

ECONOMIC PULSE

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MOBILITY: NEW RESTRICTIONS WEIGH ON THE SERVICES SECTOR

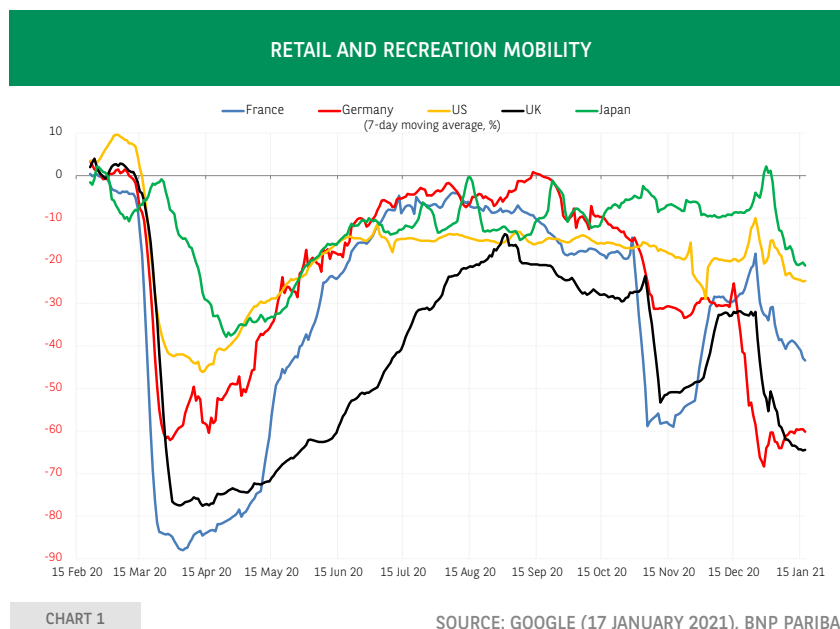
The second wave of the pandemic has forced many countries to tighten coronavirus-related restrictions. The effect of these measures can be seen in the latest Google Mobility Report, published on 19 January, which summarises customer traffic for a large number of countries, using multiple indicators. The Google mobility indicator shows a significant fall in visits to retail and recreation outlets, although less than seen last spring in most countries (chart 1).

In the United Kingdom, after a rising trend in such visits since mid-November the figure stabilised in mid-December and then fell sharply following the application of new lockdown measures, with the 7-day moving average down nearly 65% relative to the baseline* (chart 1). Wales and Northern Ireland introduced their third lockdowns after Christmas. Scotland introduced stricter measures on 4 January, followed by England on 5 January. In Germany, footfall figures recorded a timid recovery after a sharp fall at the end of December 2020, with a 7-day moving average at nearly 60% relative to the baseline. On 14 January, the federal government and the 16 Länder agreed to a further tightening until at least 14 February. This will no doubt have a negative impact on retail and leisure visits over the coming weeks. In France, a curfew from 8pm to 6am has been in force across the entire country since 15 December; in 25 departments a curfew from 6pm to 6am came into force on 8 January. This was extended to a national curfew from 6pm to 6am from 16 January, for a period of at least a fortnight. As a result, the 7-day moving average of visits to retail and leisure facilities fell by 43% relative to the baseline.

In the US, visitor numbers continued to fall, after a small recovery in early January, and were at between 75% and 80% of their pre-crisis levels. In Japan, the return to normal seen in the last week of December was short-lived and was followed by a fresh fall. The decline in footfalls in the US and Japan remains significantly smaller than those in Europe.

This background of tougher coronavirus-related measures can be seen in the Services PMI data for January, which show a contraction of service sector activity. In France, the index fell to 46.5 in January, from 49.1 in December, taking it to its lowest level for two months. In Germany, services activity continued to decelerate as the Services PMI reached 46.8 in January, its fourth consecutive monthly fall. In Japan, the index fell steeply to 45.7, having stabilised at 47.7 in December. Lastly, in the UK, the index has fallen substantially. It reached 38.8 in January from 49.4 in the previous month. It should be noted that in all four countries the index remains below the 50-mark, which separates contraction from expansion. In the US, the Services PMI stood at 57.5 in January compared with 54.8 in December, well above the consensus (53.6), and second highest since March 2015. These data confirm the close correlation between retail and recreation visits and the Services PMI.

