

ECONOMIC PULSE

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RETAIL AND RECREATION: THE IMPACT OF LOCKDOWN AND RESTRICTIONS ON THE SERVICES SECTOR

According to Google's latest Mobility Report, published on 22 November, customer traffic in the retail and recreation sectors in France, Belgium and the UK remains far below baseline* levels at 59%, 56% and 51% respectively on a seven-day moving average (charts 1 and 2). However, a degree of stabilisation is noticeable, after the sharp drop seen in the early days of the autumn lockdowns. Germany, which has introduced less restrictive measures than France, has seen a fall of around 31%. In Spain and Italy, traffic has continued to decrease since the onset of the second wave of the pandemic in mid-September, with falls of 41% and 44% respectively on a seven-day moving average from baseline (chart 1). In both countries, governments have opted for local lockdowns.

Lastly, in the US and Japan, two countries where restrictions have been lighter compared to Europe, the customer traffic trend has been stable since early June. It is down 16% and 10% respectively compared to a normal situation (chart 2). However, in the US the pandemic has seen exponential

growth over recent weeks, with the number of infections moving above 12 million. Moreover, several states have introduced their own new restrictions to help tackle the spread of the virus. We therefore expect a downturn in customer traffic in the retail and leisure sectors over the near term.

According to the latest figures from Markit (chart 3), the services PMI numbers for France, the UK and Germany fell to 38.0, 46.0 and 46.2 respectively in November, from 46.9, 51.4 and 49.5 respectively in October. This drop is the consequence of the measures adopted by the three countries as they seek to control the virus. In the US, The services PMI grew by +0.8 point this month, from 56.9 to 57.7, highest since March 2015. In Japan, the services PMI remained more or less stable in November. These figures support the positive link between retail and recreation sector traffic and the services PMI.

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RETAIL AND RECREATION MOBILITY

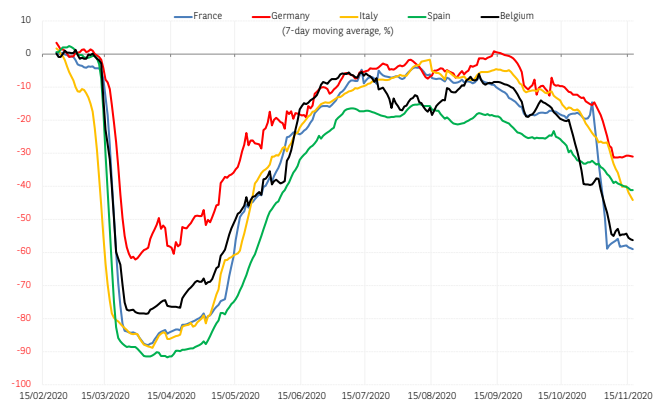


CHART 1

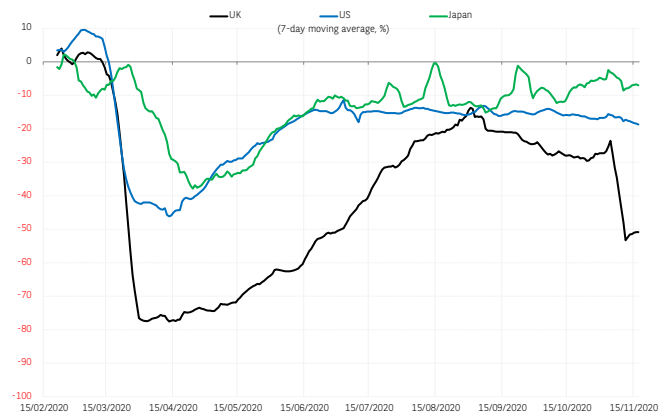


CHART 2

SOURCE: GOOGLE (LAST UPDATE 22 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

