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PRESS RELEASE

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Impact assessment of COVID - 19 on the economic environment in March and April 2020

The ad-hoc statistical survey was addressed to the managers of companies in the manufacturing, construction, retail and services industries regarding their perception regarding the evolution of the business activity they run. This survey was done between March 17 and 19.

The sample of 8831 economic agents is representative for the economic sectors and the total economy. The response rate was 71.3%.

For evaluating the economic impact of the pandemic, the evaluations of the managers, as well as the turnover of the companies during the period January 2019 - January 2020 were used.

The available information are used to evaluate the evolution of the activities volume in the economy during March - April 2020, compared to:

1. The corresponding months of the previous year (2019);

2. January 2020;

3. Monthly average of the turnover for the period January 2019 - January 2020.

The results obtained for March and April 2020 are shown in Figure 1

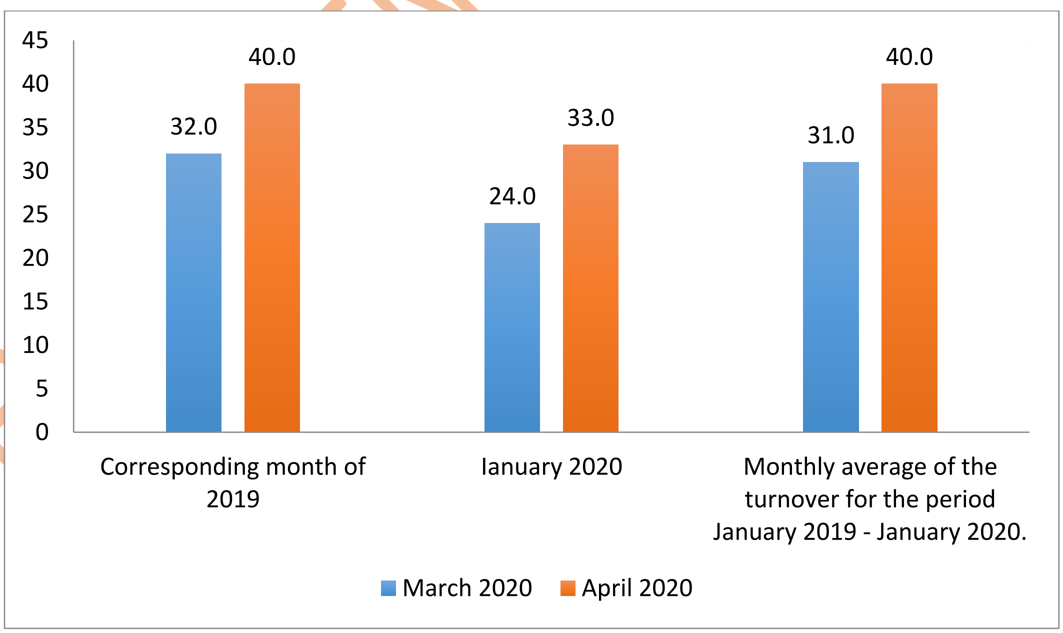

Figure 1. Estimation of the size of the turnover reduction in March and April 2020

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- **In all three working variants, the negative impact is higher in April 2020 compared to the previous month.**
- **In assessing these evaluations, it should be taken into account that the questionnaire was addressed to the economic agents between March 17 and 19, before applying other measures to combat COVID - 19.**

1. Analysis of the activity volume change of the Romanian economic agents during the period March - April 2020, as a result of the spread of the COVID-19 pandemic

One of the aspects revealed by the ad-hoc statistical survey carried out to evaluate the impact of the COVID-19 pandemic on the volume of economic activity is the high level of uncertainty regarding the future of business during March - April 2020 and its growth in April compared to March 2020. Thus, if in March 2020 a share of 21.2% of the economic agents could not estimate how their businesses will evolve, in April their share increased to 34.3%. The increase is mainly explained by:

- reducing the share of economic agents that did not foresee a restriction of the economic activity from 12.9% in March 2020 to 6.4% in April 2020;
- and the share of economic agents that estimate a reduction in the activity volume by up to 25% from 14.3% in March 2020 to 7.7% in April 2020.

