

International comparison

In the spring, the easing of health restrictions in the main western economies enabled economic activity to expand. In Europe, it still remained below the pre-crisis level, while in the United States it had now exceeded it. This increase seems to be driven by household consumption, particularly with dynamic retail sales over this period. Industrial production was less sensitive to national health constraints and remained stable in the majority of countries. Since June, "high-frequency" data suggest a gradual return to normal, despite a health context coping with the spread of the Delta variant in August.

In the spring, Europe returned to growth and American activity continued to improve

After contrasting development early in the year, activity picked up in the main European countries in Q2, with consumption driven by the easing of health restrictions between April and June. After stagnation in Q1, GDP in France improved by 1.1%, while in Germany it rebounded by 1.6% after a sharp decline (–2.0%) the previous quarter. Activity increased substantially in Spain and Italy: +2.8% (after –0.4%) and +2.7% (after +0.2%) respectively. In the United Kingdom, the rebound in activity appears to be even more pronounced: +4.8% in Q2 after –1.6%. Finally, in the United States, growth remained buoyant (+1.6% after +1.5%), continuing the trend begun in Q4 2020. In China, economic activity also improved (+1.7%

in Q2 after +1.1%), driven by the dynamism of industrial production and exports.¹

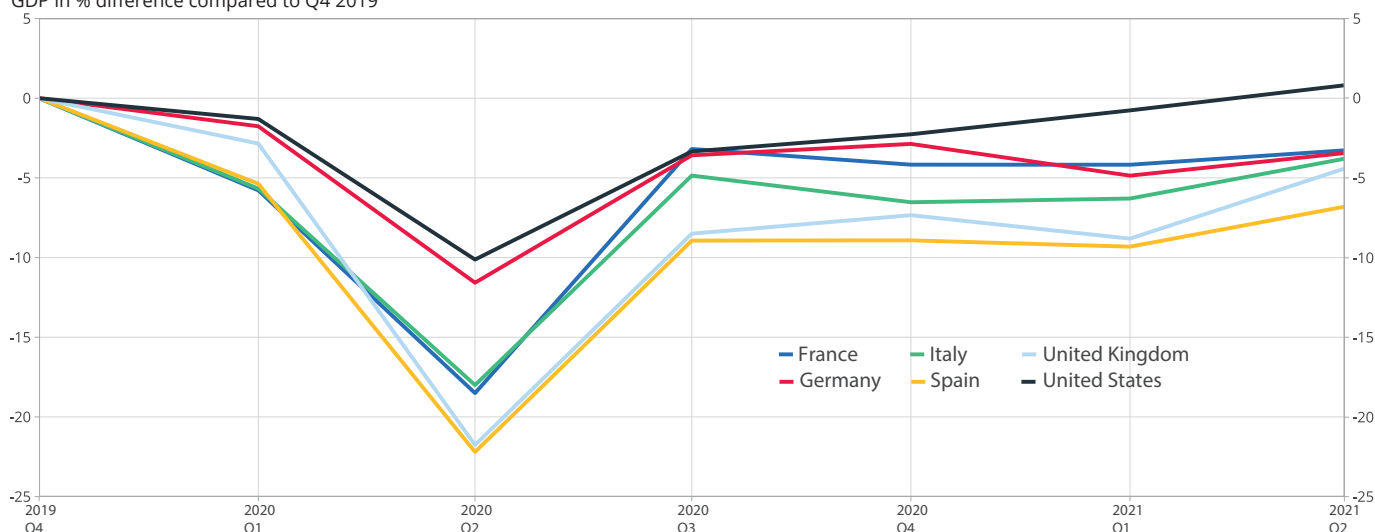
In the main western economies, household consumption was the driving force behind growth in Q2. In Germany, consumption was boosted by the gradual lifting of restrictions in the spring and sustained activity at +1.6 points. Similarly in the United Kingdom, household consumption made a significant contribution to recovery (+4.0 points), as did public consumption driven by the reopening of schools and health spending (+1.7 points). In Spain and Italy, the contribution of consumption was slightly less (+3.7 points and +2.8 points respectively). In France, after Q1 was less affected by restrictions than in most of the other major European countries, household consumption increased by +1.0%, contributing 0.5 points to GDP growth. Finally, in the United States, private consumption also drove growth (+1.9 points), supported by the continued easing of health restrictions and the aid packages paid to households at the end of March.

