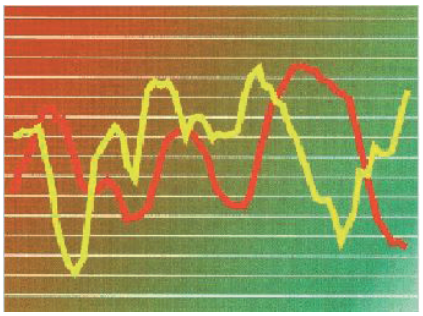
INSEE CONJONCTURE

POINT DE CONJONCTURE



08 SEPTEMBER 2020

Table of contents

Introduction

The end of lockdown has resulted in a relatively rapid rebound in activity in some parts of the economy

In several countries the national accounts for Q2 2020 have highlighted the severity of the economic shock associated with the health situation. However, without underplaying this situation, data collected since the lifting of lockdown show how quickly and to what extent the economy is recovering from this shock. In August, the French economy appears to have been operating at about 95% of its pre-crisis level. In other words, the country would seem to have already caught up five-sixths of the 30-GDP-point gap that separated it from its pre-crisis level at the lowest point of lockdown. The scale of the shock that was triggered by the health crisis was certainly unprecedented, but so was the scale of the public policies implemented to counter its economic effects, both immediately and in the longer term.

During lockdown, household income fell much less than activity

Figures for Q2 also reveal the scale of the support measures put in place. In France, when economic activity fell by almost 14% over the quarter, household income fell by "only" a little over 2%, supported by various measures, including the introduction of short-time working. Loss of income was absorbed for the most part by general government and businesses. In addition, from June onwards, household consumption of goods overtook its February level, undoubtedly due in part to the effect of purchases that could not be made during lockdown.

An engine that is being held in check but is ready to go

After this inevitable rebound phase, the French economy is approaching this new beginning like an engine that appears to be both held in check yet primed for action. This is certainly the case for many economies throughout the world: health restrictions may have been reduced, but they continue to weigh heavily on supply, while demand risks are being weakened as health and economic uncertainties persist. At the same time, monetary and fiscal policies are being used to provide massive support for economic activity.

Health containment measures, although reduced, continue to hinder supply

On the health front, the scenario of a total loss of control over the epidemic, requiring measures as drastic as in March, seems unlikely. The experience amassed during the first wave should give us a better indication of how to live with the virus. However, although they have been reduced, some restrictions or constraints are still being imposed (social distancing, quarantine when entering some countries, etc.) and new ones put in place (wearing a mask), in a context where fears of a resurgence of the epidemic are currently more acute in Europe. Some of these restrictions may have significant and long-lasting impacts on some sectors, such as passenger air transport and the events sector.

The risk of a demand shock

Since the summer, the business tendency surveys have highlighted the risk of a significant demand shock. Many businesses fear the loss of their outlets. In industry, order books – especially orders from abroad – are being replenished only slowly. And household confidence in the economic situation remains lower than its pre-crisis level. The jump in savings recorded during lockdown may have contributed to supporting demand in the coming quarters, but whether they will be used is still uncertain at this time: these savings are not the result of an increase in income but are due to consumption being temporarily stopped, and may be transformed into precautionary savings. In addition, these forced savings are for the moment measured at macroeconomic level, but household situations can vary considerably.

Economic policies provide tremendous support

Faced with this situation, massive support measures have been introduced in France and likewise in most countries. Monetary policies remain very accommodating throughout the world, and the same is true for fiscal policies. In France, after the measures implemented during lockdown, which aimed to preserve both the productive fabric and household income as much as possible, the stimulus package announced recently will affect both supply and demand, but these effects will be felt mainly after our forecasting period, which is limited to the end of 2020.

In 2020, French GDP is expected to decline by about 9%

The figures for growth in Q3 should reflect the strength of the rebound associated with the first months after the lifting of lockdown, with double-digit growth (+17% forecast at this stage in France[1]), given the very low level to which activity had fallen in the previous quarter. In the coming months, recovery is likely to be slower. By the end of the year, activity is expected to return to around 96% (+/–2%, or between 94% and 98%) of its pre-crisis level, assuming that health provisions remain stable.

All in all across 2020, we are maintaining the forecast originally published in July of a contraction in GDP of around 9%. The decline in GDP in Q2 was certainly less pronounced than originally expected, but the uncertainty linked to the health crisis is on the rise again, leading us to moderate the pace of growth expected as the recovery continues.

Given that the pace of annual growth forecast before lockdown was around +1%, the pandemic is expected to reduce the pace of annual GDP growth by around 10 points in 2020.

In H2 2020, payroll employment should stabilise but the unemployment rate is likely to increase substantially

There were more than 700,000 payroll job losses in H1 2020. This represents a 2.3% decline in employment year-on-year in Q2 (against –18.9% for the year-on-year shift in GDP). This difference is largely due to the measures put in place to preserve jobs. At the start of lockdown, it was mainly temporary employment that suffered the heaviest losses, before rebounding once lockdown was lifted.

In H2, the rebound in activity is likely to result in a moderate rebound in employment in most sectors, except those hardest hit by the health crisis. All in all, payroll employment is expected to remain virtually stable in H2, but the unemployment rate is expected to rise sharply, after an artificial drop during lockdown when large numbers of unemployed people interrupted their job searches. It could be as high as about 9.5% of the active population by the end of the year. The halo of unemployment, which jumped in Q2, is expected to decline in H2, but at the end of 2020 it could still be higher than its level at the end of 2019. ■

1. All of these forecasts are based on the first set of "hard" data available for the beginning of the summer (mainly July), and on the results from various business tendency surveys, including the ACEMO-Covid survey carried out by DARES in association with INSEE. As in the previous Points de Conjoncture, we also use a certain number of high-frequency indicators. However, when these are only available for 2020 (e.g. mobility indices calculated from search engines), they cannot be properly analysed due to the seasonal factor of holidays. However, by using those indicators that have a little more historical depth (with data available at least from 2019), year-on-year change can be calculated, with seasonal variations taken into account. This is the case, for example, with aggregated amounts from bank card transactions, which are used to estimate household consumption in "real time".

Economic activity

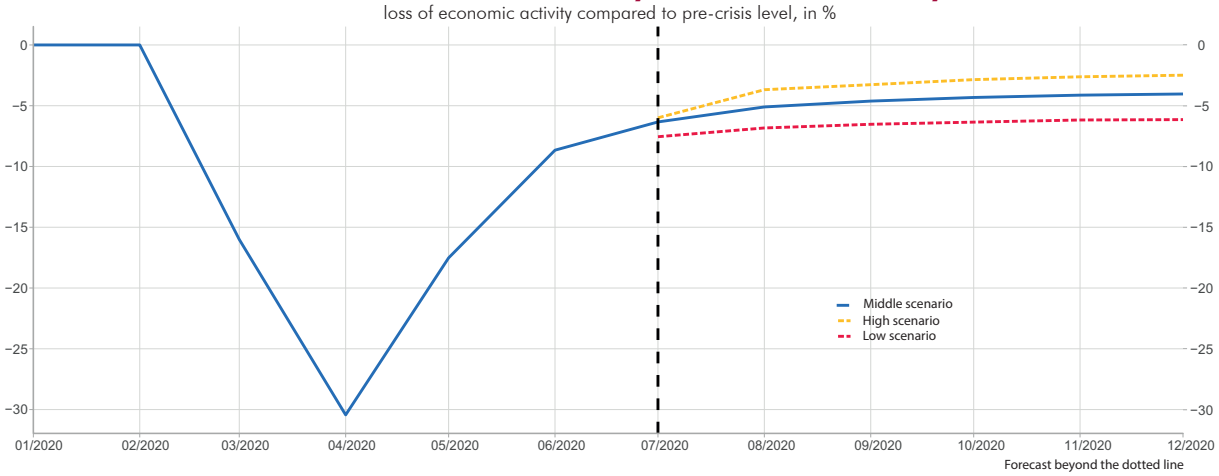
According to the information available as of 8 September, the loss of economic activity in Q3 2020 is expected to settle at about –5% compared to its pre-crisis level, after –19% in Q2. The summer period saw the rebound that started in May and June continue; however, the pace of recovery looks set to slow by the end of the year, with a probable loss of activity in Q4 of –4%. Uncertainty over the health situation in the coming months has increased and at the same time some of the restrictions linked with the fight against the epidemic remain in force. According to the replies from businesses to the ACEMO-Covid survey carried out by DARES with INSEE support and based on the pace at which they expect to resume activity, economic activity at the end of the year is likely to remain slightly below its pre-crisis level. Assuming that the pandemic remains under control and that health measures remain stable, at this stage, the forecast for a fall in GDP in 2020 is maintained at around –9%.

The increase in French economic activity observed at the end of Q2 is likely to continue, but the pace of recovery is expected to slow by the end of the year

Publication of the quarterly accounts at the end of July then at the end of August resulted in an adjustment to the estimate for loss of activity in Q2: it now stands at –19% compared to Q4 2019 (*Table 1*), against –21% forecast in the *Point de Conjoncture* of 8 July. This revision is made as a result of the strength of the rebound triggered in May and June after lockdown was lifted. Shops, businesses and administrations reopened, and the use of short-time working was reduced. Loss of activity, which stood at –30% of GDP in April compared to a normal situation, is likely to have declined in May (–18%) then again in June (–9%) (*Graph 1*).

1 - Estimated/forecast monthly loss of economic activity

loss of economic activity compared to pre-crisis level, in %



How to read: in April, economic activity appears to have decreased by around 30% compared to its pre-crisis level. By the end of the year, according to the responses from businesses to the ACEMO-Covid survey, it is expected to be around –4%.

Source: INSEE, DARES, Acemo-Covid survey, INSEE calculations from various sources

Taking into account the information available on 8 September (first feedback on industrial production in July, daily data on rail freight traffic and travellers and the aggregated amounts of bank card transactions, ACEMO-Covid survey), the loss of economic activity in July is expected to be reduced by a third compared to June, bringing it to –6% against the pre-crisis level, then –5% in August. During the summer break the epidemic was fairly well contained, with people returning to work as others were going on holiday; meanwhile, household consumption, which climbed back rapidly from mid-May, is expected to remain at a level close to normal (*Household Consumption sheet*).

The recovery is expected to continue across the economy, although more slowly in some branches affected particularly badly by the health crisis

As in previous *Points de Conjoncture*, forecasts made up to the end of the year are based on the pace at which businesses expect to recover, as expressed in the ACEMO-Covid SURVEY.[1] The responses received from companies are aggregated at sector level, then projected onto estimates for economic activity for recent months. From this a series of scenarios was established – low, high and middle (Box) – for the recovery of economic activity up to the end of the year (*Graph 1*).

1. The fifth edition of the special ACEMO-Covid survey, conducted by DARES with support from INSEE, was applied here. A sample of non-agricultural private-sector companies with 10 or more employees was surveyed between 30 July and 18 August 2020, on their situation and the employment conditions of the workforce in July.

Table 1 - Estimated loss of activity in Q3 and Q4, compared to pre-crisis level (Q4 2019)

Sectors	Share of GDP (in %)	Loss of activity in Q2 2020 (in %)	Loss of activity in Q3 2020 (in %)	Loss of activity in Q4 2020 (in %)	Contributions to loss of activity in Q3 2020
Agriculture, forestry and fishing	**2**	**–6**	**–1**	**–1**	**0**
Industry	**14**	**–23**	**–5**	**–3**	**–1**
Manufacture of food products, beverages and tobacco-based products	2	–9	–2	–1	0
Coke and refined petroleum	0	–1	0	0	0
Manufacture of electrical, electronic, computer equipment; manufacture of machinery	1	–23	–2	–2	0
Manufacture of transport equipment	1	–50	–17	–12	0
Manufacture of other industrial products	6	–25	–6	–4	0
Extractive industries, energy, water, waste treatment and decontamination	2	–15	–1	–1	0
Construction	**6**	**–32**	**–5**	**–3**	**0**
Mainly market services	**56**	**–17**	**–6**	**–5**	**–4**
Trade; repair of automobiles and motorcycles	10	–20	0	0	0
Transport and storage	5	–28	–20	–19	–1
Accommodation and catering	3	–53	–22	–21	–1
Information and communication	5	–9	–4	–3	0
Financial and insurance activities	4	–8	–2	–1	0
Real estate activities	13	–3	–1	–1	0
Scientific and technical activities; administrative and support services	14	–20	–7	–4	–1
Other service activities	3	–36	–26	–25	–1
Mainly non-market services	**22**	**–17**	**–3**	**–2**	**–1**
Total	**100**	**–19**	**–5**	**–4**	**–5**
of which mainly market	*78*	*–19*	*–6*	*–5*	*–5*
of which mainly non-market	*22*	*–17*	*–3*	*–2*	*–1*

How to read it: in Q3 2020, economic activity is expected to be down 5% compared to Q4 2019. Mainly market services, where the estimated loss of activity is expected to be 6% in Q3 against 17% in Q2, are likely to account for about 4 percentage points of this decline.
Source: INSEE calculations from various sources

The recovery trajectories estimated in the middle scenario (*Graphs 2 and 3*) indicate considerable variation between branches in H2. Transport equipment, for instance, which declined in Q2 (–50% loss of activity compared to its pre-crisis level, the greatest decline in all of industry) is likely to achieve less of a catch-up than other branches. In construction, however, the loss of activity should be reduced to less than 5% in Q3 and Q4, after –32% in Q2, as worksites start up again.

