COVID-19 Economic Dashboard

July 24 update

RaboResearch
Global Economics & Markets
mr.rabobank.com

Erik-Jan van Harn
Economist northern Europe
+31630020936

Michiel van der Veen
Economist
+31683134616

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
- United States currently tops the list of most new cases per day. We see a small rise in the number of daily new cases in Europe
- Meanwhile, the number of new cases are still rising rapidly in India. Brazil remains a global COVID-19 hotspot
- April could well turn out as the worst month of the COVID-19 crisis with the economy coming to a virtual standstill around the globe
- Timely indicators continued to improve in June after showing the first signs of recovery in May
- Some of our most timely indicators exhibit less strength in July which could reflect the recent uptick in new cases across various countries
- Despite some small upswings locally, the overall picture shows gradual improvement in Europe with the UK lagging behind the continent

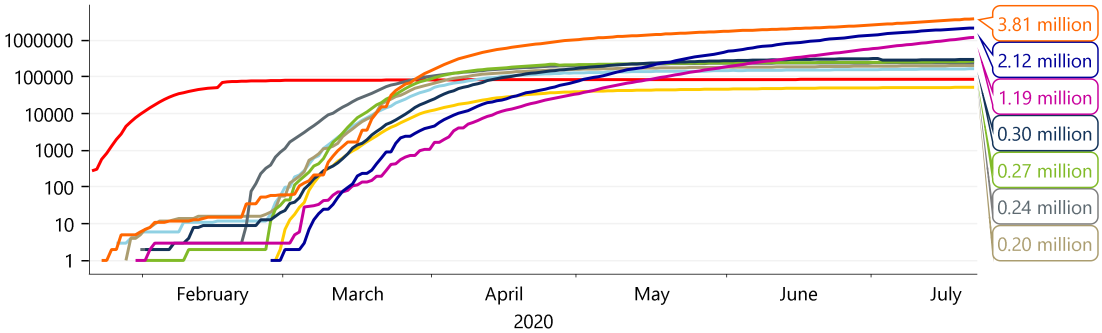
Introduction

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 July 10.

COVID-19

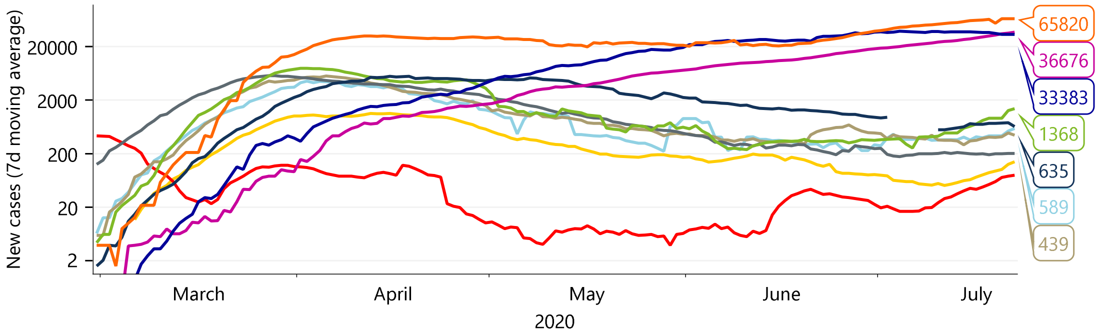
While COVID-19 initially started as a local outbreak in East-Asia, it quickly developed into a pandemic. COVID-19 has far from run its course as numerous new cases are still confirmed each day (Figure 2). For example, the number of new cases are rising rapidly in India while lenient containment measures combined with high population density in cities and poor hygiene standards have made Brazil one of the global COVID-19 hotspots. Meanwhile, the downward trend in daily cases reversed in the United States and it currently tops the list of most new daily cases (Figure 2). In Europe, it looks like the strict lockdown measures have proved to be efficient. However, several European countries are currently experiencing a small upswing in new cases.

Figure 1: Number of confirmed COVID-19 cases



Source: World Health Organisation, Macrobond

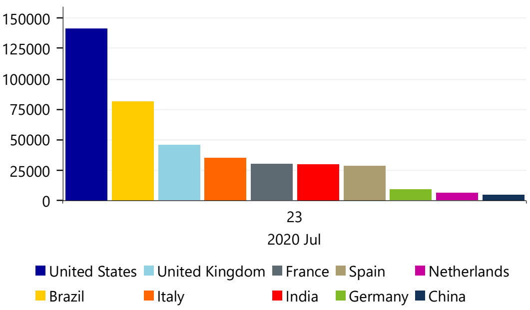
Figure 2: United States currently tops the list of most new cases per day and the number of new cases is rising rapidly in India



Source: World Health Organisation, Macrobond

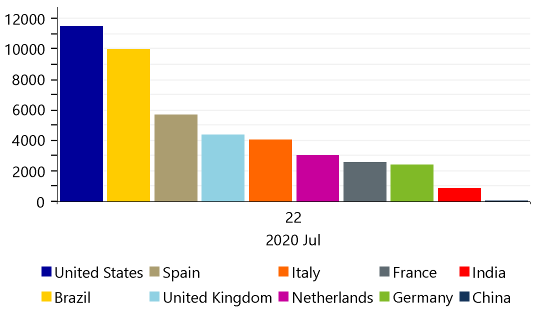
Please note that the numbers presented in Figure 3 and 4 are highly dependent on the number of people tested per country, the strictness of the measures imposed, population density and several other factors.

