

ECONOMIC PULSE

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MOBILITY: ENCOURAGING MOMENTUM IN EUROPE

Google's latest report on mobility (Google Mobility Report), published on November 29, shows encouraging momentum in customer traffic of retail and recreation in Europe at the end of that month.

France and Belgium, where the number of new Coronavirus infections continues to decline, recorded a slight increase in customer traffic. In terms of a seven-day moving average, it is now in both cases 53% below the baseline*, after a significant decrease at the start of the second lockdown in early November, to -59% and -57% respectively. This increase in customer traffic is likely to continue in the coming weeks, with the easing of containment measures in both countries and the approach of the festive season (chart 1).

In Germany, customer traffic continues to increase slightly (to about 31%). At the same time, the country crossed the threshold of 1 million Covid-19 cases. Germany is extending health restrictions through the beginning of January. In Spain, where some regions have opted to ease lockdown restrictions since 23 November, there has been an increase in customer traffic flows. In Italy, as in its neighbouring countries, retail traffic has continued to rise since 21 November. In the UK, Prime Minister Boris Johnson announced on Monday, 23 November, that national lockdown

measures would be lifted on 2 December, and that health restrictions would resume at the local level based on the spread of the virus. Retail traffic has been on an upward trend in the UK (charts 1 and 2).

On the other side of the Atlantic, given the lockdown restrictions imposed at state level over the past week, the United States unsurprisingly reported a decline in retail traffic (the seven-day moving average is about 24% below the baseline). This is the lowest figure since the end of May. In Japan, customer traffic trends have remained stable since early June, with the 7-day moving average down about 10% from normal levels (chart 2).

The purchasing managers' confidence index (PMI) for the service sector, published on December 3 in Spain and Italy, suffered a further decrease in November: respectively 39.5 and 39.4 against 41.1 and 46.7 in October, a lowest since May for both countries (chart 3). Note that the services PMI for the other Eurozone countries also declined in November. On a more positive note, mobility trends reported in Europe and recent news on the development of new vaccines should lead to a strengthening of consumer confidence.

Tarik Rharrab

RETAIL AND RECREATION MOBILITY

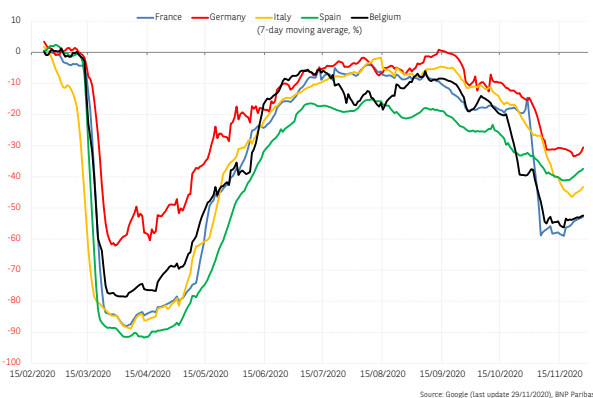


CHART 1

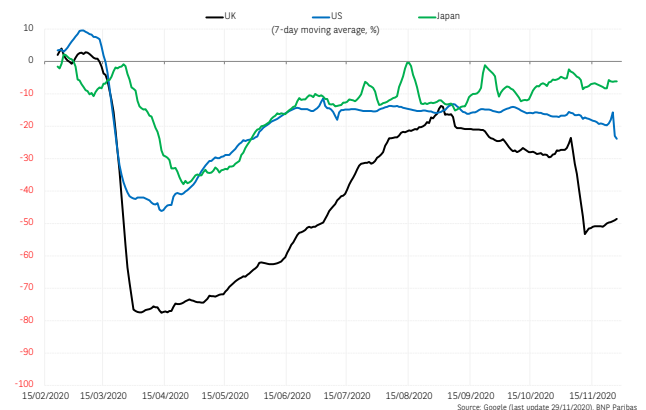


CHART 2

SOURCE: GOOGLE (LAST UPDATE 29 NOVEMBER 2020), BNP PARIBAS

* Google Mobility Reports show how visits and length of stay at different places change compared to a baseline. The baseline is the median value, for the corresponding day of the week, during the 5-week period Jan 3–Feb 6, 2020. A figure of negative 30% indicates that traffic was down 30% compared to a baseline. The reports show trends over several weeks with the most recent data representing approximately 2-3 days ago—this is how long it takes to produce the reports. In order to smooth the series, we use a seven-day moving average of the raw data in the Google Mobility Reports. Source: Google



