



Baromètre de la reprise économique

5ème édition

Key storylines

After a sharp drop in the spring and some rebound in the summer, the global economy has plateaued below pre-crisis levels. However, recent weeks show signs of a renewed decline, and the outlook signals challenging months ahead.



Overall, the industry is flattening out below pre-crisis levels. Consumer activity, which plateaued in the late summer, is now showing signs of decrease amid a renewed wave of infections. Germany and Italy are leading the recovery among European countries. All eyes are on the coming months, with tougher measures being reintroduced across the continent to face the second wave of infections.



Less comprehensive lock-down measures resulted in a relatively strong recovery of the economy. However, sectors are cooling off with what seems to be a start of a decline. Consumer activity in the US remains low and is stagnating below European level (87 and 95, respectively). The disconnect between the economic recovery and the consumer activity may be unsustainable in the long run.



China essentially returned to pre-Covid levels during summer, but the economic recovery is declining in recent weeks. Most sectors benefitted from the absence of a second wave of infections. However, due to global supply chains, China alone cannot fully recover while the rest of world is still struggling with the crisis.



With COVID-19 numbers rising in late summer, the recovery has stagnated, and both industry and consumer activity are below pre-crisis levels. Consumer Activity struggles to reach January's level (99 in January vs 91 at the end of September).



The steady recovery of most impacted sectors is facing a slowdown, and sectors stay below pre-crisis levels, with a slight downward trend in recent weeks. Consumer activity, on the other hand, is steadily growing and on a path to recovery (-4% vs end of February).

ERPC and CAI definitions

Our **Economic Recovery Pulse Check (ERPC)** uses high-frequency data signals in world's leading economies to measure sector-by-sector performance (automotive, energy, financial institutions, etc.), relative to pre-pandemic levels.

Our **Consumer Activity Index (CAI)** uses high-frequency data signals to gauge the level of consumer activity (shopping, commuting, entertainment, etc.), relative to pre-pandemic levels.

Methodology | A custom methodology to define the BCG Economic-Recovery Pulse Check (ERPC)

A data-driven index to track activity by sector and country



Countries



Macro sectors



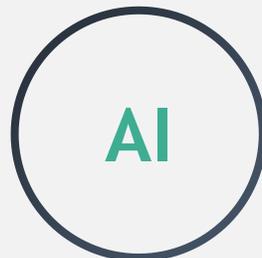
Granularity



Data sources



Data points



Algorithms for index definition

For all other sectors: Cross-sector activity

- Aggregation of data sources into refined composite index
 - Sector confidence index
 - Financial index
 - Employment index
 - Consumer activity index
 - Macroeconomic index
 - Specific data source by sector

Part of BCG Lighthouse, a central planning center for COVID-19 response

How to understand our methodology

For each sector, our composite index informs on **gap to recovery** (i.e., normal state set to 100)

- Index > 100 indicates above-normal activity
- Index < 100 indicates below-normal activity