Figure 3: Deaths per country



Source: World Health Organisation, Macrobond

Figure 4: Infections per million of population



Source: World Health Organisation, Macrobond

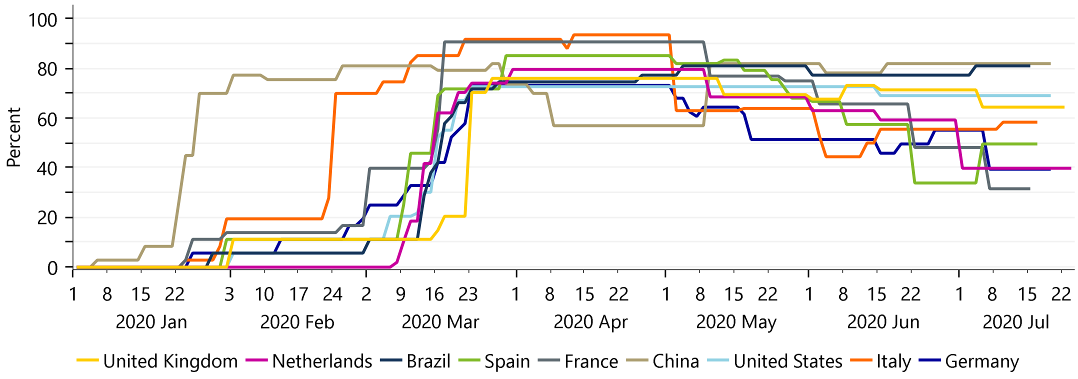
Policy responses

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.

Now that the number of new cases is decreasing, some governments have announced that they plan to (gradually) lift the restrictions.

Containment measures

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



Source: University of Oxford, Macrobond

Table 1: Containment measures (July 23)*

Country	*Schools*	*Hospitality*	*Non-essential shops*	*Factories*	*Borders*
France	Open	Open*	Open*	Open	Open for EU & some non-EU countries
Germany	Open	Open*	Open*	Open	Open for EU & some non-EU countries
Italy	Closed	Open*	Open*	Open	Open for Schengen + UK, only essential travel for non-EU
Spain	Closed	Open*	Open*	Open	Open for EU & some non-EU countries
Netherlands	Open	Open*	Open*	Open	Open for EU & some non-EU countries
United Kingdom	Gradual opening	Open*	Open*	Open	Open
United States	Closed in some states	Closed in some states	Closed in some states	Open	Closed for Europe, China, Iran & Brazil
Brazil	Closed	Closed in some states	Closed in some states	Open	Closed for all nationalities

* Open but social distancing measures apply

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

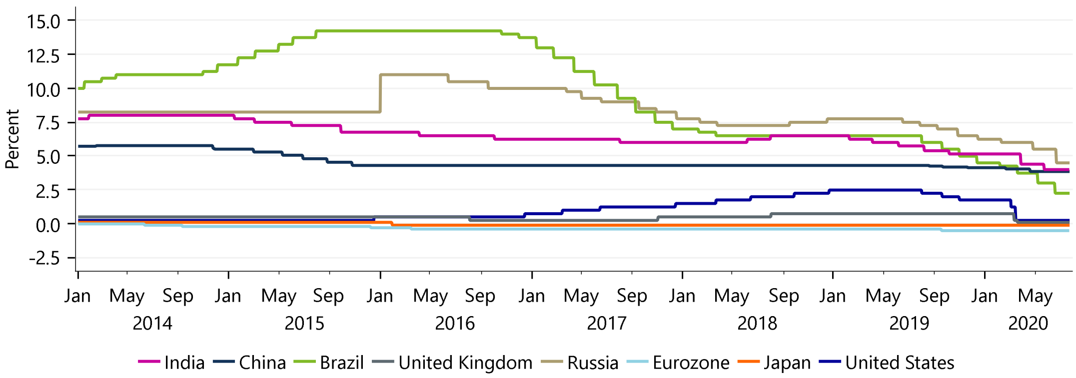
Country	*Liquidity*	*Support package*	*More information*
France	EUR 300bn guaranteed loans	EUR 125bn (5.0% GDP)	Ministère de l'économie et des finances
Germany	EUR 1200bn guaranteed loans + gov't stakes	EUR 286bn (8.4% GDP)	Bundezfinanzministerium
Netherlands	Unspecified amount	EUR 55bn* (6.6% GDP)	Ministerie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

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

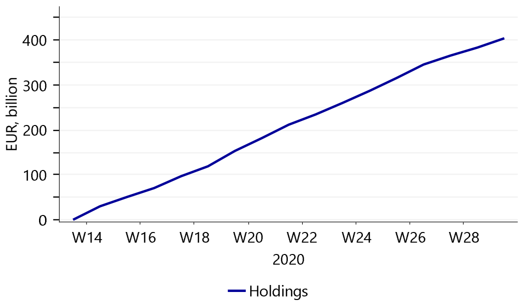
Central banks have taken a slew of measures to alleviate liquidity and funding issues in markets, to prevent interest rate spreads from rising sharply and to support government bond issuance. Most central banks have cut interest rates (Figure 6), have announced liquidity support measures and re-established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

Figure 6: Policy rates



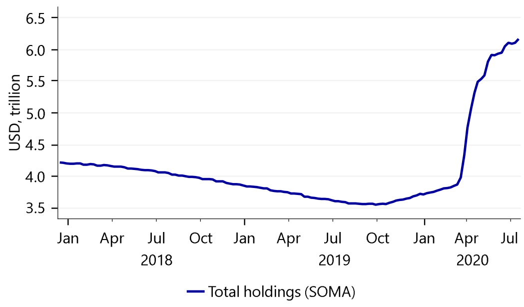
Source: National central banks, Macrobond

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



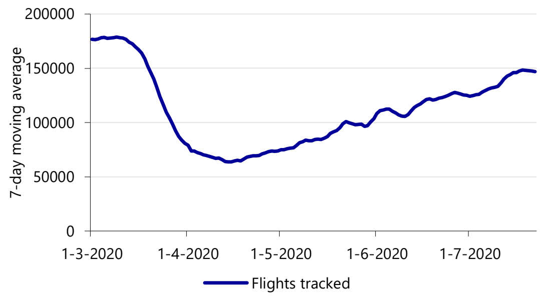
Source: Federal Reserve Bank of New York, Macrobond

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.

