

# International developments

Lockdown restrictions are being lifted at a relatively similar pace across countries, particularly in the Eurozone. Since the early stages of the easing of restrictions, high-frequency indicators point towards a gradual recovery in economic activity. In the Eurozone, these indicators have been converging towards similar levels since the beginning of June. In the United States, the recovery seems to be even stronger, although doubts remain about the unemployment level.

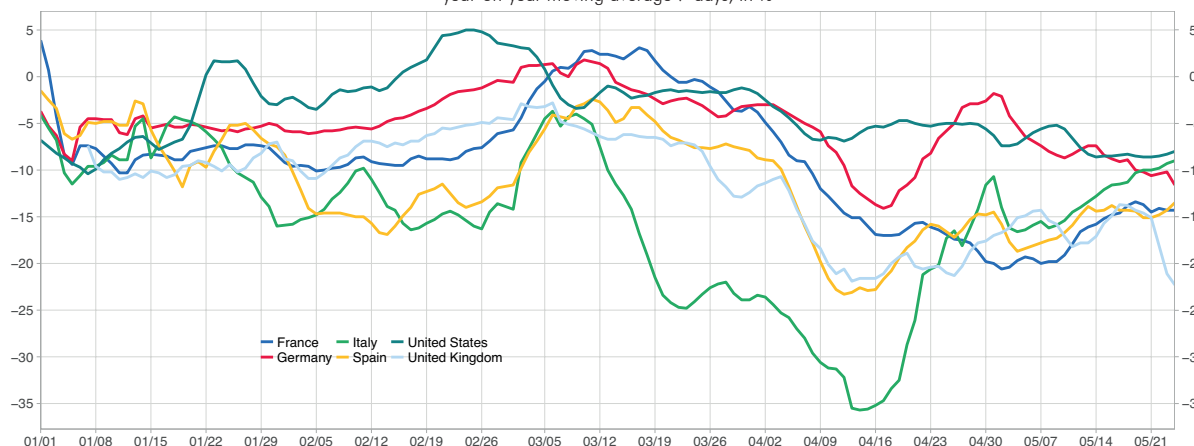
## Economic activity in the Eurozone continues to recover steadily

The first data on industrial output in April, in the midst of lockdown, have recently been released by most European statistical institutes, and show that output excluding construction plummeted by nearly 28% compared with April 2019, throughout the Eurozone. These data confirm the magnitude and relative heterogeneity of the impact of the health crisis on output in the main European economies. While output has fallen by 24% year-on-year in the UK, 30% in Germany and 34% in France and Spain, Italian output has dropped by almost 43%.

Lockdown measures continue to be lifted at a relatively similar pace throughout all European countries. The very first days of June marked the beginning of a new stage in the easing of lockdown in France, and also for a large majority of the autonomous communities in Spain. However, certain regional exceptions continued to apply in both countries: in Spain, 12 communities including Madrid and the city of Barcelona remained in the first phase, while in France, the Île-de-France region, French Guiana and Mayotte were listed as "orange zones". The new stage in the lifting of lockdown measures is mainly characterised by the opening of bars, restaurants, hotels and other tourist accommodations with capacity restrictions, as well as all venues dedicated to leisure activities (museums, gymnasiums etc.). On 8 June, nineteen autonomous communities in Spain remained in phase 2 while the others were able to enter phase 3 of lockdown lifting, authorising greater freedom of movement. On 15 June, the Île-de-France region was declared a "green zone". In Italy, as in France, nationwide mobility was authorised on 3 and 2 June respectively, accompanied by the gradual resumption of train and air services. In Germany, restaurants and other leisure facilities are gradually being reopened, albeit heterogeneously in the different states (Länder). For example, these venues reopened on 8 June in Lower Saxony, on 10 June in Rhineland-Palatinate, and on 15 June in Mecklenburg-Vorpommern.