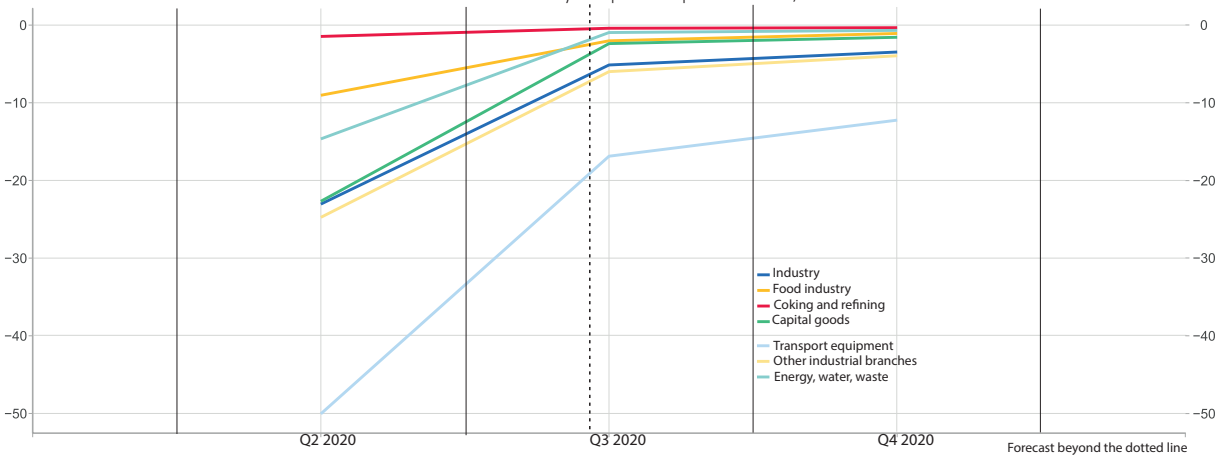
In market services, there are also two distinct profiles. Some sectors (transport services, accommodation and catering, other service activities including various services to households, associations) showed a very heavy loss of activity in Q2, then a slower pace of recovery than in the other sectors. Tourism in particular looks set to continue to affect these sectors, despite French tourists partly replacing international tourists during the summer period, and restrictions are still likely to apply to a large number of cultural activities. In the other sectors, however, their loss of activity compared to their pre-crisis level is expected to be less than 10% as of Q3.

At the end of 2020, economic activity will probably still be slightly below its pre-crisis level

All in all, in Q3, and in the middle scenario, activity is likely to be 5% below its pre-crisis level, an automatic rebound to some extent of

2 - Estimate then forecast of loss of activity in industry

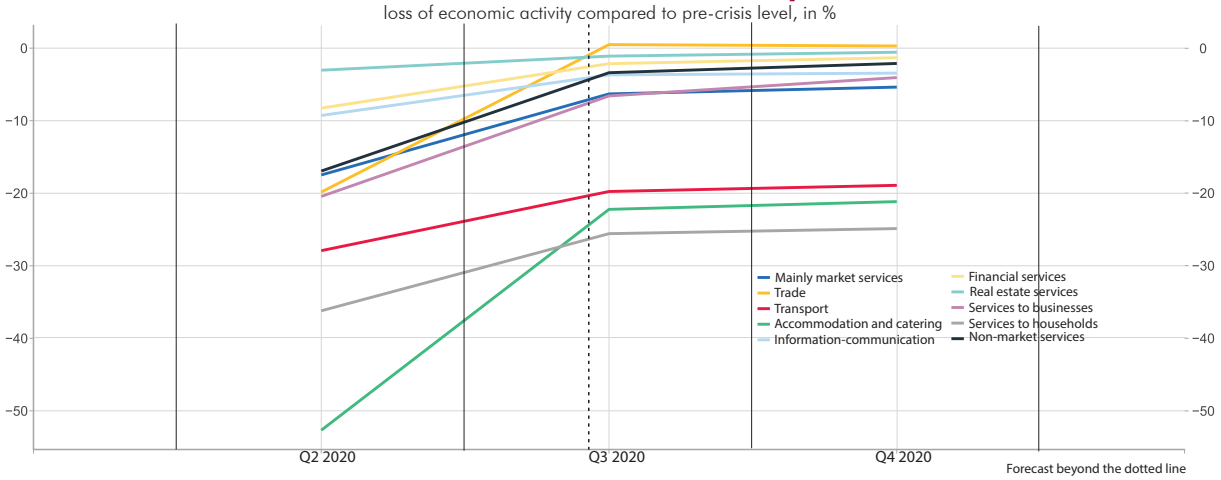
loss of economic activity compared to pre-crisis level, in %



How to read it: in Q3, economic activity in the transport equipment branch in terms of production is expected to be down 17% compared to the pre-crisis level.
Source: INSEE, DARES, Acemo-Covid survey, INSEE calculations from various sources

3 - Estimate then forecast of loss of activity in services

loss of economic activity compared to pre-crisis level, in %



How to read: in Q3, economic activity in the accommodation-food services branch in terms of production is expected to be down 22% compared to the pre-crisis level.
Source: INSEE, DARES, Acemo-Covid survey, INSEE calculations from various sources

+17% as a quarterly variation compared to Q2 (*Table 2*). This increase is slightly less than that forecast in the *Point de Conjoncture* of 8 July (+19%), with the smaller loss of activity recorded in Q2 accounting for the reduction in the size of the rebound in Q3. In Q4, the increase in activity is expected to be much lower, around +1% compared to the previous quarter, reflecting the divergence between those sectors that have almost returned to normal and others that remain depressed with restriction measures still in place, or because international demand is still weak, or because of the ongoing block on international tourism. This divergence is also likely to be seen in the change in payroll employment, which should remain stable overall in H2 (*Employment sheet*).

Thus, at the end of the year, economic activity is expected to remain below its pre-crisis level, between –2% and –6% in December depending on the different scenarios, or –4% on average. In a context of growing uncertainty in the coming months –the proportion of companies responding to the ACEMO survey who were not able to put a date on their return to normal stands at 30%, after 21% in June– these forecasts must be considered with caution. In the middle scenario, and as described in the *Point de Conjoncture* of 8 July, GDP is expected to decline by about 9% in 2020 compared to 2019, which would be the greatest annual contraction since the national accounts were created in 1948.■

Table 2 – Estimate then forecast of loss of economic activity in 2020

	Q1	Q2	Q3	Q4	2020
GDP growth (quarterly variation)	–5.9	–13,8	+17	+1	–9
Average loss of activity in terms of GDP (compared to pre-crisis level)		–19	–5	–4	

Forecast

How to read: in Q3, the loss of activity compared to the pre-crisis level is estimated at -5%, or a rebound in GDP of about 17% compared to Q2, after –13.8%.

Note: the loss of activity shown in this table is the average of estimated/forecast monthly losses of activity. The loss of economic activity for a given month or quarter is measured in relation to a normal situation, i.e. a period before the health crisis. Conversely, the variation in GDP for a given quarter is, by definition, calculated from the level of activity in the previous quarter.

Source: IINSEE calculations from various sources (forecasts from Q3 onwards)

Box

The survey question used was as follows: "How long do you think it will be before economic activity in your establishment returns to its normal level?

1. Activity has not been affected or is already back to normal
2. Activity will return to normal very quickly, within one month
3. Activity will return to normal within two or three months
4. Activity will need more than three months before it returns to normal
5. Activity has been affected in the longer term and will not return to the pre-crisis situation before the end of the year
6. Don't know

The difference between the three scenarios is based on interpreting the survey response modalities. The low (or high) scenario is obtained by retaining only the most "pessimistic" (or "optimistic") interpretations. For example, to the response: "Activity will return to normal within two to three months", the low scenario retains only the latest hypothesis, i.e. three months, while the high scenario retains only the earliest scenario, i.e. two months. The middle scenario is the average of these two. Given the increased uncertainty surrounding the end of the year, assumptions regarding the interpretation of some response modalities are a little less favourable than those selected in the Point de Conjoncture of 8 July. For the fifth modality, it was decided to consider that recovery took place in Q3 2021 for the high scenario, while for the low scenario, the loss of activity in the sector was assumed to remain constant in the medium term. Responses to the "Don't know" modality were added to the responses to modality 5. Lastly, certain sectors that were not going to see a return to normal in the medium term were processed differently, separately from the expectations expressed in the ACEMO-Covid survey. This was the case, for example, for accommodation and catering, cultural activities, and some transport services (especially air transport). ■

Employment-Unemployment

After a decline of 715,000 payroll jobs in H1, there is likely to be a rebound in economic activity in H2 with a moderate rebound in employment in most sectors, apart from those experiencing longer-lasting effects as a result of the Covid crisis. All in all, payroll employment is expected to remain virtually stable in H2, but the unemployment rate is set to rise sharply, after an artificial drop during lockdown when a large number of unemployed people interrupted their job searches. It could be as high as about 9.5% of the labour force by the end of the year.

After a decline of 715,000 in H1, payroll employment is expected to remain more or less stable through to the end of the year

Between the end of December 2019 and the end of June 2020, payroll employment fell by 715,000, or –2.8%. This was an unprecedented decline, although much less severe than the decline in activity (–13.8% in Q2 after –5.9% in Q1). This relative resistance of employment suggests that a large number of employers were able to retain their workforce as a result of the introduction of short-time working schemes. From March to May, short-time working helped many employees in most sectors of activity. From June onwards, its use was gradually limited to the sectors most badly affected by the health restrictions, i.e. accommodation-catering and cultural activities. There were also other sectors affected by a significant drop in activity that retained a large proportion of their workforce, even over and above the support provided by the short-time working scheme: this was especially the case in transport services and the automobile and aeronautical industries.

In H2, two opposite effects are likely to be in play, resulting in a situation of virtual stability in payroll employment (*Figure 1*). On an upward trend, the rebound in activity is likely to translate into a moderate rebound in employment in most sectors, especially in the form of temporary contracts, which dropped sharply in Q1, and the resumption of hiring on fixed-term contracts. This is likely to be especially the case in industry (apart from transport equipment) and trade. In construction, the upturn in activity is likely to be reflected mainly in a rebound in the temporary workforce. Public sector employment is also expected to rebound by the end of the year, with the hiring of contract workers and temporary workers who had been suspended in the spring. Conversely, employment will probably shrink substantially in those sectors affected in the longer term by the crisis (transport equipment and services, accommodation-catering, services to households including cultural services). Given the reduction in their activity, businesses in these sectors are unlikely to be able to hold on any longer to all the workforce that they had retained until now either on a spontaneous basis or via short-time working schemes.

