

High-Frequency Dashboard: Tracking the Post-Lockdown Recovery (July 2, 2020)

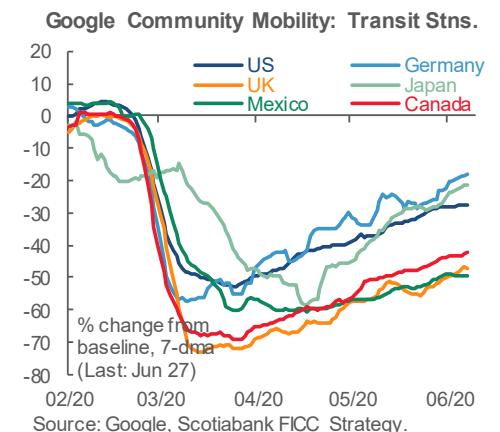
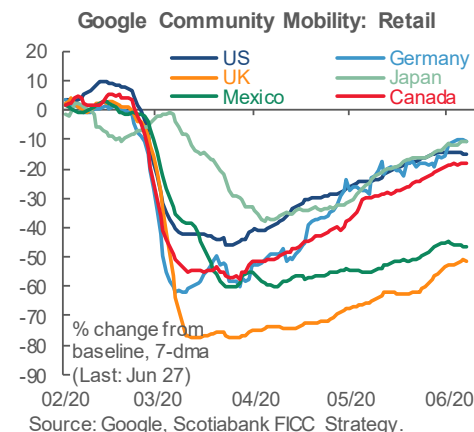
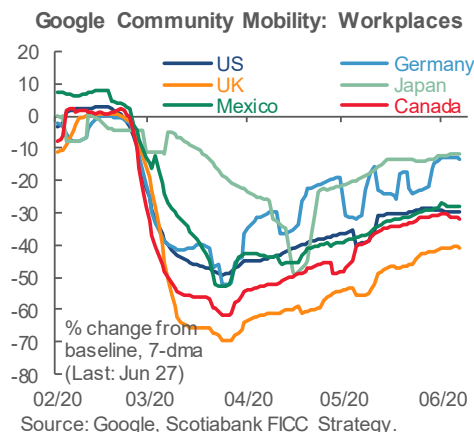
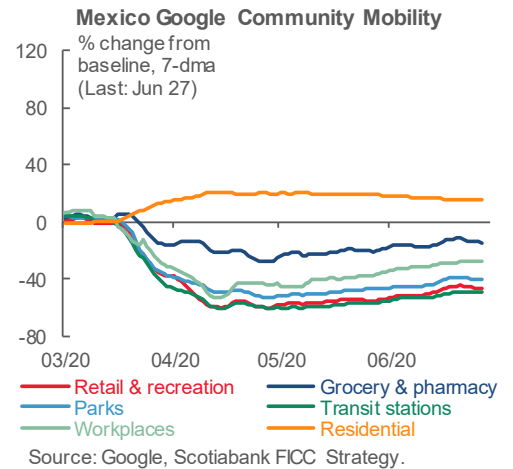
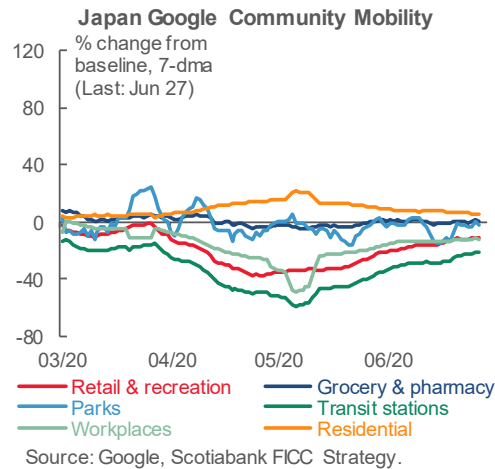
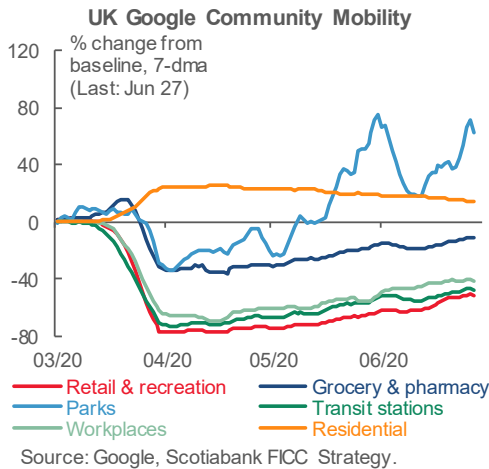
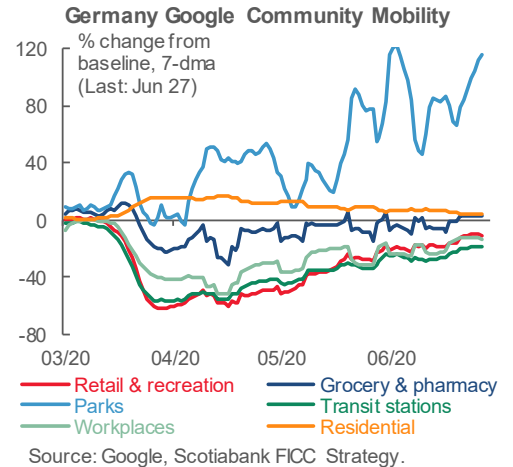