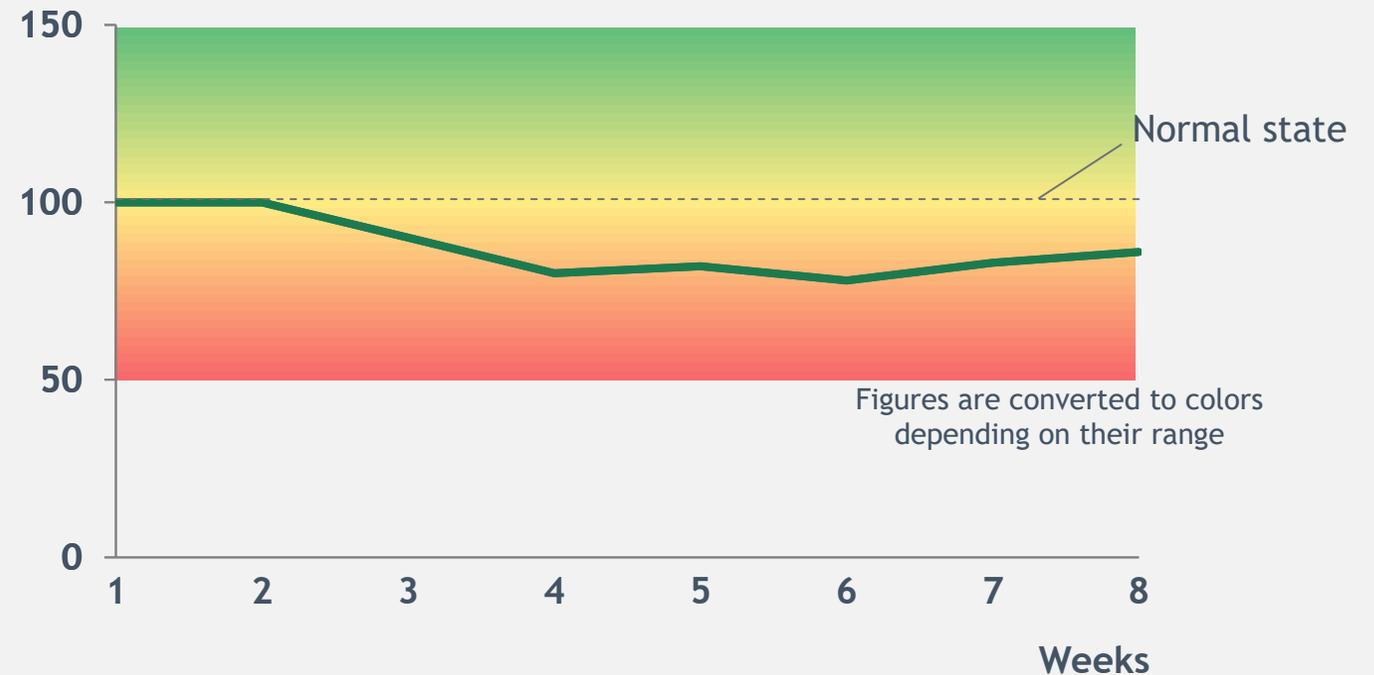
Normal state corresponds to activity

- *One year ago for cross-sector activity¹*



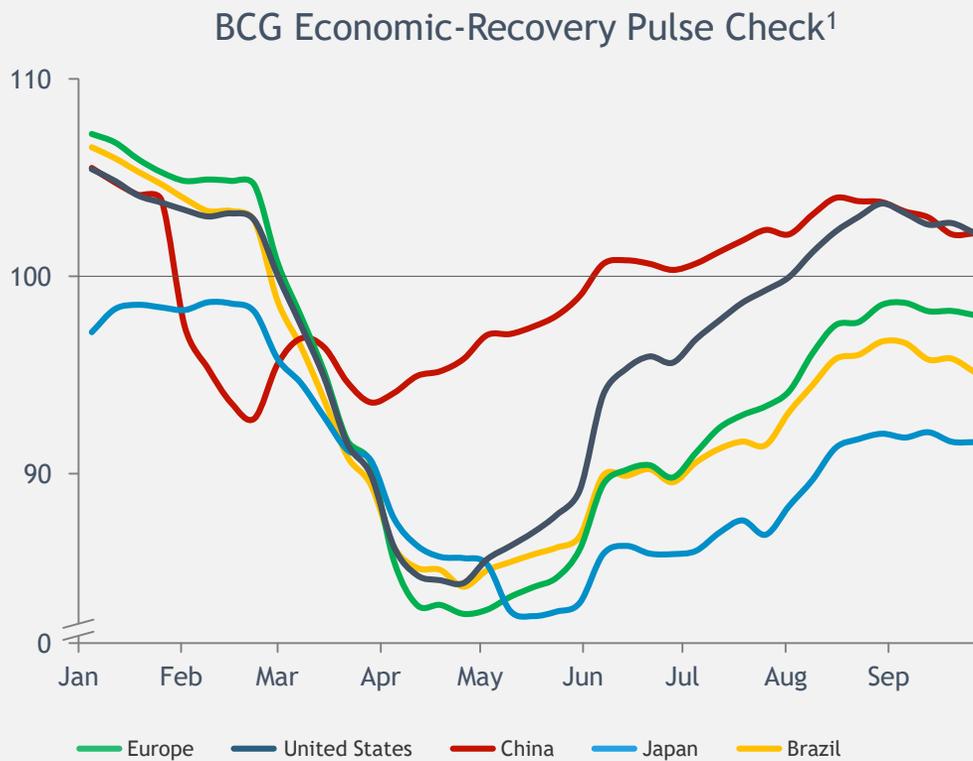
Illustration of the cross-sector activity

Cross-sector activity



1. Activity today and at normal state are computed with a 4-week exponential smoothing

Exhibit 1.1.1 | Countries are now showing signs of downward trend for the ERPC, after a few months of continuous increase

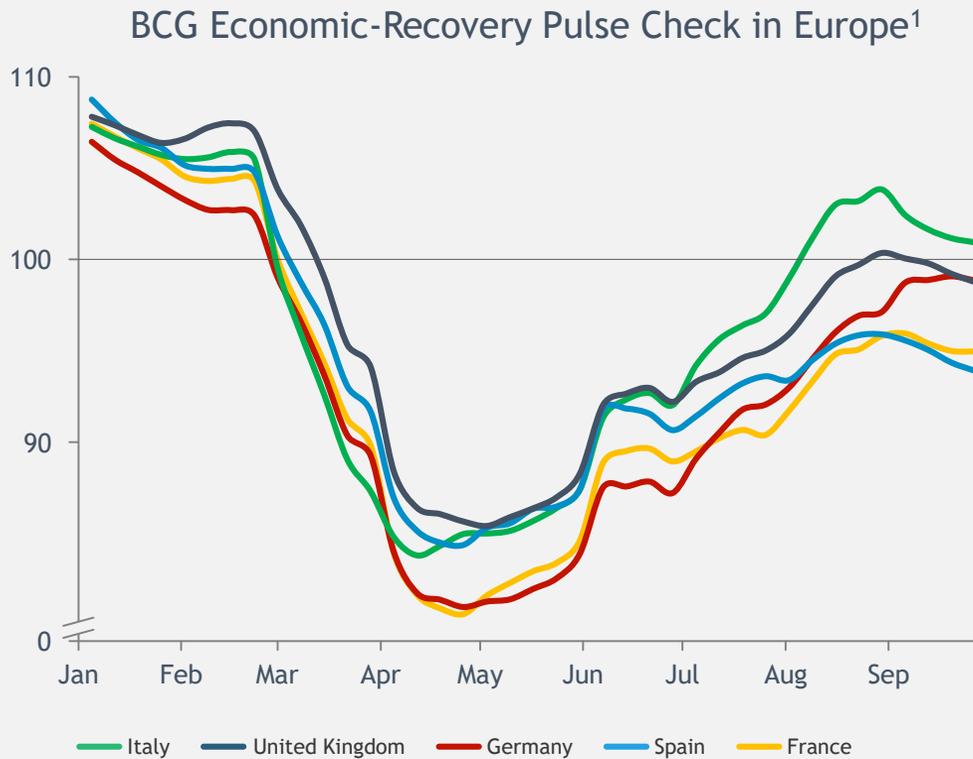


Overall, the recovery is stalling in September, with the ERPC stabilizing or declining, announcing potential difficult months ahead

- The US and China have nearly reached January's level, but are heading toward lower values
- Europe and Japan seem to stabilize, but at a lower level than in January
- Brazil shows the larger delta compared to beginning-of-year values, with a decrease in recent weeks

1. The health sector has been removed from this analysis in order to better capture the shape of the recovery

Exhibit 1.1.2 | All the European countries are following a similar trajectory, registering a slight decline in the recent month

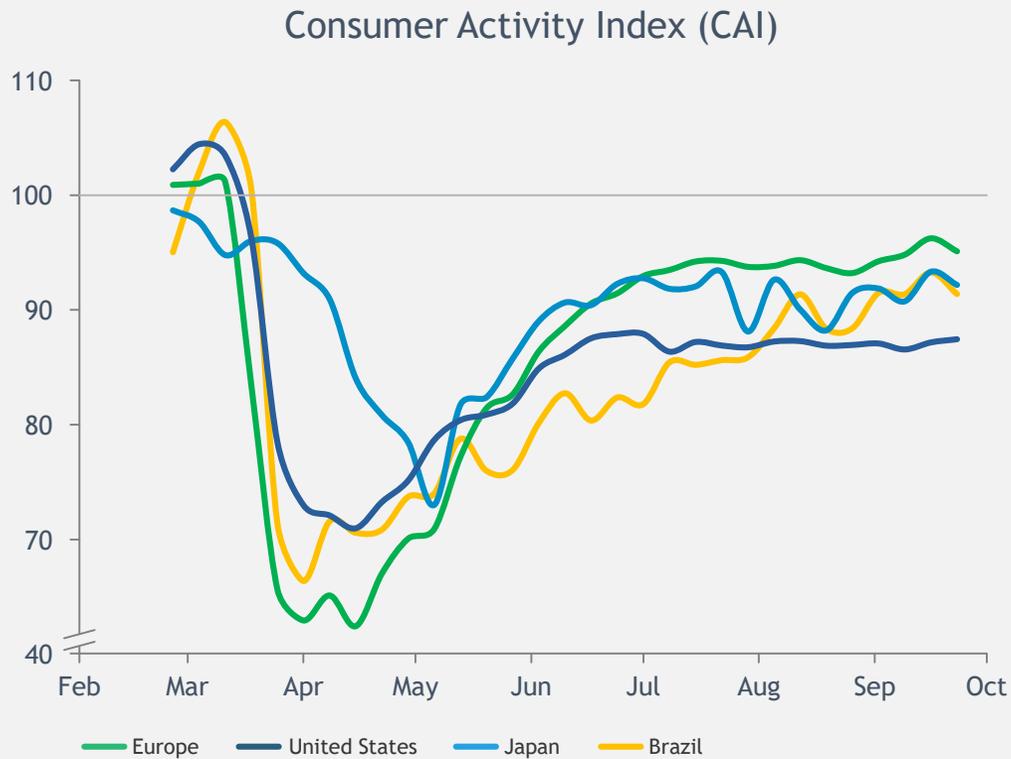


Overall, the ERPC is declining in September, heralding potential difficult months ahead

