

ECONOMIC PULSE

7

MOBILITY: BETWEEN LOCKDOWNS AND RESTRICTIONS, THE DYNAMIC IS STAGNATING

At the approach of the holiday season and fearing another resurgence in the coronavirus pandemic, several European countries have tightened their lockdowns to contain the level of contamination. We can expect that in the weeks ahead, these new restrictions will have a clear impact on the momentum of retail and leisure traffic flows. Over the past week, momentum was already stagnant in most of the European countries, as illustrated by the Google Mobility Report released on 13 December.

In Germany, customer traffic has been stable since November, with a 7-day moving average of 30% relative to the baseline* (chart 1). In a television address on 13 December, Chancellor Angela Merkel announced that Germany would return to a hard lockdown from 16 December until early January. This is likely to reduce retail and leisure customer traffic in the weeks ahead. In France, the lockdown was loosened and a curfew from 8 pm to 6 am replaced the earlier travel restrictions. Non-essential shops could reopen but restaurants, bars and cultural establishments remained closed. Customer traffic flows, which have been stable with a 7-day moving average holding at about 29% relative to the baseline, is expected to pick up in the coming weeks. In Belgium and Spain, traffic trends have also been fairly stable with a 7-day moving average of 40% and 33%, respectively, relative to the baseline. In Italy, in contrast, unlike its neighbouring countries, the momentum of customer traffic continues to build with a 7-day moving average of 37% relative to the baseline. The country, which holds the sad record for the most Covid-19 deaths in Europe, will ban travel between regions from 21 December through 6 January, and will continue to enforce a curfew from 10 pm to 5 am. In the UK, which launched a massive Covid-19 vaccination campaign on 8 December, customer traffic continues to gain

momentum with a 7-day moving average of 33% relative to the baseline, after a huge decline to 53% when the lockdown began in early November (chart 2).

Following the UK's lead, the United States launched a Covid-19 vaccination campaign on 14 December. After experiencing a surge in new infections in recent weeks, the country surpassed a grim milestone of 300,000 deaths. Retail traffic has picked up slightly with a 7-day moving average of 20% relative to the baseline (chart 2). In Japan, traffic trends have remained stable since June, with the 7-day moving average declining to 10% relative to the baseline (chart 2). Yet the country is on maximum alert to counter a spike in the number of new cases, notably in Tokyo, where hospitals are overloaded with a record number of new cases (chart 2).

According to the latest figures published by Markit (chart 3), the flash PMI index for the services sector in France rebounded from 38.8 in November to 49.2 in December, although remaining below the 50-mark that separates contraction from expansion. The highest score since August. In the UK and Germany, services also continued to contract albeit at a slower pace, as the PMI rose to 49.9 and 47.7, respectively, in December, from 47.6 and 46 in November. In the United States, growth in services is losing momentum as the PMI declined from 58.4 in November to 55.3 in December, the lowest score in three months. Restrictions imposed by individual states combined with weaker demand have strained overall economic activity. In Japan, the services PMI was virtually flat at 47.2 in December. These figures reaffirm the close correlation between retail and leisure customer traffic flows and the services PMI indexes.

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RETAIL AND RECREATION MOBILITY

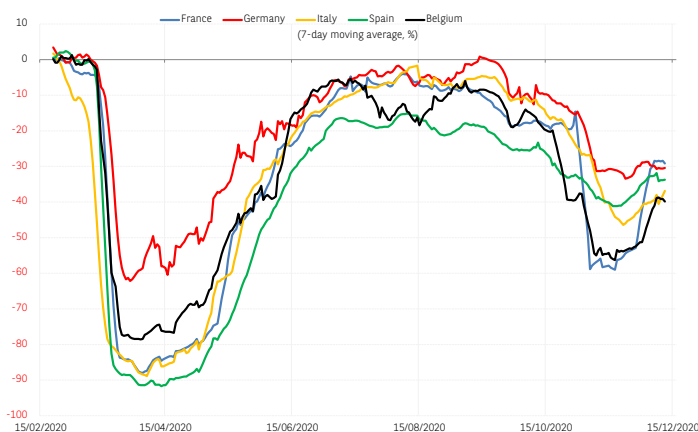


CHART 1

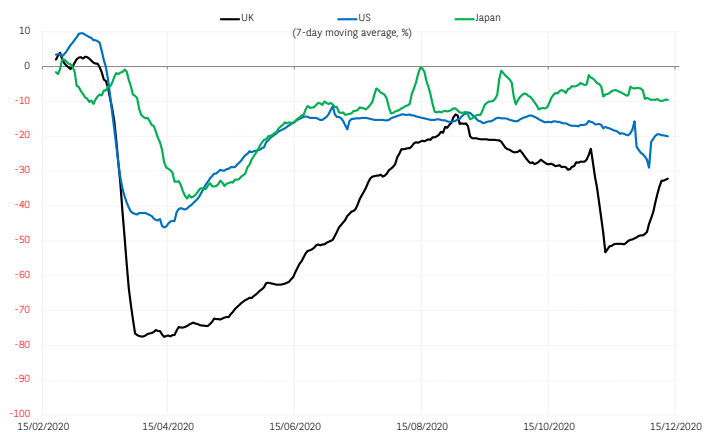


CHART 2

SOURCE: GOOGLE (LAST UPDATE 13 DECEMBER 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