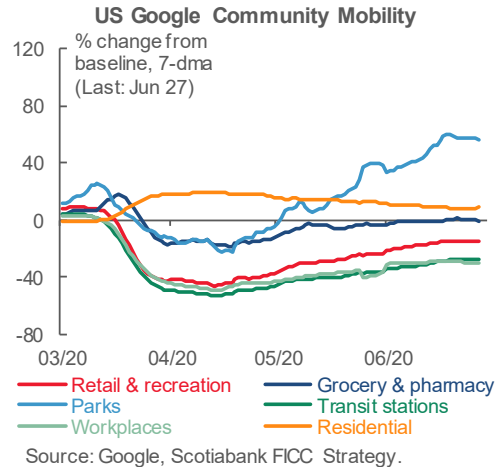
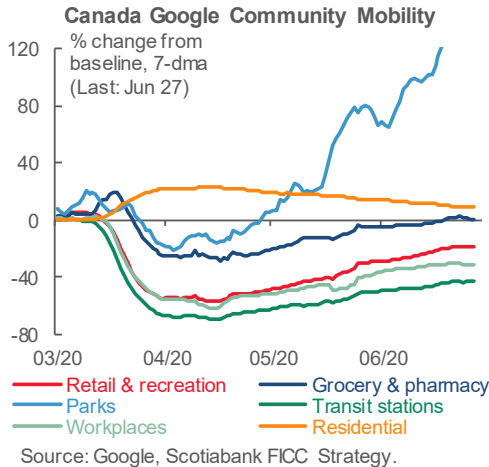
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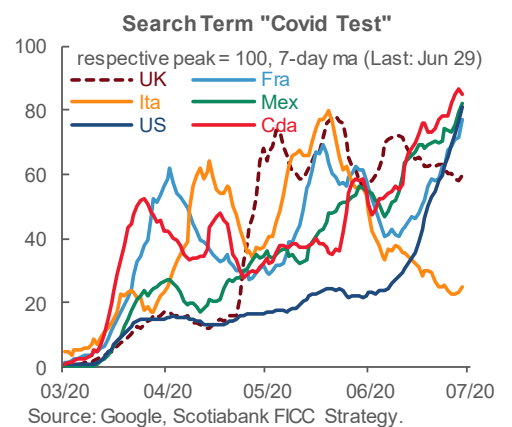
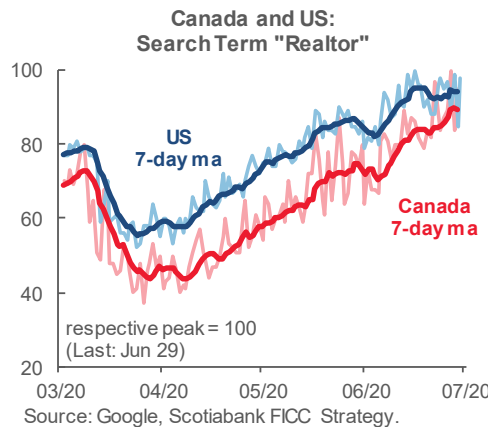
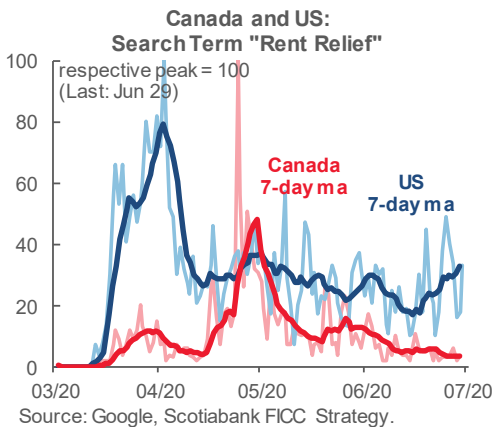
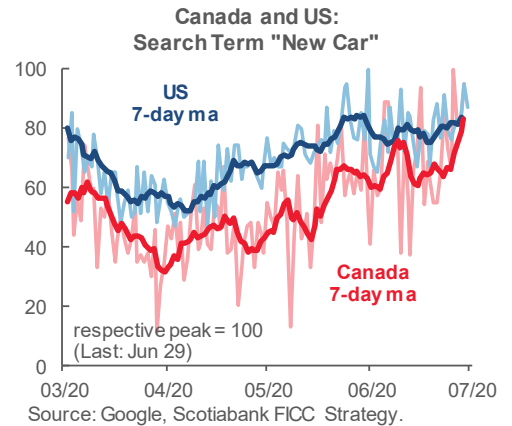
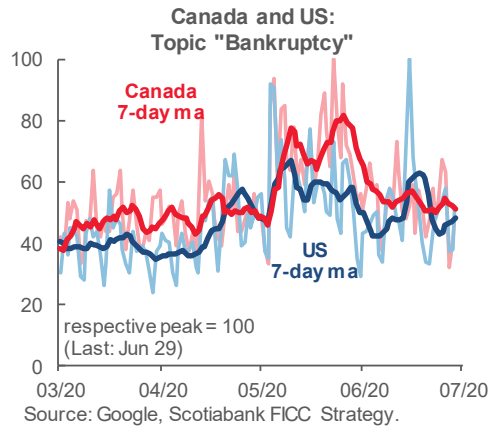
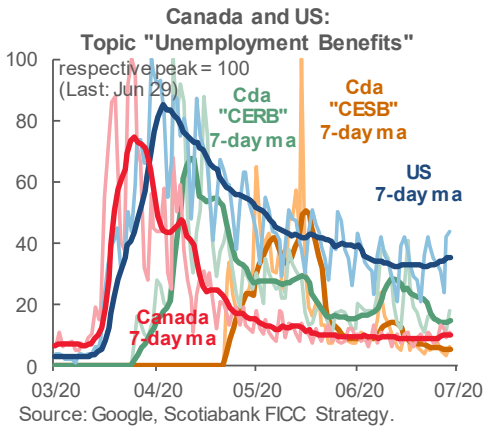
Google Community Mobility