### 1 - Change in electricity consumption in the main advanced countries

year-on-year moving average 7 days, in %



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

### The convergence of lockdown-lifting arrangements in the different European countries is reflected by their electricity consumption

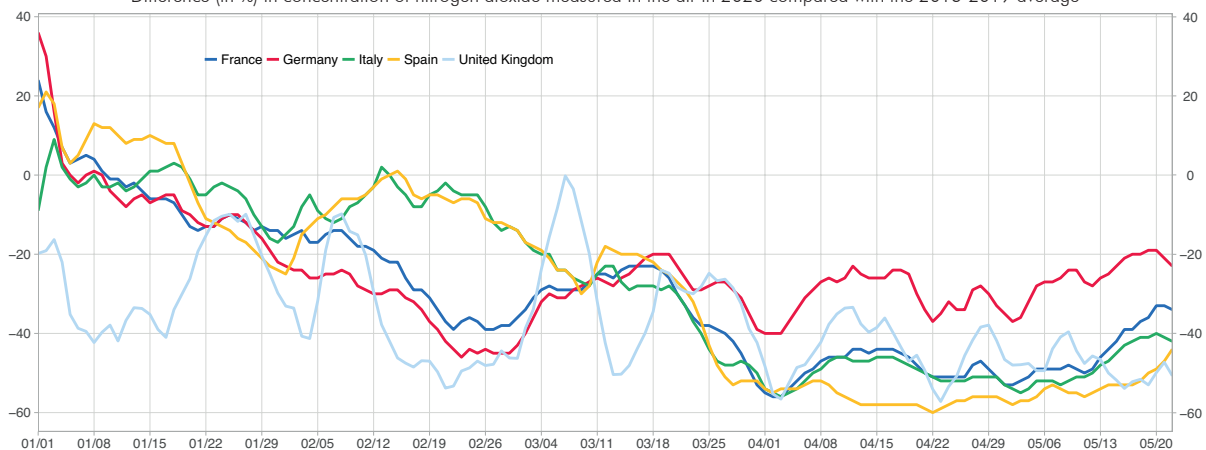
Electricity consumption is a representative indicator of the overall activity of countries (*Graph 1*). It can be seen that the continued lifting of lockdown measures in European countries has led to a gradual and almost uninterrupted increase in electricity consumption. This has been particularly apparent since 11 May in France and 4 May in Spain, dates that marked the start of the first phase of lockdown-lifting measures, when the drop in electricity consumption in these two countries compared with 2019 levels decreased at almost the same rate. Consequently, between 1<sup>st</sup> June and 9 June, electricity consumption was only 10% and 11% below its 2019 level in Spain and France respectively (compared to 12% and 13% in the last week of May). Spanish and French consumption is therefore gradually catching up with that of Germany, which, since the start of lockdown at the end of March 2020, had been consuming much more electricity than the other European countries. Indeed, on average between 1 April and 24 May, electricity consumption was down by only 8% in Germany compared with the same period in 2019, in contrast to the reductions of 15% in France and the United Kingdom, 17% in Spain and 20% in Italy. Between 1<sup>st</sup> June and 9 June, German consumption was just over 9% below its 2019 level. The Spanish and French levels relative to last year are now very close to those of Germany. Finally, as for the entire period

since the start of lockdown, Italian electricity consumption at the beginning of June remained 15% lower than that for the same period in 2019. However, this last result should be put into perspective, as Italian consumption appears to be more volatile than that of its European neighbours. Therefore, over a longer period from the end of May to the beginning of June, electricity consumption in Italy fell by 12%, as in Germany, France and Spain. Moreover, in mid-June, Italian consumption seemed to be rising again and gradually approaching that of its neighbours. In the United Kingdom too, activity is recovering more ponderously than in France and Germany: at the beginning of June, electricity consumption in the UK was still around 15% below normal, with little change compared to May. In the United States, on the other hand, the upturn in activity appears to be stronger: electricity consumption has now almost returned to its usual levels for the month of June. Finally, electricity consumption in Japan is also picking up, after bottoming out in February and May.