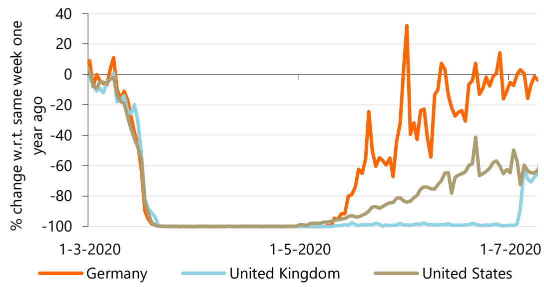
Global

Figure 9: Number of flights tracked



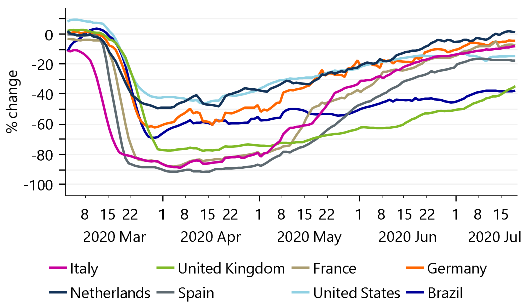
Source: Flightradar24

Figure 10: Restaurant bookings



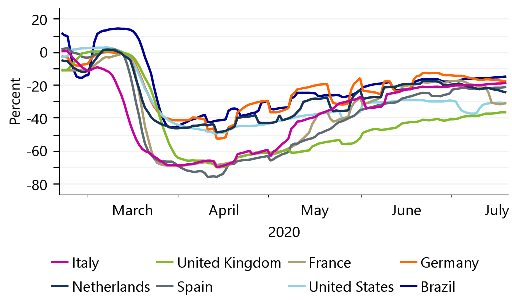
Source: OpenTable

Figure 11: Time spent in recreational areas



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.
Source: Google Mobility, Macrobond

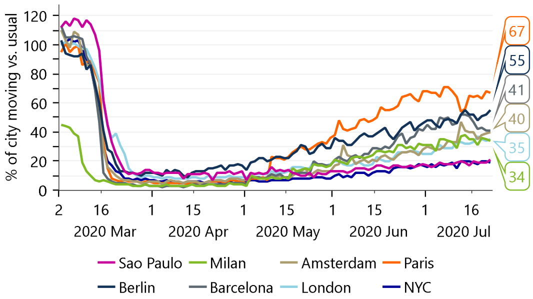
Figure 12: Time spent in workplaces



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.

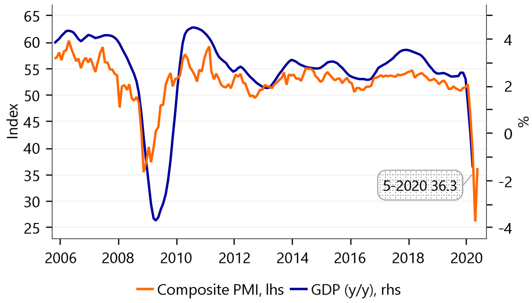
Source: Google Mobility, Macrobond

Figure 13: Movement in world cities



Source: Citymapper, Macrobond

Figure 14: Global GDP contracted by 1.8% in Q1

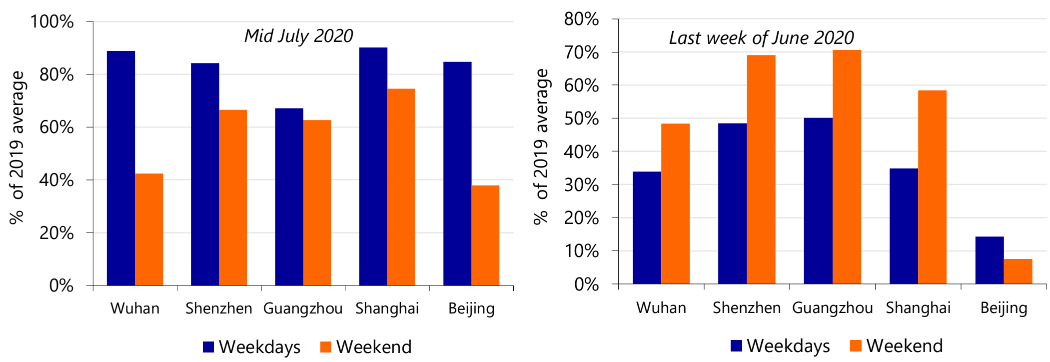


Source: Markit, World Bank, Macrobond

China

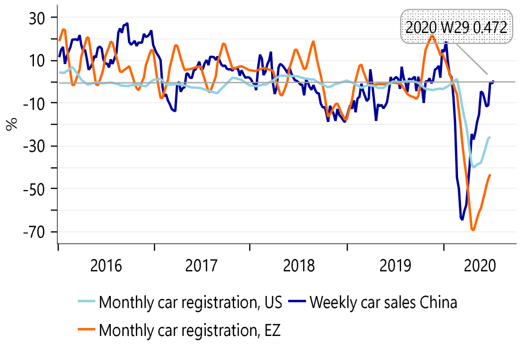
As China started as the epicentre of the coronavirus epidemic, it is at least one to two months ahead of the curve in terms of economic impact. Therefore, tracking some of the hard data releases in China – whilst acknowledging large structural differences between economies – may prove useful when gauging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

Figure 15: Weekday traffic has picked up compared to two weeks ago but weekend traffic is still stuck at about half of normal



