

European economic activity shows early signs of post-lockdown rise

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Valentina Romei, *The Financial Times*, April 29, 2020



People wearing face masks leave a supermarket in Bad Honnef near Bonn, Germany. The country has relaxed some shop opening rules. © REUTERS

European countries which have begun to ease their coronavirus lockdowns are experiencing a tentative uptick in some forms of economic activity, early data suggest, although the movement of people and goods across the continent remains largely depressed.

Germany, Italy and Spain have all loosened movement restrictions in various ways in the past couple of weeks, allowing some shops and workplaces to re-open, while France announced on Tuesday that it would gradually relax its lockdown from May 11.

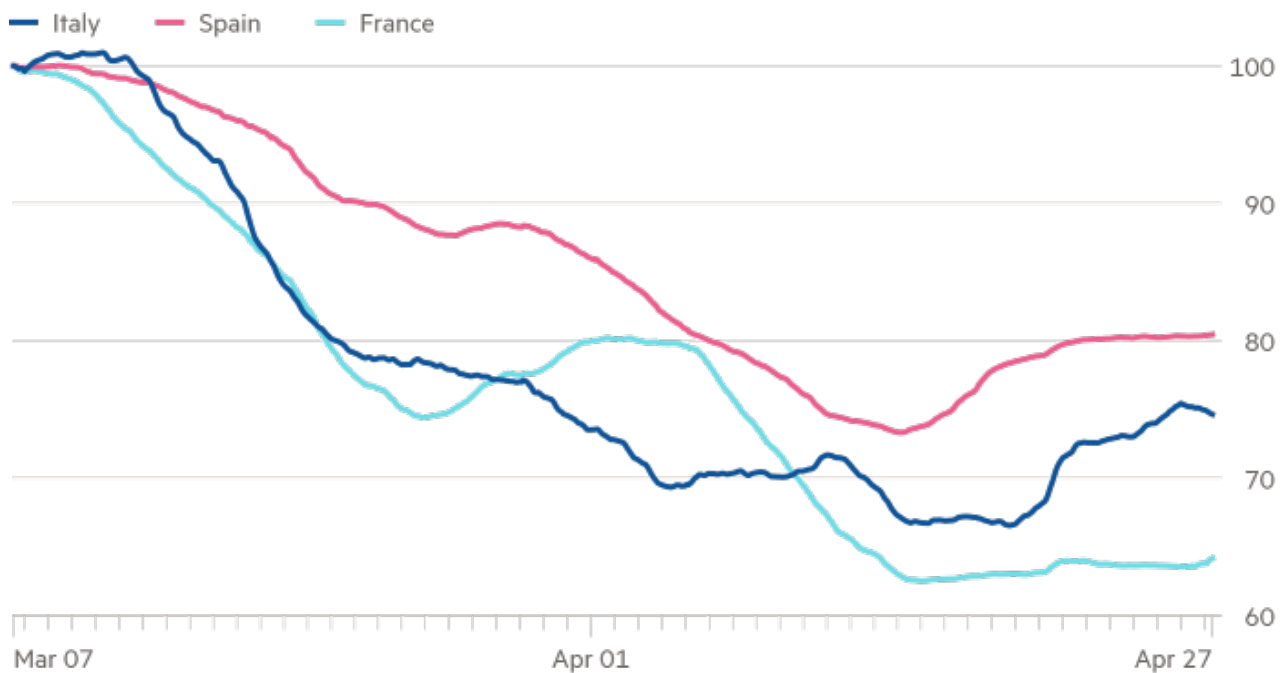
Although it is too soon for the changes to be reflected in official economic statistics, some high-frequency alternative measures of activity, such as electricity consumption and travel, are already displaying signs of a revival.

“There are some tentative signs of improvement in economic activity in the high-frequency data such as increased electricity consumption in Italy and Spain and slightly less depressed footfall in German cities over the past week,” said Jessica Hinds, Europe economist at Capital Economics.

Yet she warned it was still “very early days” and that other indicators “have yet to show much, if any, progress”.