- Daily Google data tracking movement trends continues to point to a gradual recovery in economic activity. Germany and Japan are generally taking the lead across all metrics with US following closely until a recent plateauing of activity that suggests rebounding cases in parts of the country are leading to mandated and voluntary distancing; Canadian mobility data is also showing tentative signs of a slowdown. The reopening of non-essential retailers in the UK has led to a modest rebound in retail mobility which declined of late in Mexico amid surging (and unchecked) COVID case counts.



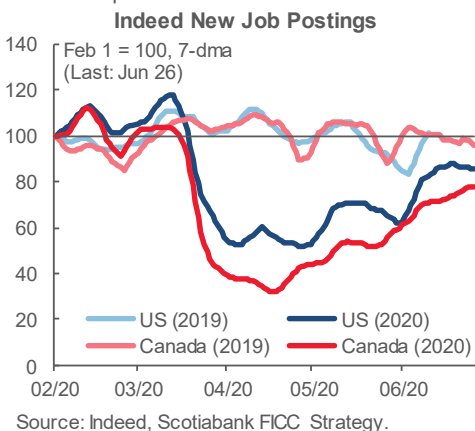
Google Search Trends

- Google Trends data shows a marked decline in search interest for unemployment benefits in Canada—including searches for the federal government's other income support programmes, CERB (now expanded by 8 weeks) and CESB. In the US, however, there's been a recent, slight, uptick in searches—that had also remained stubbornly high—which may reflect new rounds of layoffs as cases rebound and certain businesses close again or concerns over the end-July lapse of the \$600/wk emergency unemployment benefits top-up. Searches for "Covid test" have also surged of late in the US amid a quick increase in contagions in parts of the country that may also be result in increased spending caution by households reflected in flat searches for "realtor" and "new car".



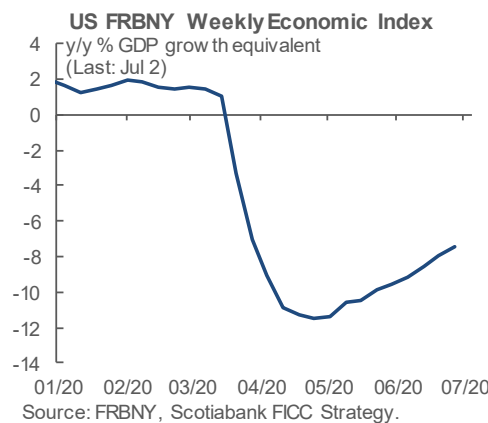
Indeed New Job Postings

- Online daily job postings on Indeed remain depressed relative to 2019 as firms hold back on hiring plans, with the trend in new job postings in Canada down by around 22% whereas in the US they are only down about 14%—from 26% and 12%, respectively a week prior.



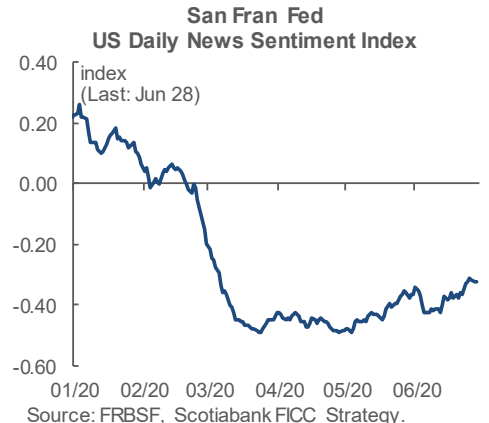
New York Fed Economic Index

- The NY Fed's weekly economic index which aggregates ten different daily and weekly indices points to a year-on-year decline in GDP of around -7.44% in late-June equivalent to a 25.9% q/q annualised decline for the full quarter—consensus sits at -35%.



San Fran Fed News Index

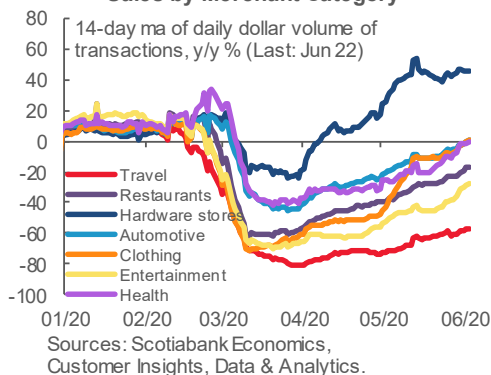
- The FRB of San Francisco's Daily News Sentiment Index, which tracks the implied tone of news articles in 16 major US newspapers, points to only a minor improvement in sentiment since its trough in late-March, which may indirectly keep consumer confidence subdued.



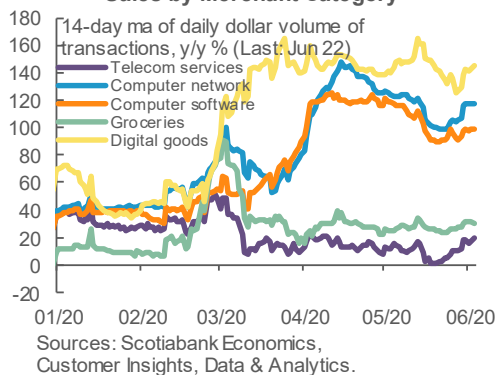
Scotiabank Canadian Merchant Data

- Scotiabank debit and credit card payments data compiled by our Economics, Customer Insights, and Data & Analytics teams show that retail transactions across core merchant categories such as entertainment, travel, and restaurants remain heavily depressed in Canada when compared to the same period last year; note that the data may partly underestimate the decline in sales owing to increased usage of cards instead of cash to avoid contagion. Total credit and debit transactions fell by close to 30% y/y in April and now stand above their year-ago levels. While the lockdown measures, travel bans, and fear of contagion have sharply hit the travel industry—with transaction volumes down about 60% y/y as of a week ago—other sectors have seen an increase in sales as people spend more time at home (e.g. computer software sales are up about 100% y/y). Clothing sales have also stopped contracting year-on-year. For more details see [here](#). For questions contact Nikita Perevalov (nikita.perevalov@scotiabank.com) or Rene Lalonde (rene.lalonde@scotiabank.com).

Scotiabank Canadian Transactions Data: Sales by Merchant Category



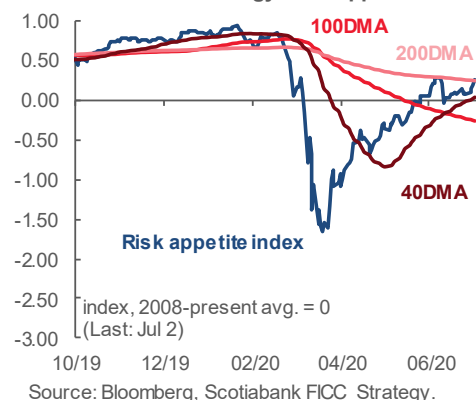
Scotiabank Canadian Transactions Data: Sales by Merchant Category



Scotia FX Risk Appetite Index

- Our daily risk appetite index—a factor of financial risk variables such as CDS spreads and market volatility—is again testing its 200DMA after having declined from that mark due to contagion concerns and has now picked up in the past few days on the back of solid economic data.

