

International developments

Several countries have started to ease the lockdown measures put in place in March to contain the Covid-19 epidemic: from the end of April in Germany and the United States and early May or mid-May for Italy, Spain, France and the United Kingdom. Since then, high-frequency indicators suggest that there has been a slight upswing in economic activity.

Economic activity in the Eurozone is resuming gradually, in step with the different calendars for the lifting of lockdown

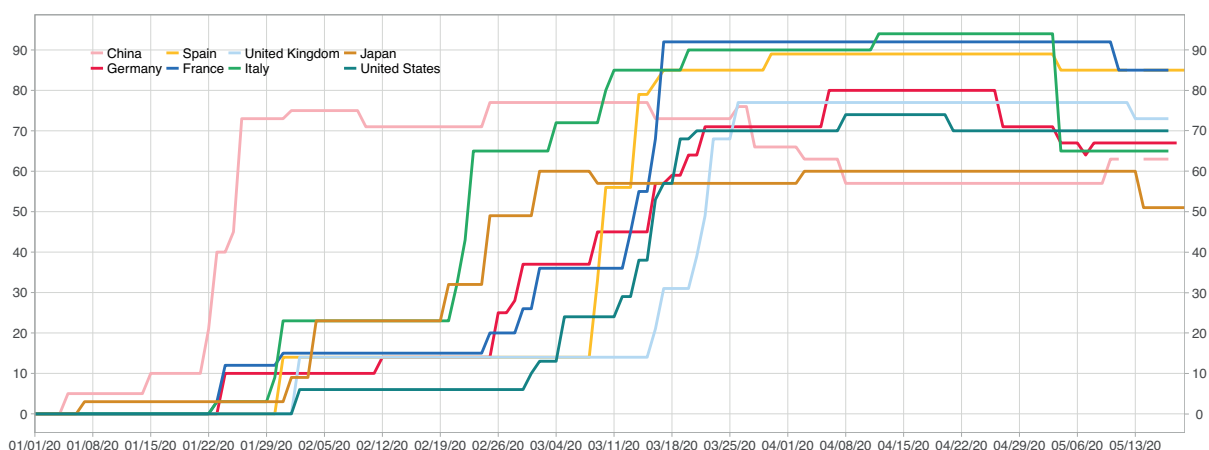
The 'Stringency Index' produced by the University of Oxford's Blavatnik School of Government records and combines into a single score all health measures relating to the lockdown of the population, such as limiting people's movements and closing businesses, administrations and schools, in about a hundred countries. While the lifting of lockdown began on 11 May in France, this process started a little earlier in the other three major Eurozone economies (Graph 1). In Germany in particular, from 20 April, businesses with a surface area of less than 800 m² were allowed to reopen to the public, and on 27 April some age groups were able to return to school. On 6 May, further measures to ease restrictions were decided on, such as the possibility of opening all shops, under some conditions, and the resumption of outdoor sports activities, followed on 11 May by the opening of restaurants. In Spain, phase 0 of the four-phase plan to lift lockdown restrictions

began on 4 May when notably small non-food businesses were allowed to reopen, although limited to 30% of their normal capacity. On 11 May, 13 autonomous communities moved into phase 1 of the plan authorising the opening of café terraces, hotels and concert halls with a capacity of fewer than 30 people. In Italy too, 4 May marked the resumption of the most important productive activities for the economy, in the manufacturing industry, construction, wholesale trade and partially in catering with permission to sell takeaway food. In the United Kingdom and the United States, where some States relaxed lockdown restrictions and allowed businesses to reopen from 21 April, lockdown was still less strict than in France and Spain.

The easing of lockdown measures is reflected in PMIs

Composite PMIs, advance indicators for all economic activity compiled from balances from surveys of businesses, picked up sharply in most countries after hitting record lows in April (in February for China, Graph 2). Linked with lockdown measures and then the lifting of lockdown, recovery is still very limited, although it seems more clearly defined in the United States than in the Eurozone: the composite PMI stood at 30.5 in May in the Eurozone after dipping to 13.7 in April; in the United States, the index reached 36.4 after dipping to 27.0 in April. However, recovery is still very gradual: in all these countries, activity remains largely below the expansion threshold. In the United Kingdom, the effects of

1 - University of Oxford Stringency Index



Source: Hale, T., Webster, S., Petherick, A., Phillips, T., et Kira, B. (2020). Oxford COVID-19 Government Response Tracker, Blavatnik School of Government