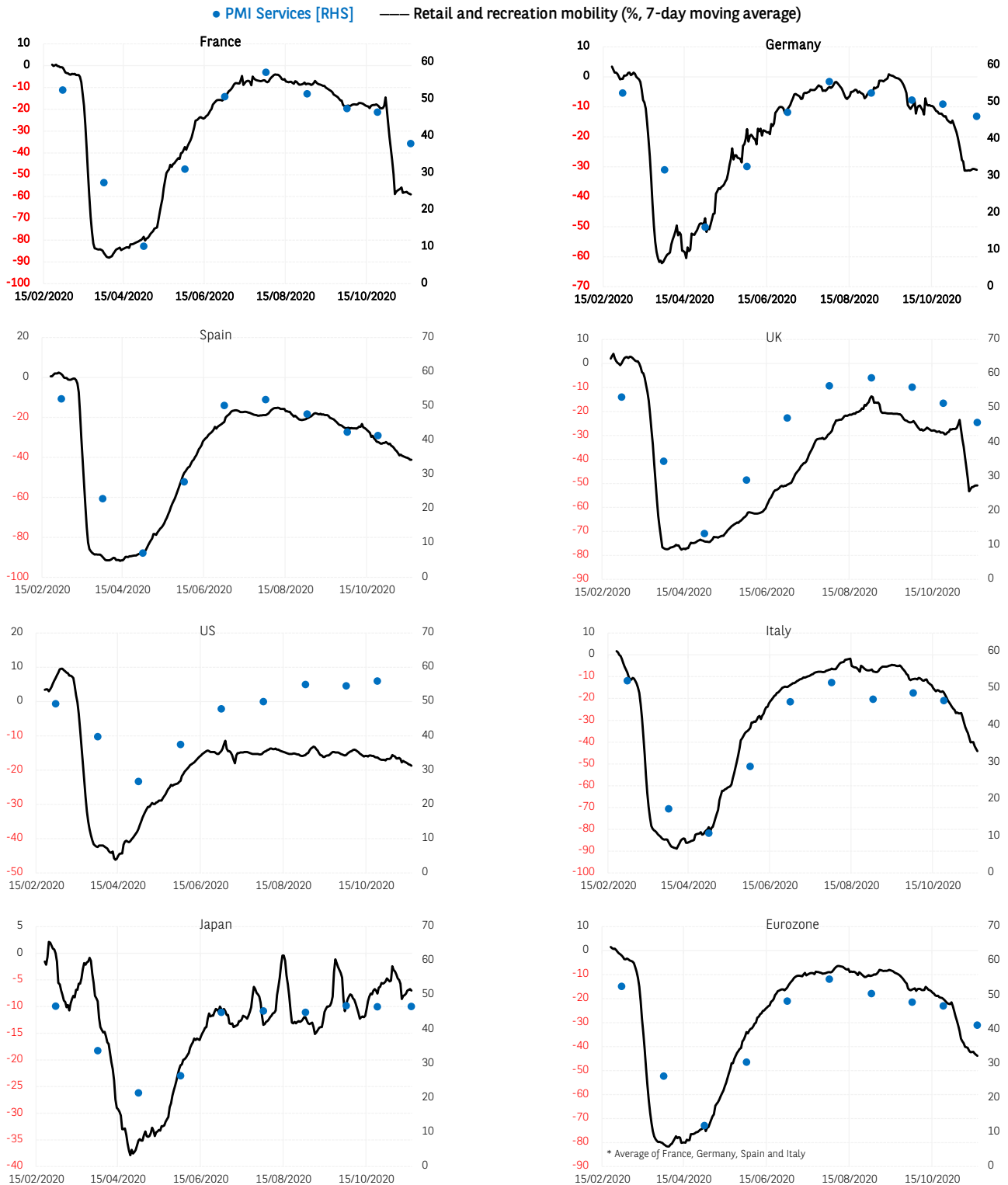


CHART 3

SOURCE: GOOGLE (LAST UPDATE 22 NOVEMBER 2020), MARKIT, BNP PARIBAS