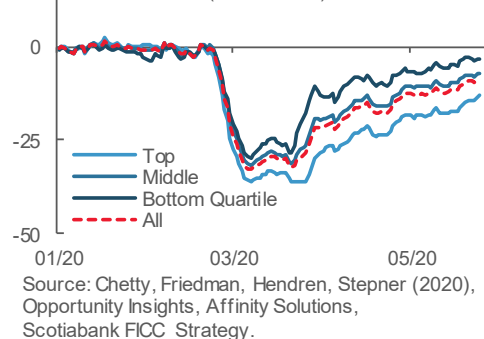
Scotiabank FX Strategy Risk Appetite Index



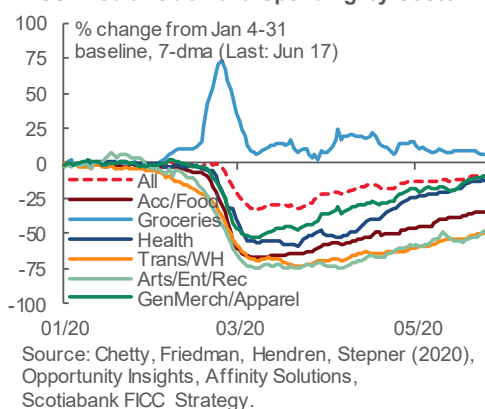
Affinity Solutions US Card Spending Data

- Affinity Solutions debit and credit card payments data show that retail sales in the US remain 9% off their baseline level earlier in the year with grocery purchases remaining elevated as individuals spend more time at home while spending on recreation and transportation remains quite depressed at ~ 50% lower than baseline, while accommodation and food spending is about 35% lower. Spending on general merchandise and apparel has rebounded to 'only' 9% below baseline.
- With greater marginal propensity to consume, spending by people living in regions where the median income is in the bottom quartile of the income distribution has rebounded to sit at less than 3% when compared to baseline with the large jump in the series following the distribution of the Federal government's \$1,200 stimulus cheque in mid-April. This is compared to those in higher-income areas where spending is still about 13% lower—note that the stimulus cheque amount declines for joint incomes above \$150k/yr and above \$75k/yr for single-filers.

