Summary

- We provide an update of our dashboard which consists of a host of indicators showing the effects of the COVID-19 outbreak on economies around the globe
- India currently tops the list of most new cases per day. After a significant drop in the number of new cases in Europe, infections are on the rise again
- The United States and Brazil remain a global COVID-19 hotspot
- With the economy coming to a virtual standstill around the globe in the second quarter, the economic damage is unprecedented in the post war era. Many developed economies shrank by double digit figures q/q
- Timely indicators continued to improve in July after showing strong recovery in June
- Some of our most timely indicators exhibit less strength in July and August which could reflect the recent uptick in new cases across various countries

Introduction

Given that economic data (such as GDP data) becomes available with a certain time lag, we have constructed a COVID-19 dashboard which provides an early indication of the economic impact of the COVID-19 virus in countries around the globe. We take a look at high-frequency economic data, survey data and financial market data. For a more elaborate analysis of the economic impact we refer to our most recent quarterly global economic outlook and long-term outlook. This publication is an update of the dashboard that was pushed out on August 7.

COVID-19

While COVID-19 initially started as a local outbreak in East-Asia, it quickly developed into a pandemic. COVID-19 has far from run its course as numerous new cases are still confirmed each day (Figure 2). Especially in India, Brazil and the United States, the spread of the virus is still far from under control. Several European countries are experiencing an upswing in new cases.
Please note that the numbers presented in Figure 3 and 4 are highly dependent on the number of people tested per country, the strictness of the measures imposed, population density and several other factors.

Policy responses

Almost all countries across the globe have implemented drastic measures to curb a further spread of COVID-19 virus. Table 1 gives an overview of the restrictions currently in place for a number of countries while Figure 5 presents an overall index for the stringency of the measures in place.
Containment measures

Figure 5: Government Response Stringency index (100 = most stringent)

| Source: University of Oxford, Macrobond |

Table 1: Containment measures (August 21)

<table>
<thead>
<tr>
<th>Country</th>
<th>Schools</th>
<th>Hospitality</th>
<th>Non-essential shops</th>
<th>Factories</th>
<th>Borders</th>
</tr>
</thead>
<tbody>
<tr>
<td>France</td>
<td>Open</td>
<td>Open*</td>
<td>Open*</td>
<td>Open</td>
<td>Open for EU &amp; some non-EU countries**</td>
</tr>
<tr>
<td>Germany</td>
<td>Open</td>
<td>Open*</td>
<td>Open*</td>
<td>Open</td>
<td>Open for EU &amp; some non-EU countries</td>
</tr>
<tr>
<td>Italy</td>
<td>Closed</td>
<td>Open*</td>
<td>Open*</td>
<td>Open</td>
<td>Open for Schengen + UK, only essential travel for non-EU*</td>
</tr>
<tr>
<td>Spain</td>
<td>Closed</td>
<td>Open*</td>
<td>Open*</td>
<td>Open</td>
<td>Open for EU &amp; some non-EU countries</td>
</tr>
<tr>
<td>Netherlands</td>
<td>Open</td>
<td>Open*</td>
<td>Open*</td>
<td>Open</td>
<td>Open for EU &amp; some non-EU countries**</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>Gradual opening</td>
<td>Open*</td>
<td>Open*</td>
<td>Open</td>
<td>Open**</td>
</tr>
<tr>
<td>United States</td>
<td>Closed in some states</td>
<td>Closed in some states</td>
<td>Closed in some states</td>
<td>Open</td>
<td>Closed for Europe, China, Iran &amp; Brazil</td>
</tr>
<tr>
<td>Brazil</td>
<td>Closed</td>
<td>Closed in some states</td>
<td>Closed in some states</td>
<td>Open</td>
<td>Closed for all nationalities</td>
</tr>
</tbody>
</table>

* Open but social distancing measures apply
** Extra quarantine measures apply for travellers from specific regions

Source: National government statements, European Commission, interpretation RaboResearch

Fiscal measures

Governments have taken numerous fiscal measures to support ailing businesses, the self-employed and employees who have been (partly) laid off (Table 2). Please note that it is hard to compare the size of the support package among countries. For example, some countries include tax moratoriums in their definition of support whereas others do not. In order to be able to...
compare countries as best as possible we have adjusted some of the official figures to include costs that are left out.