Taking into account the share of non-responses of 28.6%, both in March and April 2020, it turns out that more than 50% of economic agents in March and 62.9% in April cannot make an estimate of their activity volume evolution.

On the other hand, the same statistical survey shows the tendency to aggravate the impact of the COVID-19 pandemic on the activity volume of the economic agents that were able estimate the magnitude of the activity restriction as the time horizon for which the estimates are made increases. Thus, the share of economic agents that did not foresee a restriction of activity is reduced by 8.6% in April 2020 compared to the level of 26.1% of the previous month, while the share of those who estimated a restriction of up to 25% decreases by 7.8% in April compared to 28.7%, recorded in March 2020.

At the same time, the share of those whose activity is reduced by more than 25% increases from 33.3% in March 2020 to 45.0% in April 2020, and the rate of activity closures increases from 9.8% in March 2020 to 13.8% in April 2020.

The impact of the COVID-19 pandemic on the activity volume of the **Manufacturing Industry** increases with the extension of the time horizon. Uncertainty is the main feature of the estimations regarding the volume of activity as the share of those who cannot estimate the future direction to which the activity is heading, increases from 24.5% in March 2020, to 40.1% in April 2020. Increasing uncertainty in the evolution of activity in this sector is determined by changes in the category of those who estimated that the activity will not be reduced (-9.8 pp in April compared to March level) and in the category of those who estimated a restriction of activity of up to 25% (-8, 9 pp in April compared to March level).

Among the subsectors of the manufaturing industry most affected by the uncertainty regarding the evolution of the activity volume at the time of the statistical survey are:

- Manufacture of road transport vehicles, trailers and semi-trailers,
- Manufacture of other means of transport,
- Manufacture of electrical equipment,
- Metal construction and metal products industry, excluding machines, machines and installations,
- Metallurgical industry

As can be seen, all these activities of the manufacturing industry are related one way or another to the international supply chains affected by the "closures" enacted by various countries affected by COVID-19. If in March 2020, in the processing industry, among the economic agents that could estimate the evolution of the activity volume, a share of 33.5% predicted a restriction of up to 25% of the activity and 30.2% did not estimate changes, in April 2020, these shares were lower by 9.8 pp in the first category and 13.9 pp in the second one. At the same time, the share of economic agents that predicted a reduction of the activity volume by more than 25% was higher by 19.4 pp in April compared to March 2020, and the percentage of those who estimated a closure of activity increased by 4.2 pp in same period.

The transport and storage sector is, at the time of carrying out the statistical survey, one of the most affected by the uncertainties related to the impact of the COVID-19 pandemic on the volume of activity. Thus, the share of economic agents in this sector that cannot make estimates on the evolution of the activity volume increases from 25.9% in March to 40.1% in April 2020 by reducing the number of those economic agents that had a vision on the evolution of the activity volume in March, except for those who planned to close the activity. From the perspective of the economic agents that had data that would allow them to make an estimate of the evolution of the volume of activity during the period March - April 2020, the share of the economic agents that did not foresee a reduction of the volume of activity, as well as those that estimated a restriction of activity with up to 25% it decreased in April 2020. During the same period, among the economic agents that could estimate the evolution of the activity volume, a share of 52.5% predicted in April 2020 a restriction of the activity by more than 25% compared to only 44.4% in March 2020.

The impact of the COVID -19 pandemic on the activity volume in the **construction sector** has two characteristics:

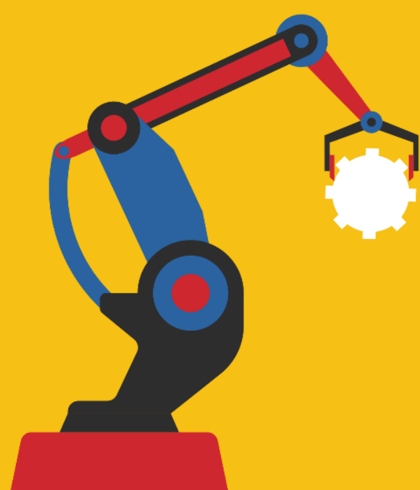
- on one hand, the uncertainty of the business evolution that increases once the time horizon extends;
- and, on the other hand, the increase of the businesses share that are affected by the reduction with more than 25% of the activity volume or their closure.