US Credit/Debit Card Spending by ZIP Code Median Income Quartile



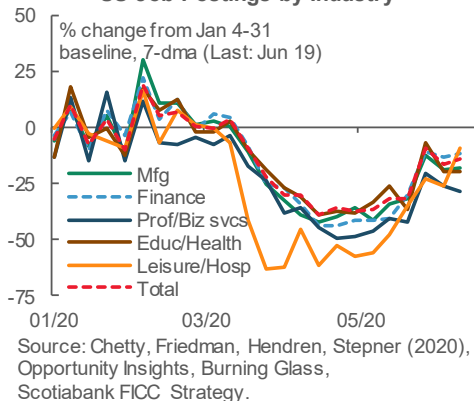
US Credit/Debit Card Spending by Sector



Burning Glass US Jobs Postings

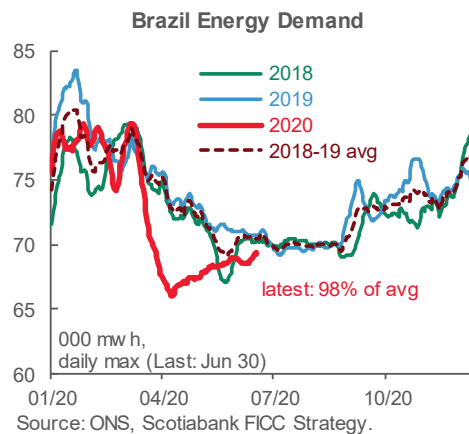
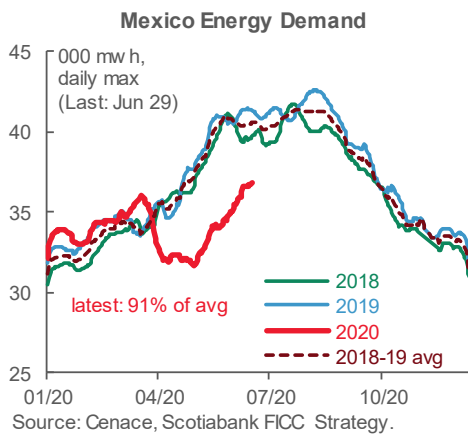
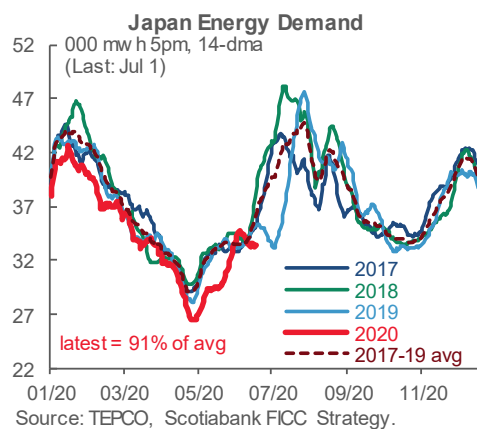
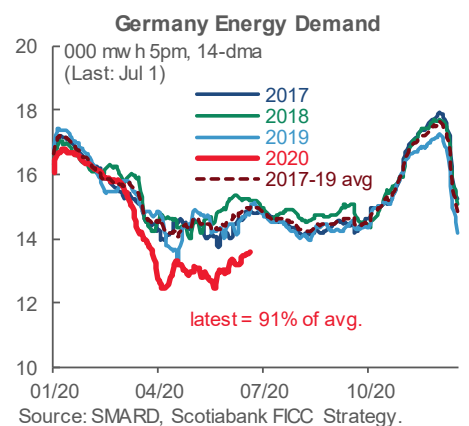
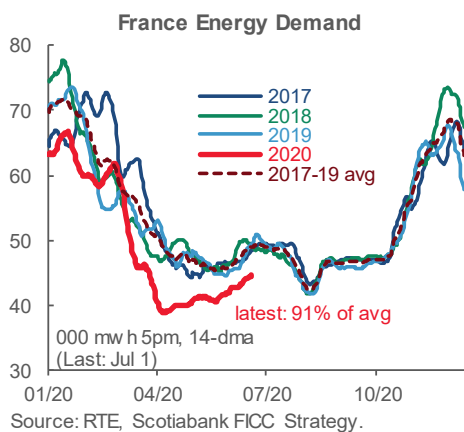
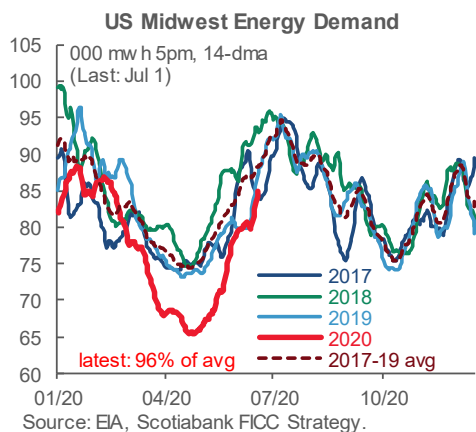
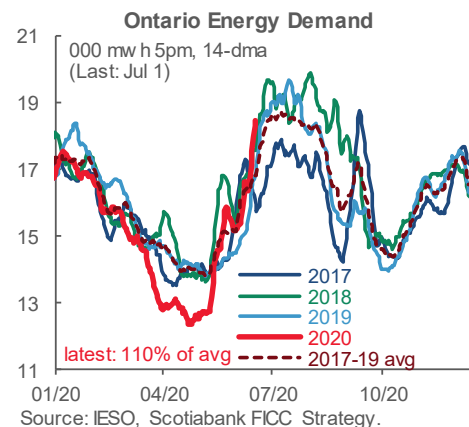
- Weekly Burning Glass data show that US job postings have materially rebounded from their late-April/early-May depths, when compared to their January baseline. Total job postings are about 14% lower compared to 39% lower in late-April. Openings in the leisure and hospitality sector have bounced back quickly from a lower base and are now only 10% below their baseline. Openings in financial services are 'only' about 10% lower.

US Job Postings by Industry



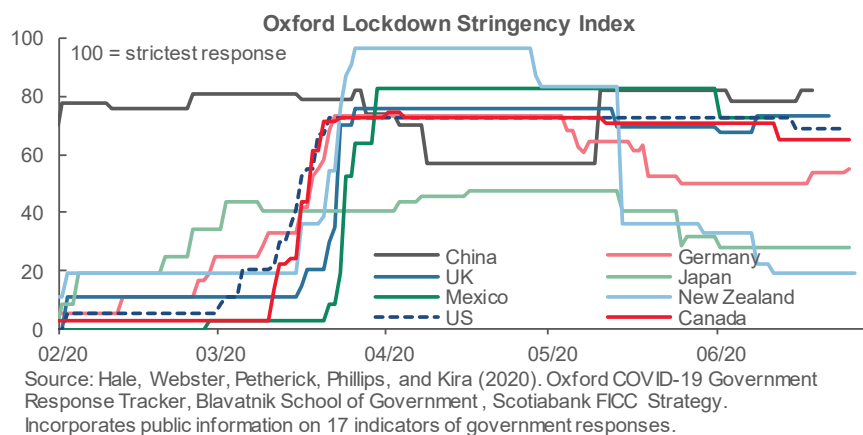
Energy Demand

- Hourly energy demand data shows the impact of the economic lockdown on industrial sector activity as a large share of factories and offices remain idle—although in the case of the latter some of this demand is substituted by residential demand which is less energy efficient.
- Energy demand in the countries/regions that we track has generally been around 10% lower than the average of the previous two/three years over the past couple of months, thus suggesting that the global economy still remains well below its pre-pandemic levels. Abnormally high temperatures in Ontario have increased air-conditioning usage temporarily and above seasonal norms; more closely mirroring energy demand in 2018. It is more likely that the current slump in energy demand observed in France, Germany, the US Midwest, and Mexico reflects more accurately the magnitude of the economic depression.



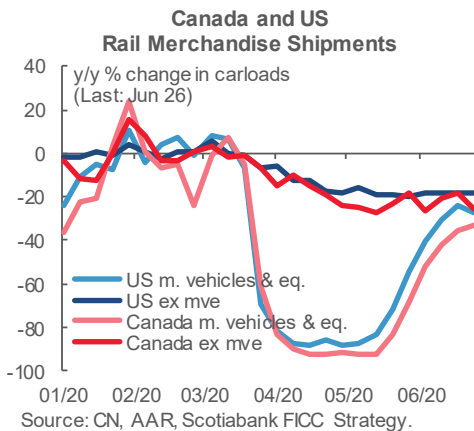
Lockdown Stringency Index

- Oxford University's lockdown stringency index—a useful guideline to track containment measures around the globe—shows the progress that New Zealand has made on bringing the coronavirus under control which has allowed them to loosen restrictions that therefore leaves the country better positioned for a prompt economic rebound. Similarly, Germany continues to loosen restrictions which will likely result in an outperformance of the country's economy within the euro-bloc. After a slow response to the outbreak, the Oxford index suggests that restrictions in Mexico are the strictest across major economies, behind China which recently re-imposed some measures owing to an outbreak in Beijing.