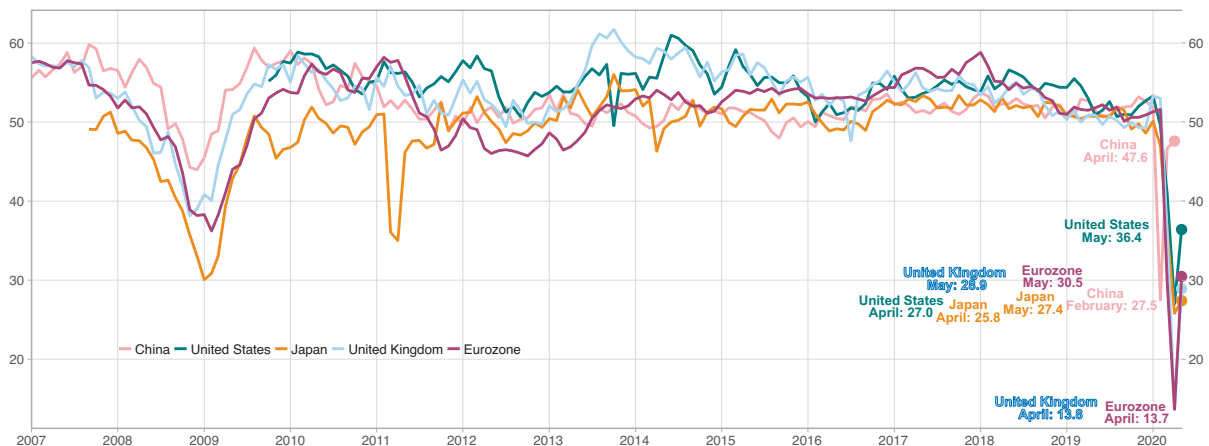
the continuing lockdown are felt in the composite PMI, which is lower than in the Eurozone (28.9 in May after 13.8 in April).

Differences between measures to ease lockdown in the different countries of Europe are reflected in their electricity consumption

Electricity consumption is a representative indicator of countries' activity overall, in terms of both production and consumption (Graph 3). In the European countries, the indicator reveals two facts. First, throughout its lockdown period Germany was the major European country where electricity consumption declined least. On average, between 1st April and 24 May, electricity consumption fell by only 8% in Germany compared with the same period in 2019, against a loss of 15% in France and the United Kingdom, 17%

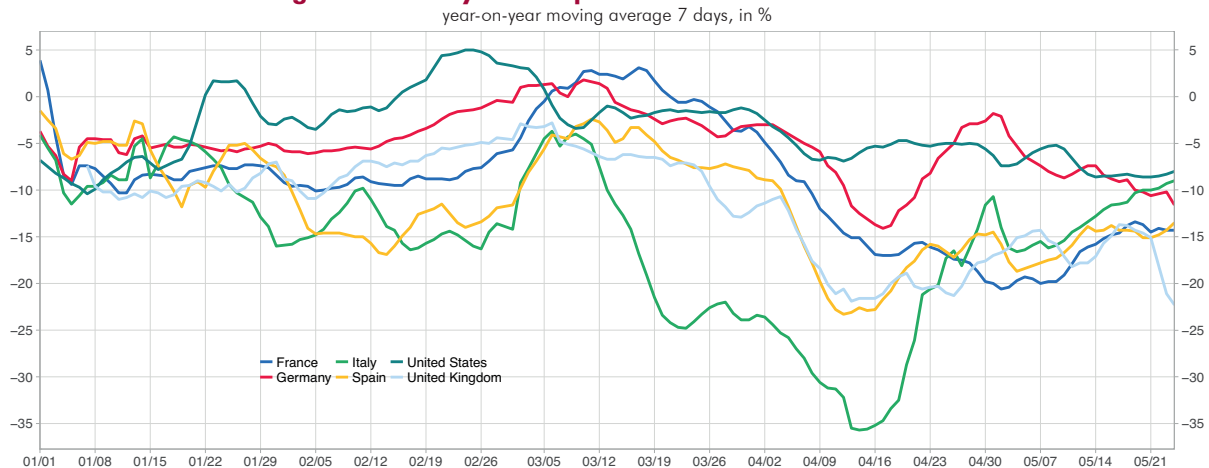
in Spain and 20% in Italy (and 6% in the United States). Second, although electricity consumption declined more moderately in France than in Italy and Spain between the beginning of March and mid-April, consumption levels in these two countries rose above that of France from the end of April, which coincided with the very gradual resumption of activity in some businesses. This upswing was particularly noticeable in Italy: in the period 18 to 24 May, electricity consumption was only 10% below the equivalent week in 2019, as was the case in Germany. In France, it was only after 11 May that electricity consumption saw a slight upswing, from a year-on-year level of almost -20% on 11 May to -14% on 24 May, the same as Spain. In the United Kingdom, where lockdown is still in force, electricity consumption is fluctuating between -15% and -20% of its seasonal average. Finally, in the United States, electricity consumption remains at around 5 to 10% below its average between 2015 and 2019.

