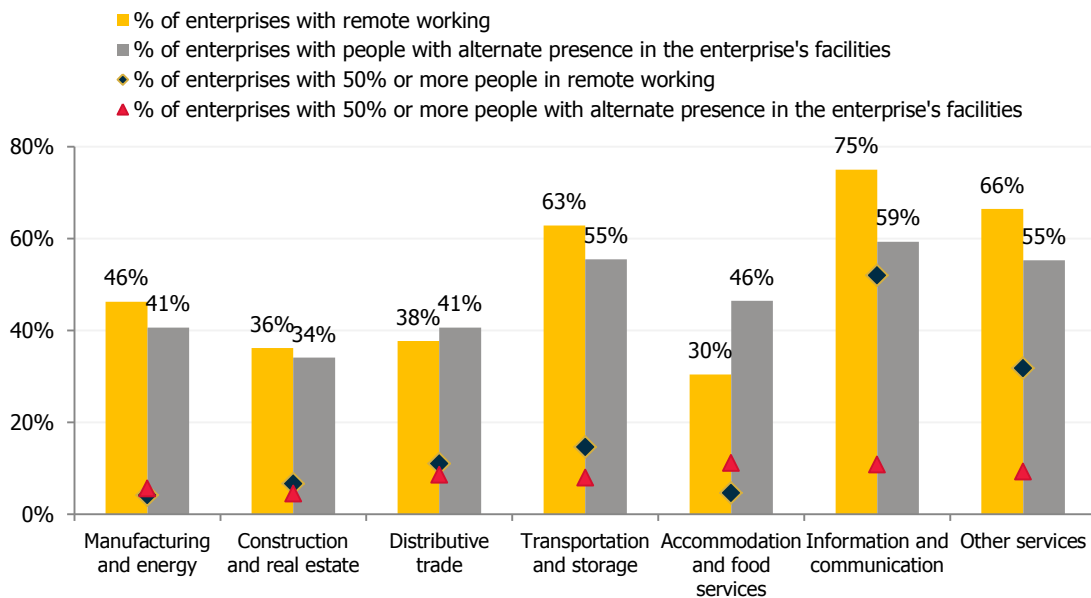
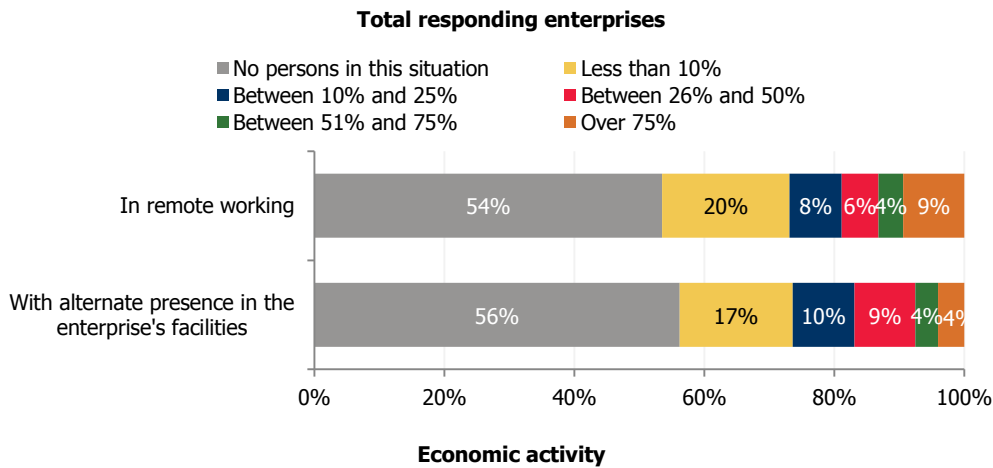
### Remote working and alternate presence in the enterprise premises during the second fortnight of June

#### 46% of the enterprises had persons in remote working<sup>2</sup> and 44% had persons with alternate presence in the enterprise premises

- 46% of the responding enterprises had persons in remote working during the second fortnight of June (-1 p.p. than in the previous fortnight), with 9% having more than 75% of the persons employed effectively working in remote working.
- By size, the proportion of enterprises that reported people in remote working increases with the size of the enterprise, ranging from 21% in micro enterprises and 85% 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 (75%) and lower in *Accommodation and food services* (30%).
- 44% of the enterprises reported the existence of persons working with alternate presence in the enterprise premises due to the pandemic (-1 p.p. than in the previous fortnight).
- The use of alternate presence in the enterprise premises grows with the size of the enterprise, being mentioned by 24% of micro enterprises and 75% of large enterprises. The *Information and communication* sector stood out in the use of this practice, mentioned by 59% of enterprises.

<sup>2</sup> It should be recalled that this survey does not cover enterprises in the financial sector or public administration organisations.

**Figure 13 • Quantification of persons employed effectively working in remote working and with alternate presence in the enterprise's facilities in the second fortnight of June, as a % of the total number of enterprises in operation or temporarily closed**