Another indicator of overall activity is the concentration of nitrogen dioxide in the air, which is affected by production and road transport activities, as well as by building heating systems (*Graph 2*). Since the lifting of lockdown measures began, concentrations of particulate pollutants have been very slowly approaching their historical average levels, particularly in France, Spain and Italy. In the first week of June, the decline in this concentration was 32% in France compared with the average levels for 2016-2019 (after a decline of 35% at the end of May), 34% in Italy (after

### 2 - 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 (7-day moving averages of daily data) of nitrogen dioxide (NO<sub>2</sub>) 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 1<sup>st</sup> to 5 June, the concentration of nitrogen dioxide in the air in the United Kingdom was on average 38% lower than the average for 2016-2019.

Source: Agence européenne de l'environnement, INSEE calculations

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38%) and 36% in Spain (after 44%). Therefore, at the beginning of June, the reduction in air pollution in these three main European economies was very close to that observed in Germany (reduction of 32%). In the United Kingdom, the concentration of nitrogen dioxide in the air is also about 40% below its usual levels for this season, which seems to point towards a continued slowdown in activity or the fact that a large proportion of employees are still teleworking. Conversely, in China, since late April and early May, nitrogen dioxide emissions and concentrations in the air have exceeded their levels for the same period in 2019, and are still rising.

### The easing of lockdown measures has led to a significant rebound in household consumption

The reopening of non-food retail outlets is reflected by Google queries related to shopping centres (*Graph 3*). Indeed, the easing of lockdown measures in early May led to a marked rebound in the number of visitors to these stores. Whereas between the end of April and the beginning of May, the number of queries concerning shopping centres was around 60% below the 2019 level for the same period in France and Spain, 42% lower in Germany and 65% lower in Italy, by the

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

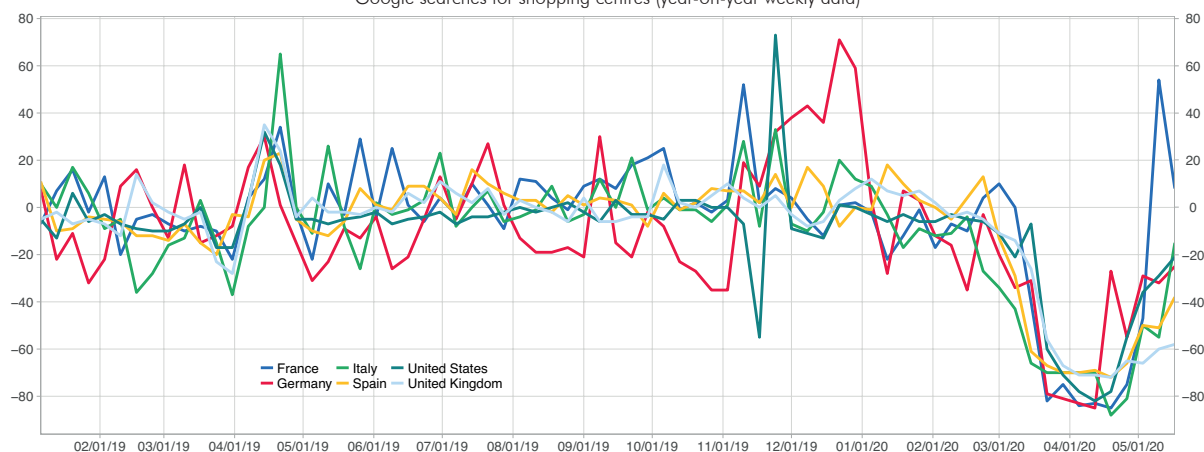
Indicators	Google Maps Mobility: retail trade and entertainment			Google Maps Mobility: food shops and pharmacies			Google Maps Mobility: public transport		
	7 May	16 May	6 June	7 May	16 May	6 June	7 May	16 May	6 June
Germany	-40	-35	-20	-1	-6	-2	-28	-28	-32
France	-76	-51	-26	-27	-12	-1	-70	-43	-37
Italy	-63	-61	-28	-28	-26	-10	-52	-53	-40
Spain	-84	-76	-37	-38	-31	-10	-64	-59	-40
United States	-29	-30	-20	-3	-3	-2	-42	-34	-34
United Kingdom	-67	-74	-63	-15	-25	-17	-62	-58	-56
Japan	-31	-40	-18	1	-12	1	-44	-55	-29