2 - composite PMIs



Sources: IHS Markit

3 - Change in electricity consumption in the main advanced countries



Note: Each point represents the difference between daily average electricity consumption in 2020 compared with the corresponding day in 2019 (compared with 2015-2019 average for the United States). Eurozone data adjusted for temperature effects.

Sources: Data from the ENTSO-E Transparency platform for electricity consumption in the EU countries, US Energy Information Administration (EIA) website for electricity consumption in the United States

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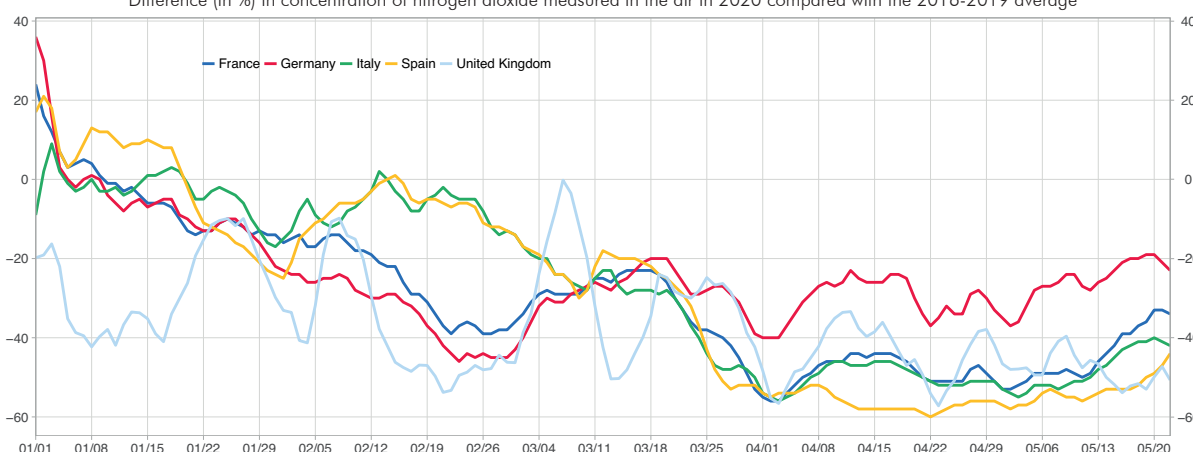
Another indicator of overall activity is the concentration of nitrogen dioxide in the air, which is affected by production activities, road transport and the heating of buildings (*Graph 4*). During the week of 18 May 2020, the fall in this concentration was 20% compared with the average for 2016-2019 in Germany, against 31% in France, 41% in Italy and 48% in Spain. At the beginning of May, before lockdown ended, this concentration had declined by 31% in Germany, 51% in France and almost 55% in Italy and Spain. In the United Kingdom, the concentration of nitrogen dioxide in the air is still about half of the usual levels for this time of year, which would indicate that activity is still very slow. In China, from late April and early May, nitrogen dioxide emissions and air concentration exceeded their levels for the same date in 2019, and they continue to grow.