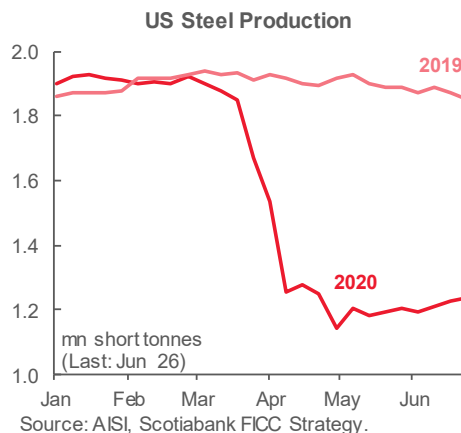
Rail Shipments

- Weekly rail shipments data shows that demand for motor vehicles and equipment in North America has recovered, but remains weak, after grinding to a halt as factories shut down and are now resuming production, while shipments of other goods remain depressed and have stalled around 20% below last year's levels.



US Steel Production

- Weekly US steel production data suggests that activity in the manufacturing and construction sectors has not yet significantly improved for steel mills to ramp up production—which stands around a third lower than at this point last year.



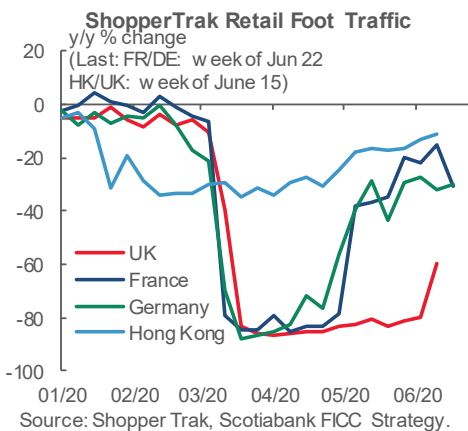
Shanghai Steel Inventories

- Chinese industrial output appears to have recovered quickly, but possibly stalled, as steel inventory levels in the country are depleted from record-highs as reflected by weekly Shanghai storage data for both traders and steel mills. Steel mill inventories are nearly at 'normal' levels.



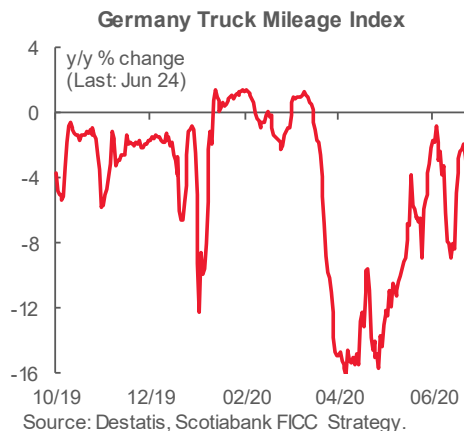
ShopperTrak Retail Traffic

- ShopperTrak retail foot traffic data show that retail activity has picked up quickly in France and Germany to almost match the decline in Hong Kong on a year-on-year basis following the reopening of non-essential businesses. Retail sales in the UK remain nevertheless depressed but last week saw a rebound in the series with retailers in England allowed to reopen on June 15th.



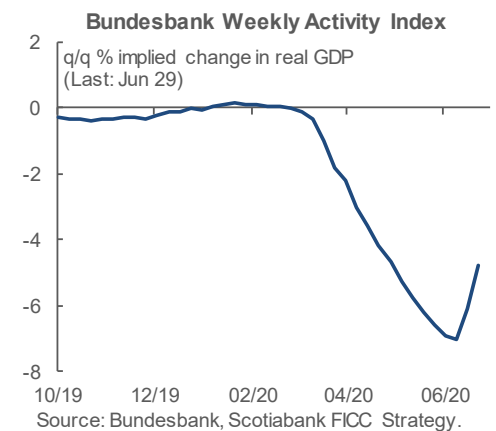
Germany Truck Mileage Index

- Daily truck mileage data for Germany—a close indicator of industrial production—showed a sharp rebound in economic activity in Europe's largest economy before retreating in the past week. As of June 24, miles traveled by trucks in Germany were down by around 4% when compared to the same period in 2019. This series and other data again point to the German economy recovering at a fast pace as lockdown measures are lifted.



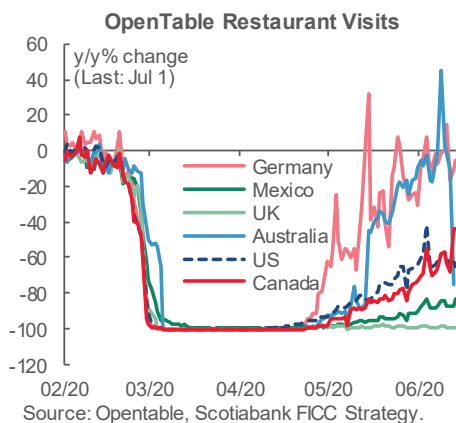
Bundesbank Activity Index

- The Bundesbank's high-frequency economic activity index estimates that the German economy was contracting at a rate of around 4.8% in the second quarter, up from -7.1% two weeks ago, seemingly now reflecting the increase in activity in the country's industrial and services sectors.



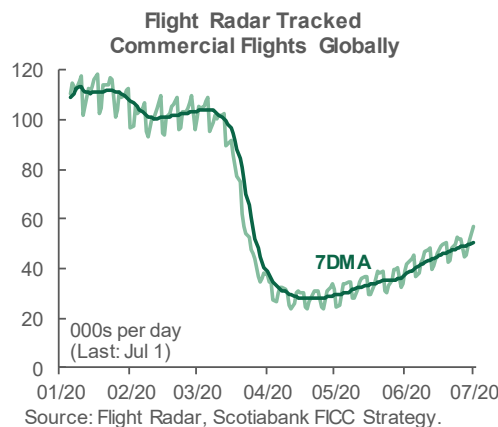
OpenTable Restaurant Visits

- Daily OpenTable restaurant foot traffic data points to a solid rebound in restaurant visits in Germany (pent-up demand) after governments allowed these businesses to reopen—under certain conditions. The relaxation of measures in some US states and Canadian provinces has also marginally begun to feed into the data. An increase in cases in Australia has led to the re-imposition of lockdown measures in Victoria and a sharp decline in restaurant visits.