Note: comparison of numbers of people frequenting different places on a given date compared with a reference situation. For the most recent data, this is given by the median attendance at these locations between January 3 and February 6, 2020

Source: Google Maps Mobility

### 3 - 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

beginning of June it stood at only 10% below its 2019 level in Spain, 25% in Italy and 35% in Germany. In France, the number of shopping-centre-related queries in the first week of June was actually 6% higher than the 2019 level. In the United States, the number of queries rose rapidly in May and even exceeded the levels for the same week in 2019 (+18%). In contrast, the recovery was almost imperceptible in the UK at this stage: at the end of May, queries were still around 60% below their 2019 levels.

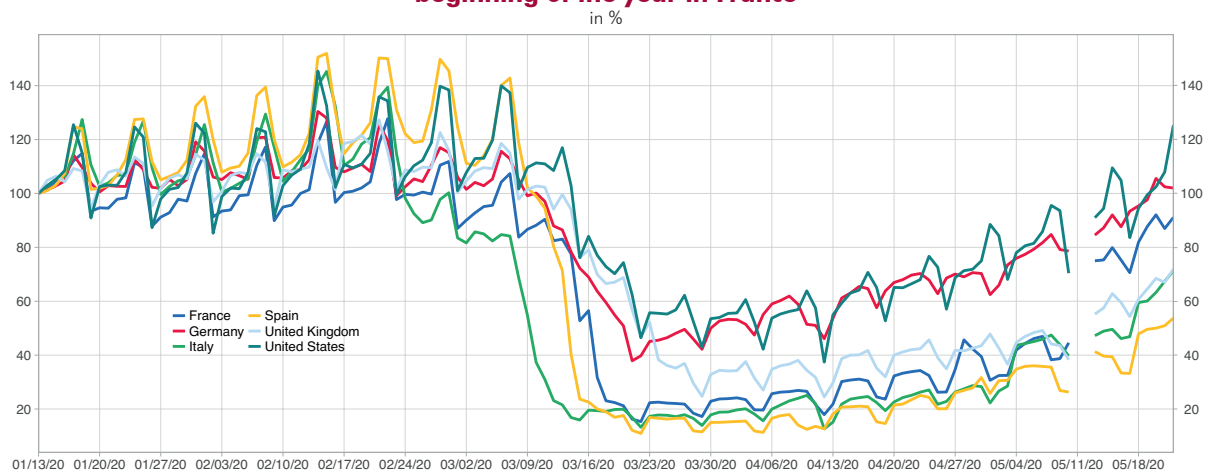
The situation regarding the number of visits to public places, especially non-food retail outlets, as represented by the *Google Maps Mobility* indicators (*Table 1*), seems to be relatively similar for the four major European economies. On 5 June, for example, visitor numbers to these centres were down by 26% and 28% in France and Italy, and almost 20% in Germany. These indicators therefore suggest that the rebound in the consumption of non-food goods continued in early June, particularly in countries that had imposed the strictest lockdown measures (France, Italy, Spain). Indeed, the reduction in the number of visitors to non-food retail outlets decreased by 25 percentage points in France between mid-May and early June, by nearly 30 points in Italy and 40 points in Spain, compared with only 15 points in Germany. In the United States, the number of visitors to retail stores and entertainment venues was around 20% below normal levels in early June, after dipping to 30% in mid-May. In the United Kingdom, however, the number of visitors to non-food retail outlets and entertainment venues has picked up slightly but remains at around a third of its usual level, after dropping by 82% during the first days of lockdown.