1 - Change in payroll employment
in thousands, SA at the end of the period

	2020		2020
	S1	S2	
Agriculture	–6	4	–2
Industry	–39	21	–18
Construction	–4	–15	–18
Market Tertiary	–577	–52	–630
Interim	*–210*	*131*	*–78*
Excluding interim	*–367*	*–184*	*–551*
Tertiary non-market	–90	41	–49
Ensemble	**–715**	**–2**	**–717**

Forecast

Scope: France (excluding Mayotte)

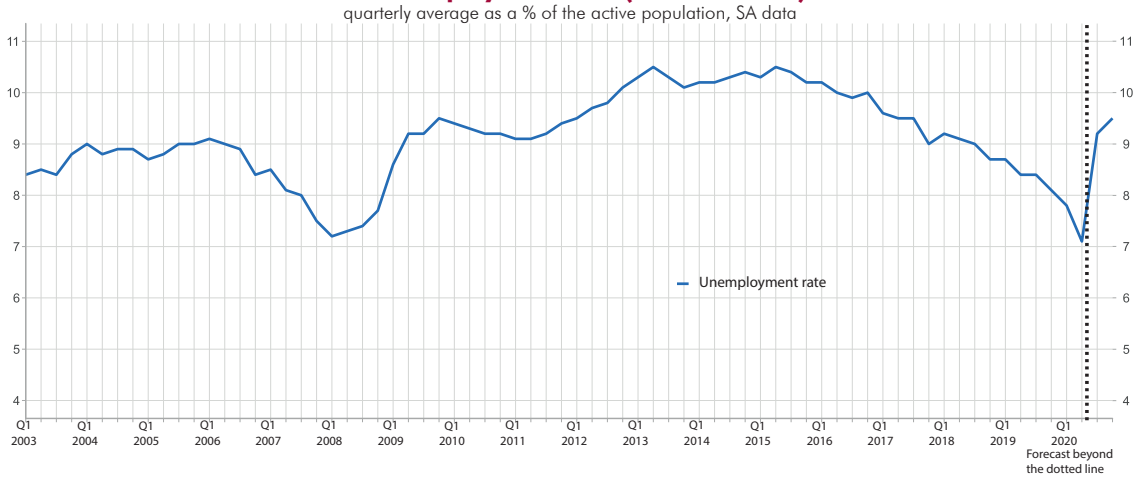
How to read it: between the end of December 2019 and the end of June 2020, salaried employment in industry declined by 39,000. It is then expected to increase by 21,000 between the end of June and the end of December 2020. Overall, this is expected to result in a decline of 18,000 between the end of December 2019 and the end of December 2020.
Source: INSEE

The unemployment rate is set to exceed 9% by the end of the year

During lockdown, a large number of unemployed people interrupted their job search, resulting in a drop in the number of unemployed, despite the decline in employment within the meaning of the International Labour Organization (ILO) and an increase in the halo of unemployment (people without a job who want to work but who are not actively seeking work and/or are not available for work). This effect was very specific to lockdown, although not specific to the French labour market, and to a large extent it is likely to fade away in H2. As a result, the unemployment rate is set to increase very significantly after the summer: it will probably settle at around 9.5% of the active population by the end of 2020, or 2.4 points more than at mid-2020 and 1.4 points more than one year earlier (*Figure 2*). ■

2 - Unemployment rate (ILO definition)

quarterly average as a % of the active population, SA data



Scope: France (excluding Mayotte), population of households, people aged 15 or over
Source: INSEE, Employment survey

Household consumption

After rebounding sharply in May then in June, household consumption in July and August is set to remain at a level similar to its pre-crisis level (Table 1). The level of spending on manufactured goods would appear to have remained high, especially purchases of transport equipment and household equipment. Regarding spending on services, households appear to have continued their catch-up, especially in catering and accommodation, although some areas of spending are still significantly below their pre-crisis level (e.g. transport services, including air transport). All in all, assuming that household consumption in September returns to exactly the same level as before the crisis, with some spending remaining above this level and some still falling below, total household consumption is set to increase by +19% in Q3 2020, after tumbling by 12% in Q2.

As in the previous *Points de Conjoncture*, the estimates given here are based on assumptions of loss or gain in consumption compared to the pre-crisis level,[1] applied to different goods and services. These assumptions are based mainly on information from bank card transaction data and scanner data, up to 23 August, but also on the first monthly statistics produced for July (e.g. household consumption expenditure on goods). They also reflect specific consumer behaviours (e.g. constant need for certain types product).

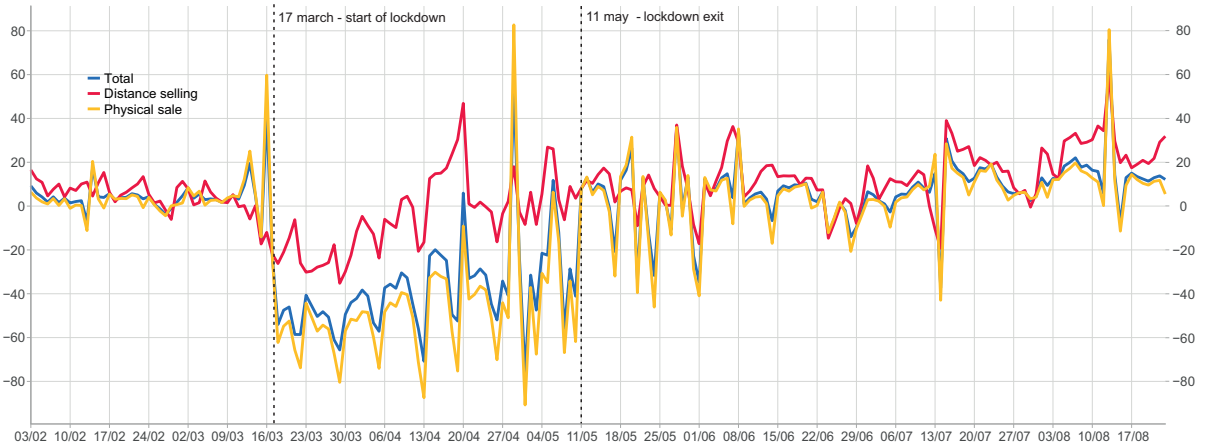
In Q2, household consumption declined by about 12%, reflecting a sharp drop in April, at the height of lockdown, then a rebound in May as health restrictions were eased, then in June a convergence towards the pre-crisis level of consumption overall (*Point de Conjoncture* of 8 July). In July, consumption would appear to have remained slightly below pre-crisis level (–4%), returning virtually to normal in August (–2%). This trend in household consumption since the start of the health crisis is reflected in the total amount of bank card transactions: since the end of lockdown, total transactions overall have been at their 2019 level and were even higher from mid-July (*Graph 1*). This summer increase in bank card transactions, compared to 2019, can be explained in part by the delaying of the summer sales, which this year were set from 15 July to 11 August,[2] but also by the fact that more households spent their summer holidays in

1. The pre-crisis level can be interpreted as that of Q4 2019, even though in practice the data used requires us to take a slightly different reference period (e.g. 6 January to 23 February 2020 for bank cards).

2. In 2019, the summer sales took place from 26 June to 6 August.

1 - CB bank card transactions in store and online

year-on-year (%) daily CB bank card transaction amounts in 2020 compared to the corresponding day in 2019



How to read it: on Monday 17 August 2020, physical CB bank card sales were 14% higher than on Monday 19 August 2019.
Note: the very high year-on-year level on Wednesday 29 April 2020 (or Thursday 13 August 2020) is linked to the fact that the corresponding day in 2019 was Wednesday 1st May (or Thursday 15 August), a public holiday, when CB bank card transaction amounts, all types of sale combined, were particularly low.
Source: Cartes Bancaires CB, INSEE calculations

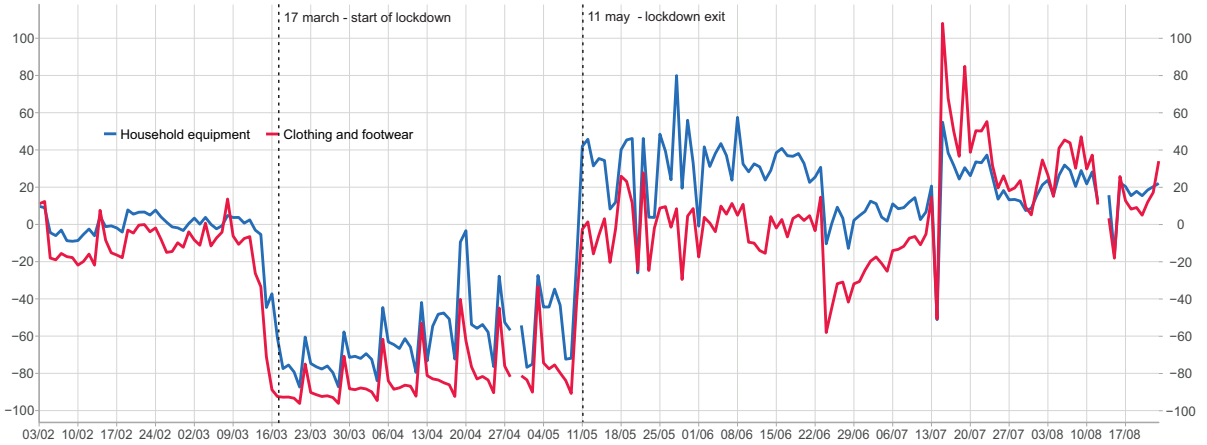
France than abroad. It may also reflect changes in behaviour in the use of bank cards, especially a preference for payment by card in light of the health context, and the fact that the ceiling for contactless payments was increased in May. This phenomenon can be highlighted by comparing bank card transaction amounts and turnovers (the latter are currently available up to June) at sector level. For example, in accommodation, catering and household equipment, the ratio of bank card transaction amounts to sector turnover increased significantly between January-February and June. As a result, for the expenditure concerned, estimates of differences between these levels and a normal situation take the increased bank card use into account, which in turn tempers the buoyancy observed in bank card transaction amounts.

After moving above the pre-crisis level in July, household consumption of manufactured goods would appear to have continued its upswing during August, standing at 3% above its pre-crisis level and boosting total consumption by one point. Some types of spending seem to have continued the catch-up that began as soon as lockdown was lifted, with purchases of transport equipment in particular exceeding their pre-crisis level considerably in July and August. This would also appear to be the case in August for spending on clothing and household equipment (*Graph 2*). Spending on fuel, which was still below the pre-crisis level in June, would appear to have returned to this level overall in July and August (*Graph 3*), possibly as a result of more people spending their summer holidays in France this year than going abroad. Spending on agricultural and agrifood products also appears to have returned to its pre-crisis level in August, after dropping slightly below in July (*Graph 4*).

In mainly market services consumption would appear to be 7% down on the pre-crisis level in July and 5% down in August (reducing by 2 points the difference between consumption overall in August compared to the pre-crisis level). As a result of this improvement in August catch-up in consumption is expected to continue in catering and accommodation (*Graph 3*), cultural activities and services to households. Spending on transport services also appears to have continued its catch-up both in July and August, while still remaining below the pre-crisis level, mainly due to the low level of recovery in air transport, but also because passenger land transport is recovering only gradually.

2 - CB bank card transactions for purchases of household equipment and clothing-footwear

year-on-year (%) daily CB bank card transaction amounts in 2020 compared to the corresponding day in 2019

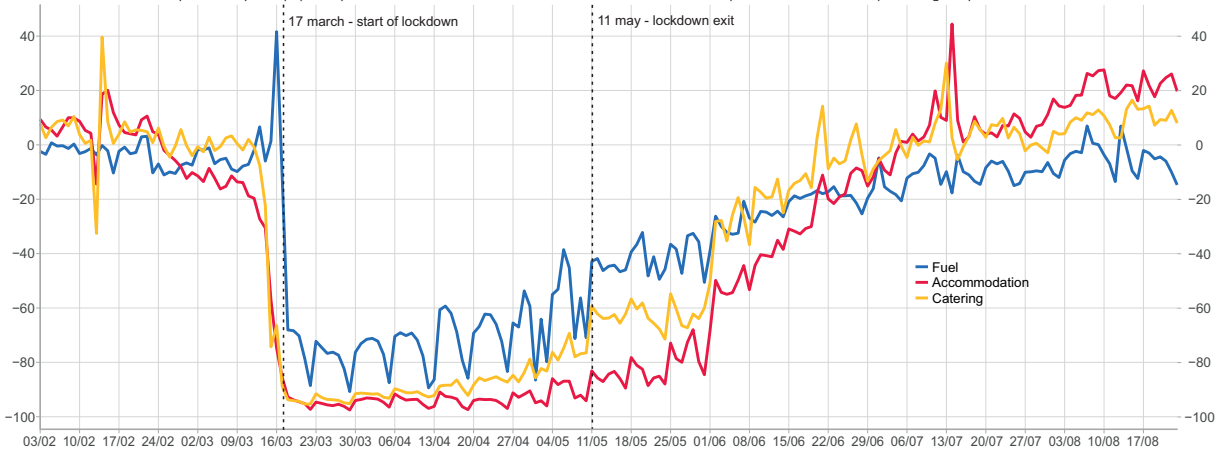


How to read it: on Monday 17 August 2020, bank card transactions for household equipment were 20% higher than on Monday 19 August 2019.
Note: for clarity, the values corresponding to Wednesday 29 April 2020 and Thursday 13 August have been removed because the corresponding days in 2019 were Wednesday 1st May and Thursday 15 August respectively, both public holidays, with very high year-on-year figures. In addition, the delaying of the summer sales in 2020, which took place from 15 July to 11 August instead of 26 June to 6 August in 2019, resulted in figures that were very negative year-on-year from 26 June then extremely positive from 15 July onwards. The momentum in transaction amounts for household equipment from June, compared to 2019, may also be partly due to a higher level of card payments
Source: Cartes Bancaires CB, INSEE calculations

