Eurozone nowcast indicator close to December lows in third week of January

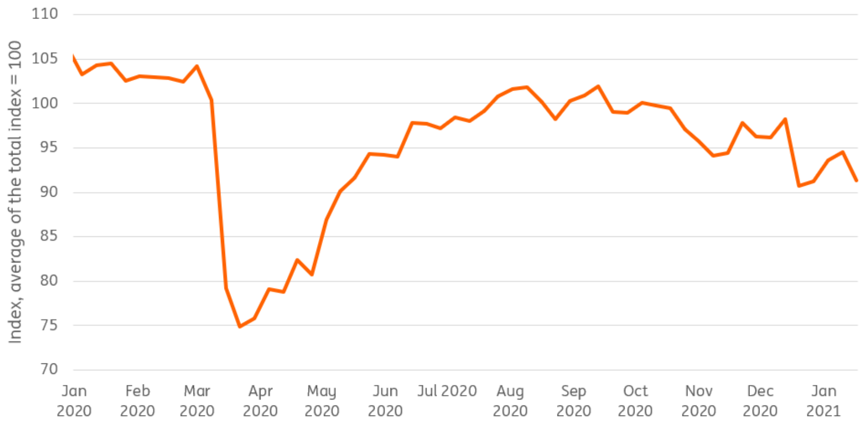
Our ING Weekly Economic Activity Indicator dropped thanks to low electricity use and nitrogen dioxide emissions. This brings the index close to its second wave lows

A masked driver in Rome drives a near empty bus which has Covid-19 seating restrictions

Our index fell from 94.5 to 91.4 in the third week of January, which suggests that the cautious recovery seen over the past two weeks has halted and that the trend remains one of continued weak economic activity. The decrease was mainly driven by a large decline in nitrogen dioxide emissions and electricity use, with NO2 emissions reaching their lowest reading since March 2020 at the depth of the first lockdown. The indicator is volatile, so can be expected to bounce back but the depth of this decrease does indicate that activity is still significantly dampened.

Other indicators also showed signs of continued economic weakness as Google mobility data suggests fewer trips to workplaces and to essential shops like grocery stores and pharmacies. Google searches for unemployment was also up significantly compared to week 2, while there was a slight decline in searches for benefits. Trips to retail and recreation were flat at very low levels thanks to the continued closure of non-essential retail in various eurozone countries.

ING Weekly Economic Activity Indicator dropped in Week 3



Source: ING Research

In a crisis that is evolving more by the day than by the quarter, economists have been scrambling to make sense of economic activity with more than the usual monthly or quarterly data sources. As a snapshot indicator, we combine high-frequency indicators into a weekly activity index for the eurozone and follow the example of several national central banks, which have come up with similar indicators in recent months. This indicator is, in our view, particularly useful for the coronavirus crisis as it is designed to detect bigger swings more than small differences in growth rates. For more on the methodology, click here.

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