Table 2: Fiscal measures (August 21)

<table>
<thead>
<tr>
<th>Country</th>
<th>Liquidity</th>
<th>Support package</th>
<th>More information</th>
</tr>
</thead>
<tbody>
<tr>
<td>France</td>
<td>EUR 300bn guaranteed loans</td>
<td>EUR 125bn (5.0% GDP)</td>
<td>Ministère de l’économie et des finances</td>
</tr>
<tr>
<td>Germany</td>
<td>EUR 1200bn guaranteed loans + gov’t stakes</td>
<td>EUR 286bn (8.4% GDP)</td>
<td>Bundezfinanzministerium</td>
</tr>
<tr>
<td>Netherlands</td>
<td>Unspecified amount</td>
<td>EUR 55bn* (6.6% GDP)</td>
<td>Ministerie van financiën</td>
</tr>
<tr>
<td>Italy</td>
<td>EUR 750bn guaranteed loans</td>
<td>EUR 75bn (4.2% GDP)</td>
<td>Ministero dell’Economia e delle Finanze</td>
</tr>
<tr>
<td>Spain</td>
<td>EUR 100bn guaranteed loans</td>
<td>EUR 60bn* (5.0% GDP)</td>
<td>Ministerio de hacienda</td>
</tr>
<tr>
<td>UK</td>
<td>GBP 340bn guaranteed loans</td>
<td>GBP 177bn (8.0% GDP)</td>
<td>HM Treasury</td>
</tr>
<tr>
<td>US**</td>
<td>USD 869bn</td>
<td>USD 2794bn (14.4% GDP)</td>
<td>U.S., Department of the treasury</td>
</tr>
</tbody>
</table>

Note: * We have included cost estimates that have not been reported in the stimulus package.
** Liquidity measures are part (and not on top) of the total value of the USD 2,794bn package.
Source: National governments, Bruegel

Central bank response

Central banks have taken a slew of measures to alleviate liquidity and funding issues in markets, to prevent interest rate spreads from rising sharply and to support government bond issuance. Most central banks have cut interest rates (Figure 6), have announced liquidity support measures and re-established or introduced large scale asset purchase programs.

Figure 6: Policy rates

Source: National central banks, Macrobond
Economic indicators

In this section, we present a range of (timely) economic indicators that are useful for monitoring the economic impact caused by the COVID-19 virus. Analysis of timely economic indicators also allows us to spot the first signs of a future rebound in economic activity.

Global

Figure 7: ECB holdings under PEPP

Source: ECB, Macrobond

Note: ECB made available 750 billion EUR under the so-called Pandemic Emergency Purchase Programme (PEPP). It recently announced an additional 600 billion EUR.

Figure 8: Public debt held by the Fed

Source: Federal Reserve Bank of New York, Macrobond

Figure 9: Number of flights tracked

Source: Flightradar24

Figure 10: Restaurant bookings

Source: OpenTable

Figure 11: Time spent in recreational areas

Source: Google Mobility, Macrobond

Note: Data is presented as 7-day moving average of time spent in Retail & Recreation (museums, shopping centres for example) versus the baseline which, according to Google, is an average pre-corona week.

Figure 12: Time spent in workplaces

Source: Google Mobility, Macrobond

Note: Data is presented as 7-day moving average of time spent in the working place versus the baseline which, according to Google, is an average pre-corona week.
China

As China started as the epicentre of the coronavirus epidemic, it is at least one to two months ahead of the curve in terms of economic impact. Therefore, tracking some of the hard data releases in China – whilst acknowledging large structural differences between economies – may prove useful when gauging the impact on other countries, both domestically and via trade-related channels.

**Figure 15:** Weekday traffic is still at about 80% of normal, while weekend traffic is still stuck around 60% of normal

**Figure 16:** Weekly car sales have rebounded in China but seems to be picking up again

**Figure 17:** Passenger transport has collapsed in China but seems to be picking up again

Source: Shanghai Municipal Statistics Bureau, Macrobond

Source: TomTom

Source: China National Bureau of Statistics, Macrobond
Europe

GDP figures clearly reflect the impact of the containment measures imposed during the final weeks of Q1. Q2 looks to be an even more dreadful quarter for the Eurozone as the economy essentially came to a standstill in April. Retail sales rebounded sharply in June, Germany even saw a y/y growth (!), but these figures are still clouded by uncertainty. Therefore, a revision is not unlikely. Despite the fact that we see some promising figures, the economy is definitely not out of the woods.

Figure 20: Weekly textiles trade in Germany

Source: TextilWirtschaft, Macrobond

Figure 21: Truck toll mileage in Germany

Source: Destatis, Macrobond

Figure 22: More severe lockdown in Italy, Spain and France reflected in time spent at home

Source: Google Mobility, Macrobond

Figure 23: Composite PMI Eurozone

Note: A Purchasing Managers Index (PMI) reading of 50 is usually consistent with no economic growth

Source: Markit
Figure 24: Employment expectations

Figure 25: Retail sales across the Eurozone

Figure 26: German GDP contracts by 2.2% q/q in Q1 and 10.1% q/q in Q2

Figure 27: French GDP contracts by 5.3% q/q in Q1 and 13.8% q/q in Q2

Figure 28: Italy’s GDP contracts 5.3% q/q in Q1 and 12.4% q/q in Q2

Figure 29: Spain’s GDP contracts 5.2% q/q and 18.5% q/q in Q2

Figure 30: Eurozone’s GDP contracts by 3.6% q/q in Q1 and 12.1% q/q in Q2

Figure 31: Consumer confidence in the Eurozone

Source: European Commission, Macrobond
Source: National statistics agencies, Macrobond
Source: Markit, Destatis, Macrobond
Source: Markit, Eurostat, Macrobond
Source: Eurostat, Macrobond
Source: Eurostat, Macrobond
Source: Eurostat, Macrobond
Source: Eurostat, Macrobond
Netherlands

As the Netherlands imposed a relatively soft lockdown, it is no surprise that the shock to GDP in Q1 turned out to be relatively modest in international comparison. However, sentiment and employment data does reflect the strain put on the Dutch economy by the ‘intelligent lockdown’ measures. Please see this report and this comment for our most recent forecast and insights.