- Germany and Italy are leading the pack
- Italy which recovered well in August shows the largest decrease in recent weeks
- Germany continues to recover, slightly lower than Italy due to the high impact on the automotive sector
- France, the UK and Spain are following the general European trend

1. The health sector has been removed from this analysis in order to better capture the shape of the recovery

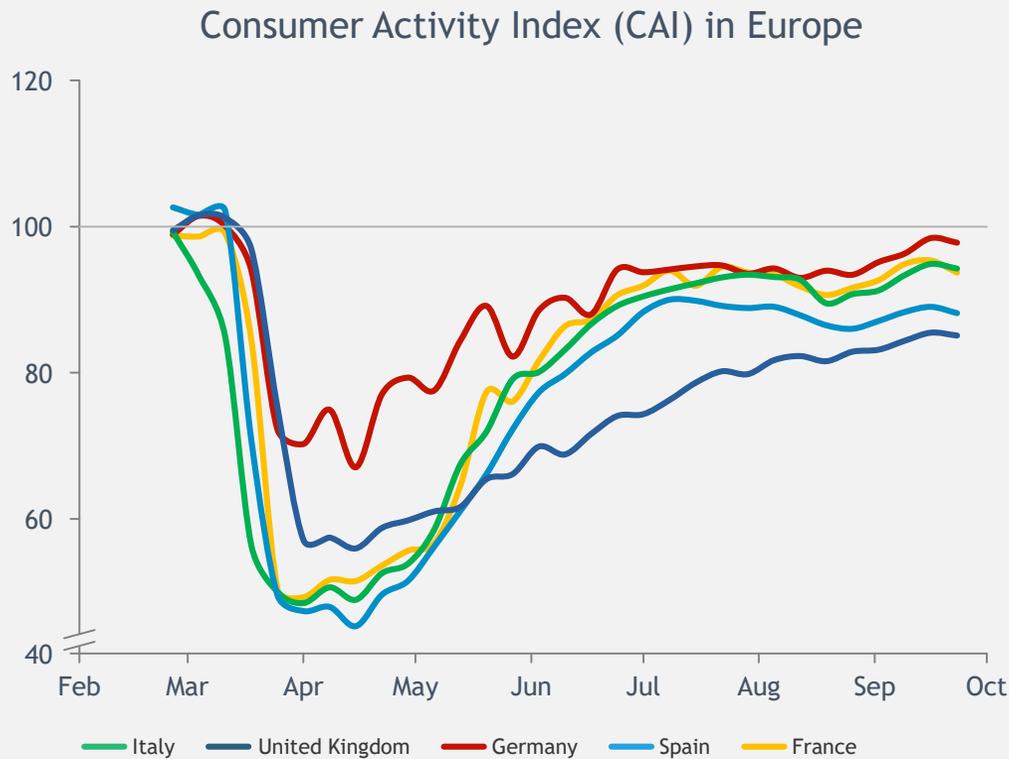
Exhibit 1.2.1 | Like the ERPC, the Consumer Activity Index is either stabilizing or showing signs of a downward trend



Overall, the consumer activity recovery seems to stall, with a small decline from September 16th to September 23rd for Japan, Brazil, and Europe

- Despite a strong late summer, EU's CAI has started to decline with new cluster emergence
- In the US, the overall CAI has managed to remain more or less constant through Q3
- Brazil's CAI has managed to recover quite well, despite the intensity of the pandemic
- Japan has managed to keep a strong CAI throughout the early phase of the pandemic, but seems to enter a stalling phase

Exhibit 1.2.2 | Germany which has been less impacted by the crisis in terms of consumer activity, is leading the recovery in Europe



Overall, the consumer activity shows signs of decrease, with a modest decline starting mid-September

- Overall, Germany was less impacted than other European countries
- While remaining below the EU average, the UK's CAI has managed to keep recovering through the summer.
- Italy and France follow comparable trajectories
- Spain was the most impacted country in Europe, and is the 2nd lowest in terms of recovery

Exhibit 1.3 | While benefitting from a relative recovery, some countries and sectors are expected to trend downward

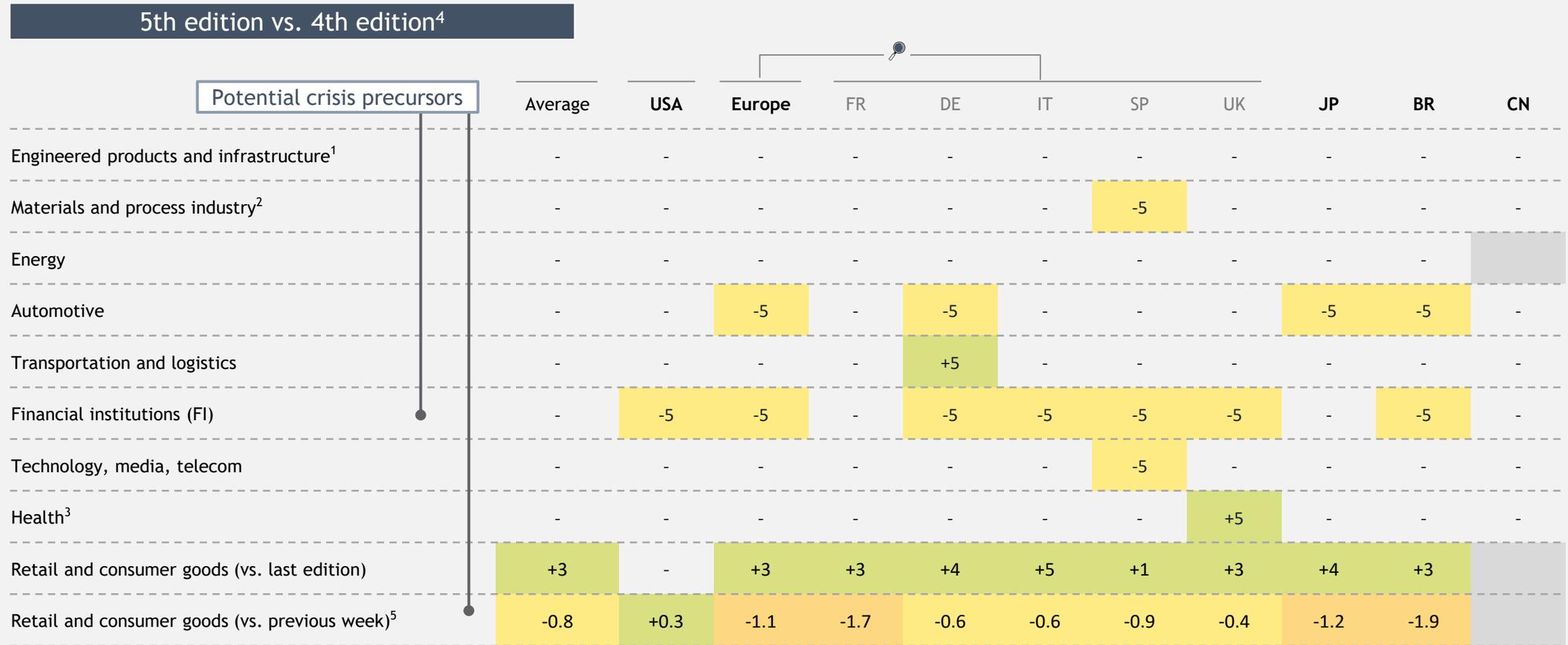
Economic-Recovery Pulse Check end of September 2020