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

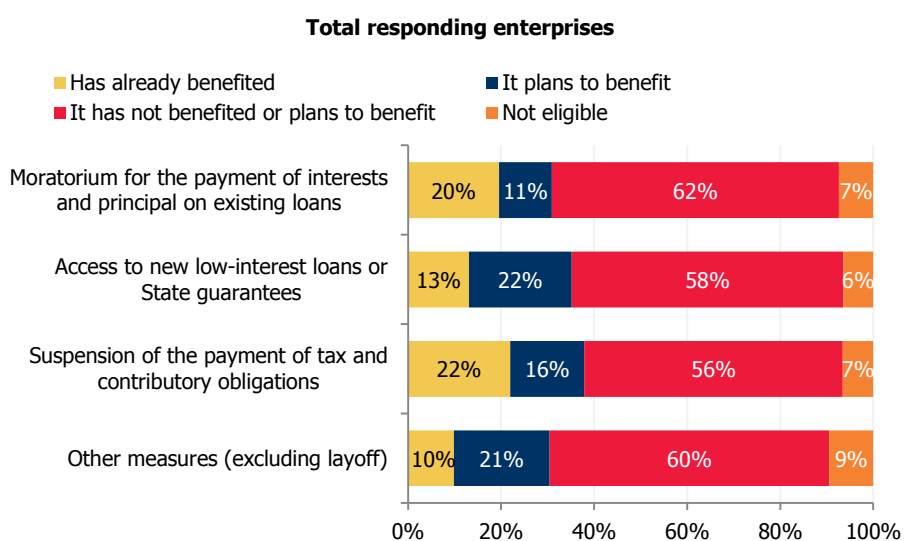
**Enterprises that have benefited or intend to benefit from the measures presented by the Government due to the COVID-19 pandemic in the second fortnight of June**

**Between 56% and 62% of the enterprises do not intend to use support measures, excluding the simplified layoff**

- Among the measures considered, 22% of the responding enterprises have already benefited from the suspension of tax and contributory obligations, 20% of the moratorium for the payment of interests and principal on existing credits and 13% of the access to new low-interest loans or State guarantees.

- By sector, *Accommodation and food services* sector registered the higher percentage of enterprises that have already benefited or intend to benefit from the support measures, with 42% of the enterprises in this sector already benefiting from the suspension of tax and contributory obligations, 27% from the moratorium for the payment of interests and principal on existing credits and 23% from the access to new low-interest loans or State guarantees. By size, it is observed that the percentage of micro enterprises that benefited from the measures considered is lower than the average.

**Figure 14 • 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**



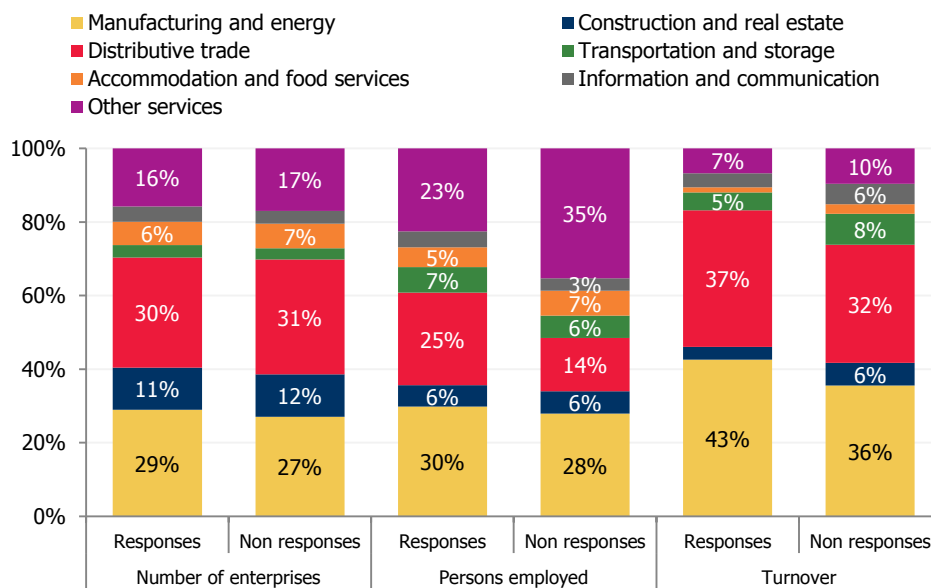
Source: Statistics Portugal and Bank of Portugal, COVID-IREE

**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 22 to 28 June 2020, with reference to the second fortnight of June 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 4,920 valid responses were obtained, representing an overall response rate of 55.4%. The respondent enterprises represent 60.7% of the persons employed and 70.5% 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 15 • 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.

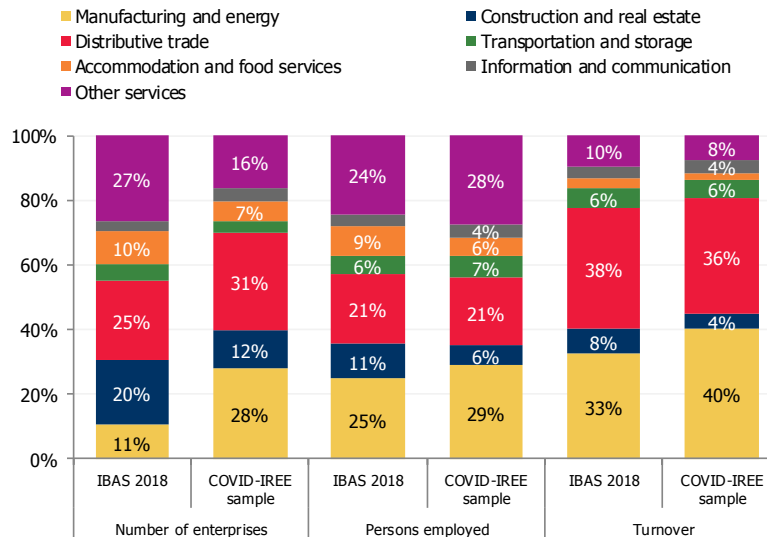
The results of this survey are always indicated as referring to the responding enterprises in each week of survey and no extrapolation of the results to the universe of firms is made (see methodological documentation associated with the new Fast and Exceptional Enterprise Survey (COVID-IREE) available 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 16 • 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.

In this information note were considered:

- 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)
- 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:

29 July 2020

#### Acronyms:

%	Percentage
BdP	Bank of Portugal
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
VVN	Turnover

**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.