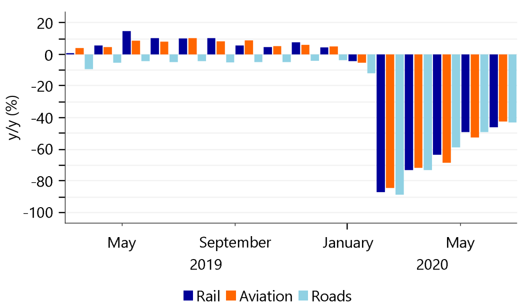
Source: TomTom

Figure 16: Weekly car sales have rebounded in China



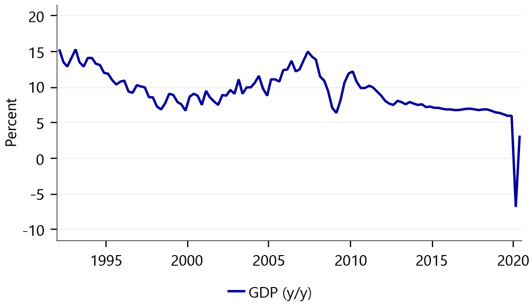
Source: Shanghai Municipal Statistics Bureau, Macrobond

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



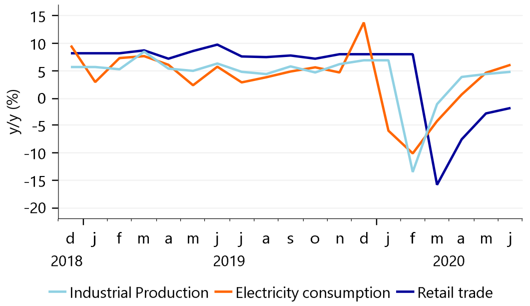
Source: China National Bureau of Statistics, Macrobond

Figure 18: Chinese GDP rebounded to 3.2% (y/y) in Q2



Source: NBS, Macrobond

Figure 19: Economic activity shows clear signs of recovery



Source: NBS, Macrobond

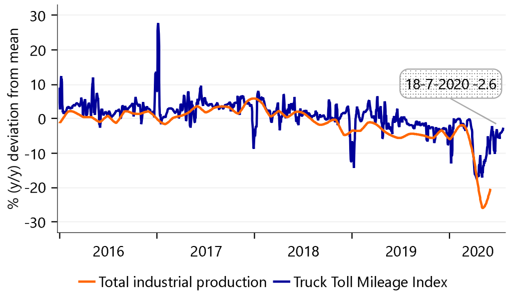
Europe

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

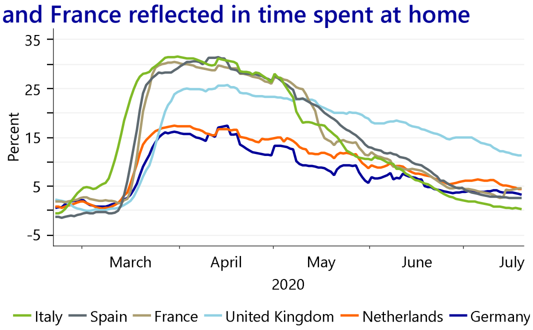
Source: TextilWirtschaft, Macrobond

Figure 21: Truck toll mileage in Germany



Source: Destatis, Macrobond

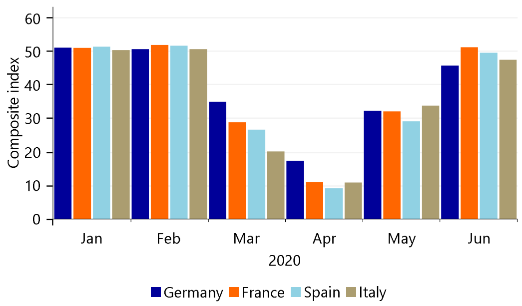
Figure 22: More severe lockdown in Italy, Spain and France reflected in time spent at home



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

Source: Google Mobility, Macrobond

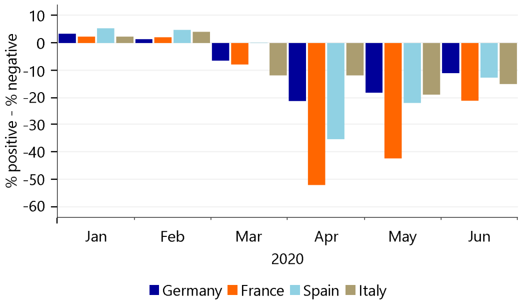
Figure 23: Composite PMI Eurozone



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

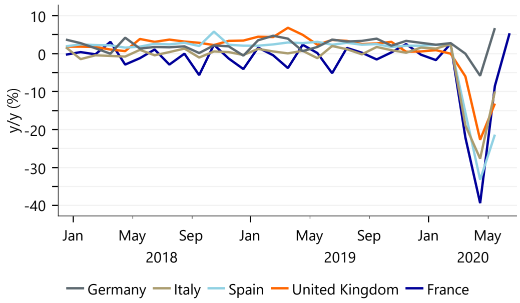
Source: Markit

Figure 24: Employment expectations



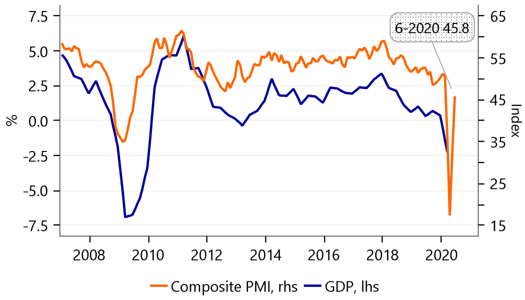
Source: European Commission, Macrobond

Figure 25: Retail sales across the Eurozone



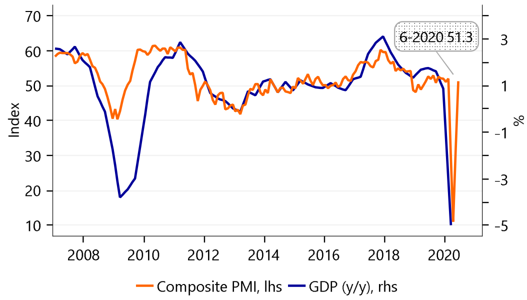
Source: National statistics agencies, Macrobond