Notably, the lifting of lockdown results in a considerable upswing in household consumption

The effect of the gradual reopening of non-food retail businesses is reflected in Google searches for shopping centres (*Graph 5*). During the second half of April 2020, the number of searches for German shopping centres was only 41% less than the 2019 level over the same period, against -70% for Spanish shopping centres and around -80% for French and Italian shopping centres. In the United States, the number of searches increased rapidly from the week of 21 April and was then only about 20% lower than in the same week in 2019. In the Eurozone countries and according to this indicator, the increase in the

4 - Change in air pollution in the main European countries

Difference (in %) in concentration of nitrogen dioxide measured in the air in 2020 compared with the 2016-2019 average

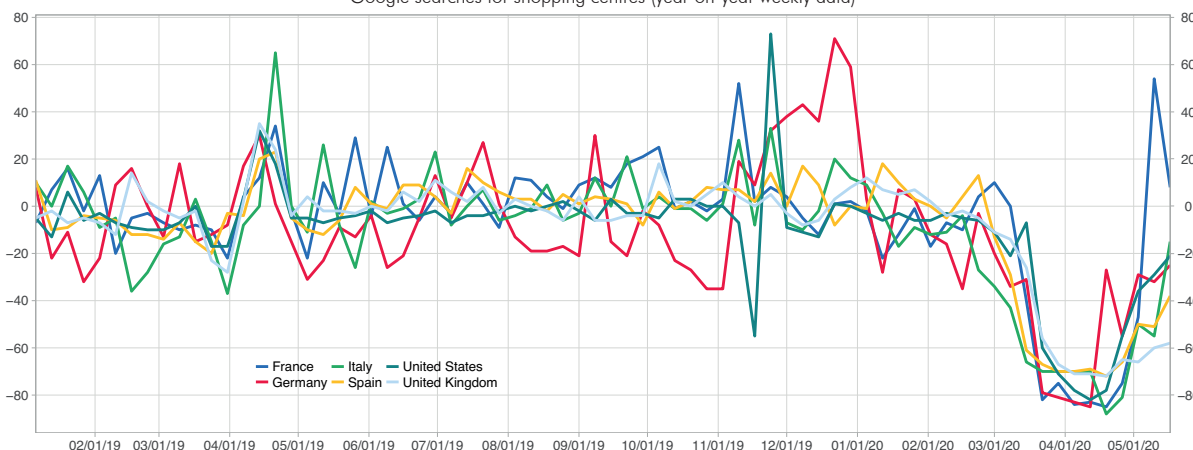


Note: Each point represents the difference between the average weekly concentration (moving average 7 days of daily data) of nitrogen dioxide (NO₂) measured in the air at monitoring stations across the entire country in 2020 compared with the average of this concentration in the same week in the years 2016-2019. The calculated average is the simple average, without adjustment for meteorological variations or demographic weighting. From 18 to 24 April, the concentration of nitrogen dioxide in the air in the United Kingdom was on average 53% lower than the average for 2016-2019.

Source: Agence européenne de l'environnement, INSEE calculations

5 - Google Trends search queries for shopping centres suggest an upswing in activity in the Eurozone and the United States

Google searches for shopping centres (year-on-year weekly data)



Note: search volumes are the average number of searches for different shopping centres in the largest cities in the countries.

Source: Google Trends, INSEE Calculations

numbers of people frequenting shopping centres was more apparent from mid-May. In the week of 11 May, the number of searches in France increased by about 50% compared to 2019, then by 8% in the week of 18 May, although this change is atypical. In the other three main European economies, the index had not yet returned to its pre-health-crisis level by mid-May, although it continued to rise. In the week of 18 May, the number of Google searches remained 25% below its 2019 level in Germany, 15% below in Italy and 38% below in Spain.

Google Mobility Maps (Table 1), indicators showing mobility trends in public places, and in particular in non-food retail outlets, reveal on the one hand a smaller decline in mobility in Germany than in France, Italy and Spain, even post-lockdown, and on the other hand a gradual increase in the number of consumers returning to non-food retail outlets, as they gradually reopened. These indicators therefore suggest a rebound in the consumption of goods other than food by mid-May, a rebound that is probably more pronounced in France, Italy and the United States than in Spain, Germany and the United Kingdom. Indeed, in mid-May, the drop in numbers of people going to non-food retail stores in France and Italy was 51% and 61% respectively, after being between 80% and 90% in April, an increase of almost 30 percentage points against a gain of around 20 points in Spain and Germany. In the United States, mobility trends for retail outlets and places of entertainment were down about 30% in mid-May, after a 45% drop at the start of April. In the United Kingdom, however, mobility trends for non-food retail outlets and places of entertainment still stood at about one quarter of their usual level after a decline of 82% in the first days of lockdown.