In Europe, activity in the main economies is still below its pre-crisis level (► **Figure 1**): at –3.2% compared to Q4 2019 in France and Germany, –3.8% in Italy and –4.4% in the United Kingdom. Spanish activity appears to be even further behind compared to its pre-pandemic level (–6.8%). In the United States, on the other hand, activity exceeded its late 2019 level for the first time in Q2 (+0.8%).

¹ The differences in GDP trajectories in the countries monitored here may partly reflect, alongside economic performance, differences in demographic dynamics. Demographic growth automatically drives up GDP growth. However, over the period of just a few quarters studied here, this effect is unlikely to call into question the main findings from the comparisons.

► 1. In Q2 2021, activity rebounded in Europe; it exceeded its pre-crisis level in the United States

GDP in % difference compared to Q4 2019



Source: INSEE, Destatis, Istat, INE, ONS, BEA

The level of industrial production remained relatively stable in the majority of western economies

In Q2 2021, industrial production levels changed fairly little in the main western economies (► **Figure 2**). A notable exception was German industrial production, which declined from –3.1% in April (compared to the Q4 2019 level) to –4.8% in June, mainly due to the relatively important contribution made by the automobile industry, a sector that has experienced difficulties because of a shortage of electronic chips. In this respect the situation is the same as that of French industrial production, which is lagging quite far behind its pre-crisis level (–4.9% in June, compared to Q4 2019) and which changed little during Q2. In the other European countries, industrial production also remained relatively stable in June, close to the pre-crisis level in Italy and Spain, and lower in the United Kingdom (–3.5%). Conversely, in the United States, industrial production grew slightly and was virtually back to its pre-crisis level (–0.5% in July).

After the rebound at the beginning of the summer, retail sales fell back in July in the main western countries

In contrast to industrial production, retail sales were more volatile in Q2 (► **Figure 3**). In May and June, they rose sharply in Germany and France (+4.6% in May then +4.5% in June in Germany, compared to the previous month, and +6.9% then +1.2% in France),

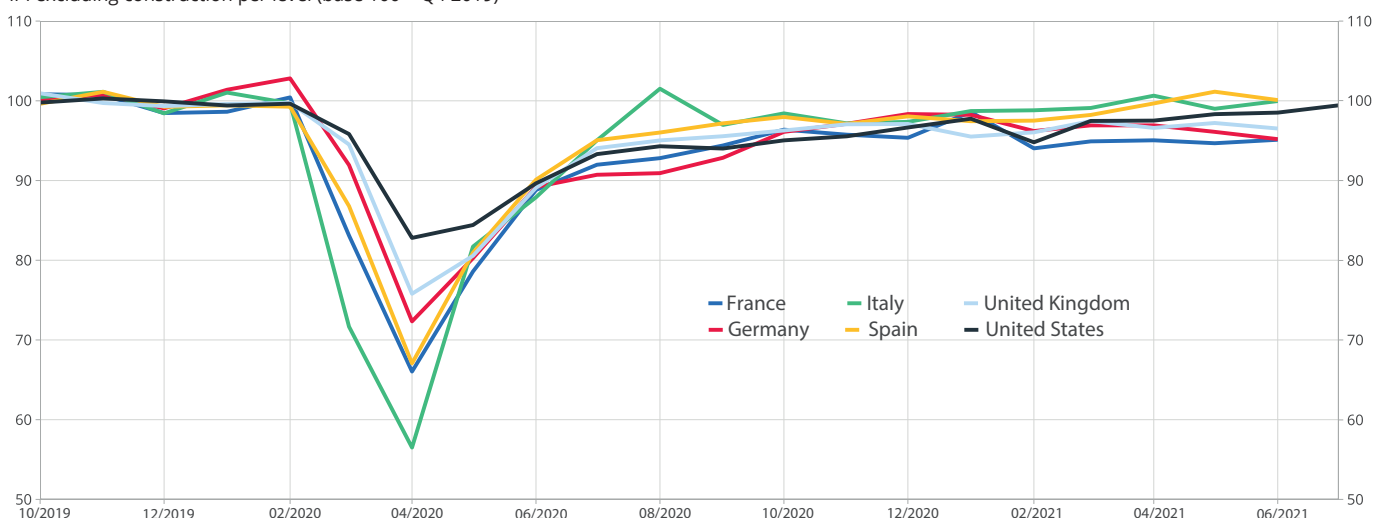
reflecting the rebound in consumption after the lifting of health restrictions. In July, however, they fell back (–5.1% and –0.7% in Germany and France), although levels were still high compared to pre-crisis (+4.9% and +6.3% respectively compared to Q4 2019). In the United Kingdom, retail sales were 10% above the pre-crisis level in April, but have fallen back slightly since then (–2.5% in July). Retail sales increased at a more moderate pace in Italy (+1.5% in May, compared to the previous month, then +0.7% in June), and in Spain, the pace was even slower (+0.0% in May, +0.5% in June and +0.1% in July) still below their pre-crisis level (–3.1% compared to Q4 2019). After reaching very high levels from March (around +20% compared to pre-crisis), retail sales in the US fell back slightly (–1.1% in July), a downward trend that may reflect a lessening of the effect of aid handed out to households in March 2021.