Figure 26: German GDP contracts by 2.2% q/q (2.3% y/y) in Q1



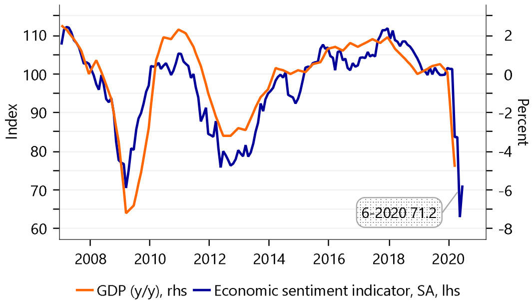
Source: Markit, Destatis, Macrobond

Figure 27: French GDP contracts by 5.8% q/q in Q1



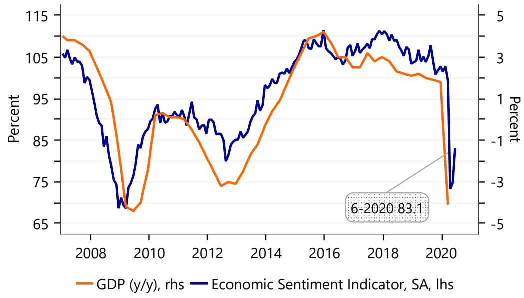
Source: : Markit, Eurostat, Macrobond

Figure 28: Italy's GDP contracts 4.7% q/q (4.8% y/y) in Q1



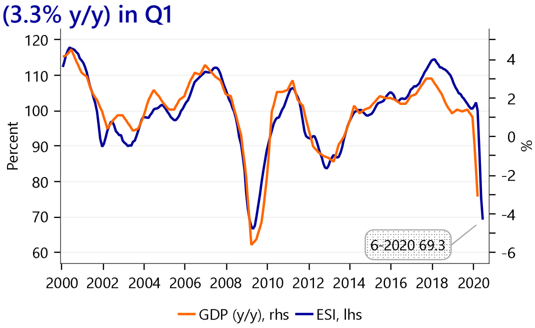
Source: Eurostat, Macrobond

Figure 29: Spain's GDP contracts 5.2% q/q (4.1% y/y) in Q1



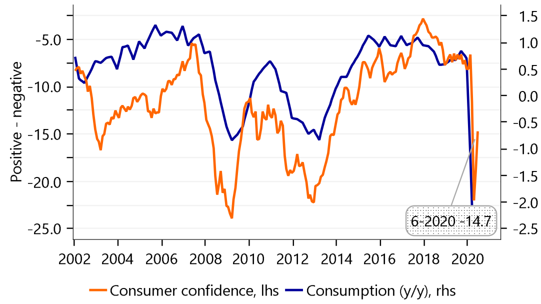
Source: Eurostat, Macrobond

Figure 30: Eurozone's GDP contracts by 3.8% q/q (3.3% y/y) in Q1



Source: Eurostat, Macrobond

Figure 31: Consumer confidence in the Eurozone

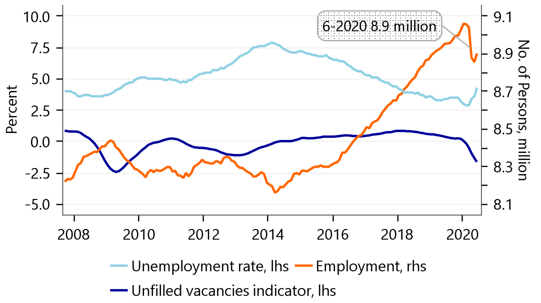


Source: Eurostat, Macrobond

Netherlands

As the Netherlands imposed a relatively soft lockdown, it is no surpise 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 for our most recent forecast and insights.

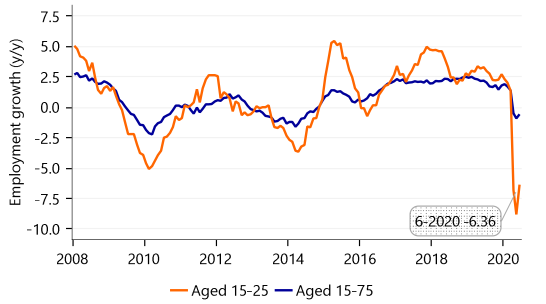
Figure 32: Dutch labour market



Source: CBS

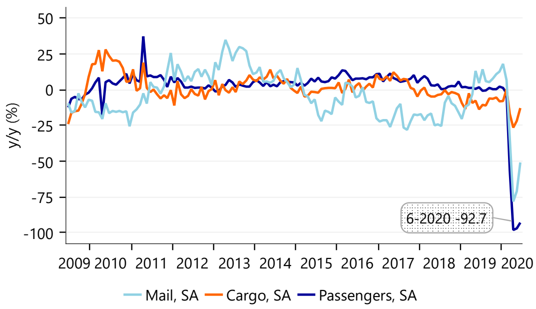
Note: The unfilled vacancies indicator ranges between -3 and 3 (with -3 being the most negative score)