The gradual resumption of production and consumption is accompanied by a return to the use of transport

Both production and consumption are closely linked to the movement of the population, irrespective of the method of transport they use. According to the Apple Mobility indicator, which gathers together requests for directions on the Apple Maps application, searches for car journeys picked up in all countries (Graph 6), with some national variations: the recovery is much more advanced in Germany and the United States, where requests were in excess of their 13 January levels, than in France, Italy, Spain and the United Kingdom. The upswing in searches in France has been fairly pronounced since 11 May, perhaps linked to the restriction on travelling more than 100 km and distance checking, with the result that it is not so easy to compare this with other countries. According to the Google Maps Mobility indicator, the use of public transport in France mid-May was 43% less than "normal" (median use from 3 January to 6 February 2020), a significant increase compared to April, when it was down by almost 80% (Table 1). In Italy and Spain, public transport use mid-May was down by 53% and 59% respectively, against 80% in April. In the United Kingdom, the decline eased slightly (-58%, after -70% at the start of April). In the United States, public transport use increased slightly, while still remaining about two thirds lower than usual. However, while the number of commercial flights in the United States declined by approximately 78% (Table 2), the number of travellers measured by numbers passing through Transport Security Administration checkpoints declined by around 90% compared with 2019.

Table 1 - Indicator of people frequenting public places in April in the advanced countries
in %

| Indicators | Google Maps Mobility: retail trade and entertainment | | | | Google Maps Mobility: food shops and pharmacies | | | | Google Maps Mobility: public transport | | | |
|----------------|--|--------|-------|--------|---|--------|-------|--------|--|--------|-------|--------|
| | 6 Apr | 26 Apr | 7 May | 16 May | 6 Apr | 26 Apr | 7 May | 16 May | 6 Apr | 26 Apr | 7 May | 16 May |
| Germany | -56 | -52 | -40 | -35 | 0 | 3 | -1 | -6 | -48 | -39 | -28 | -28 |
| France | -86 | -83 | -76 | -51 | -39 | -58 | -27 | -12 | -79 | -77 | -70 | -43 |
| Italy | -86 | -92 | -63 | -61 | -42 | -74 | -28 | -26 | -78 | -81 | -52 | -53 |
| Spain | -92 | -92 | -84 | -76 | -44 | -66 | -38 | -31 | -84 | -82 | -64 | -59 |
| United States | -45 | -42 | -29 | -30 | -7 | -16 | -3 | -3 | -49 | -48 | -42 | -34 |
| United Kingdom | -82 | -78 | -67 | -74 | -41 | -37 | -15 | -25 | -70 | -64 | -62 | -58 |
| Japan | -30 | -45 | -31 | -40 | 4 | -9 | 1 | -12 | -48 | -58 | -44 | -55 |

Note: Comparison of numbers of people frequenting different places on a given date compared with a reference situation. For the most recent data, this situation is given by the median number of people visiting these places each Tuesday (corresponds to Tuesday of the week of 7 May).

Source: Google Maps Mobility

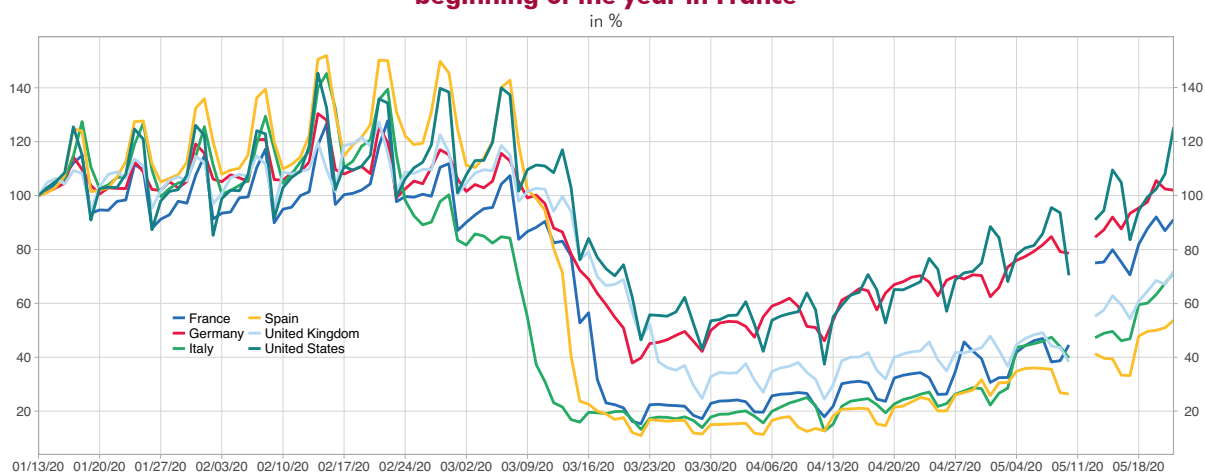
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Lastly, the TomTom Traffic Index of road congestion in the main cities of Europe reveals an increase in car use. In Germany, the Index remained very close to its level for the same period in 2019, down 6% in the week of 18 May (Table 2). In the other Eurozone countries, the rebound was fairly sudden, in France for example, with the traffic congestion index in mid-May 26% lower than in 2019, after a decline of almost 61% in early May, therefore a gain of almost 35 percentage points. This index is still very low in the United States, down 78% compared with its 2019 levels, and the same is true in the United Kingdom (-65%).

