

ECONOMIC PULSE

7

MOBILITY: THE EXTENSION AND TIGHTENING OF COVID-19 RELATED MEASURES WEIGH ON ACTIVITY IN SERVICES

Retail and leisure traffic flows are increasing in some countries and declining in others according to the Google Mobility Report released on 14 February.

In France, in addition to the national curfew, the government decided to close non-food shopping centres with a retail area of more than 20,000 m² as of midnight, January 31. After the dynamic pace of retailing reported in the last week of January, this new restriction has reduced retail and leisure traffic flows, with the 7-day moving average slipping to about 44% relative to the baseline* (chart 1). In Germany, after the momentum reported since the end of December 2020, retail and leisure traffic flows have begun to decline again since early February, with a 7-day moving average of nearly 60% relative to the baseline. Despite an encouraging decline in the number of Covid-19 cases, German Chancellor Angela Merkel announced that lockdown restrictions would not be lifted until 7 March, which should keep retail and leisure traffic flows at a low level in the weeks ahead. Note that Germany partially closed its borders with Austria and the Czech Republic to limit the spread of the UK variant.

In the United Kingdom, retail traffic is sticking to the encouraging pace reported since mid-January. At 16 February, 16.5 million people had been given at least one dose of the vaccination. In addition, the pandemic is slowing after more than a month of lockdown. In the United States, consumer traffic flows are still relatively stable. In Japan, it continues its upward momentum recorded since the end of January.

The extension and tightening of measures in response to the Covid-19 pandemic resulted in a decline in services sector activity in February. In France, the services PMI index deteriorated to 43.6 in February against 47.3 in January, the lowest since November 2020. In Germany, services activity continued to decelerate, the PMI index services reaching 45.9 in February, a lowest since May 2020. In Japan, the services PMI continued to decline as well, reaching 45.8 in February, a six-month low. In the UK, the services index surprised positively, hitting 49.7, after falling to 39.5 in January, and well above market expectations (41). It suggested that activity in services has more or less stabilised, although at a rather low level. As for other countries, the index remains below the 50 mark, which separates contraction from expansion. In the US, the Services PMI stood at 58.9 in February compared with 58.3 in January, the highest since March 2015.

Tarik Rharrab

RETAIL AND RECREATION MOBILITY

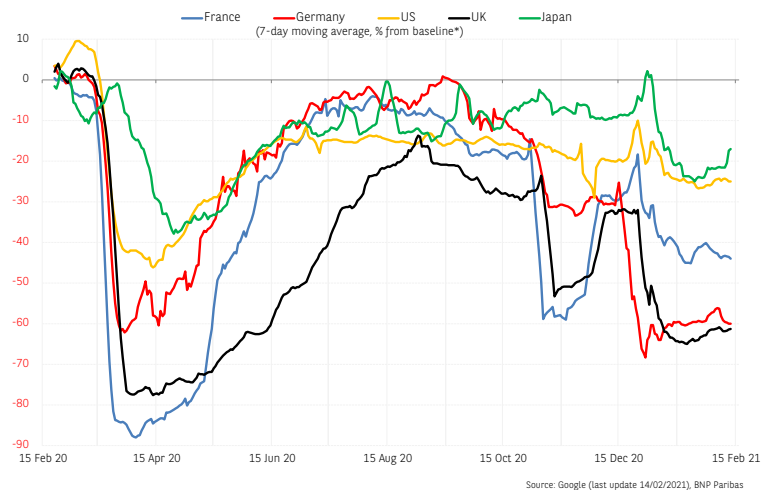


CHART 1

SOURCE: GOOGLE (14 FEBRUARY 2021), 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.