Figure 33: Young people bear the brunt



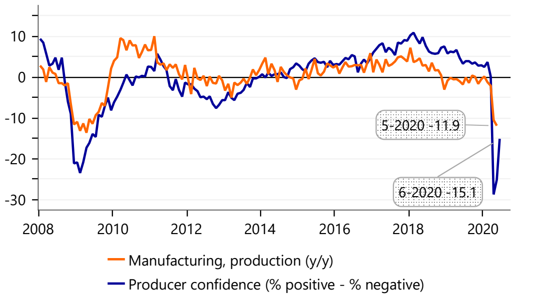
Source: CBS

Figure 34: Less cargo is being shipped by air



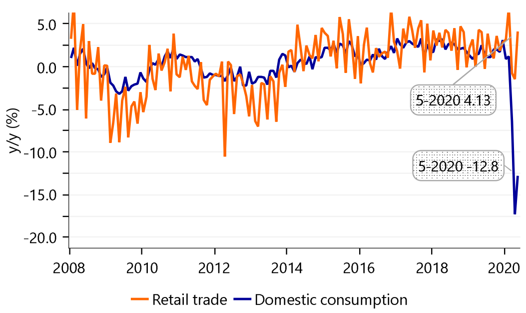
Source: Royal Schiphol Group, Macrobond

Figure 35: Producer confidence & manufacturing production



Source: CBS, Macrobond

Figure 36: Domestic consumption & retail trade

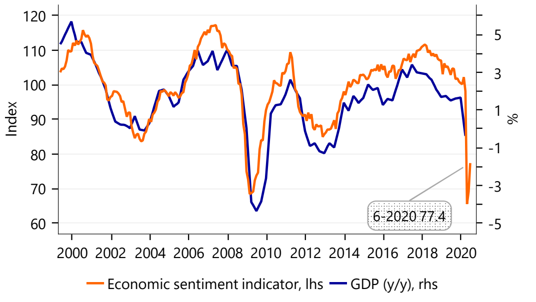


Source: CBS

Figure 37: Foreign trade

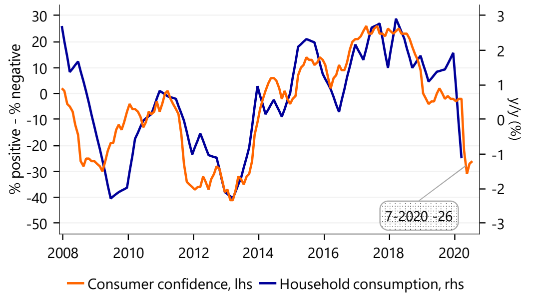
Source: CBS

Figure 38: Dutch GDP contracts by 1.7% (q/q) in Q1



Source: Eurostat, CBS, Macrobond

Figure 39: Household consumption growth usually moves together with consumer confidence

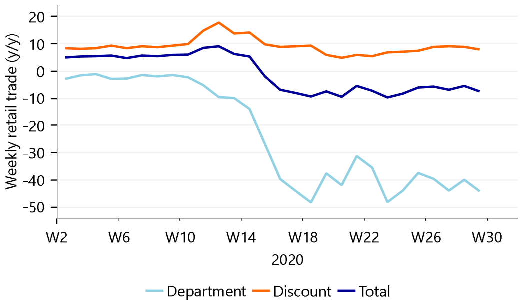


Source: CBS, Macrobond

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. However, 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'.

Figure 40: Americans avoid department stores

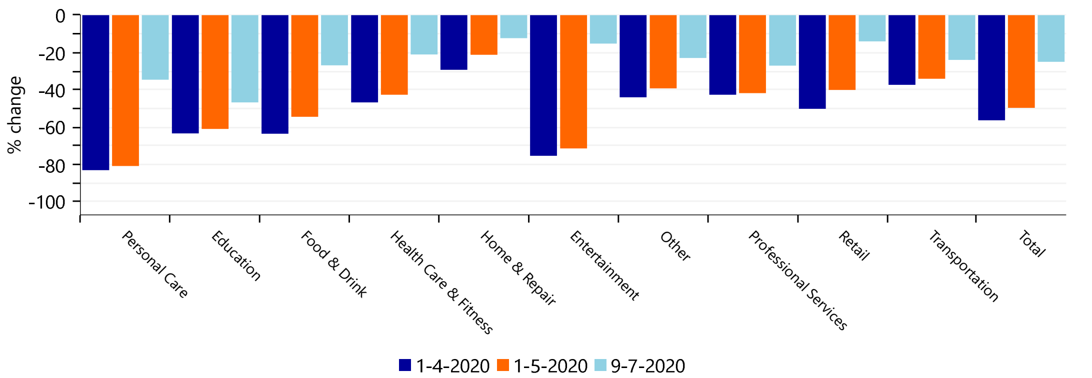


Source: Redbook Research Inc., Macrobond

Figure 41: Weekly jobless claims

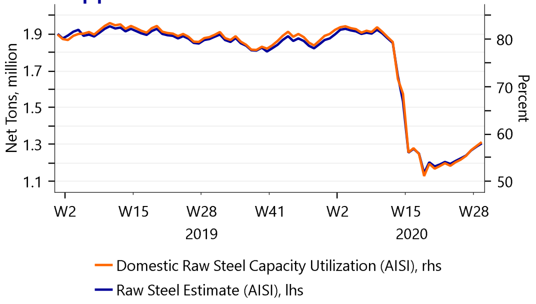
Source: US Department of Labor, Macrobond

Figure 42: Employment of hourly workers



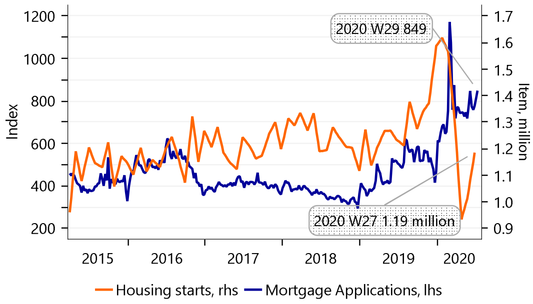
Note: The daily data is represented as the percentage change versus the median value for that day of the week in the period January 4 – January 31, 2020
Source: Homebase

Figure 43: Production in American steel factories has dropped



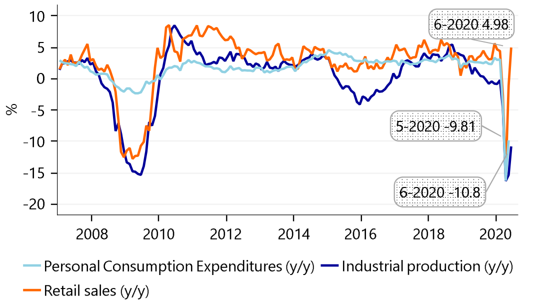
Source: American Iron & Steel Institute, Macrobond