During the summer, “high-frequency” indicators came closer to their pre-crisis level

In Europe, as in the United States, the easing of restrictions continued, mainly due to the progress in vaccination campaigns, with the result that many recreational and sports facilities were able to reopen fully, although with access dependent on the presentation of a health pass in some countries: this condition came into force on 6 August in Italy and 23 August in Germany, while measures were strengthened on 9 August in France to apply in particular to restaurants. In the main western economies, visitor numbers to non-food retail outlets and recreational

► 2. Industrial production maintained its pre-crisis level in Italy and Spain, but remained in decline in the other European countries

IPI excluding construction per level (base 100 = Q4 2019)



Source: INSEE, Destatis, Istat, INE, ONS, Federal Reserve Board

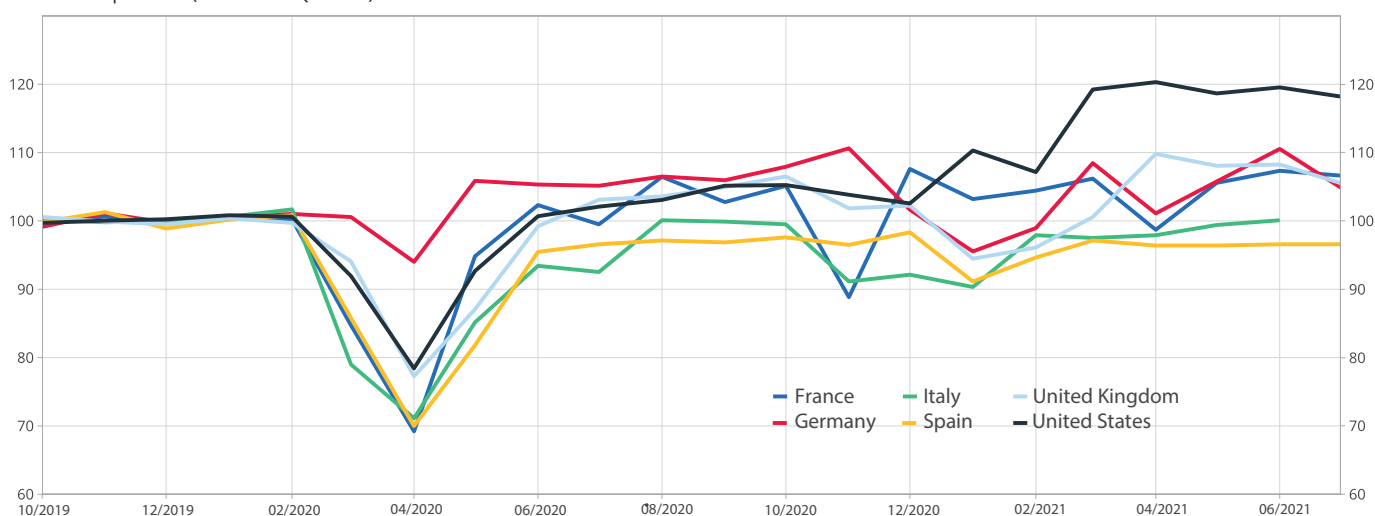
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facilities remained high from the beginning of the summer, higher than levels in summer 2020 when measures had also been introduced to ease restrictions on large gatherings (► [Figure 4](#)). At the beginning of August, the numbers frequenting these stores even exceeded the pre-crisis level in Germany, Italy and France, although they remained a little below this level in the other countries. From mid-August, however, these numbers were slightly in decline in all these countries, probably affected by the introduction of the health pass in some countries, fears linked to the spread of the Delta variant, and the end of the summer holidays.