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* 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.

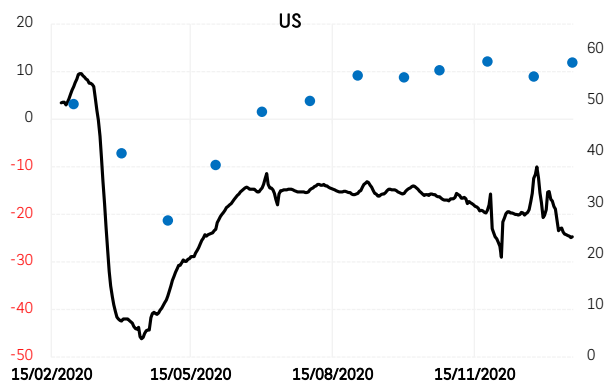
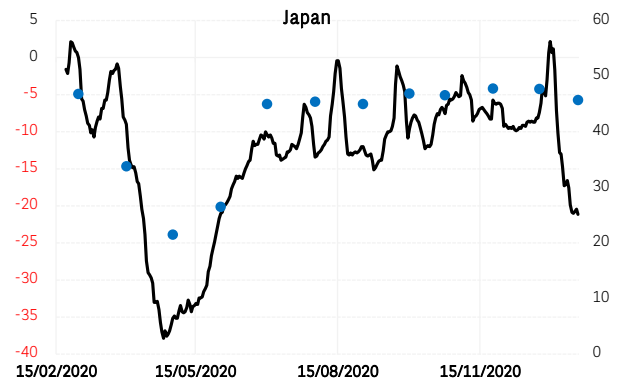
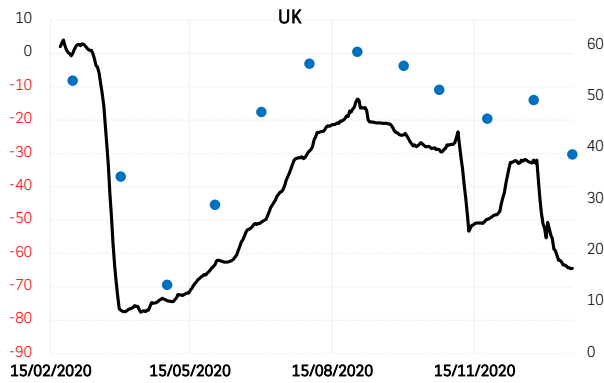
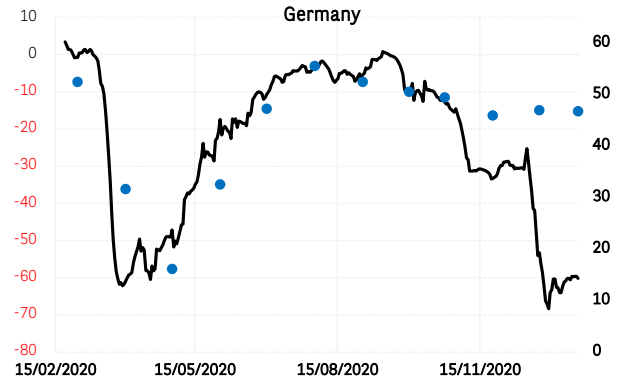
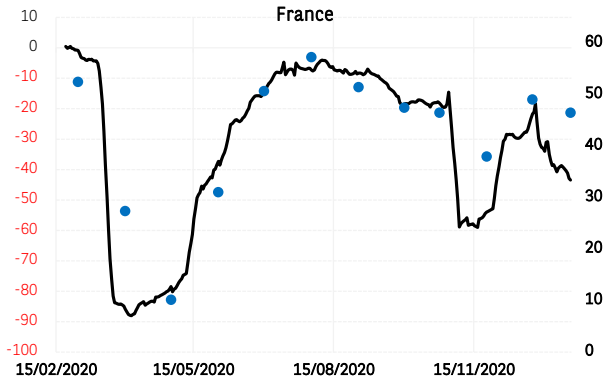


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RELATIONSHIP BETWEEN MARKIT PMI SURVEYS IN THE SERVICES SECTOR AND RETAIL AND RECREATION MOBILITY

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



SOURCE: GOOGLE (LAST UPDATE 17 JANUARY 2021), MARKIT, BNP PARIBAS