BNP PARIBAS

**The bank
for a changing
world**

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

● PMI Services [RHS] — Retail and recreation mobility (% , 7-day moving average)

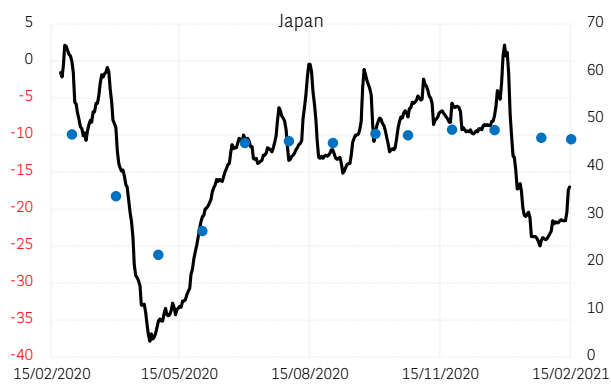
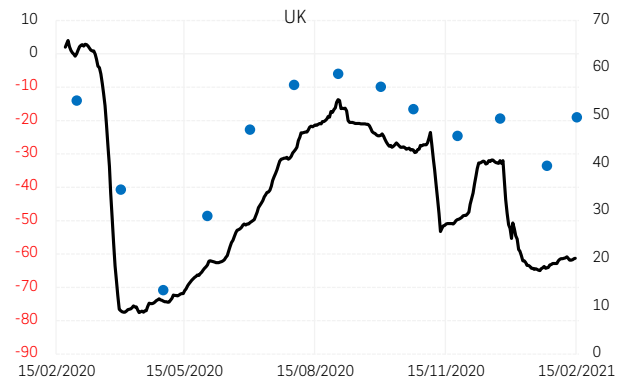
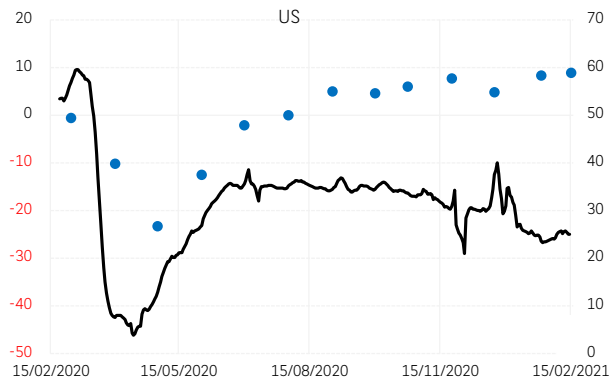
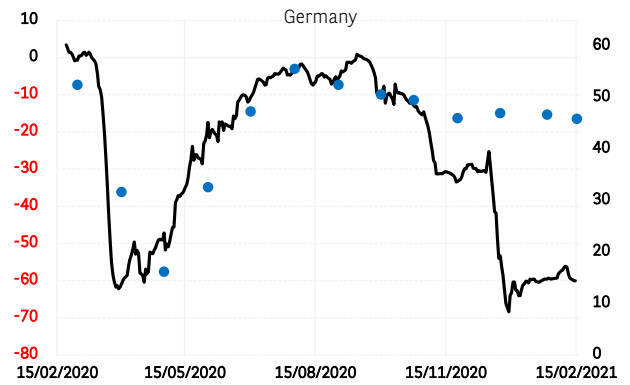
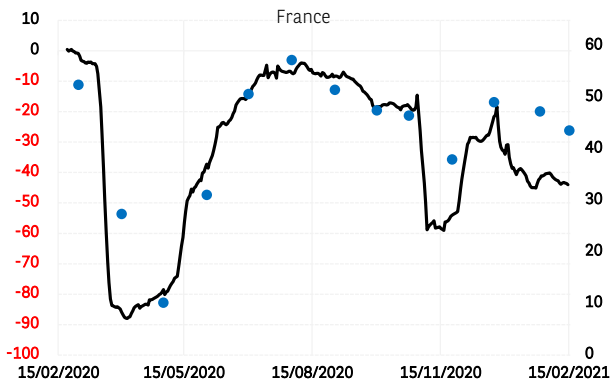


CHART 2

SOURCE: GOOGLE (LAST UPDATE 14 FEBRUARY 2021), MARKIT (LAST UPDATE 19 FEBRUARY 2021), BNP PARIBAS