Thus, at the level of all the economic agents in the sector, included in the statistical survey, the share of agents who cannot estimate the evolution of the activity volume increases from 21.6% in March to 33.1% in April 2020, by reducing the share of those who estimate no impact or estimated an impact of up to 25% of the activity volume. Among the economic agents that could estimate the impact of the COVID-19 pandemic on the activity volume in April 2020, 61.4% of them predicted a reduction of the activity volume by more than 25% or the closure of the activities, compared to only 39.2% in March.

In the **retail sector**, the impact of the COVID-19 pandemic on the activity volume is at a level close to the average on economy, although the statistical survey was carried out before the decisions regarding the closure of commercial units, other than food or pharmacies. Thus, the share of economic agents who could not estimate the impact of the pandemic on the activity volume increased from 20.7% in March to 32.6% in April 2020, by reducing the share of economic agents who estimated to maintain the activity volume or to be impacted up to 50 %. Among the economic agents in the sector that could estimate an evolution for the activity volume in April 2020, a share of 21.6% predicted the closure of the activity or a restriction of its activity by more than 25%, compared to 22.1% in March 2020.

In the **hotels and restaurants sector**, the impact of the COVID-19 pandemic is dominated by the same uncertainty in estimating the future evolution and the forecast regarding the total closure of the activity. Thus, among the total of the economic agents included in the statistical survey, a share of 11.7% could not estimate the evolution of the activity volume in March, respectively 27.8% in April 2020. The doubling of the share of economic agents with uncertain vision on the business was due predominantly to the change of the vision to those who expected either the closure of the activity (difference of 5.1 pp in April compared to March 2020) or a reduction of more than 50% of the volume of activity (6.1 pp difference in April compared to March 2020). Among the economic agents in the sector that were able to make an estimate of the impact of the COVID-19 pandemic on the volume of activity in April, 95.4% predicted a restriction of activity over 25% or closure, compared to 92.9% in March 2020.

the impact of Sars-COV2 on the manufacturing industry sector



ad-hoc survey

40,1%

of the economic agents included in the statistical survey cannot estimate the future direction to which the activity is heading in April

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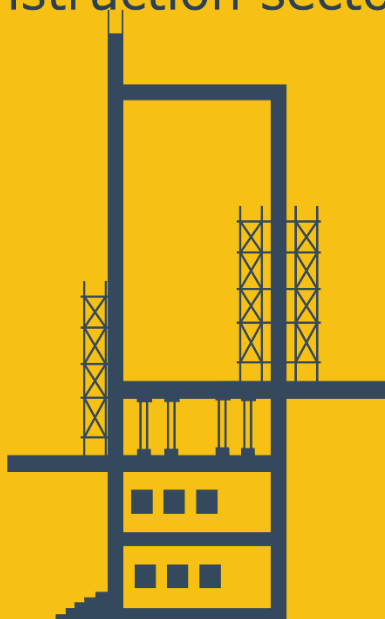
the impact of Sars-CoV2 on the transport and storage sector

52,1%

of the economic agents (included in the statistical survey) that could estimate their evolution of activity volume, foresee in April 2020 a restriction of the activity with more than 25%

ad-hoc survey

the impact of Sars-CoV2 on the construction sector



ad-hoc survey

61,4%

of the economic agents (included in the statistical survey) that could estimate their evolution of activity volume, foresee in April 2020 a restriction of the activity with more than 25%

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the impact of Sars-CoV2 on the retail sector

ad-hoc survey

21,6%

of the economic agents (included in the statistical survey) that could estimate their evolution of activity volume, foresee in April 2020 a restriction of the activity with more than 25% or even the activity closure

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the impact of Sars-COV2 on the hotels and restaurants sector

ad-hoc survey

95,4%

of the economic agents (included in the statistical survey) that could estimate their evolution of activity volume, foresee in April 2020 a restriction of the activity with more than 25% or even the activity closure

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