Electricity use has picked up in Spain and Italy but not France

Seven-day average hourly data (MW, rebased)



Source: ENTSO-E
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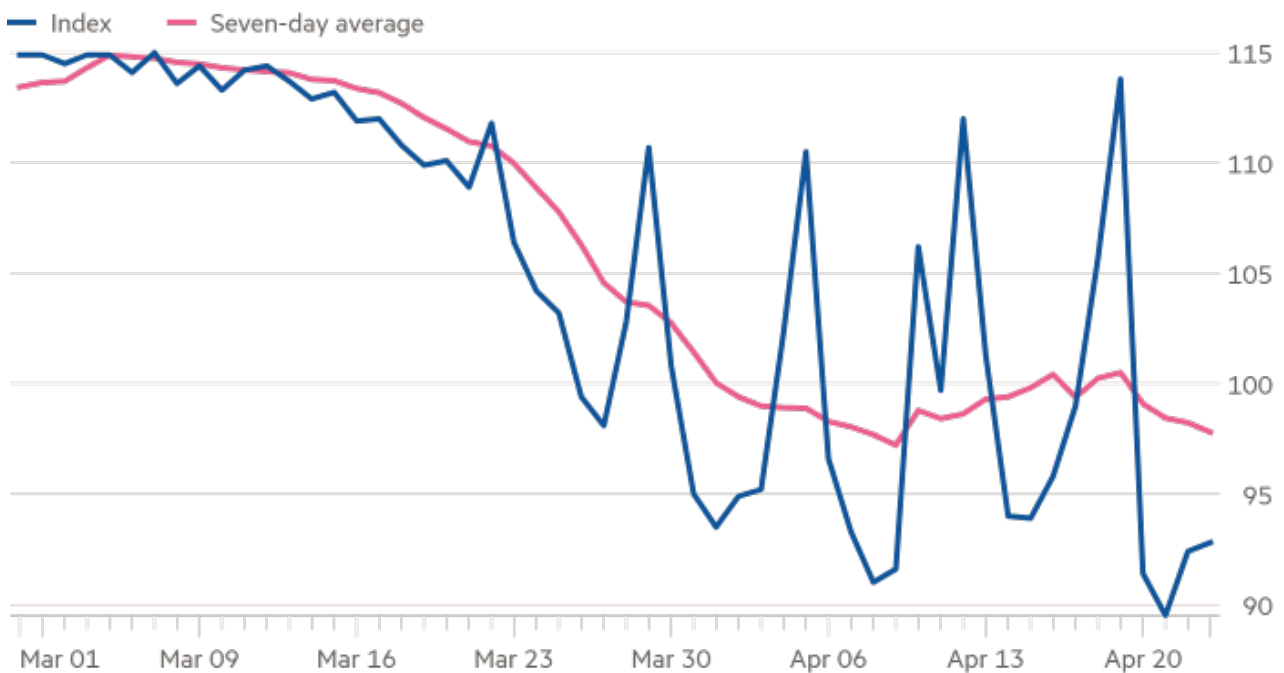
In Italy and Spain, electricity consumption has been rising since mid-April — in contrast to France, where it is still at very low levels in comparison with historic norms.

The increase in energy use in the two countries partially reverses the sharp slowdown at the start of the lockdown and narrows the gap with last year's levels, according to hourly data by [ENTSO-E](#), the European Network of Transmission System Operators for Electricity.

Meanwhile data on mileage clocked up by German trucks has begun to show a mild uptick after a plunge that is set to leave April's data as the largest contraction since records began in 2005.

Germany has fewer trucks on roads

Truck toll mileage index (2015 = 100)



Source: Federal Statistical Office of Germany
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The index, which tracks the distance travelled by large trucks on the country's highways, is produced daily by the German statistics office.

There is also some evidence that German and Spanish workers are getting back to their jobs. Google's mobility to workplaces index — which tracks people's movements to factories and offices — showed a turn in the trend over the past week, albeit still at very low levels.