Figure 32: Dutch labour market

Source: CBS

Note: The unfilled vacancies indicator ranges between -3 and 3 (with -3 being the most negative score)

Figure 33: Young people bear the brunt

Source: CBS

Figure 34: Less cargo is being shipped by air

Source: Royal Schiphol Group, Macrobond

Figure 35: Producer confidence & manufacturing production

Source: CBS, Macrobond

Figure 36: Domestic consumption & retail trade

Source: CBS, Macrobond

Figure 37: Foreign trade

Source: CBS, Macrobond
United States

Compared to some European countries, the United States saw a relatively small GDP decline in Q1 as the COVID-19 spread started slightly later. The GDP decline in the second quarter was in line with European economies however, with q/q contraction of 9.6%. The impact of the lockdown in the United States is clearly visible when taking a look at the number of Americans that have sought unemployment benefits. Going forward, just like many other countries, the United States might be stuck with a so-called ‘six-foot economy’ to prevent a re-emergence of the COVID-19 virus. In a recent publication, we assessed which jobs in the United States are vulnerable in such a ‘six-foot economy’.

Note: The daily data is represented as the percentage change versus the median value for that day of the week in the period January 4 – January 31, 2020
Source: Homebase
Emerging markets

Since emerging markets (EMs) are so diverse, it is hard to characterize emerging markets in a single sweep. For example, we could make a distinction between net oil exporters (e.g. Russia), and net oil importers (e.g. Indonesia and India). Some emerging markets are dependent on tourism (e.g. Turkey), whereas others are more dependent on production and exports (e.g. Vietnam).

Overall, EMs will be hit not only by the lockdown measures by COVID-19 itself, but also by its global impact. Some examples of this global impact are: the decline in commodity prices, the drop in tourism and the drop in external demand. Moreover, changes in global risk aversion could cause capital outflows from EMs, causing their currencies to depreciate, and in some cases making servicing foreign currency denominated debt more difficult.
Figure 49: EM Purchase Managers Index

Source: Macrobond, Markit

Figure 50: GDP figures emerging markets

Source: National statistics agencies, OECD, Macrobond

Figure 51: Tourism as a percentage of GDP

Source: WTTC

Figure 52: Angkor Wat temple visits signal implosion of tourism sector

Source: Angkor Enterprise

Figure 53: Industrial production in emerging markets

Source: Macrobond, Markit, Federal Reserve of Dallas

Figure 54: Exports from emerging markets took a big hit

Source: Macrobond, CBS

Figure 55: Many EMs are net exporters of commodities. Prices have been volatile.

Source: Macrobond, Worldbank

Figure 56: Net capital flows to EMs

Source: Institute of International Finance
Financial markets

The stock market performance in various countries helps us get an early impression of where business activity could be hit the hardest as investors try to anticipate the economic fallout. Monitoring the VIX lets us grasp the degree of (short term) uncertainty currently felt by financial market participants about, among other things, the economic outlook.

Figure 57: Some equity markets have seen a relatively rapid recovery

![Graph showing equity market performances](image)

Source: Macrobond

Figure 58: VIX indicates that short term uncertainty has come down, albeit still high

![Graph showing VIX index](image)

Source: Macrobond

We are also monitoring the exchange rates of various emerging market (EM) currencies versus the US dollar and the peripheral spreads in the eurozone. Emerging market companies and governments that are dependent on dollar funding could get into a lot of stress if the USD were to appreciate substantially. Sufficient dollar reserves could remedy this stress. Within the eurozone, elevated peripheral spreads threaten debt sustainability of some countries and could trigger a new euro crisis. If peripheral spreads in the eurozone become too large, the ECB could interfere by means of asset purchases. So far, they have made available 1350bn under the so-called Pandemic Asset Purchase Program (PEPP).

Figure 59: Peripheral spreads have narrowed

![Graph showing peripheral spreads](image)

Source: Macrobond

Figure 60: EM currencies have slid against USD in 2020; some recently found their way up

![Graph showing currency exchange rates](image)

Source: Macrobond
Figure 61: Turkey is relatively vulnerable in terms of FX reserves import coverage

Figure 62: Total debt in USD as a percentage of GDP

Note: FX reserves import coverage is defined as the number of months imports can be paid from foreign FX reserves

Source: Macrobond, IMF, World Bank

Source: Macrobond, OECD, National Central Banks
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