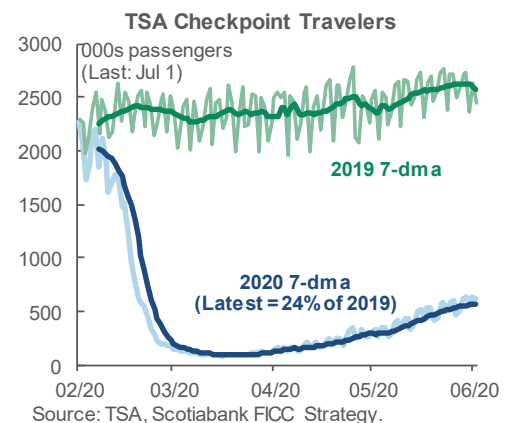
Flight Radar Commercial Flights

- Daily flights data from Flight Radar points to an unsurprising massive decline in air travel (about 50% lower compared to early-2020) owing to travel bans and other strict restrictions on domestic and international travel. As some countries eradicate (or sharply limit the spread of the virus) some travel will resume between 'COVID-free' nations.



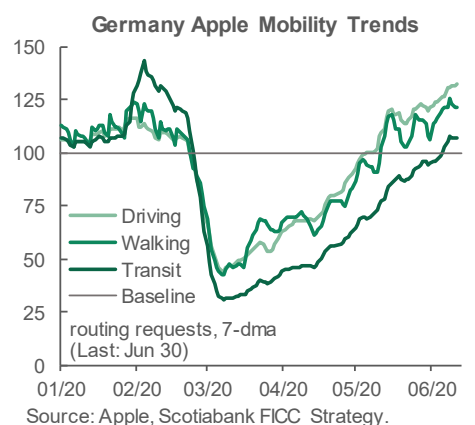
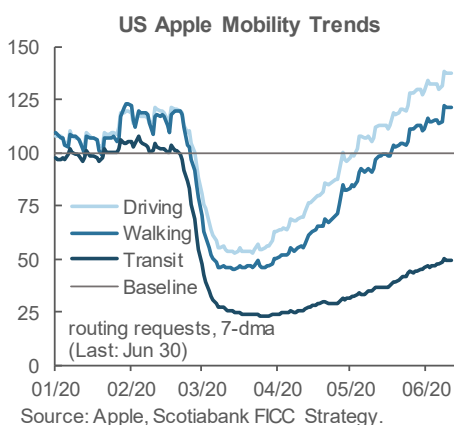
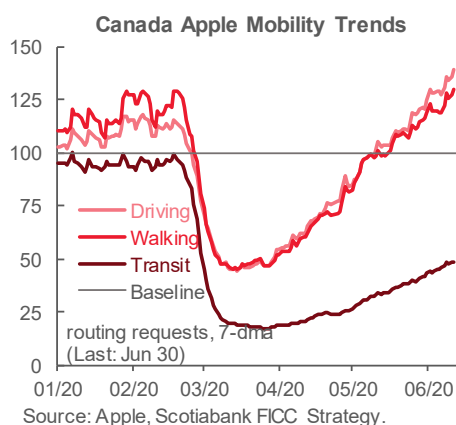
TSA Checkpoint Throughput

- Daily US TSA shows that traffic through US airports remains heavily subdued at close to a quarter when compared to 2019, with an average of only ~600k travelers going through security screenings in the past week versus over 2.5mn last year. As domestic and international restrictions are lifted we should see a more important pick-up in travel activity.



