

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](#).

Author

Bert Colijn

Senior Economist, Eurozone

bert.colijn@ing.com

Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. ("ING") solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies).* The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the

Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit <http://www.ing.com>.