	Average	USA	Europe	FR	DE	IT	SP	UK	JP	BR	CN
Engineered products and infrastructure ¹	100→	105↘	95→	90↗	95→	100↘	90→	100↘	90↗	85↗	100↗
Materials and process industry ²	105→	100↘	105↘	100↘	105↘	105↘	100↘	110↘	95→	100↗	105→
Energy	95↗	95→	95→	95→	100↘	95→	95→	95→	90↗	90↗	
Automotive	95↘	100↘	90↘	95↘	90↘	100↘	90↘	100↘	85↗	80↘	95↗
Transportation and logistics	105↘	110↘	100↘	100↘	110↘	105↘	90↘	90↗	85↗	105↘	110↘
Financial institutions	100↗	100↘	95↗	100↗	95↗	100↗	90↗	95↗	95↗	95↗	100↗
Technology, media, telecom	100↗	100↗	100↘	90↗	100↗	95→	90↗	100↘	100→	100→	100↗
Health ³	> 110↘	> 110↘	105→	105→	110↘	110↘	105→	95↗	90↗	105↘	105→
Retail and consumer goods	91	87	92	94	98	94	88	85	92	91	

Trend from now through Q4 ↘: down →: flat ↗: up

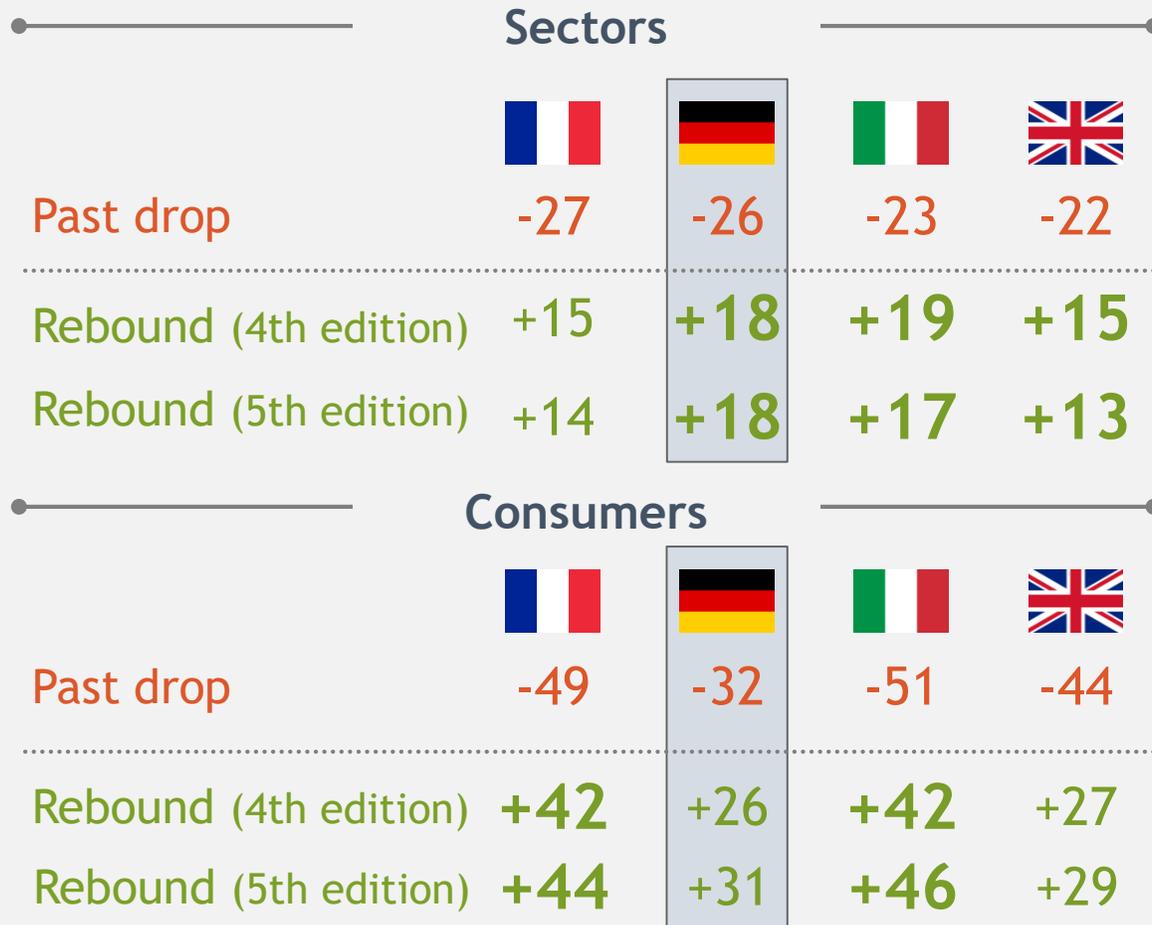
1. Aerospace and defense; Infrastructure; Machinery and Industrial Automation 2. Chemicals; Metals and Mining; Building Materials
 3. MedTech; Biopharma; Consumer Health (excluding hospitals)

Exhibit 1.4 | Overall stalling values compared to the previous edition; retail, automotive and FI trending downwards



1. Aerospace and defense; Infrastructure; Machinery and Industrial Automation 2. Chemicals; Metals and Mining; Building Materials
 3. MedTech; Biopharma; Consumer Health (excluding hospitals) 4. 4th edition at the beginning of September, 5th edition at the end of September. Values from the 4th edition have been updated, as new data points were available. For this analysis, the ERPC delta is rounded to the closest multiplier of 5. “-” is inputted, if rounded value is 0 5. 23rd vs 16th of September

Rebound of economic and consumer activity in Europe



Overall recovery is stagnating below pre-crisis level and showing first signs of decline

Note 1: Top 4 Europe: France, Germany, UK, Italy

Note2: Drop of ERPC/CAI level between mid-February and mid-April compared to the first week of January 2020. Rebound of ERPC/CAI between mid-April and end of September

Note 3: 4th edition at the beginning of September, 5th edition at the end of September

Rebound of economic and consumer activity globally

	Sectors				
					
Past drop	-24	-13	-21	-15	-22
Rebound (4th edition)	+16	+11	+19	+9	+12
Rebound (5th edition)	+15	+9	+18	+9	+11

	Consumers				
					
Past drop	-38	-	-31	-26	-24
Rebound (4th edition)	+31	-	+16	+19	+18
Rebound (5th edition)	+33	-	+16	+19	+21

