

CHART OF THE WEEK

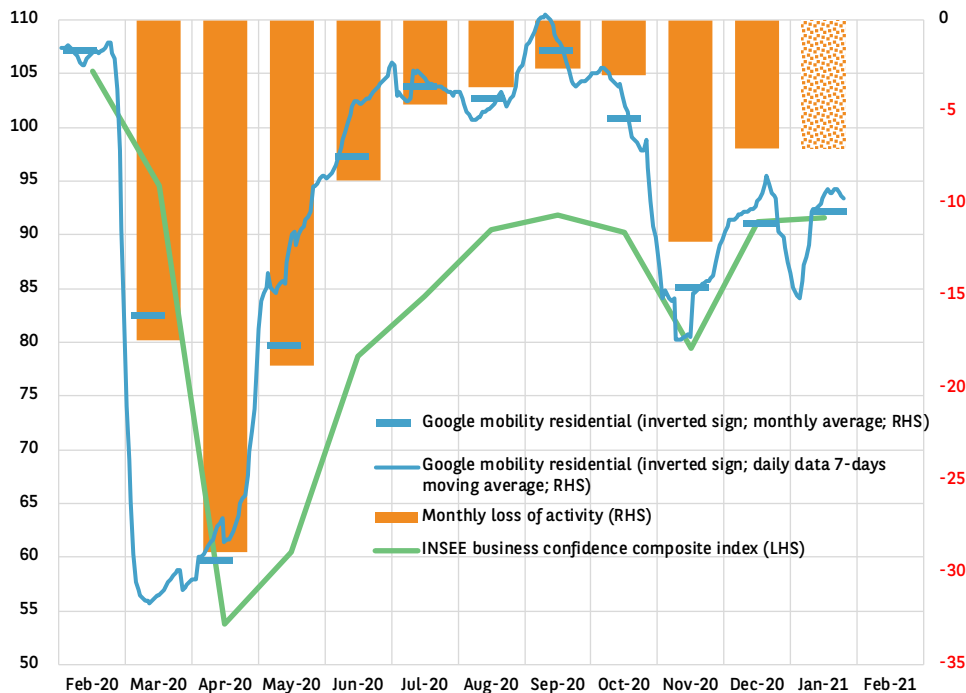
CHART
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by BNP PARIBAS

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FRANCE: OLD AND NEW INDICATORS FOR ASSESSING THE ECONOMIC SITUATION

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SOURCE: INSEE, GOOGLE MAPS MOBILITY, MACROBOND, BNP PARIBAS

INSEE's composite business climate index improved slightly in January, gaining 1 point to 92, whilst Markit's Composite PMI saw a marked 3-point drop, to 47. These two surveys often move in opposite directions in the same month. Which should we believe this time around? We favour the INSEE index. In general terms it gives the more reliable signals. And in current circumstances its relatively positive message – given a still worrying health situation – also looks likely to be more accurate. In particular, it is in line with the stability of the Google Residential Mobility indicator for January compared to December (monthly averages).

This indicator is one of the new arrivals helping with closer monitoring, in real time, of the impact of the Covid-19 crisis on economic activity. It is shown here with a negative sign and should be read as follows: in January 2021, the weekly time spent at home was 10% higher than under normal conditions. This percentage is a rising function of lockdown measures: the stricter these measures, the more time people spend at home and the greater their negative economic impact.

This is shown in the chart: the Google Mobility Residential indicator gives a fairly good approximation of the monthly loss of economic activity estimated by INSEE and the Banque de France (another new indicator for tracking the crisis). These figures (both for the INSEE business climate index and the Google Mobility Residential indicator) also support the Banque de France's initial estimate of a loss of economic activity in January similar to the 7% estimated in December.

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