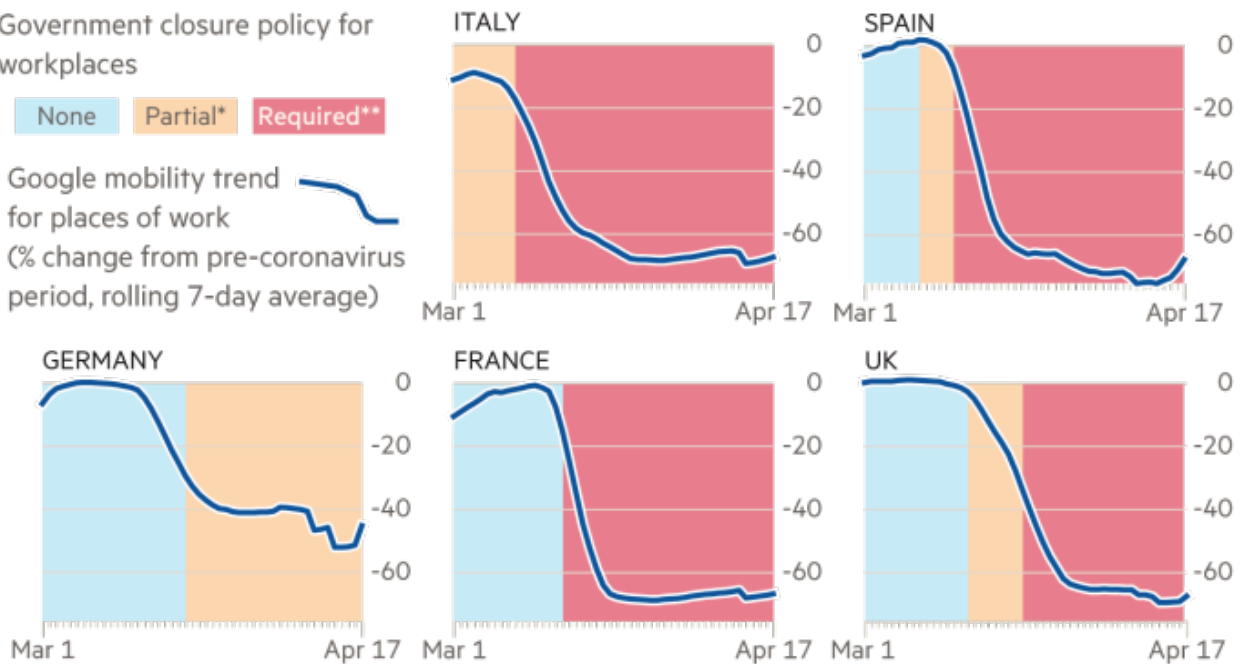
Across Europe, mobility remains around half of pre-coronavirus levels; trips to work are 43 per cent down compared to a typical pre-coronavirus week in Germany, and have fallen between 63 and 68 per cent in Italy, Spain, France and the UK.

Trips to workplaces have plummeted

Government closure policy for workplaces

None Partial* Required**

Google mobility trend for places of work
(% change from pre-coronavirus period, rolling 7-day average)



* Required closures in targeted areas and/or general recommended closures ** General required closures for specified sectors

Graphic: Alan Smith Sources: Google Mobility Reports; the Blavatnik School of Government, University of Oxford

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Felix Huefner, European economist at UBS, pointed out that the retail, transport, entertainment, accommodation and food sectors had suffered the most with the virus and “every measure that helps the services sector get back to speed is important” for economic recovery.

He said: “Germany has now moved to be one of the least restrictive large economies in the eurozone.”

However there are no significant signs of an uptick in travel for leisure in Google’s mobility data.

There is no sudden return to pre-Covid-19 daily life

The fall has been smaller in countries with no formal lockdown, such as Sweden, or with less stringent measures, such as the Netherlands, but in countries which have experienced stricter controls, movement to retail and recreation centres remains around record lows.