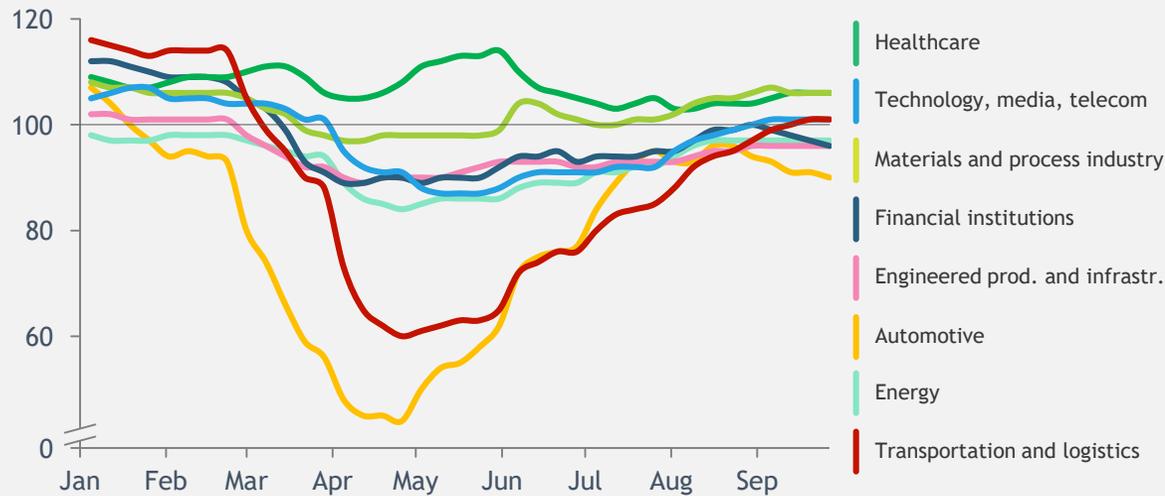
While benefitting from a good economic recovery, the US is still lagging behind in terms of consumer activity

Note 1: Drop of ERPC/CAI level between mid-February and mid-April compared to the first week of January 2020. Rebound of ERPC/CAI between mid-April and end of September
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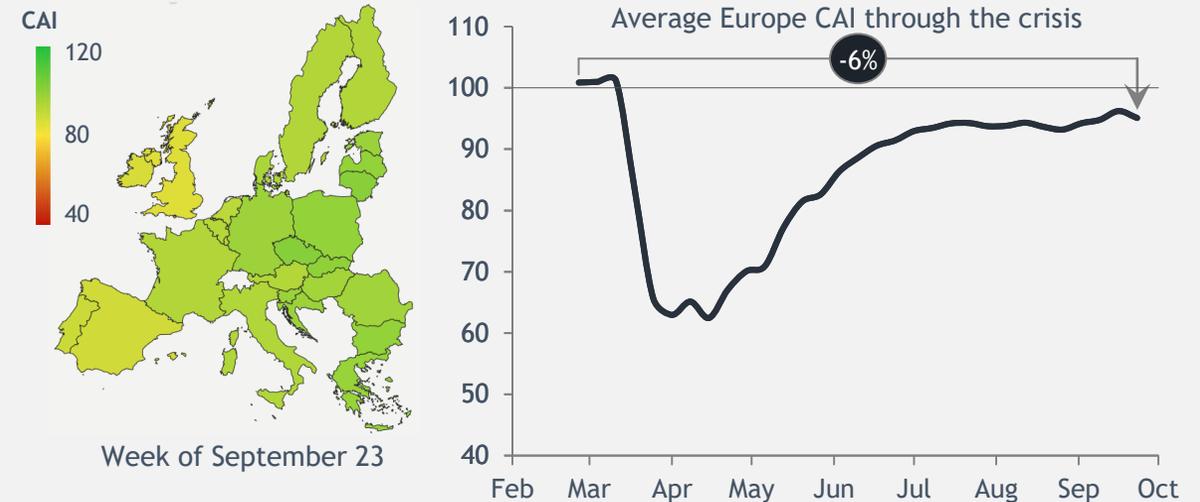
Exhibit 2 | Temporary jump in consumer activity in the last month, but overall stalling sectors, below pre-crisis levels

BCG Economic-Recovery Pulse Check in Europe



- **Automotive** shows positive signs, partially driven by better sales than anticipated in August. Nevertheless, current outlook is unlikely to hold in the coming months
- **Transportation and logistics** has steadily recovered in the last months, but is still below January level
- **Financial institutions** sector, which was recovering, slightly decreased driven by potential default and credit loss due to the crisis
- **Healthcare** is still above normal, but the positive impact from the crisis is declining and seems to stabilize

Consumer activity in Europe

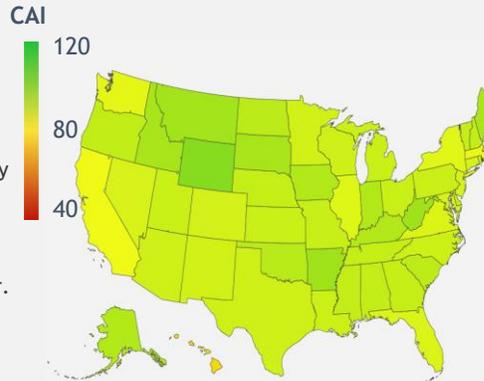
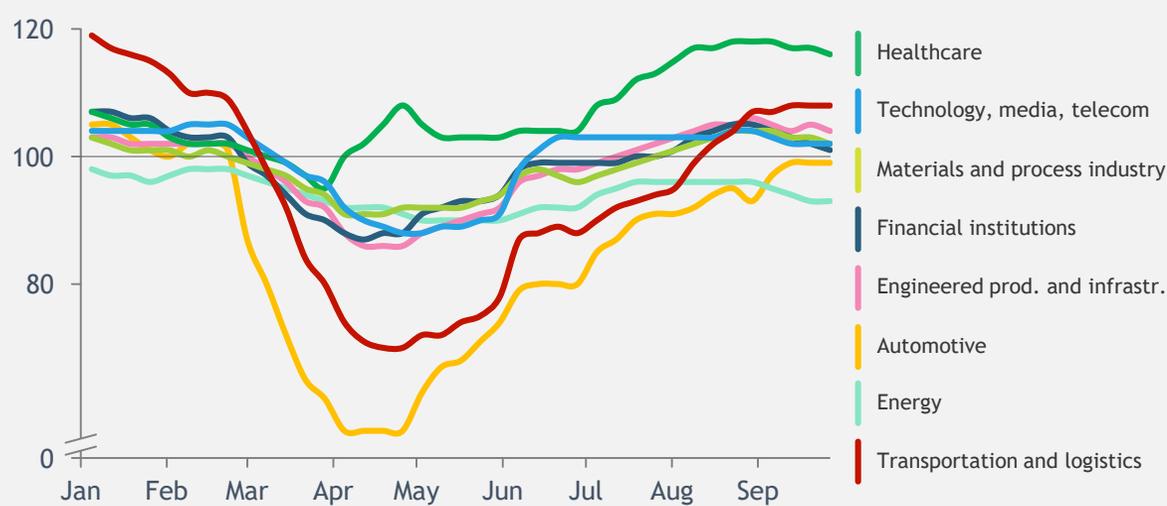