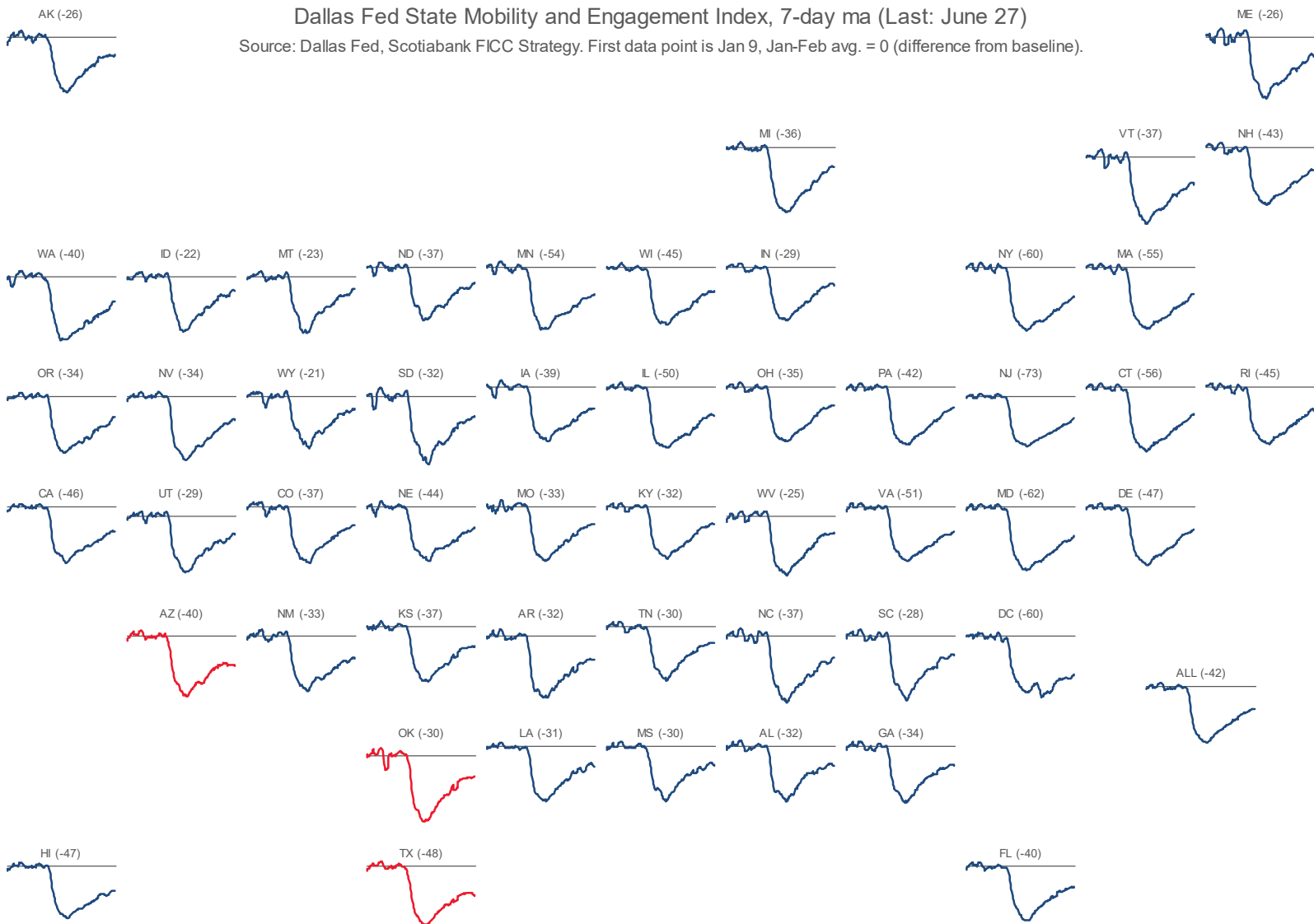
Apple Mobility Trends

- Daily Apple data tracking Apple Maps routing requests shows that driving and walking mobility in Canada, the US, and Germany now exceeds their respective baseline levels of mid-January. However, only in Germany has there been a significant increase in transit usage that points to a faster return to economic normality than in North America as lockdown measures are lifted; see Oxford U's lockdown stringency index that shows Germany's restrictions are now significantly more relaxed than in most of its peers.



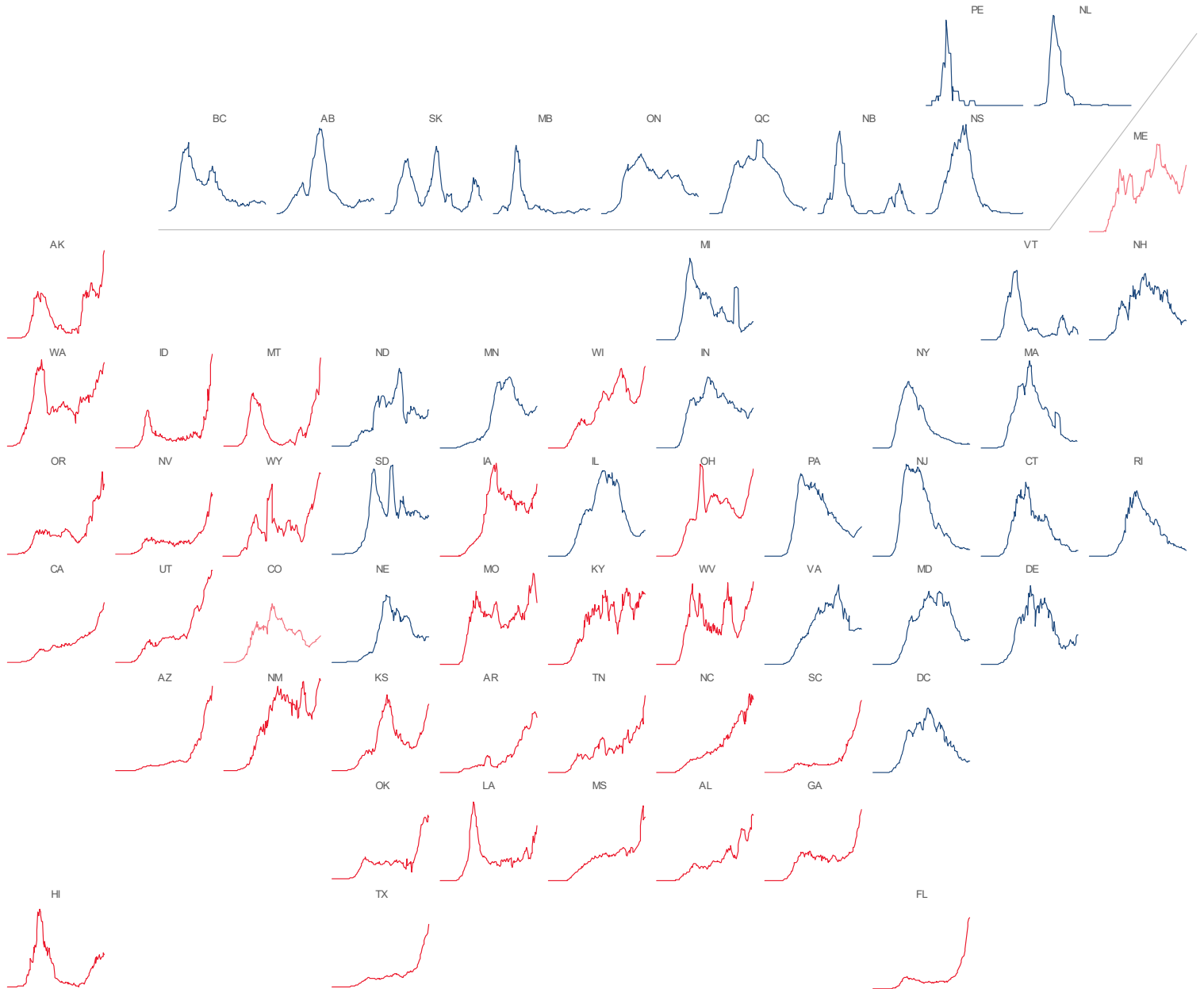
Dallas Fed State Mobility and Engagement Index, 7-day ma (Last: June 27)

Source: Dallas Fed, Scotiabank FICC Strategy. First data point is Jan 9, Jan-Feb avg. = 0 (difference from baseline).



New Confirmed COVID-19 Cases by US State and Canadian Province, 7-day ma (Last : Jul 1)

Source: Bloomberg, Scotiabank FICC Strategy. First data point is March 3.



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