In mainly non-market services, consumption appears to have continued to pick up, with the gradual resumption of local outpatient care. However, in July and then August it is still likely to remain below the pre-crisis level (–9% loss of consumption in August, bringing down overall consumption very slightly). In the construction branch, the upswing in renovation work appears to be continuing, with the result that in August household consumption should be close to its pre-crisis level (–5% loss of consumption, a marginal contribution to overall loss). ■

3 - CB bank card transactions for purchases of fuel and purchases in the accommodation and catering sector

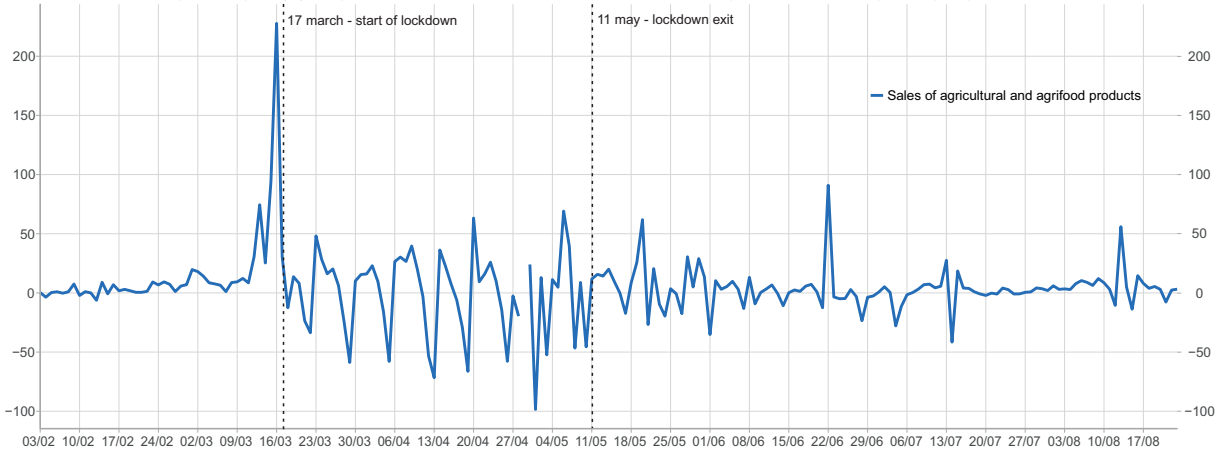
year-on-year (%) daily CB bank card transaction amounts in 2020 compared to the corresponding day in 2019



How to read it: on Monday 17 August 2020, bank card transactions in the catering sector were 13% higher than on Monday 19 August 2019.
Note: the scale of the catch-up from June onwards may be due in part to the preference for card payments.
Source: Cartes Bancaires CB, INSEE calculations

4 - Sale of agricultural and agrifood products excluding tobacco in major retail outlets

year-on-year (%) daily CB bank card transaction amounts in 2020 compared to the corresponding day in 2019



How to read it: on Tuesday 18 August 2020, sales of agricultural and agrifood products excluding tobacco were 4% higher than on Tuesday 20 August 2019.
Note: for clarity, the values corresponding to Wednesday 29 April 2020 have been removed because the corresponding day in 2019 was Wednesday 1st May, a public holiday, with a very high year-on-year figure.
Source: cash register data of several supermarket and hypermarket signs, INSEE calculations

1 - Estimated difference in level of household consumption compared to the pre-crisis level

Products	Share of consumption* (%)	Difference in 2nd quarter 2020 (in %)	Difference in July (in %)	Difference in August (in%)	Contributions aside for August (in point of percentage)
Agriculture, forestry and fishing	3%	–5	–1	0	0
Industry	44%	–15	1	3	1
Manufacture of food products, beverages and tobacco-based products	15%	4	–1	0	0
Coke and refined petroleum	4%	–29	–1	2	0
Manufacture of electrical, electronic, computer equipment; manufacture of machinery	3%	–8	1	5	0
Manufacture of transport equipment	6%	–36	7	4	0
Manufacture of other industrial products	13%	–28	0	6	1
Extractive industries, energy, water, waste treatment and decontamination	5%	–2	2	0	0
Construction	2%	–24	–8	–5	0
Mainly market services	46%	–19	–7	–5	–2
Trade; repair of automobiles and motorcycles	1%	–24	–2	6	0
Transport and storage	3%	–47	–25	–22	–1
Accommodation and catering	7%	–64	–22	–18	–1
Information and communication	3%	–5	–1	0	0
Financial and insurance activities	6%	1	0	0	0
Real estate activities	19%	1	0	0	0
Scientific and technical activities; administrative and support services	2%	–19	–13	–6	0
Other service activities	4%	–41	–13	–7	0
Mainly non-market services	5%	–32	–13	–9	0
Total	**100%**	**–17**	**–4**	**–2**	**–2**

* weight in final household consumption spending (excluding territorial correction)

How to read it: household consumption of accommodation and catering services in August is expected to be 18% lower than the pre-crisis level, contributing a 1-percentage point reduction in household consumption overall, compared to the pre-crisis level.

Source: INSEE calculations from various sources

International developement

After declining in Q1, activity tumbled even further in Q2 in the advanced countries, affected by the restrictive measures in force until mid-May. Since then, it has recovered at varying rates. Some high-frequency indicators, like electricity consumption, suggest that global activity during summer 2020 will be similar to that of 2019 over the same period. There are other indicators, like numbers frequenting public places, where it is impossible to adjust for seasonal variations as there is not sufficient historical depth to the available series, and these further highlight a seasonal effect associated with people going on holiday. Numbers at the workplace or the road congestion index fell during summer 2020 but gave no suggestion of a loss of impetus in the recovery of activity.

In the main advanced economies, activity fell once again in Q2 2020, but the outlook looks better for Q3

It was not until the middle of Q2 that the European countries began the gradual lifting of lockdown measures and restrictions on movement, allowing activity to recover. Activity was still very much affected in April and at the beginning of May, and fell by 12.1% in the Eurozone in Q2, an even sharper decline than in Q1 when GDP fell by 3.6%. Of the four main Eurozone countries, Spain saw the largest decline in GDP, by 18.5% after a 5.2% decline in Q1. In France, GDP fell back by 13.8% against 12.8% in Italy and 9.7% in Germany (after –5.9%, –5.5% and –2.0% respectively in Q1). For all these countries, all aspects of demand were severely affected, especially exports, which declined by 20.3% in Germany, 25.0% in France and 33.5% in Spain, and total investment, which collapsed by 7.9, 14.9 and 22.3% respectively. In the United Kingdom, the decline in GDP was even more significant (–20.4% after –2.2%). In particular, household consumption (–23.1%) and corporate investment (–31.4%) fell back considerably. In the United States, GDP also fell sharply in Q2 (–9.1% after –1.3%), penalised mainly by household consumption (–9.9%) and to a lesser extent by exports (–22.1%) and corporate investment (–7.2%). Imports were also very badly affected (–17.6%), with the result that the contribution of foreign trade to growth was only very slightly negative (–0.1 points).

These disparities between countries can be explained mainly by the differences in the intensity and the timing of their restrictive measures. However, at this stage, care must still be taken when making comparisons for methodological reasons: in addition to the possibility of subsequent revisions, as stressed by the National Statistical Institutes, especially those that have only published a first estimate (United Kingdom), another important issue is taking into account general government production, which cannot be observed directly: countries have relied on assumptions and different indicators to estimate change in these figures (government spending, hours worked by civil servants, number of courses provided in education, medical care procedures carried out).

After reaching 54.7 points in July 2020, the Services PMI in the Eurozone in August 2020 remained at the expansion threshold of 50.5 points (*Graph 1*), in the wake of the rebound that started in June 2020 (48.3 points) after months affected by lockdown. This indicator therefore shows that the economic recovery continued throughout the summer. In the manufacturing branch, the PMI in the Eurozone suggests similar prospects to the services sector, with 51.7 points in August 2020 after 51.8 points in July 2020 and 47.4 points in June. In the United Kingdom and the United States, the recovery appeared to be more marked in August, with the PMI reaching 58.8 and 55.0 respectively in services, and 55.2 and 53.1 in the manufacturing industry. This recovery follows on from that observed in China, which exited from lockdown earlier and where activity also picked up earlier.

The negative effects of the crisis on the labour market persist

In the main Eurozone countries, huge measures were put in place to save jobs. From March 2020, Germany, France and Italy adopted measures to ease the possibility of short-time working and to defer the entire cost of labour on hours not worked, which were put into practice in different ways. In Spain, public policies were more concerned with guaranteeing households a minimum income, as shown by the introduction at the end of May of a universal income, rather than saving jobs. The effects of job support measures in the United Kingdom (loan guarantees, short-time working, deferral of VAT) can be seen, for example in the 20% decline year-on-year in the number of hours worked in Q2. In the United States, where there is less job protection than in Europe, especially legislation governing layoffs, Congress nevertheless voted to introduce an

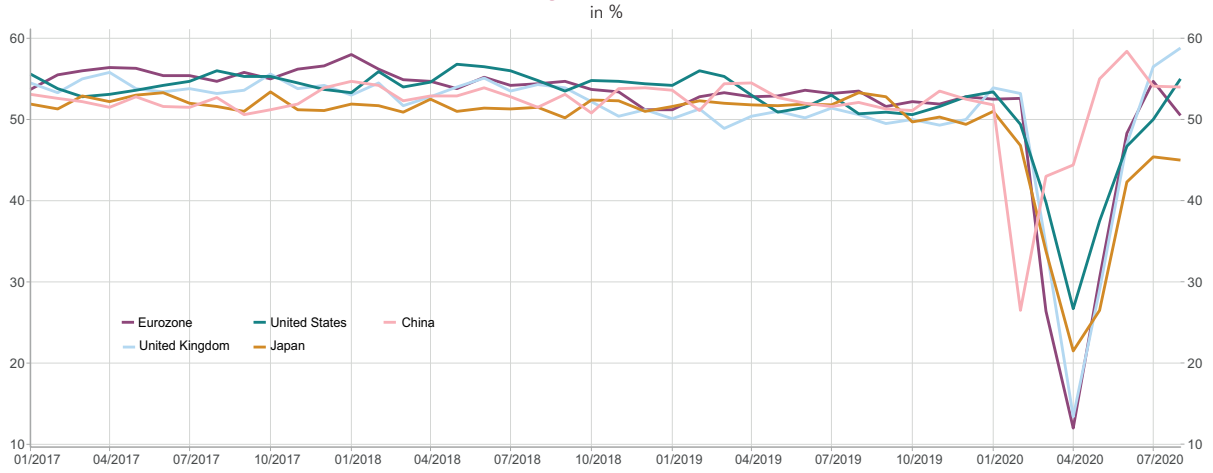
additional allowance of 600 dollars per week for the unemployed until 25 July. This was in addition to the allowances paid by the States (ranging from about 200 dollars to 800 dollars).

All in all, in the Eurozone, employment declined much less than economic activity in H1 2020. In Germany, France and Italy, the number of net job destructions was similar, in contrast to Spain, where the number of jobs that were destroyed was much higher and the United Kingdom where, conversely, job destructions were relatively low. In Germany, the number of job destructions in Q2 2020 is expected to be 566,000 according to first estimates, or a decline of 1.3% after +0.0% in Q2, the largest since reunification. In France, payroll employment appears to have seen a net destruction of 500,000 jobs in Q1 then 215,000 in Q2 (equivalent to a fall of 2.0% in Q1 then 0.9% in Q2). In Italy, after 101,000 jobs were destroyed in Q1, destructions appear to have reached 479,000 jobs between April and June (or a decline of 2.1%). In Spain, net job destructions reached 195,000 in Q1 then 1,521,000 in Q2, which corresponds to successive declines of 1.0% and 7.5%, i.e. much more than in the other three European countries. In the United Kingdom, however, where restrictive measures were put in place later than in the other European countries, the net creation of 211,000 jobs in Q1 almost entirely offset the net destruction of 220,000 jobs (–0.7%) in Q2. In the United States, employment declined much more than in other countries during lockdown, as the US economy destroyed more than 20 million jobs in April (–13.8%), however, it has rebounded since then (+10.6 million cumulative jobs between May and August), wiping out part of these losses.