- Despite a strong late summer, EU's Consumer Activity Index has started to decline, as new infectious clusters started emerging in most countries through September
- As of late September, **Poland** (CAI: 100), **Germany** (CAI: 98), **Czechia** (CAI: 102), and **Greece** (CAI: 99) are among the top performers, with consumer activity levels close to pre-COVID-19 baseline, while **Spain** (CAI: 88), **Portugal** (CAI: 89), the **UK** (CAI: 85), or **Ireland** (CAI: 87) have the weakest level of activity in the EU



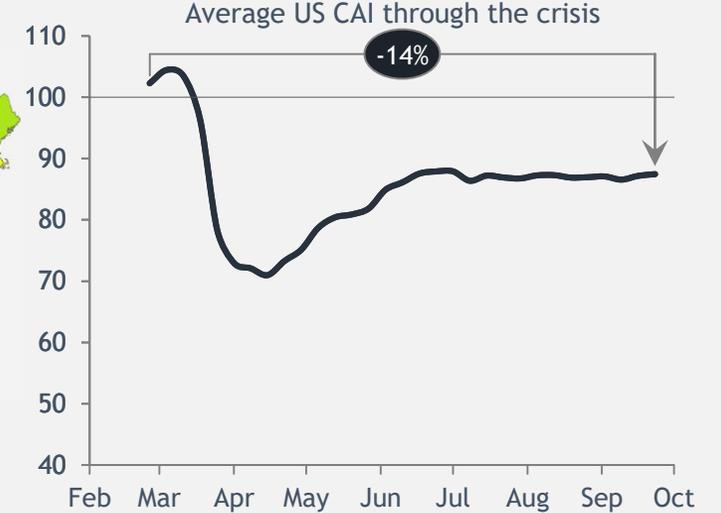
Exhibit 3 | Sectors close to pre-crisis levels, but flat consumer activity since early summer

BCG Economic-Recovery Pulse Check in the US

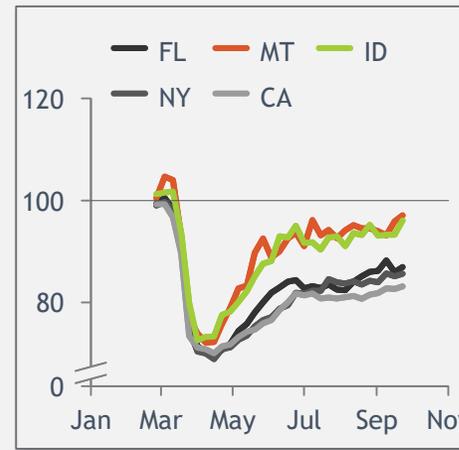


Week of September 23

Consumer activity in the US



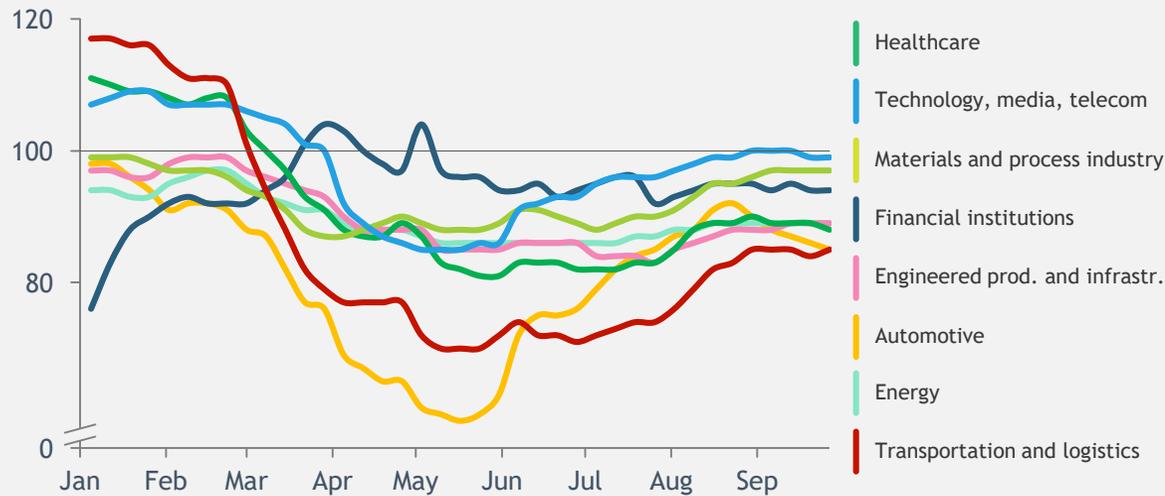
- Overall, **sectors** are not suffering as much as in European countries, because lockdown measures were progressive and not generalized to the whole country. Nevertheless, watch out for the decrease that initiated for some sectors in the last month
- Many sectors have recovered close to pre-crisis levels, with a notable exception of the **energy sector**, stabilizing a few points below pre-crisis levels
- **Transportation and logistics** that was lagging a bit behind is now closer to January level
- **Financial institutions** decreased slightly in the last weeks, bearing the uncertainty of other sectors



- In the **US**, the overall CAI has managed to remain more or less constant through Q3
- Overall, the country's CAI is still 14% below its late February levels (currently 87)
- The picture is, however, quite different at the state level: States such as **CA, NY, TX, FL, MA** are still far from having recovered, while less densely populated states such as **MT or ID** have consumer activity levels close to their pre-COVID-19 baseline

Exhibit 4 | Economy still below pre-crisis levels with majority of sectors reaching a stationary state

BCG Economic-Recovery Pulse Check in Japan



- Overall, there has been little economic improvement over the past month, with most sectors having stagnated
- **Transportation and logistics** sector was highly hit with diminution of international imports and exports, but recovery seems to slow down in the last month
- **Technology, media, telecom** stabilized its recovery, driven by a better confidence in the sector
- **Automotive** benefitted from relatively good sales in July and August compared to the previous months, but faces a slight decrease in September