Even more markedly, the number of searches for the term “restaurant” remained consistently above its pre-crisis level in Europe throughout the summer (► [Figure 5](#)). In France, this number was particularly high in July (+69% on 23 July compared to the pre-crisis level), but it has fallen back significantly since then (+27% on 21 August, compared to its pre-crisis level). Conversely, in the other European countries, these search numbers continued to increase at a moderate pace in August. In the United States, this number did not rise as much as in Europe at the start of summer, and has even fallen back since June, to slightly above its pre-crisis level in August (+12% on 21 August).

► 3. Retail sales slipped back in July in the main western countries

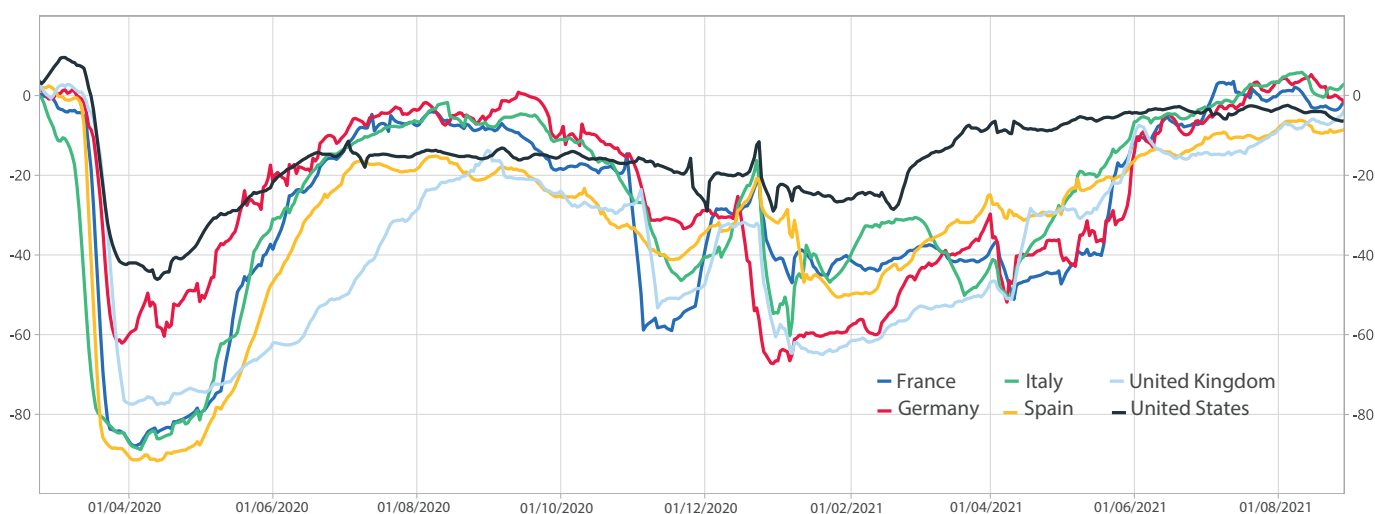
Retail sales per level (base 100 = Q4 2019)



Source: Eurostat, ONS, Census Bureau

► 4. Visitor numbers to non-food retail outlets and recreational facilities at their highest level since the start of the health crisis

in %



How to read it: on 22 August, visitor numbers to non-food retail outlets and recreational facilities in France were 3.0% lower, as a 7-day moving average, than the median value calculated by Google between 3 January and 6 February 2020.