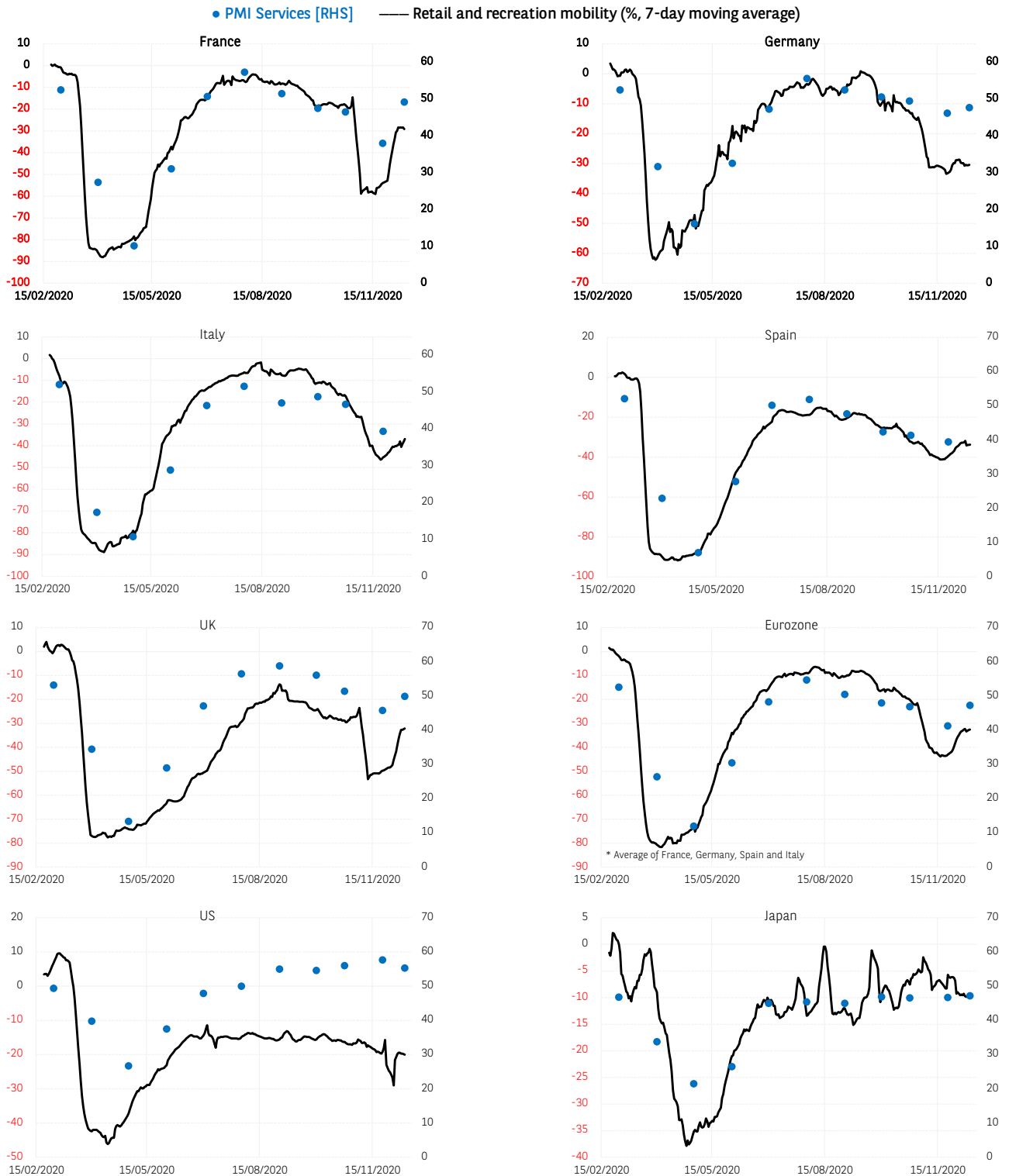


CHART 3

SOURCE: GOOGLE (LAST UPDATE 13 DECEMBER 2020), MARKIT, BNP PARIBAS