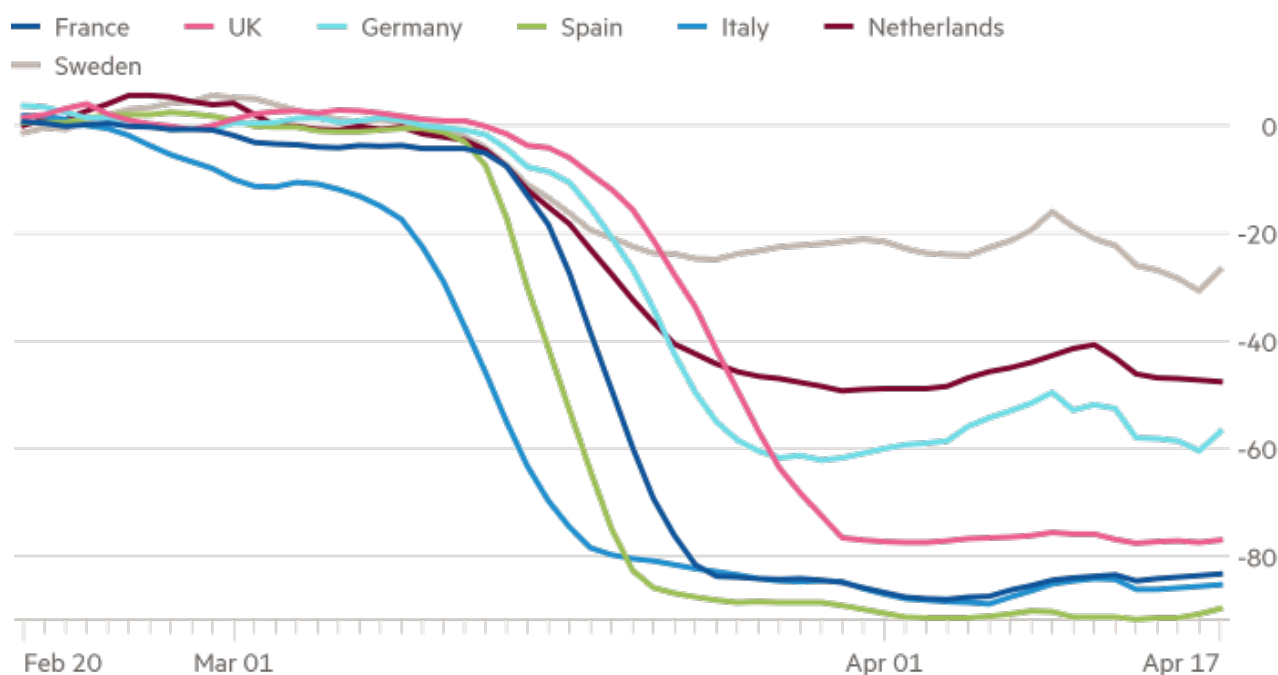
In France, Italy and Spain, movement of people to services involving groups of people, such as retail and recreation, has fallen by more than 80 per cent.

The variation in the severity of the drop “suggests that the direct economic impact [of coronavirus] is likely [to be] larger in the Southern eurozone economies and France than in the Northern countries where the lockdown has been lighter”, said Bert Colijn, senior economist at the bank ING.

The lack of recovery showed that “there is no sudden return to pre-Covid-19 daily life”, he added.

Trips to retail and recreation centres remain around record lows

% change to typical pre-coronavirus week (rolling seven-day average)



Source: Google Mobility Index
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Olivier Vigna, economist at HSBC, said that “a key question is whether consumers will feel confident to spend, once lockdown measures are relaxed”.

Even though Europe is heading for a more significant reopening of activity next month and further restrictions are expected to be lifted by June, provided there is no second spike in infections, analysts say the early indications are that economic activity will take a long time to recover.

Angel Talavera, economist at Oxford Economics, said: “It looks likely the process [of lifting restrictions] will take months, which means that economic activity will likely remain below its pre-coronavirus levels during the rest of the year.”



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Macron: coronavirus is Europe's 'moment of truth'