Note: the date of the last point is 29 August 2021.

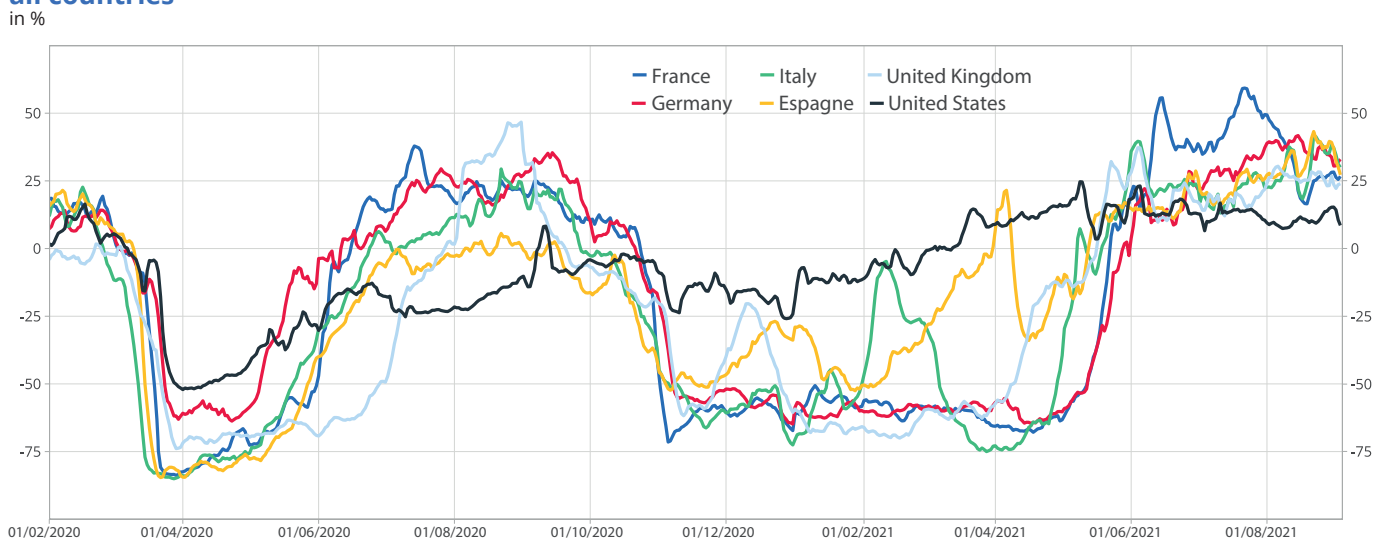
Source: Google Mobility Reports

The easing of restrictions also meant that cinemas could reopen, as can be seen from the box office takings generated from films shown in cinemas (► **Figure 6**). At the beginning of July, France quickly returned to its average pre-crisis level, before falling back to the same level seen in Germany and the United Kingdom of around -25%. Italy and Spain shared a similar profile with a decline following on from a substantial increase, but box office takings at the end of August was less than in other western countries (between -60% and -70%).

In August, economic prospects slowed down slightly, according to business surveys

