

## Eurozone nowcast indicator is trending higher towards end of 1Q

The ING Weekly Economic Activity Indicator has continued a slow upward trend from the January lows. While this still indicates a GDP contraction for 1Q, the nowcast indicator suggests this may be milder than initially anticipated



Our index was stable at 97.5 in the second week of March. This is up from the 2021 low of 90.8 in the third week of January, indicating a sizable improvement in activity over the course of the quarter. It confirms that the bottom, in terms of activity, was seen in January, but still corresponds to much weaker activity for the quarter compared to 4Q. That confirms our expectations of another contraction in GDP for the first quarter of 2021.

The upward trend is mainly driven by improving mobility data and slight declines in Google searches for unemployment and benefits. Steady increases in people returning to the workplace and cautious reopenings of retail and recreation sites have resulted in increased mobility figures. Trips to essential retail – which have remained open over the course of the second wave – have increased back to pre-pandemic levels, after being down 14% at the second wave low in January.



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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