### The gradual recovery of output and consumption has been accompanied by a return to transport use

Both output and consumption are closely linked to the movement of people, regardless of the means of transport used. According to the Apple mobility indicator, which aggregates route search data on the Apple Maps application, searches for routes by car continue to increase in all countries (*Graph 4*), with some slight differences: searches in early June returned to January levels in France and Italy, in connection with the possibility of unrestricted nationwide movements in these two countries. However, the recovery appears to be at a more advanced stage in Germany, the United States, France and Italy than in Spain. Indeed, the freer movement of Spaniards only begins in phase 3 of the lifting of lockdown measures, which at present only concerns just under half of the Spanish population. In the United States, the number of searches for car routes has now surpassed the level of early January.

Moreover, according to the *Google Maps Mobility* indicator, public transport passenger numbers in France at the beginning of June were 37% lower than during the reference period from 3 January to 6 February 2020, which is an improvement compared to mid-May, when they were 43% lower (*Table 1*). In Italy and Spain, this reduction in passenger numbers stood at around -40% in early June, compared with -53% and -59% in mid-May, respectively. In the United Kingdom, the decline remains substantial (-56%, after -58% in mid-May). In the United States, public transport passenger numbers have risen

### 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

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slightly, but remain approximately a third below their usual level. However, while the number of commercial flights in the United States has recovered slightly, standing at around 68% (after -78%) below normal (Table 2), the number of passengers measured by the passages through Transport Security Administration security checks has decreased by approximately 85% compared to 2019.

Finally, the TomTom index of road congestion in major European cities shows a very gradual return to car use. In Germany, the road congestion index remains very close to its level over the same period in 2019, at 3% lower in the first week of June (Table 2). In France, the rebound has been quite sharp, with the congestion index in early June being 13% lower than in 2019, after dropping by nearly 26% in mid-May and 61% in early May. Road traffic levels remain very low in the United States, at 78% below the 2019 levels, and in the United Kingdom, where the congestion index has dropped by 65%.

In the United States, the recovery is also reflected by the renewed vigour of the labour market. According to employment data released by the Bureau of Labor Statistics (BLS) in early June, approximately 3.8 million jobs were created in May and unemployment fell to 13.3% after 14.7%. In particular, employment grew strongly

in accommodation, food services and leisure (+1.2 million), in construction, education and health services, and in the retail trade. However, the BLS warns against interpreting this level of unemployment too favourably: as in April, many employees who were temporarily laid off reported having a job while being absent from work, and to a much greater extent than usual. In accordance with international conventions on measuring the labour market, they were counted as being in employment. Their numbers are such that had they been counted as unemployed, the resulting unemployment rate would have been three percentage points above the announced level. This reservation already applied to the April data, however, and therefore does not call into question the reported drop in unemployment in May.

In April 2020, the unemployment rate in the Eurozone increased by 0.2 percentage points to 7.3% of the labour force. In Spain, the unemployment rate reached 14.8% compared to 3.5% in Germany and 8.7% in France. In May 2020, the number of jobseekers slowed significantly, particularly in Spain with an increase of nearly 27,000 people after +280,000 in April. In Germany, the number of jobseekers rose by 238,000 in May, bringing the unemployment rate to 6.3% according to the Federal Employment Agency. ■

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

in %

Indicators	Road traffic (congestion index)			Air traffic		
	week of 11 May	week of 18 May	week of June 1 <sup>st</sup>	week of 11 May	week of 18 May	week of June 1 <sup>st</sup>
Germany	-1	-6	-3	-43	-65	-46
France	-61	-26	-13	-71	-62	-50
Italy	-66	-16	-12	-80	-70	-58
Spain	-58	-10	-9	-76	-80	-75
United States	-76	-78	-65	-76	-72	-68
United Kingdom	-69	-65	-52	-90	-90	-88
Japan	-50	-40	-28	-80	-80	-75
China*	-53	-53	-49	-65	-62	-60

\* 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