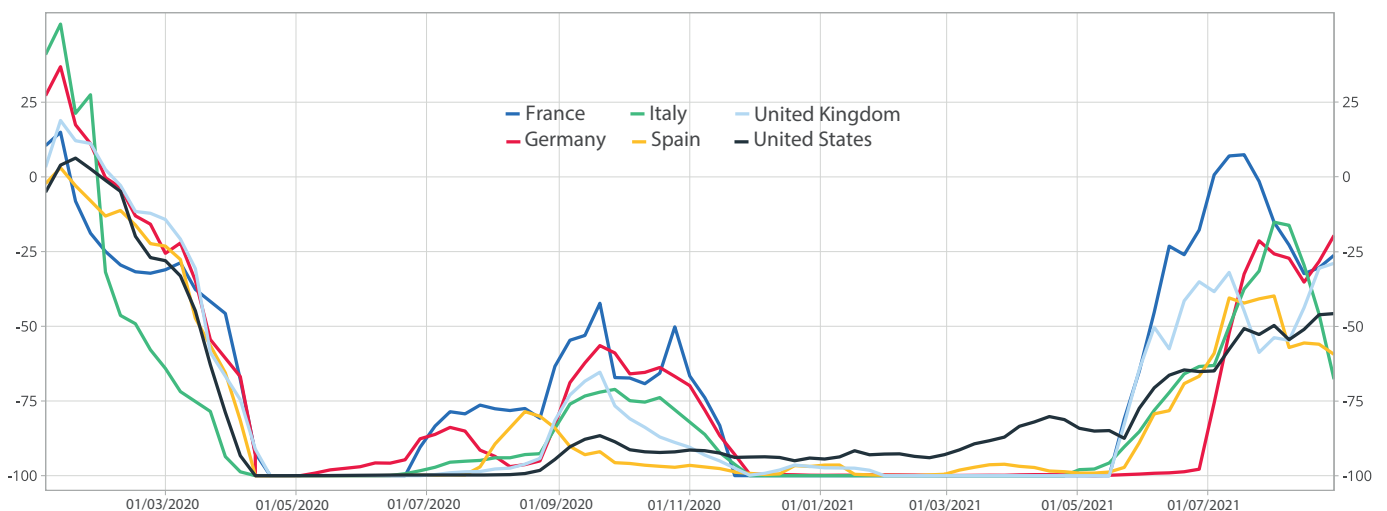
After reaching some high points in Q2, the Purchasing Managers' Indexes (PMI) slipped back slightly, especially in August. In the manufacturing sector, they were particularly low in countries where they had been especially high until July (drop of -3.3 points to 62.6 in Germany and -2.2 points to 61.1 in the United States, ► **Figure 7**). However, they remained well above the

► 5. Since restaurants reopened, the number of internet searches for "restaurant" remained high in all countries



How to read it: on 21 August, the 7-day moving average for the number of Google searches for "restaurant" in France was 24.9% higher than the average of the 7-day moving averages recorded on each 21 August between 2017 and 2019
Note: the date of the last point is 3 September 2021
Source: Google Trends

► 6. Box office takings soared when cinemas reopened, before falling back slightly during the summer



How to read it: between 16 and 22 August, income generated by films shown in cinemas, as a 4-week moving average, was 30% lower than the average between 2016 and 2019 for the same week of the year
Note: the date of the last update is the week of 23 to 29 August.
Source: Box Office Mojo

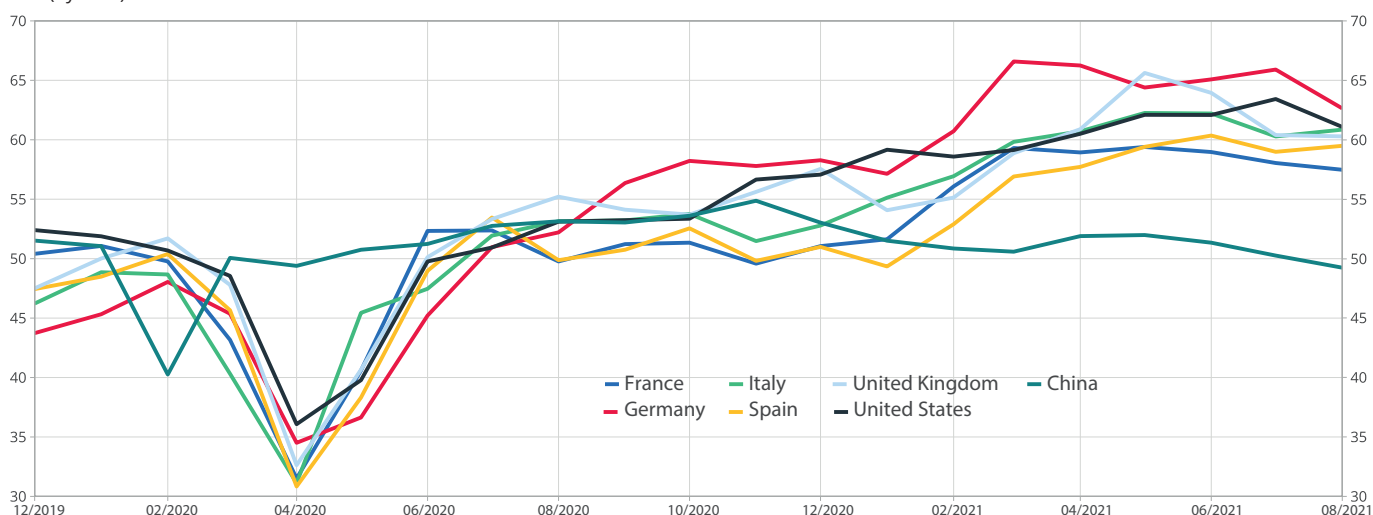
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expansion threshold of 50, as they did in France (57.5) and the United Kingdom (60.3). In Italy and Spain, however, they increased in August (to 60.9 and 59.5), but remained below their June levels. Manufacturing activity in China suffered as a result of health restrictions and severe flooding, and its PMI was 49.2, its lowest level since April 2020, and below the expansion threshold.