Figure 44: US housing markets cooled off



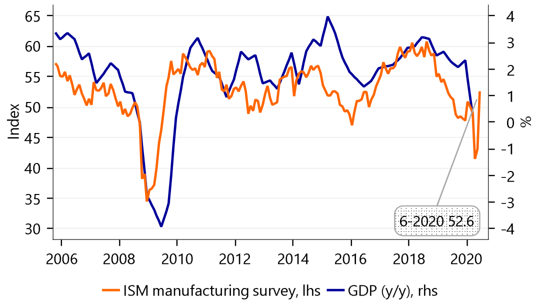
Source: US Census Bureau, Mortgage Bankers Association

Figure 45: Retail sales, personal consumption and industrial production



Source: US Census Bureau, Federal Reserve, Macrobond

Figure 46: US GDP contracts by 1.2% q/q in Q1 (but is still up y/y)



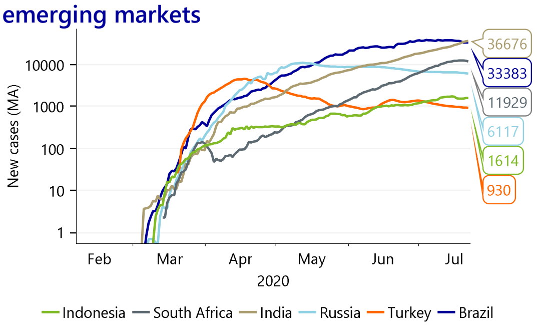
Source: Institute for Supply Management, BEA, Macrobond

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).

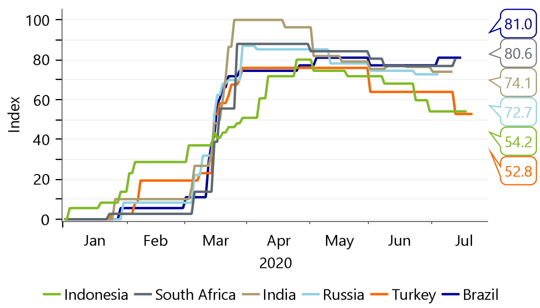
Overall, EMs will be hit not only by the lockdown measures by COVID-19 itself, but also by its global impact. Some examples of this global impact are: the decline in commodity prices, the drop in tourism and the drop in external demand. Morerover, changes in global risk aversion could cause capital outflows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

Figure 47: New COVID-19 cases in a number of emerging markets



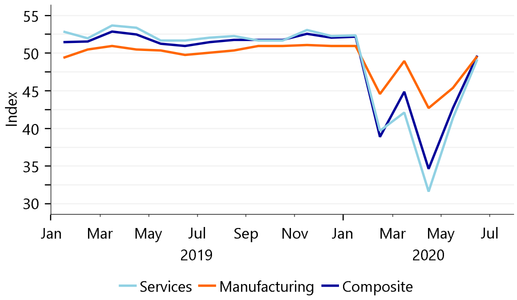
Source: Macrobond, WHO

Figure 48: Stringency of lockdown measures



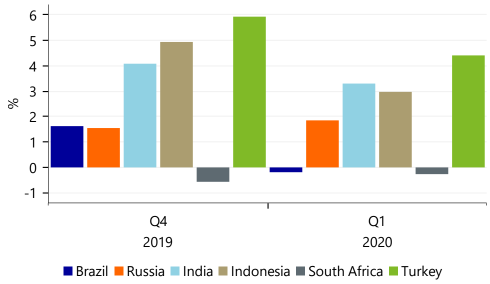
Source: Macrobond, Blavatnik School of Governance

Figure 49: EM Purchase Managers Index



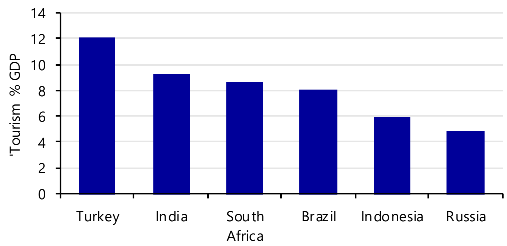
Source: Macrobond, Markit

Figure 50: GDP figures emerging markets



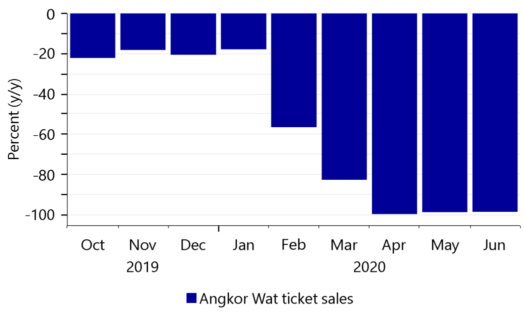
Source: National statistics agencies, OECD, Macrobond