The first available accounting or short-term data confirm the sharp decline in activity in Q1 2020

Since the last *Point de Conjoncture*, more European countries have published their first estimates of GDP growth for Q1 2020, confirming the indications suggested by the high-frequency data. The decline in activity in the advanced countries has been at least as strong as that experienced at the height of the 2008 crisis.

6 - The Apple Mobility indicator suggests a steady upswing and a return to levels similar to the beginning of the year in France



Source: Apple Mobility reports. Journey search indicators, base 100 on 13 January 2020. Data for 11 and 12 May are not available

Tableau 2 – Indicator of road traffic conditions in major cities and air traffic
in %

| Indicators | Road traffic (congestion index) | | | Air traffic | | |
|----------------|---------------------------------|----------------|----------------|------------------|----------------|----------------|
| | week of 13 April | week of 11 May | week of 18 May | week of 13 April | week of 11 May | week of 18 May |
| Germany | -34 | -1 | -6 | -40 | -43 | -65 |
| France | -80 | -61 | -26 | -74 | -71 | -62 |
| Italy | -75 | -66 | -16 | -75 | -80 | -70 |
| Spain | -66 | -58 | -10 | -77 | -76 | -80 |
| United States | -85 | -76 | -78 | -70 | -76 | -72 |
| United Kingdom | -80 | -69 | -65 | -92 | -90 | -90 |
| Japan | -48 | -50 | -40 | -60 | -80 | -80 |
| China* | -59 | -53 | -53 | -58 | -65 | -62 |

* For China, the variation is not that of road traffic but the variation of all types of interurban public transport.

Source: TomTom website for road traffic in major cities, difference between daily average of traffic congestion index from 11 to 15 April and average of the index in 2019; Flightradar24 website for air traffic, ratio of the number of flights cancelled to the number of flights usually scheduled in the country's 3 largest airports. For China, the change in the index of congestion is not the congestion of road traffic but the variation of all types of interurban public transport.

According to these early estimates, Germany is the European country least affected by the health crisis in Q1 2020, with a 2.2% drop in activity, against a 5.8% decline in France, 5.2% in Spain and 4.7% in Italy. Differences in growth rates between countries should however be interpreted with care. Estimates produced in this unprecedented context have relied on less conventional methods and indicators which are less comparable than usual, and are therefore liable to be revised more substantially than usual.