In the services sector (► **Figure 8**), the PMI fell back sharply in the United States (–4.7 points in August to 55.2, after the particularly high maximum in May of 70.4) and the United Kingdom (–4.6 points to 55.0). The decline was more moderate in the Eurozone (–0.5 points in France and –1.0 point in Germany to 56.3 and 60.8 respectively). In the services sector in China, the decline was even more marked (–8.25 to 46.7), thus dropping below the contraction threshold. ●

► 7. During the summer, the manufacturing PMI declined

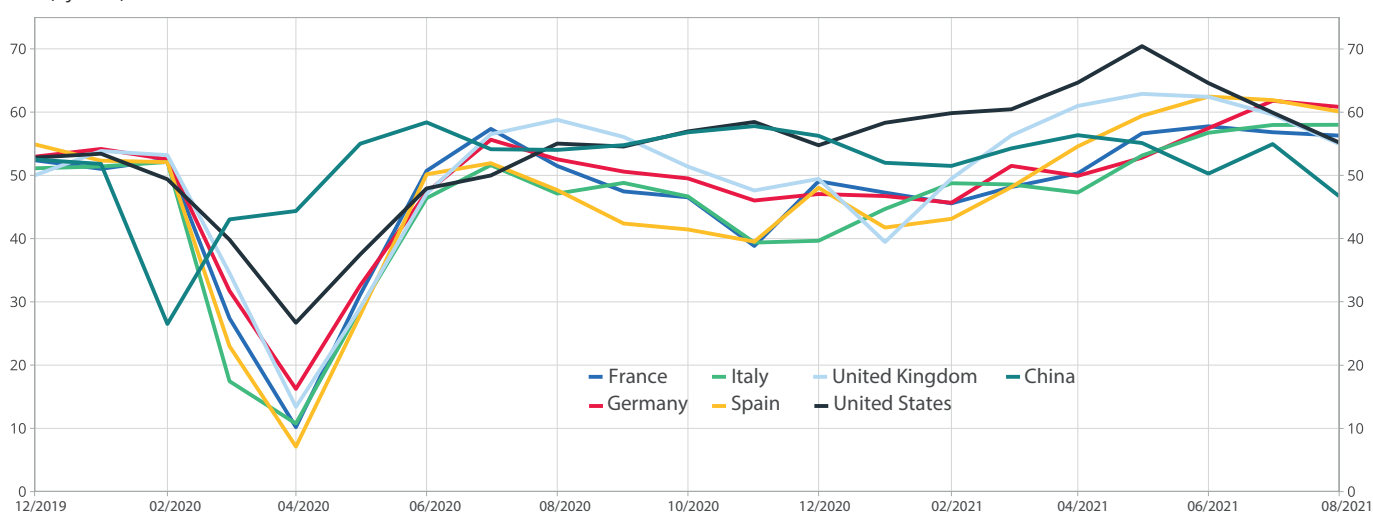
PMI (by level)



Source: Purchasing Managers' Index Manufacturing, IHS Markit

► 8. In August, the services sector PMI declined

PMI (by level)



Source: Purchasing Managers' Index Services IHS Markit