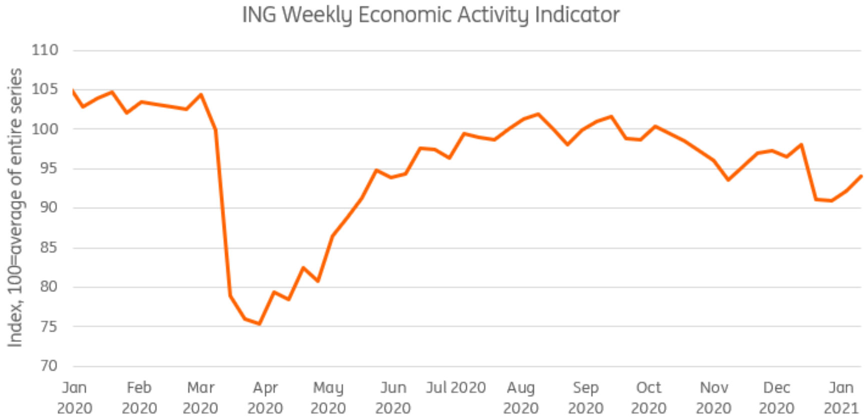
Eurozone: Nowcast indicator up slightly in second week of January

Our ING Weekly Economic Activity Indicator has increased for the second week in a row, in part reflecting an end to the holiday effect. Current levels are similar to the low seen in November, which was about 6% below the average activity of the past two years

The index rose from 92.2 to 94.1, which was the second consecutive increase. This was mainly driven by higher electricity use and NO2 emissions. The upward trend since the holidays cannot be fully explained by seasonal effects as we have made seasonal adjustments to both indicators. That is encouraging from a manufacturing perspective as both indicators relate to industrial activity, to some degree.

Mobility data continued to be well below pre-holiday levels though. This is especially true for retail and recreation thanks in part to the closure of non-essential retail in Germany and the Netherlands. Daily trips to grocery stores and pharmacies also remain below mid-December levels though, indicating that voluntary social distancing is on the rise again. Google searches related to unemployment and benefits also continue to be above December levels, indicating worries about job losses in this extended second lockdown. With mobility subdued and concerns about unemployment elevated, domestic demand is still underperforming.

ING Weekly Economic Activity Indicator increased slightly again in Week 2



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
Chief Economist, Netherlands
bert.colijn@ing.com

Disclaimer