These very negative developments in employment are not reflected, or only in part, in the dynamics of the unemployment rate. In France in particular, the unemployment rate declined in Q2 2020, and stood at 7.1% of the active population according to the Labour Force Survey, after 7.8% in Q1. In fact this is an artificial drop because it is mainly due to people in lockdown who were without jobs but who were no longer looking for work or were no longer available to work,[1] and this downward trend outweighed the rise in the number of people without work. In the other countries, the unemployment rate was on an upward trend: in Spain, it is expected to reach 15.5% in Q2[2] after 13.8% in Q1; in Germany where the rate is calculated monthly, it continued to rise in July, reaching 4.4% of the active population after 4.3% in June; in Italy, where the latest available monthly estimates cover June, the unemployment rate also continued to rise (+0.6 points compared to May 2020, or 8.8% of the active population). In the Eurozone overall, the unemployment rate increased in July 2020 by 0.5 points compared to May 2020, reaching 7.9% of the active population. In the United Kingdom, it has been constant since March 2020 at 3.9% of the active population while in the United States, it declined in August for the fourth consecutive month, reaching 8.4% (after 14.7% in April), which according to the *Bureau of Labor Statistics* indicates that activity is beginning its recovery.

1. "In Q2 2020, the labour market under the influence of containment", Informations Rapides, INSEE, 13 August 2020.
2. Quarterly average of monthly unemployment rate, as the quarterly rate has not yet been published.

1 - PMI for the main economies confirms the upswing in activity in the services branch during summer 2020



Source: Purchasing Managers' Index, IHS Markit, Jibun

Electricity consumption in summer 2020 was back up to the levels of summer 2019

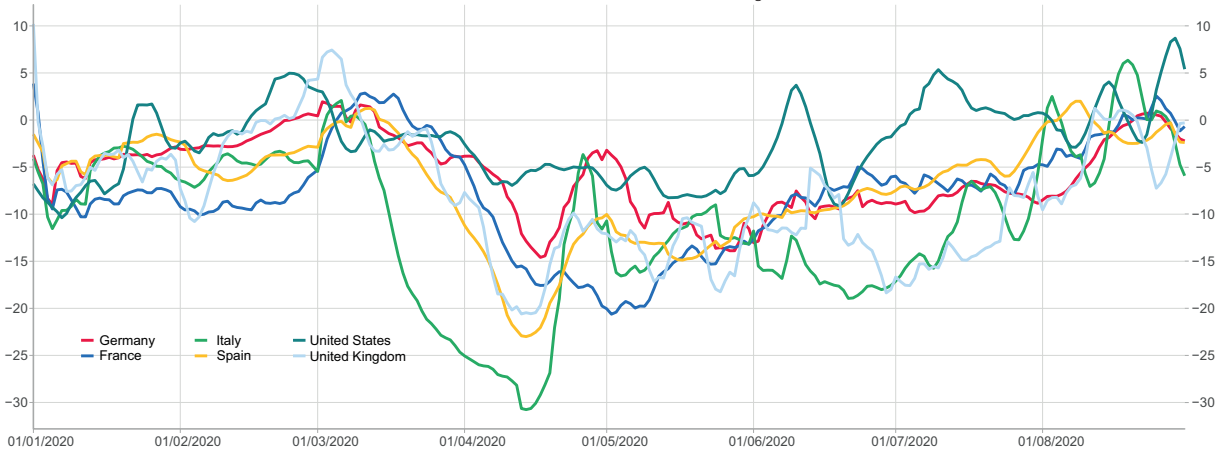
As well as the business tendency surveys, high-frequency indicators also suggest that activity overall is fairly similar to that of summer 2019 in the advanced countries. Between the end of June and the end of August 2020, electricity consumption increased more or less constantly in the four main Eurozone countries, and in the United Kingdom, reaching very similar levels to those of the end of summer 2019 (*Graph 2*). While electricity consumption in the week of 22 June was almost 7% less than in the same period in 2019 in Germany and Spain and 6% less in France, by the week of 24 August it had reached the same level overall as in 2019 in Germany, France, Italy and Spain. In the United Kingdom, electricity consumption was about 13% down on its 2019 level in the week of 22 June, 10% down in the week of 5 August and 4% down in the week of 24 August. Finally, in the United States, electricity consumption has hovered around its 2019 level (between –5% and +5% approximately) since the end of June.

Numbers at retail outlets continued to rise during summer 2020

Like global activity, the upswing in consumption continued during summer 2020. Visitor numbers to non-food retail outlets and places of recreation like cafés, restaurants, shopping malls, museums and cinemas continued to increase, although the pace was slower than at the time when restrictions were first lifted (*Graph 3*). Numbers frequenting these places at the end of August (22 to 28 August) were very similar to the beginning of the year in Germany, France and Italy, where the difference was between –5% and –2%, while numbers continued to fall in Spain (–17%), the United States (–14%) and the United Kingdom (–15%). For comparison purposes, at the end of June

2 - Change in electricity consumption in the main advanced countries

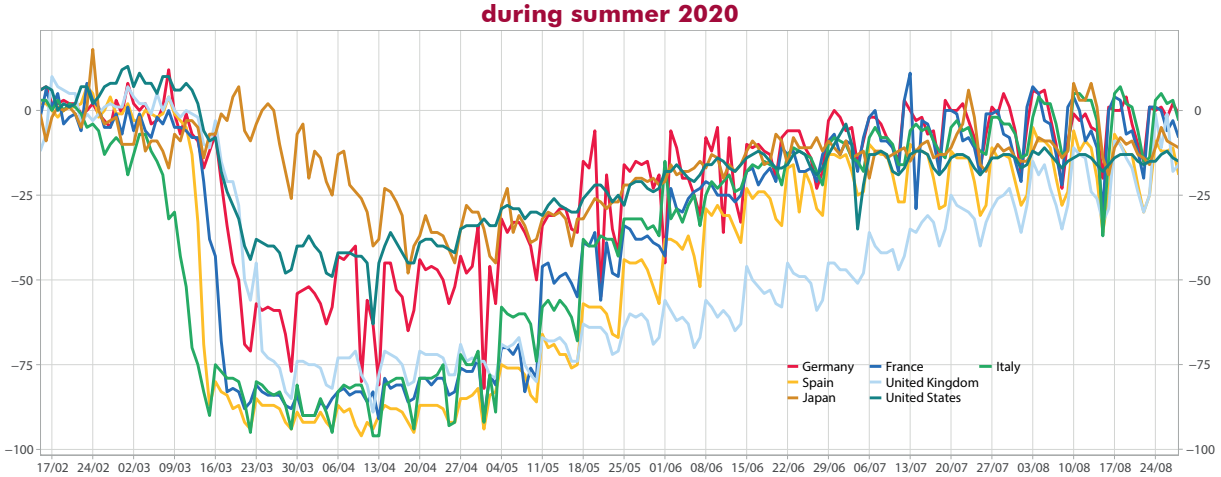
% deviation from the 2015-2019 average



Note: each point represents the difference between average daily electricity consumption in 2020 compared to the corresponding day in 2019 (compared to the 2015-2019 average for the US and the UK). Eurozone data have not been adjusted for temperature effects.

Source: 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 US

3 - Visitors to non-food retail outlets and places of recreation continued to increase during summer 2020



Note: the visitor numbers given here correspond to the difference observed between data from users of Google Maps, and the median level from 3 January to 6 February 2020.

Source: Google Maps Mobility Reports

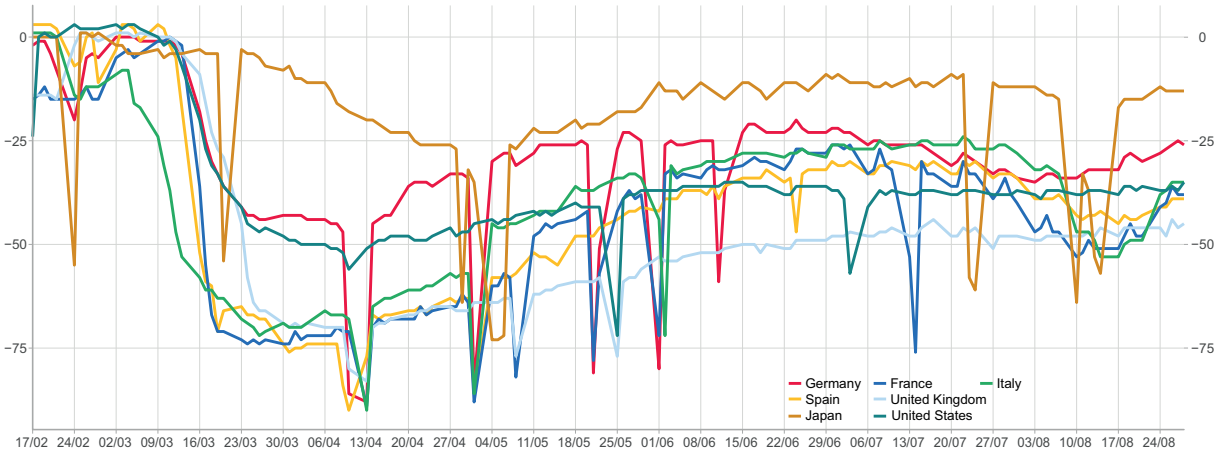
2020 differences in visitor numbers compared to the reference period stood at –11% in Germany, –16% in France, almost –25% in Italy and Spain, and as much as –50% in the United Kingdom. In the United States, however, numbers visiting retail outlets have been relatively stable since the end of June, about 15% lower than the reference period (in this case January 2020).

Decline in transport use related to the summer holiday period, European air traffic still less than half of 2019 levels

Economic activity is closely linked to transport use, whether public transport or private vehicles. However, as illustrated by the drop in numbers frequenting the workplace in August in the European countries (*Graph 4*), the summer period was fairly distinctive with large numbers going on holiday. It has not been possible to adjust for this seasonal effect due to the nature of the Google Maps Mobility data available online. These data are only available from February 2020 and are based on a calculation of the difference in numbers frequenting the workplace in 2020 compared to a reference period in 2020, and not to the same period in 2019. Thus the change in these frequentation indicators is mainly due to this summer effect. At the end of July, numbers travelling to the workplace in Europe were relatively stable compared to the end of June, however, by mid-August the difference in numbers was down almost 25 percentage points in France and Italy, about 10 points in Spain and 5 points in Germany. In the United States and the United Kingdom, numbers travelling to the workplace remained relatively stable (approximately –37% in the US and –48% in the UK).

The decline in numbers travelling to the workplace resulted in a drop in road traffic, especially in France, Italy and Spain, mainly in the major cities. Thus the TomTom index showed a decline in road congestion, dropping from 33% in the week of 22 June to 26% in the week of 24 August 2020 in France, and this is also linked to the specific conditions associated with the summer period. Similarly in Italy and Spain, road congestion decreased, with the index reaching 12% and 7% respectively (after 21% and 11% at the end of June). In the United States and the United Kingdom, the average road congestion index in August remained lower than its 2019 average, although the decline was not significant. The Apple mobility indicator, which gathers together route search data on the Apple Maps application, also showed a decline in the number of car journey searches in August in France, Spain and a small drop in Germany, but not in the United Kingdom or the United States (*Graph 5*). However, at the end of August 2020 this indicator was still considerably higher than its pre-lockdown level. Regarding the use of public transport, the decline in user numbers compared to the beginning of 2020 has stabilised since the end of June, but again in a context affected in some countries by the summer break. According to Google Maps, public transport use in France and Germany has remained about 20% down on the beginning of the year (identical to the end of June in both these countries) and 30% in the United States, against a loss of about 40% in Italy, Spain and the United Kingdom.