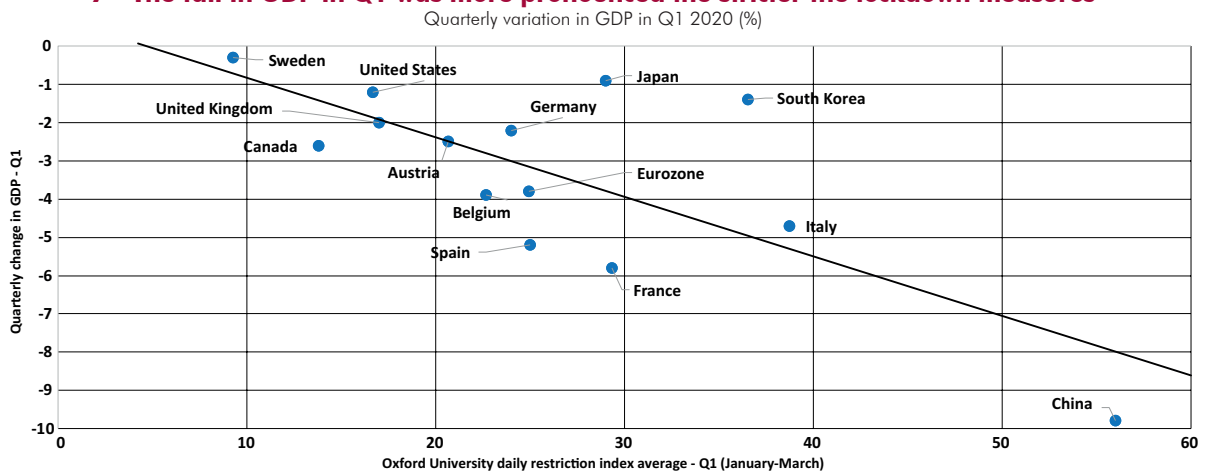
In Germany, Spain and France, countries for which details of GDP are available, all demand items have fallen. Private consumption appears to have declined more sharply in Spain than in France and Germany (-7.5% against -6.1% and -3.2%). In addition, imports and exports fell to a similar degree in France and Spain, by almost -8% in Spain and around -6% in France. In Germany, imports and exports saw a smaller decline, by -1.6% and -3.4% respectively. These first estimates suggest a 3.8% fall in activity in Q1 for the Eurozone overall, which is more than at the height of the Great Recession (-2.4% decline in activity in Q1 2009). In the United Kingdom, according to the first estimate from the *Office for National Statistics* (ONS), the drop in GDP was a little less pronounced (-2.0%; -1.7% for household consumption and stable for corporate investment). In April in the United Kingdom, retail sales plummeted by 18.1% in value and

22.6% in volume, although this was not evenly distributed: clothing sales tumbled by 30% but online sales increased by 15.8%. In the United States, lockdown was declared from 19 March in California and on the following days for most of the other States, although to very varying degrees. In Q1, the US GDP fell by 1.2% (with consumption down 1.9% and a decline of 2.2% in corporate investment).

Quite logically, and with all the reservations inherent in comparing GDP estimates under these exceptional circumstances, changes in economic activity in Q1 appear to be negatively correlated (coefficient of approximately 0.7) to the average of the University of Oxford's Stringency Index for this same quarter (*Graph 7*, see *Graph 1* for the Stringency Index).

In the United States, following on from the results for Q1, some new data have been produced for April. Since a lot of these data are not yet available for other countries at such a detailed level, these American data can provide a point of comparison and an order of magnitude, especially for the sectors most seriously affected. Services, and especially accommodation-catering and retail trade were the branches most affected by the drop in activity, as can be seen from the retail sales data produced by the Department of Commerce and the employment data from the Department of Labor and the *Bureau of Labor*

7 - The fall in GDP in Q1 was more pronounced the stricter the lockdown measures



Note: The average for the Stringency Index in the Eurozone was calculated using each country's share in the Eurozone GDP.

Source: National statistical institutes of the countries concerned, Hale, T., Webster, S., Petherick, A., Phillips, T., and Kira, B. (2020). Oxford COVID-19 Government Response Tracker, Blavatnik School of Government

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Statistics (BLS): in April, retail sales fell 16.4%, and between February and April retail sales in clothing fell by almost 90%. Since mid-March, almost 37 million Americans have applied for unemployment insurance, almost a quarter of the labour force. According to the BLS data, in April 20.5 million jobs were destroyed, of which 7.7 million were in accommodation-catering and leisure, 2.5 million in education and health, 2.1 million in retail trade, 2.1 million in services to businesses, 1.3 million in the

manufacturing branch and even 980,000 federal jobs. The unemployment rate, which stood at 3.5% in February, shot up to 14.7% in April. American data on industrial production are already available for April: industrial production fell by 11%, mainly due to the decline in the production of durable consumer goods (-36%) and especially automobiles (-62%), also capital goods and especially transport equipment (-60%), as a result of the closure of automobile factories. ■

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• **Hale, T., Webster, S., Petherick, A., Phillips, T., et Kira, B.** (2020). Oxford COVID-19 Government Response Tracker, Blavatnik School of Government. ■

Institut national de la statistique et des études économiques
Chief manager : Jean-Luc Tavernier
Head Office: 88 avenue Verdier - CS 70058 - 92541 Montrouge Cedex
Phone: +33 01.87.69.50.00
Website: <http://www.insee.fr>