Figure 51: Tourism as a percentage of GDP



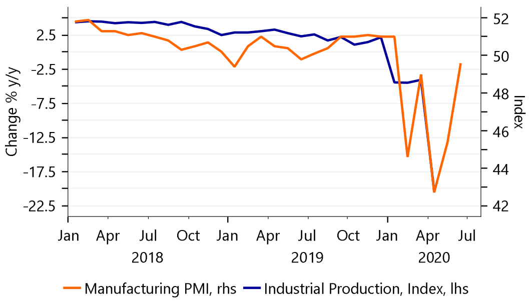
Source: WTTC

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



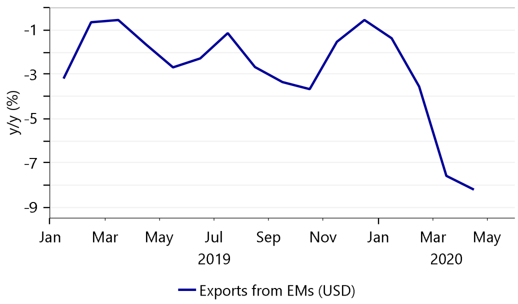
Source: Angkor Enterprise

Figure 53: Industrial production in emerging markets



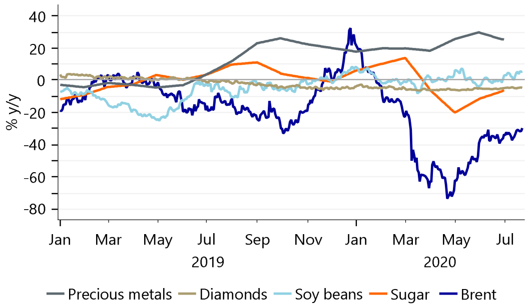
Source: Macrobond, Markit, Federal Reserve of Dallas

Figure 54: Exports from emerging markets took a big hit



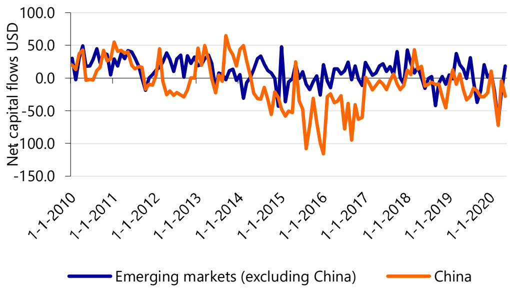
Source: Macrobond, CBS

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



Source: Macrobond, Worldbank

Figure 56: Net capital flows to EMs

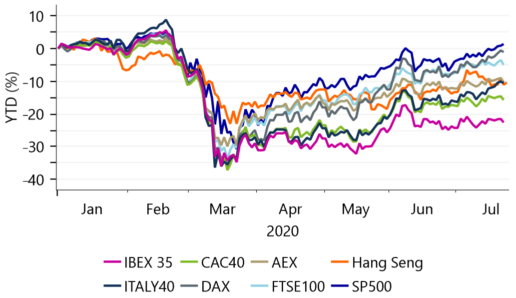


Source: Institute of International Finance

Financial markets

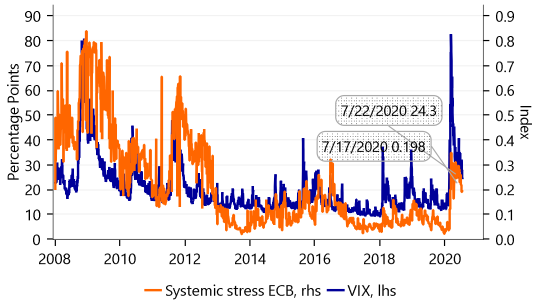
The stock market performance in various countries helps us get an early impression of where business activity could be hit the hardest as investors try to anticipate the economic fallout. Monitoring the VIX lets us grasp the degree of (short term) uncertainty currently felt by financial market participants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

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



Source: Macrobond

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

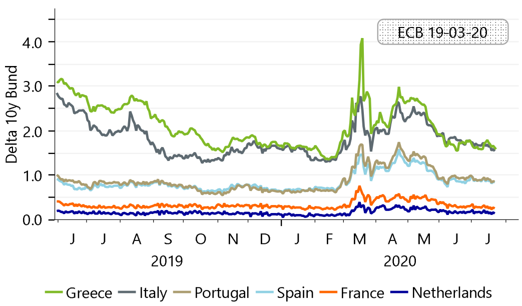


Source: Macrobond

Note: The ECB systemic stress indicator measures exchange rate, money market, soverign and financial sector bond yield spreads volatility

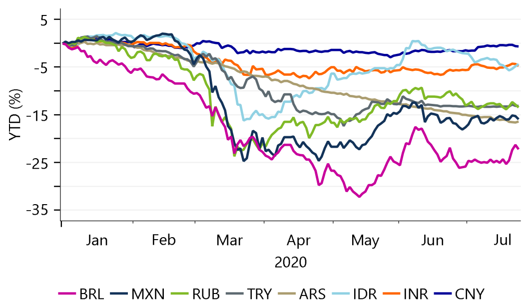
We are also monitoring the exchange rates of various emerging market (EM) currencies versus the US dollar and the peripheral spreads in the eurozone. Emerging market companies and governments that are dependent on dollar funding could get into a lot of stress if the USD were to appreciate substantially. 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



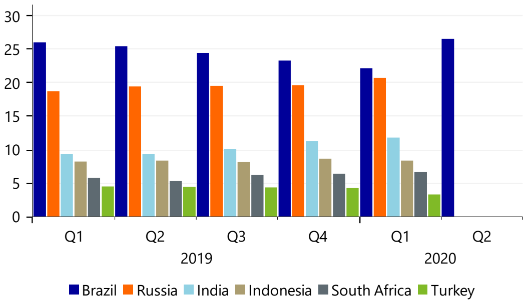
Source: Macrobond

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



Source: Macrobond

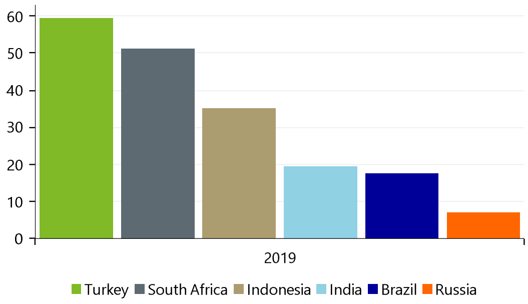
Figure 61: Turkey is relatively vulnerable in terms of FX reserves import coverage



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

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



Source: Macrobond, OECD, National Central Banks

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