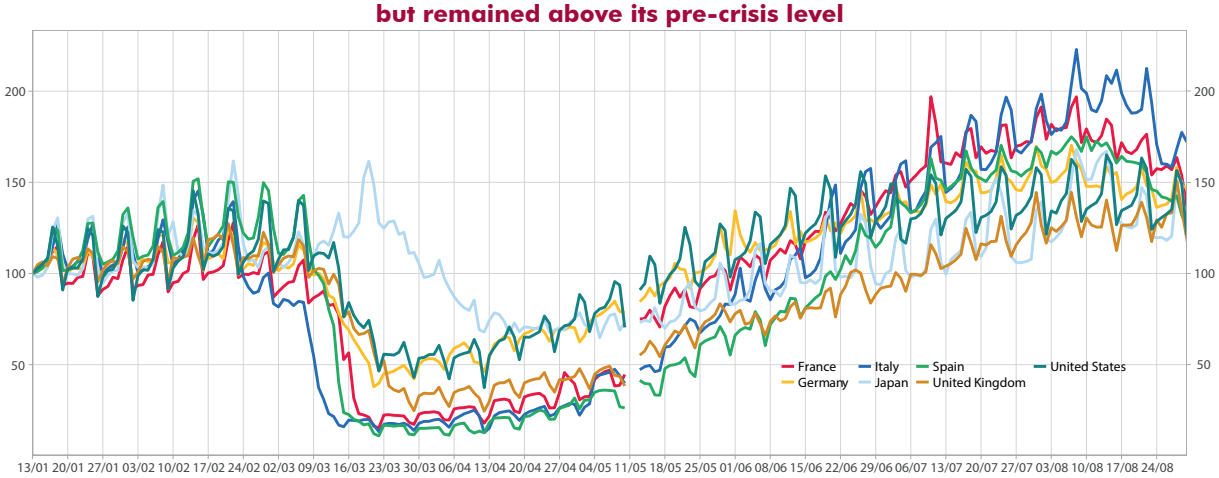
4 - The decline in numbers travelling to the workplace is probably due mainly to the seasonal effect



Note: these data measure the difference between numbers in the workplace on the day indicated on the x-axis and the average numbers across all corresponding days of the week, over the period 3 January to 6 February. For example, if the day on the x-axis is a Monday, then the reference is the average of workplace numbers across all the Mondays in the five weeks between January and February.
Source: Cartes Bancaires CB, INSEE calculations

Finally, the upturn in activity in the air transport sector in Europe continued very gradually during summer 2020. At the end of August 2020, air traffic in the four main Eurozone countries was still almost 50% down on the same period in 2019 (*Graph 6*), after a year-on-year drop in traffic of between 75% and 90% at the end of June 2020. In the United Kingdom, the decline compared to 2019 was 58% (weekly moving average). In the United States, during the third week of August, the number of flights from the country's major airports was about 45% lower than pre-lockdown levels. The number of passengers (measured by the numbers going through security checks) was about 70% down on 2019 levels, although this was up compared to the end of June (–85%). ■

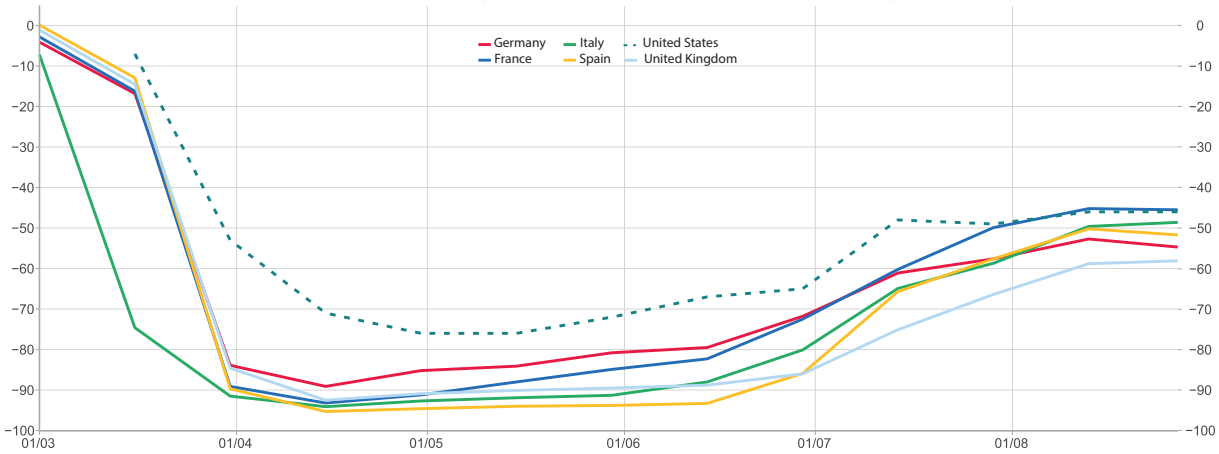
5 - The number of car journey searches dropped slightly in August but remained above its pre-crisis level



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

6 - At the end of August, European air traffic was still at only half the 2019 level

change in air traffic (7-day year-on-year average on the number of flights)



Note: the European figures are for the 7-day moving average for the total number of flights departing from and arriving at airports of the countries concerned in 2020 compared to 2019, for the United States the curve represents the change in the number of flights completed compared to the number of flights scheduled during the week of 15 to 22 March 2020
Source: Eurocontrol site for the air traffic of the euro zone countries and the United Kingdom, flightradar site for the United States and Japan

The effects of the health crisis in the European regions have been more varied during the recovery than in lockdown

Several studies published in INSEE's *Points de Conjoncture* between March and July have looked into the consequences of the health crisis at regional or departmental level for French household consumption and for people's movements. The comparison of these regional effects can be extended to the other four main European economies using the *Google Maps Mobility* report indicators of visitor numbers to public places. The economic effects of the health crisis at regional level appeared to be fairly similar in France, Italy, Spain and the United Kingdom: regions were affected fairly uniformly and to a similar degree during lockdown, in contrast to Germany. Next, it could be seen that the gradual lifting of restrictions on activity differed more from region to region than had the introduction of these restrictions, revealing a considerable variation in economic recovery at regional level in the five main European countries. These results should be interpreted with caution due to the limitations resulting from the representativity and seasonality of the data used. By comparing the *Google* indicators with those used specifically for France in the previous *Points de Conjoncture*, such as aggregated bank card transaction amounts or data from activating Orange mobile phone networks, results appear to be consistent, at least for France.

The economic effects of the health crisis differ considerably between European countries but also between regions within the same country

The *Points de Conjoncture* published since the start of the crisis have reported the wide range of economic consequences of the health crisis in the five main European countries. At the heart of the crisis the decline in activity, measured by the national accounts for Q1 and Q2, was more severe in France, Italy and Spain than in Germany. These differences had already been hinted at before the accounts were published by various high-frequency indicators such as electricity consumption or the concentration of nitrogen dioxide in the air, measured on a day-to-day basis. Thus in Q2 2020, German activity declined by 9.7% (after –2.0% in Q1) against a drop of 12.8% in Italy (after –5.5%), 13.8% in France (after –5.9%), and 18.5% in Spain (after 5.2%). The United Kingdom went into lockdown later and the dip in activity was similar to that in Germany in Q1, at –2.2%, but the later lifting of lockdown resulted in a stronger fall in Q2 to –20.4%. Clearly, these major downturns in activity at country level were strongly correlated both with the lockdown and post-lockdown calendar and with the strength of the restrictive measures adopted by the different countries.[1]

In addition, the rules applied to restrictions on activity and the way the recovery was experienced reveal a dichotomy between, on the one hand the regions of Germany and on the other the regions of France, Italy, Spain and the UK. Whereas in Germany, it was the Länder that were responsible for putting measures in place, in France, Italy and Spain, they were applied via governmental decrees covering the entire national territory, with no regional differentiation. In the United Kingdom, health policies were the responsibility of the four nations but in practice they were very similar during lockdown. Conversely, the gradual upswing in economic activity was much less uniform, not only between countries – with Germany initiating recovery earlier than the other three Eurozone countries, and the United Kingdom later than the European countries– but also between regions in the same country. For example there was a phased process in Spain and colour zones in France, with a slightly different calendar according to zone. Consequently, the disparity in the effects of the health crisis at regional level may partly explain the very different declines in activity observed in the European countries. For example, although some German regions may have experienced a shock on a similar scale to the French regions, others may have escaped it to some extent. On the other hand, the French regions appear to have experienced a similar shock across the country.

Several Focus articles in the *Points de Conjoncture* have adopted this regional perspective for France using high-frequency data, such as the number and the aggregated amounts of bank card transactions and daily trips recorded using indicators provided by the mobile phone networks (Orange). From these studies disparities emerged at departmental level regarding the overall amount of bank card transactions – the least populated departments were where the volume of transactions appeared to be most resistant. Conversely, the most densely populated, urban geographic areas, which had the greatest concentration of office buildings, experienced a stronger decline in morning travel than the less populated and more residential areas.[2] However, it would be complicated for the other European countries to gain access to similar detailed data at regional level.

Nevertheless, in previous *Points de Conjoncture*, *Google Maps Mobility* indicators of visitors to public places were useful for measuring, first, the degree to which people's activity was restricted in terms of mobility, and second the diversity of ways in which recovery was happening in Europe. These

1. See "International developments" sheet, *Point de Conjoncture*, 27 May 2020.

2. "By the end of May, morning commutes had only reached 60% of their usual level", *Point de Conjoncture*, 17 June 2020.

indicators were available at regional level for the five main European countries and were invaluable for assessing, at sub-national level this time, the chronology of events from the start of lockdown right up to the present. Although they only provide information on people's geographic mobility and present a certain degree of bias (*Box 1*), *Google Maps Mobility* indicators can be useful for studying household consumption from trips to non-food retail outlets or for studying teleworking behaviour from numbers visiting the workplace.

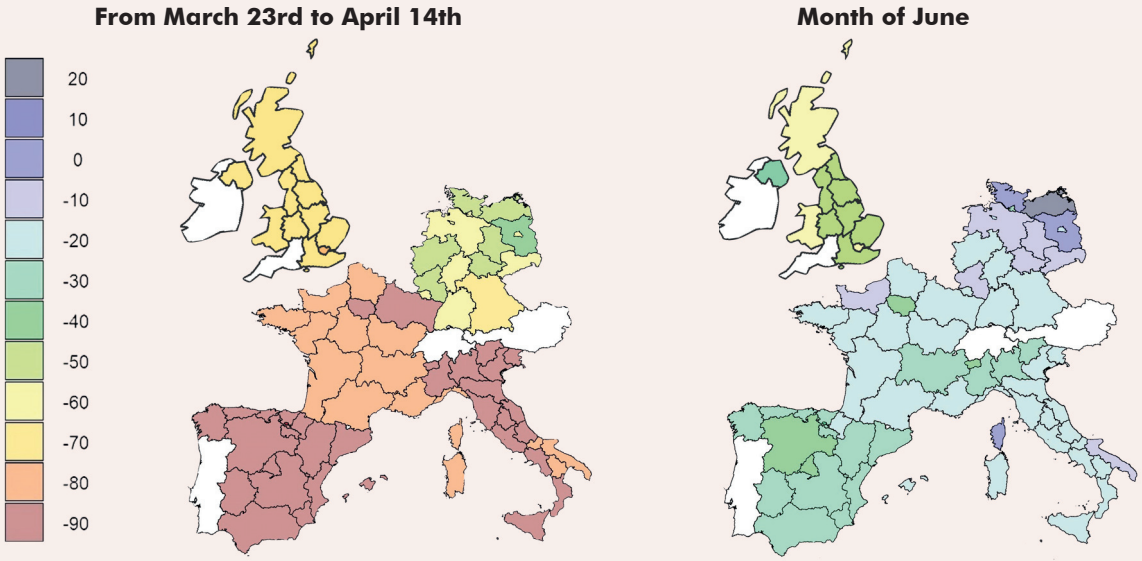
Within each country, the drop in visitors to non-food retail outlets and places of recreation during lockdown in Europe was relatively similar between regions, except in Germany

With the exception of Germany, the decline in numbers visiting public places was fairly similar across the regions of the main European countries during lockdown. From 1st June, however, the upswing in people's mobility and in activity was a little more varied from one region to another.

In France, Italy and Spain, the restrictions on opening shops and leisure activities and on individual mobility were decided at national level. In France, according to the *Google Maps Mobility* data, the average decline in visitors to non-food retail outlets and places of recreation between 23 March and 14 April, compared to pre-lockdown, was between –85% and –83% for all regions (*Box 2*), except the Île-de-France region, which was affected more than the rest (–87%). In Spain too, numbers of visitors to stores decreased at a fairly uniform rate across the country with a slightly more pronounced drop than in France, by between 88% and 91% compared to the reference period (*Map 1*). As in France, the heaviest loss of visitors concerned the region around the capital, with a decline of 91% in the community of Madrid. The drop in visitors to stores was also uniform between the Italian regions. Almost three-quarters of them saw a decline of between 86% and 90%. The regions most badly affected were those in the north, like Valle d'Aosta, Lombardy and Trentino-Alto Adige, which were some of the first regions to be hit by the pandemic. In the United Kingdom, although decisions relating to health are governed by the four nations, in practice health regulations were very similar during lockdown. Visitor numbers to stores and carrying out recreational activities decreased by more than 70% during this period compared to a normal situation. This decline could be seen across all of the country, except in London where, as in France and Spain, mobility around the capital was more affected (–80%).