Consumer activity in Japan

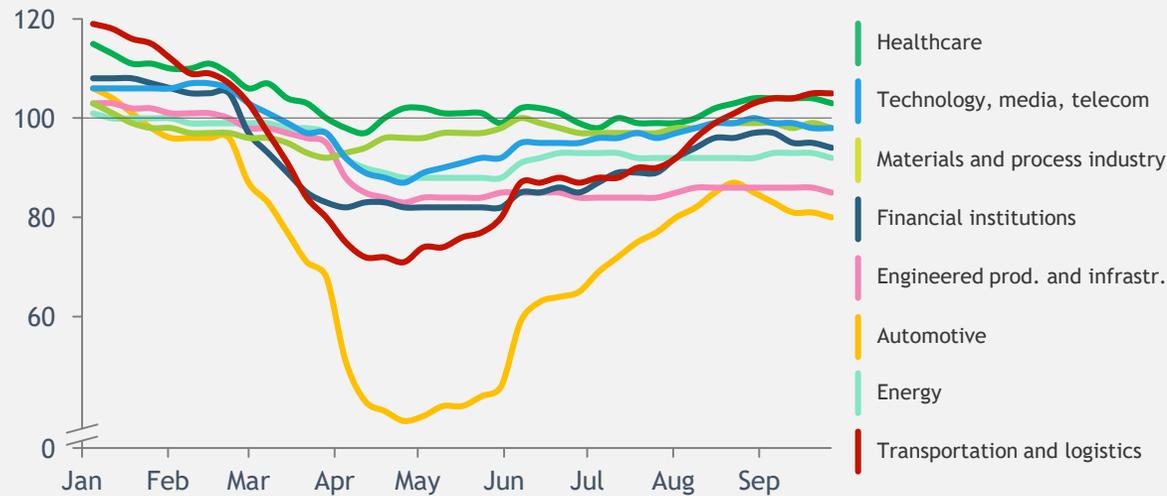


- **Japan** has managed to keep a strong CAI throughout the early phase of the pandemic (never going below 70) and managed to recover despite the early May dip. On Sep 23, Japan's Consumer Activity Index is at 92
- However, the government's unique approach to the pandemic causes the recovery to be quite erratic compared to that of the US/EU
- Compared to pre-crisis levels, some indicators are close to recovery ...
 - **Grocery mobility**: +1%
 - **Retail mobility**: -2%
 - **Residential mobility**: +7%
- ... while some others are still weighing on the CAI a bit
 - **Workplace mobility**: -24% and **transit mobility**: -19%



Exhibit 5 | After a steady recovery for sectors most impacted, flattening sectors below pre-crisis level

BCG Economic-Recovery Pulse Check in Brazil



- Brazil suffers a long impact of the COVID-19 crisis. Drop of activity started with the lockdown in European countries and the US in March 2020
- Brazil is still suffering from the sanitary crisis, so recovery is slower than in other countries
- The impact of the crisis has been high on all sectors, especially **automotive** and **transportation and logistics** due to decrease of international imports and exports
- Some sectors such as **energy** and **engineered products and infrastructure** seem to flatten out since a few months, below pre-crisis levels

Consumer activity in Brazil

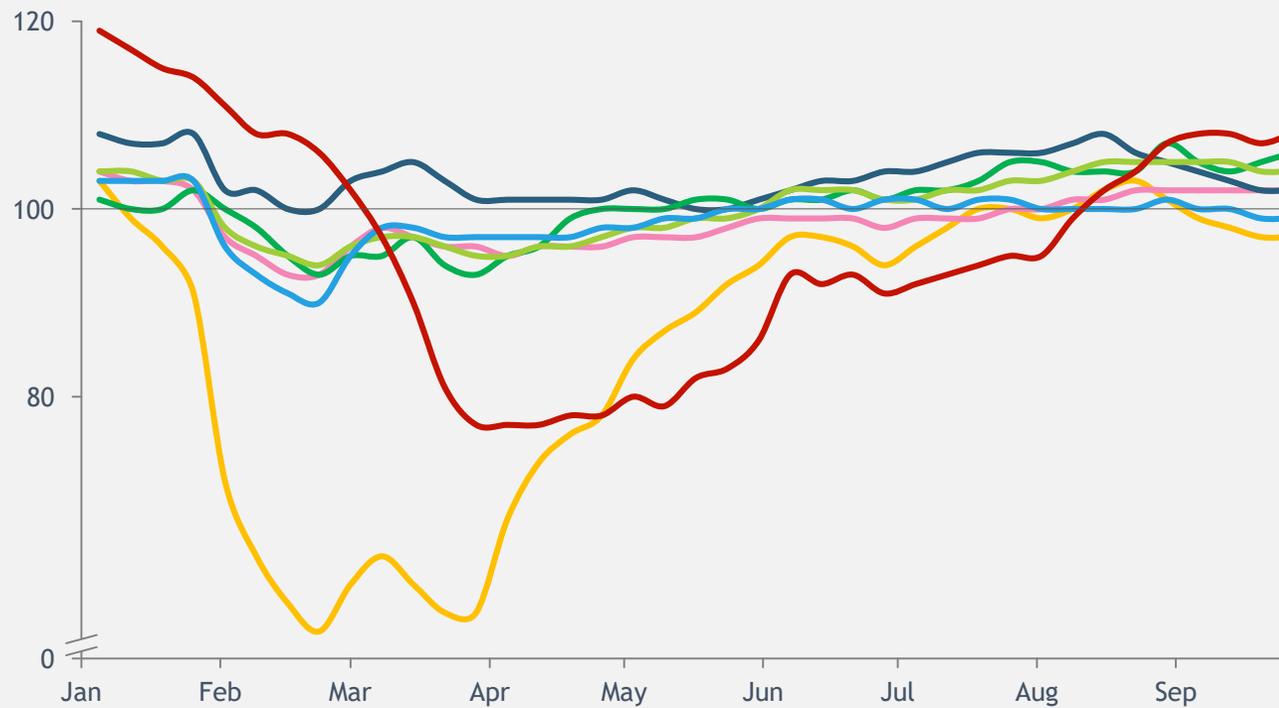


- **Brazil's** Consumer Activity Index has managed to recover quite well despite the intensity of the pandemic (CAI: 91)
- Unlike for the majority of other countries, the CAI has continuously increased through the summer, and the underlying mobility factors are currently quite close to their early 2020 baselines
 - **Grocery mobility:** +8%
 - **Workplace mobility:** -7%
 - **Residential mobility:** +9%
- **Retail** and **transit**, however, are still weighing down on the Consumer Activity Index (-24% and -26% vs. pre-COVID-19 baseline, respectively)



Exhibit 6 | After a continued growth through the summer, most sectors to stabilize to pre-crisis levels

BCG Economic-Recovery Pulse Check in China



- China, which has slowly grown through the summer for most sectors, seems to stabilize, benefitting from an absence of a second wave
- Transportation and logistics, which was lagging, has recovered but is still below January level
- Financial institutions seems to begin decreasing, bearing (as in other countries) the uncertainty of other sectors
- Automotive is relatively high, driven by promising sales in August

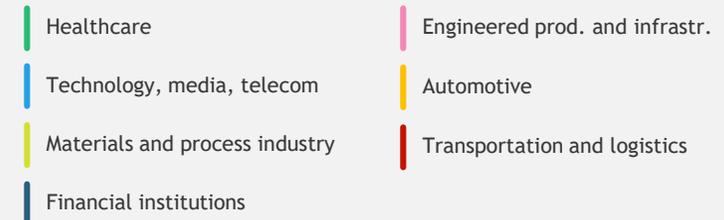
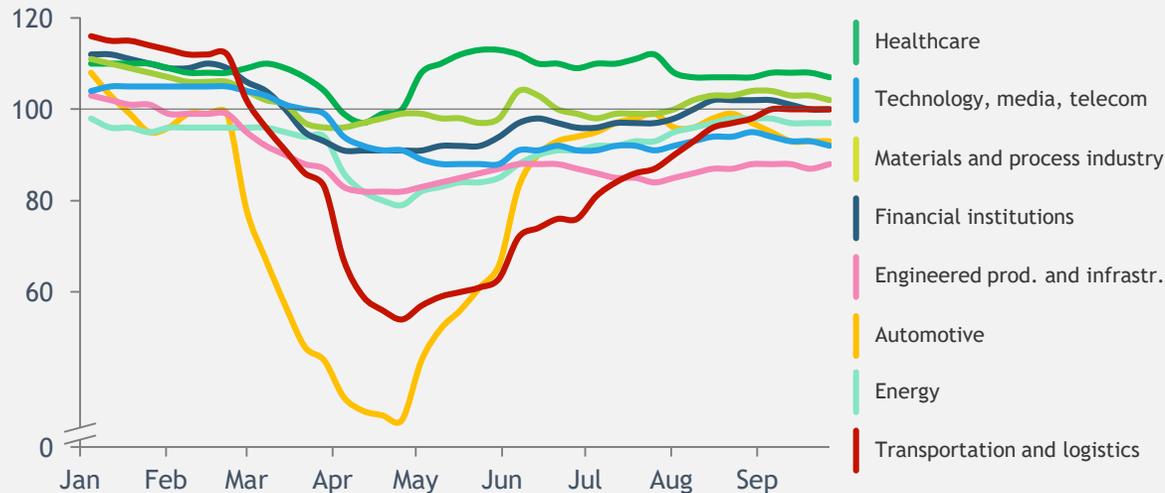