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RELATIONSHIP BETWEEN MARKIT PMI SURVEYS IN THE SERVICES SECTOR AND RETAIL AND RECREATION MOBILITY

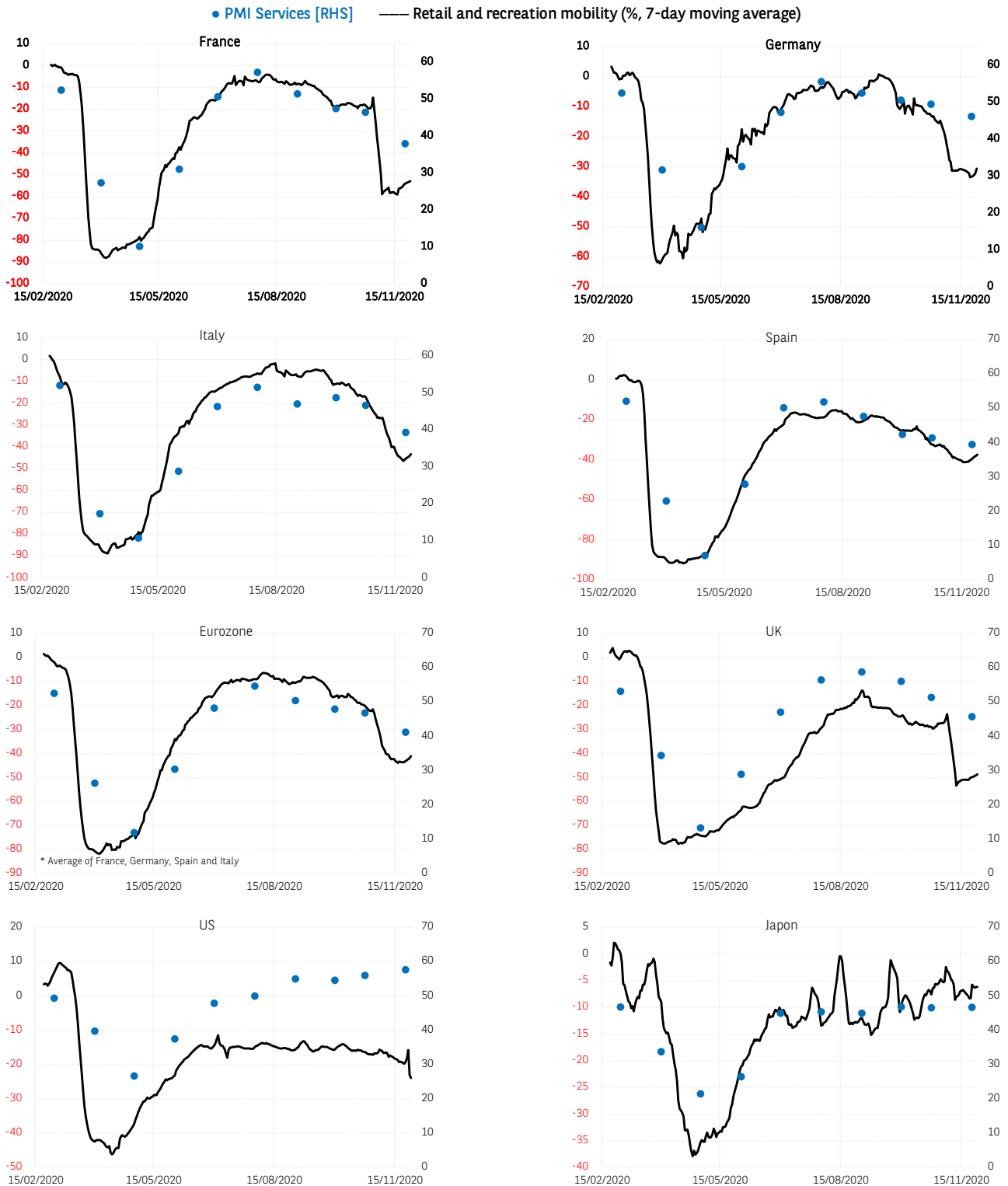


CHART 3

SOURCE: GOOGLE (LAST UPDATE 29 NOVEMBER 2020), MARKIT, BNP PARIBAS