Map 1 - Visitor numbers to non-food retail outlets and places of recreation were more affected in the regions of Southern Europe

difference in visitor numbers (%) compared to January and February 2020



Note: The *Google Maps Mobility* indicator corresponds to the numbers of visitors to non-food retail outlets and places of recreation (restaurants, cafés, shopping centres, theme parks, museums, libraries and cinemas). No data are available for South-West England, where the index does not cover all infra-regional zones, and represents less than 95% of the region's population. Each colour on the legend represents a range of 10 percentage points (e.g. –20 represents a drop in visitors to stores and places of recreation of between –15% and –25% compared to the reference period).
How to read it: in Île-de-France, visitors to retail outlets and places of recreation fell by 87% between 22 March and 15 April, compared to January and February.
Source: Google, INSEE calculations

Box 1: the usefulness of *Google Maps* Community Mobility indicators despite some biases

Given the severity of the economic crisis triggered by the measures to restrict activity, high-frequency information sources were mobilised to measure economic activity. Of these, data from the *Google Maps* Community Mobility Reports on visitors to certain types of location (non-food retail outlets and places of recreation, workplaces, public transport) are available at geographic levels NUTS-1 and NUTS-2,[1] and are comparable for European countries. The daily time series are available from 13 February to the present and therefore cover the pre-lockdown period and also the return to activity. These series also highlight the various consequences of the restrictive measures and the lifting of these measures by estimating changes in visitor numbers to non-food stores and places of recreation, as well as workplaces and public transport.[2]

However, the *Google Maps Mobility* data are neither exhaustive in their field nor representative of the national or regional population. In fact, these data are collected only when users opt to activate a setting in their *Google* account called "location history" which is disabled by default. It is activated when the user updates his geographic position. The available documentation[3] also states that in a given area, if the quality and confidentiality threshold of the data is not reached, the information collected for this area is not published. Lastly, the data are aggregated with a statistical noise to provide anonymity. According to the *Google* methodology, the indicator for visiting non-food retail outlets and places of recreation includes places such as restaurants, cafés, shopping centres, theme parks, museums, libraries and cinemas.

However, the other data available for France that are used as a point of comparison for consumption or travel are also restricted as to the scope covered and to problems of representativity: for example, regional data for bank card transactions[4] do not include online purchases, while purchases using other payment methods (cash, cheque, etc.) and mobile phone data[5] are based only on the movements of people using the services of the operator even though statistical adjustments are made subsequently.

Lastly, the raw data for the number of individuals visiting the places targeted by *Google Maps* are not available. Only indicators for differences in visitor numbers compared to a reference period are published. For example, the indicator for public transport use on Tuesday 30 June 2020 corresponds to the difference in use between this day and the average public transport use on Tuesdays during the five weeks between 3 January and 6 February 2020. The absence of any variations in these frequentations for previous years, especially 2019, means that the indicators cannot be adjusted for seasonality. For these two reasons, representativity and seasonality, the results obtained with *Google Maps Mobility* data, must be interpreted with caution. ■

1. The Nomenclature of Territorial Units for Statistics (or NUTS) is a nomenclature at three levels of aggregation, which serves as a reference for a social, economic and demographic analysis of territories and to define European Union regional policies. The first level of aggregation, called NUTS-1, corresponds to regions in the case of France, Länder in the case of Germany, groups of regions in Italy (e.g. Northwest Italy, Northeast Italy etc.) and Groups of autonomous communities in Spain. Level NUTS-2 corresponds to a more disaggregated level, like departments in France, regions in Italy and autonomous communities in Spain. As mentioned above, the *Google Maps Mobility* data are available at level NUTS-1 or NUTS-2 depending on the country. In the case of the four main Eurozone countries, the data are available at level NUTS-1 for France and Germany, and at level NUTS-2 for Italy and Spain. This difference in the breakdown according to country is mainly because of the relative importance of the administrative bodies at these geographic scales. For example, the Länder in Germany and the autonomous communities in Spain are, from a political and administrative point of view, the most relevant geographic levels (unlike the canton level, or the group of communities).

2. "'High- frequency' data are especially useful for economic forecasting in periods of devastating crisis", *Point de Conjoncture*, 17 June 2020.

3. Documentation on the construction of *Google Maps Mobility* indicators is available via the following link: https://www.google.com/covid19/mobility/data_documentation.html?hl=en

4. These data result from aggregating individual anonymised data daily at departmental level, and provide both the total amount of transactions and the number of transactions made per day.

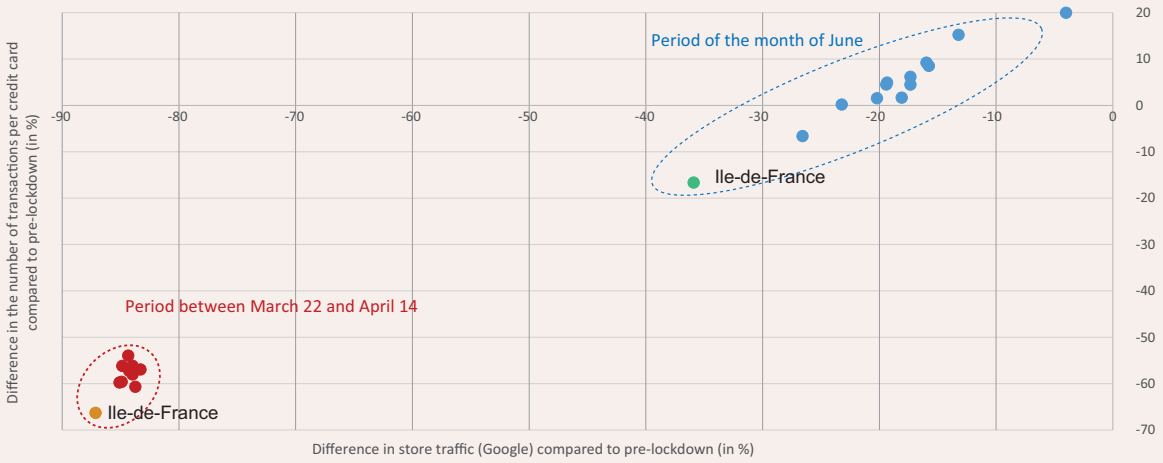
5. In Flux Vision, data from Orange's mobile phone networks measure the distance travelled by Orange mobile phone users when they move from one spatial unit (EPCI) to another. Only morning trips that formed part of a return trip to the workplace were retained. The data were then adjusted to make them representative of the resident population. The two sources could only be compared for the period when activity was at its lowest from 22 March to 14 April as the Flux Vision data were available only up to 31 May 2020. The raw data were available at a very detailed level of spatial unit, which groups several municipalities together and is called an EPCI (inter-municipality cooperation institution). These data were aggregated at regional level by place of origin of the users. There is very little change in results at regional level when these data are aggregated by place of arrival.

Box 2: The decline in visitors to non-food retail outlets and places of recreation according to *Google* seems to be correlated with the drop in the number of bank card transactions

The findings based on *Google* mobility indicators for France are relatively consistent with those from bank card transactions. In fact, there is a relatively strong positive correlation between, on the one hand, the loss of visitors to non-food retail outlets and places of recreation measured in the *Google Maps Mobility* reports, and on the other hand, the fall in the number of bank card transactions compared to the start of 2020 (*Graph 1*). These two data sources reveal a decline in activity associated with the similar magnitude of consumption for all the French regions between the end of March and mid-April, except for the Île-de-France region which was more affected in terms of visitors to shops and number of transactions. In June, both indicators recorded the rebound in activity. The upswing in visitors to shops and number of transactions differed according to the regions, but those where visitor numbers remained most affected were also the most affected in terms of transactions. This was notably the case for the Île-de-France, Grand-Est and Auvergne-Rhône-Alpes regions. These results must be interpreted with caution, because neither data source has been adjusted for seasonality, especially tourist seasonality. In fact, the French Metropolitan regions are affected differently by summer tourism, resulting in a greater dispersion in the indicators for June.[1] There is also a difference in scope between the two indicators. Bank card transactions are not necessarily linked to visitor numbers to non-food retail stores and places of recreation since the data are not able to distinguish types of product. ■

1. In addition, there are several explanations for the contrast in June between, on the one hand, the difference in visitors to these places and on the other hand, the difference in the number of transactions, as simultaneously one can be negative and the other positive, particularly when linked to a difference of scope: numbers of visitors to these places according to *Google* include places of recreation characterised in part by a low rate of return for leisure centres, but also to a representativity bias, as mentioned in *Box 1*.

1 - A positive correlation between Google Maps Mobility data and aggregated bank card transaction amounts



Note: An indicator of visitors to shops and places of recreation was therefore calculated from CB bank card data, considering the total number of bank card transactions and relating it to the same reference period as that used by Google, as mentioned above. Each point establishes a link between the average loss of visitors measured from *Google* data and that measured using CB bank card data for each of the thirteen regions in Metropolitan France.

How to read it: The average decline in visitors to retail stores in Île-de-France between 22 March and 14 April was –87% according to *Google* data, against –66% according to CB bank card data. This loss of visitors in June stood at –36% according to the Google data against –17% with CB data.

Source: Cartes Bancaires CB, *Google Maps Mobility*, INSEE

Finally, in Germany, where the healthcare sector comes under regional government, mobility behaviour was much more varied than elsewhere in Europe. In particular, numbers visiting shops and places of recreation declined more in the Southern Länder than in those in the North. The Southern Länder, with the highest proportion of Covid-19 patients, adopted much stricter lockdown measures, much earlier and for much longer. Whereas in the Northern Länder, the drop in visitors to stores was between –43% and –49%, in the Southern Länder it was between –56% and –66%. In Bavaria in particular, where the closure of restaurants and non-essential businesses was decreed as of 16 March, the number of visitors to shops during lockdown tumbled by 66% on average between 23 March and 14 April compared to the beginning of the year. During the same period, in the Brandenburg Land which surrounds Berlin, visitors to retail stores and places of recreation tumbled by "only" 43%, as the Land did not decide until 22 March to close its restaurants and shops, apart from DIY stores and garden centres, unlike some of the other Länder where these shops were closed. In the city-state of Berlin, on the other hand, and following the same pattern as the other European capitals, visitor numbers to shops and places of recreation dropped by 63%.

In the five main European countries, the lifting of lockdown happened gradually and was even differentiated according to the regions. In France, this lifting of restrictions was organised according to departments moving from the red zone to the green zone via the orange zone. As the Île-de-France region was one of the last to move into the green zone, the decline in visitors to shops was still the most significant in June at –36% according to *Google Mobility*, unlike Normandy, which came out of lockdown earlier and therefore experienced a drop of only 13% on average for that month. In Spain, lockdown was lifted at regional level in line with health criteria defining three successive phases of easing restrictions. Visitor numbers to shops and places of recreation were still affected in June, down more than 30% compared to a normal situation in the community of Madrid, in Castile-and-León and Catalonia, which are among the regions where lockdown was lifted latest, against 20% in the Balearic Islands, which moved into the last phase of the lifting of lockdown more quickly.

In Italy, regional decrees allowed the lifting of restrictions to be differentiated by region. In June, the regions of northern Italy recorded lower numbers of visitors to shops and places of recreation than the rest of the country.

Numbers of visitors to shops and places of recreation rose sharply in the Italian and Spanish regions from 1st June, reflecting a partial recovery in consumption. In Germany, just as restrictions had been put in place in a variety of ways in the Länder, the lifting of these restrictions varied too, with the Länder in the south relaxing them relatively late compared to those in the north. Numbers of visitors to shops surged in the north-east regions, overtaking their level at the beginning of the year, while in the regions in the south, they remained lower at around 20%. Conversely in the United Kingdom, the partial upswing in activity in June occurred in a relatively homogeneous way depending on the regions, probably associated with a more widespread excess mortality rate than in Spain or Italy. On average, visitors to shops and places of recreation only fell by half in the British regions, suggesting a partial recovery after lockdown. However, the mobility associated with consumption was affected more in London, as in June it was still two-thirds below its pre-crisis level.

This comparison of results between European regions, notably in relation to the German regions, should still be examined with caution, as there may be seasonality effects that partly skew the results for some regions. For example, in Corsica, the very small difference in visitors to shops in June is due mainly to a level of activity that is structurally low at the beginning of the year, but was selected here as the reference situation.

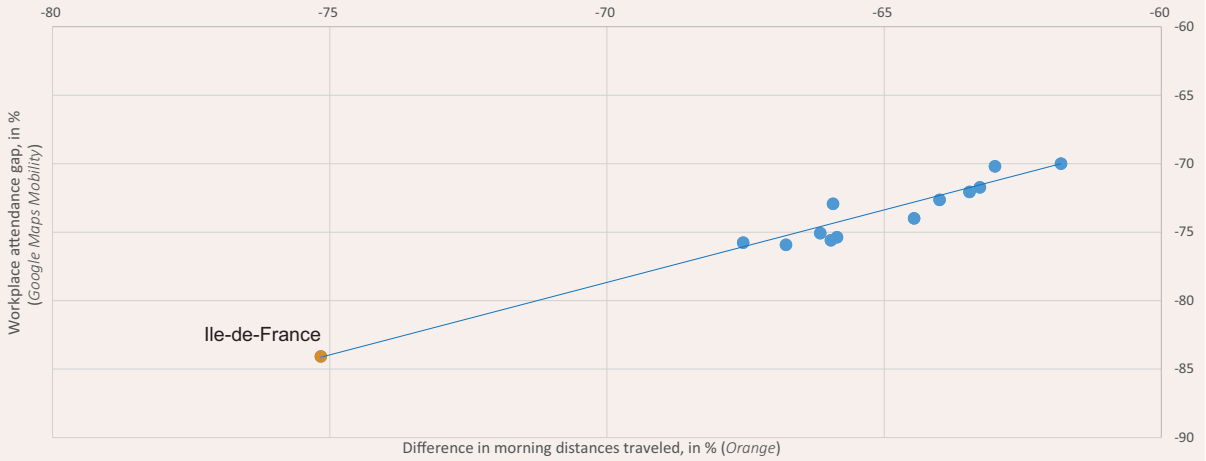
Numbers in the workplace are lower in the regions where activity is higher

Unlike the numbers visiting non-food retail outlets and places of recreation, numbers in the workplace during lockdown declined slightly differently between regions, especially in France and Spain (*Map 2*). In France, according to the *Google* indicators, there was a drop in numbers in the workplace of a little over 60% in six of the thirteen regions between the end of March and mid-April, against a decline of almost 70% in the other six, excluding Île-de-France. In fact the Île-de-France region was affected most negatively with a fall in visitors to these places and in home-work travel of 75% and 84% respectively (*Box 3*). Next come the Grand-Est, Auvergne-Rhône-Alpes, Haut-de-France, Provence-Alpes-Côte d'Azur and Pays de la Loire regions, where, according to *Google*, the drop in numbers in the workplace was around 66% to 68%. In Spain, the decline was a little more uniform, with two out of eighteen autonomous communities experiencing a decline close to 60%. In the other communities, except Madrid, there was a decline of around 70%. In both countries, the region around the capital was most affected, with a drop in numbers in the workplace of over 75%. In the case of Italy and the United Kingdom, their situation was very similar to that in Spain. In the United Kingdom in particular, during March-April, numbers in the workplace were about 60% below normal, apart from in London where face-to-face work had fallen back even further (–72%). In Germany, numbers in the workplace were more varied than in the other countries, with once again a disparity between North and South. In the city-states of Berlin, Hamburg and Bremen, and in Southern Länder like Bavaria and Baden-Württemberg, numbers in the workplace fell dramatically by almost half during lockdown.

Box 3: The decline in numbers in the workplace in France according to Google is very strongly correlated with the drop in morning travel distances according to data obtained by activating mobile phone networks

A similar observation can be made to that described in *Box 2* by comparing numbers travelling to the workplace according to *Google* with home-work travel as measured by the data obtained by activating mobile phone networks, in this case those provided by Orange. These two data sets produce rankings that are fairly similar to those of the French regions (*Graph 2*). Thus the Île-de-France region appears to be most severely affected, followed by the Grand-Est, Auvergne-Rhône-Alpes, Haut-de-France, Provence-Alpes-Côte d'Azur and Pays de la Loire regions. ■

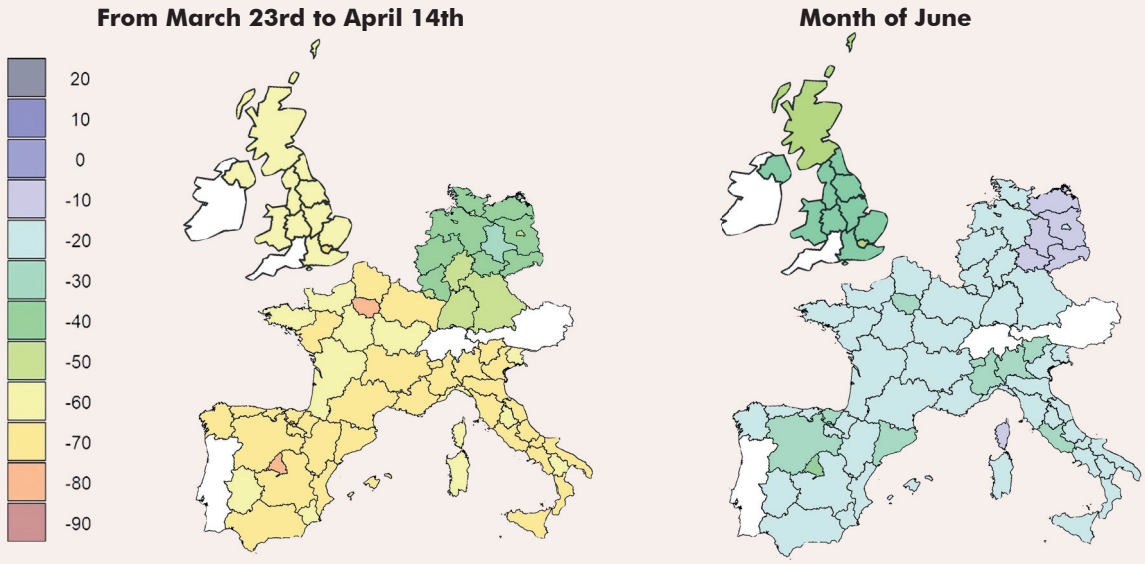
2 - A strong positive correlation between the decline in numbers in the workplace and the drop in home-work travel at the heart of lockdown



Note: The indicator showing the decline in morning distances travelled by Orange mobile phone users was calculated using the same methodology as that applied by *Google* to data on visitors to public places. In other words, the values on the y-axis correspond to the average decline in morning distances travelled at the peak of lockdown, compared to the distances travelled during the reference period from 3 January to 6 February. As in *Figure 1*, each point represents the correlation between the decline in numbers in the workplace according to *Google* and the decline in morning distances travelled for each region.
How to read it: The average decline in numbers in the workplace in Île-de-France between 22 March and 14 April was –75% according to *Google* data, whereas the average drop in morning travel distances was –84%.
Source: Orange, Google Maps Mobility, *INSEE calculations*

Map 2 - The fall in numbers at the workplace was more diversified between regions after 1st June

difference in visitor numbers (%) compared to January and February 2020



Note: The *Google Maps Mobility* indicator corresponds to numbers in the workplace. No data are available for South-West England, where the index does not cover all infra-regional zones, representing less than 95% of the region's population.
LHow to read it: in Île-de-France, numbers declined by 75% between 22 March and 15 April, compared to January and February.
Source: Google, *INSEE calculations*

This decline was less severe in the regions further to the North (about –35% decline in Saxony-Anhalt and Mecklenburg-Western Pomerania). This fall in numbers in the workplace in Europe may be due to a large extent to the number of people working from home, but this is not the only reason. The use of short-time working in some activities is also a factor to account for the fact that fewer people were travelling to work.

In June, the upturn in numbers in the workplace mostly smoothed out the disparities noted at regional level in the different countries. In Germany, it increased across the entire country, gaining 23 points in the regions in the South and returning almost to the January level in the Länder in the North, suggesting that activity was recovering. In France, the decline in these numbers became uniform once again across the whole country, apart from Île-de-France, at between 15% and 20%. Thus there appears to have been a catch-up in the regions that had experienced the heaviest losses. Once again, the Île-de-France region, like the community of Madrid and the region of Rome, were differentiated in June by having fewer people in the workplace than the other regions. In addition, in some regions of Italy (North and Latium) and Spain (the community of Madrid, Catalonia, the Basque Country), which represent the most densely populated regions, the numbers in the workplace in June were relatively low compared to their neighbouring regions. In the United Kingdom, the upswing in mobility associated with the return to work could be seen in similar proportions across the regions, with the exception of the capital and Scotland. In fact, Scotland had more restrictions still in place than England in June, hence the more gradual recovery than the rest of the country regarding, in particular, face-to-face work.

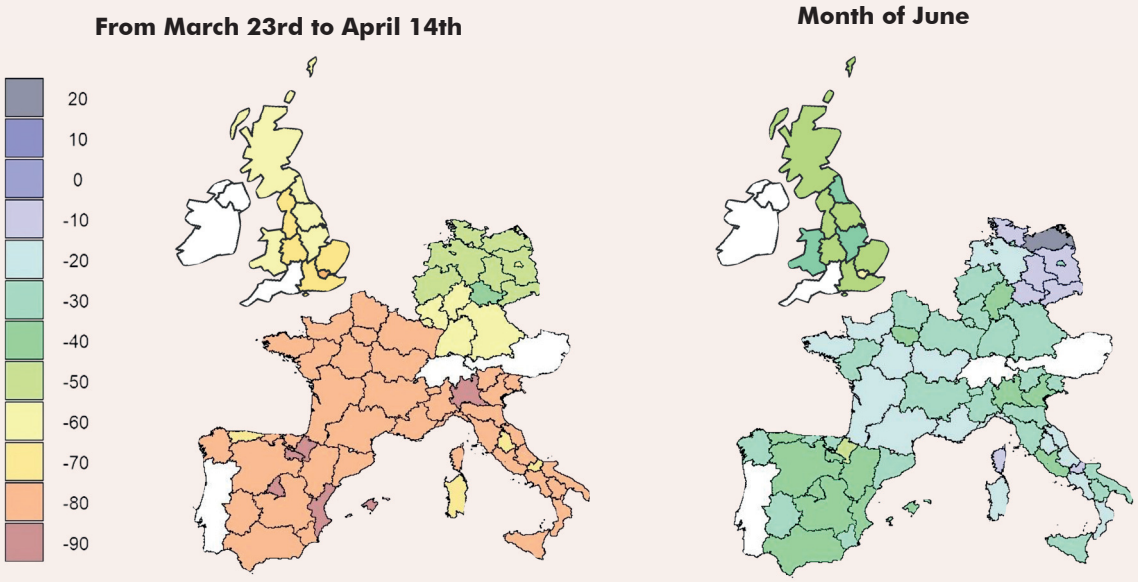
In France, Spain and Italy, work-related mobility declined more than in the rest of Europe in March and April. After lockdown, however, it was the United Kingdom that appeared to be most hesitant to return to face-to-face work: lockdown was lifted later and more gradually here than in the other European countries. Germany is the country where the numbers in the workplace remained closest to their normal level, both during and after lockdown.

When lockdown was lifted, public transport passenger numbers remained lower than at the beginning of the year, by 20% to 40% in Spain and France, and 9% to 43% in Italy, depending on the region. This wide difference during lockdown of at least 40 percentage points suggests that the return to public transport use was very gradual. Although Germany followed the behaviour of the other European countries more closely regarding public transport use in June, the Northern regions again proved to be more mobile. While transport passenger numbers in the Southern Länder were 30% down on the beginning of 2020, the people of Mecklenburg-Western Pomerania used public transport 17% more than before lockdown. Lastly, in the United Kingdom the decline in public transport passenger numbers was still –62% in London, while elsewhere in the country, the recovery was relatively uniform.

In Germany, lockdown affected public transport passenger numbers less than elsewhere. In France, Spain and Italy, mobility associated with public transport declined more sharply, but their recovery appears to be more marked than that of the United Kingdom. ■

Map 3 - The use of public transport was higher in the North than in the South

difference in visitor numbers (%) compared to January and February 2020



Note: The *Google Maps Mobility* indicator corresponds to public transport passenger numbers. No data are available for South-West England and Ireland, where the index does not cover all infra-regional zones, and represents less than 95% of the population of these regions.

How to read it: in France, public transport passenger numbers decreased by about 80% across the entire country between 22 March and 15 April, compared to January and February.

Source: Google, INSEE calculations

Bibliographie

Point de conjoncture, (7 May 2020) "Regional disparities in consumption: what do bank card transaction data tell us?", INSEE

Point de conjoncture, (17 June 2020) "By the end of May, morning commutes had only reached 60% of their usual level", INSEE

Point de conjoncture, (17 June 2020) "High-frequency data are especially useful for economic forecasting in periods of devastating crisis", INSEE ■

This document disponible is available on the INSEE website http://www.insee.fr

Senior editors: J. Pouget, O. Simon, F. Tallet **Sub-editor: F. Hillaireau** **Layout: S. Clément, J-P. Catan** **Translator:Hancock Hutton**

INSTITUT NATIONAL DE LA STATISTIQUE ET DES ÉTUDES ÉCONOMIQUES
Head office: 88 avenue Verdier – CS 70058 –92541 MONTROUGE CEDEX – FRANCE
Editorial director: Jean-Luc Tavernier