Exhibit 7 | Slight decline in consumer activity in the last week, with many sectors plateauing below January level

BCG Economic-Recovery Pulse Check in France



- **Automotive** showing positive signs, with relatively promising sales in August (still below previous year). Nevertheless, current outlook is unlikely to hold in the coming months
- **Engineered products and infrastructure** seems to continue its recovery after a decrease in June and July, driven by the MIA¹ subsector
- **Transportation and logistics** sector was highly hit with the diminution of international imports and exports. After staying mostly flat in July, recovery seems to pick up again in August and to stabilize in September
- **Healthcare** sector is still high but benefitted less from the crisis in the last two months, especially during the summer. Watch out for the coming months, due to a renewed wave of infections

Consumer activity in France

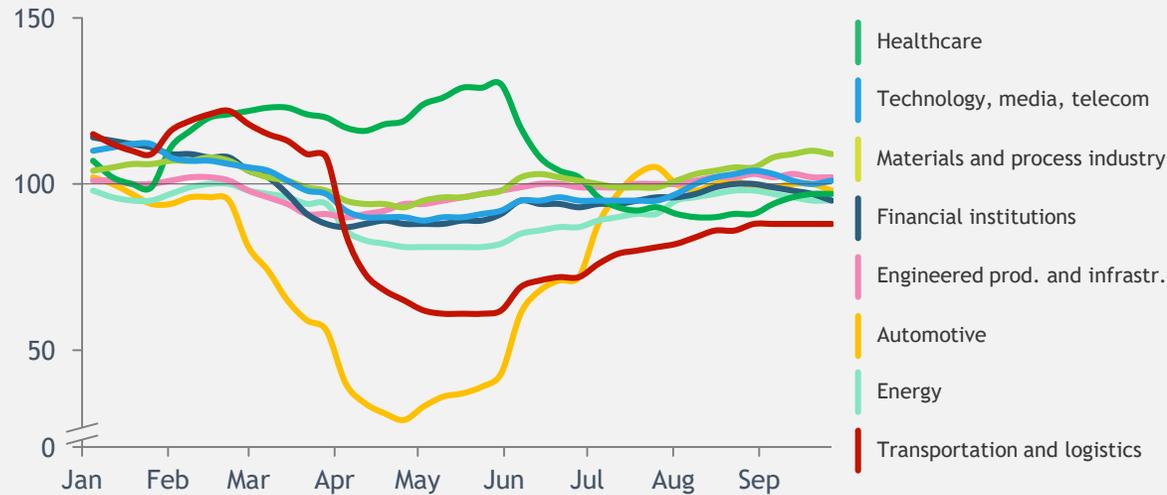


- After a strong summer, France's CAI is starting to decline, as the country struggles with an intense second COVID-19 wave
- After peaking at 95 on September 9, the CAI has started to decrease through September and is now back to 94
- Though most of the mobility indicators still look strong, retail mobility and grocery mobility have once again started to decline
 - **Grocery mobility:** -4%
 - **Retail mobility:** -14%
 - **Residential mobility:** +2%
 - **Transit mobility:** -10%
 - **Workplace mobility:** -17%



Exhibit 8 | Slow but steady consumer activity recovery throughout the summer, still below EU average

BCG Economic-Recovery Pulse Check in the UK



- **Automotive** seems to benefit from a summer lull, driven by relatively good confidence in the sector and higher sales compared to some European counter-parts. Sustainability uncertain in the coming months
- **Transportation and logistics** showing a slow recovery, weakest among major European countries
- **Materials and process industry** benefits from a better confidence in the metals and mining subsector and relatively high prices, for instance, for aluminum
- **Healthcare** sector, which remained high during the crisis, saw a drop in July and August, impacted by lower confidence in the consumer health sub-sector compared to other countries

Consumer activity in the UK

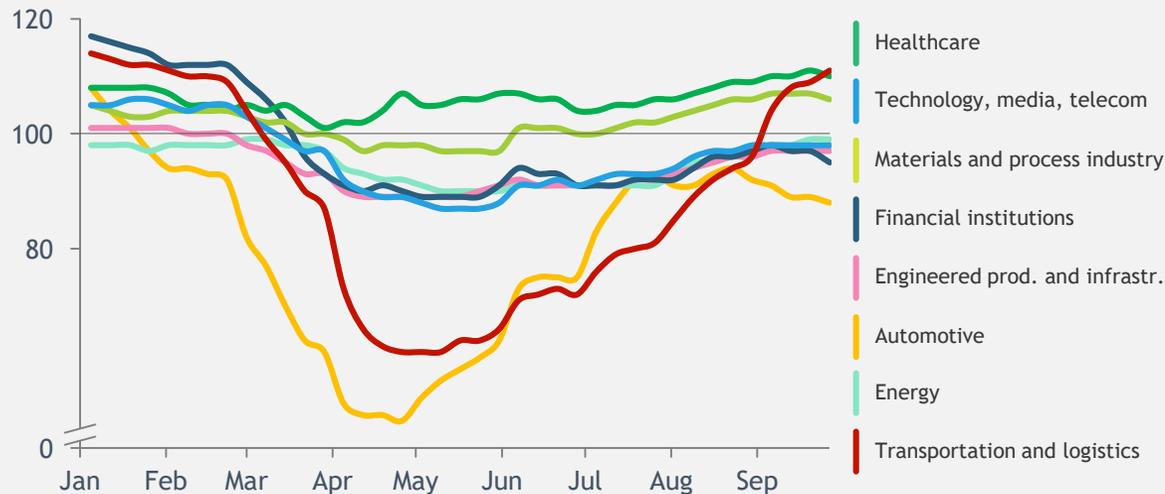


- While it remains behind the EU average, the UK's CAI has managed to keep recovering through the summer. The country's index is gradually catching up with its European counterparts (currently at 85)
- However, just like many EU countries, the UK is currently facing a second wave of COVID-19, and the country's CAI has started to slightly decline
- **Retail, workplace, and transit mobility** in particular remain far from their pre-COVID-19 baseline (-22%, -28%, and -33%, respectively)



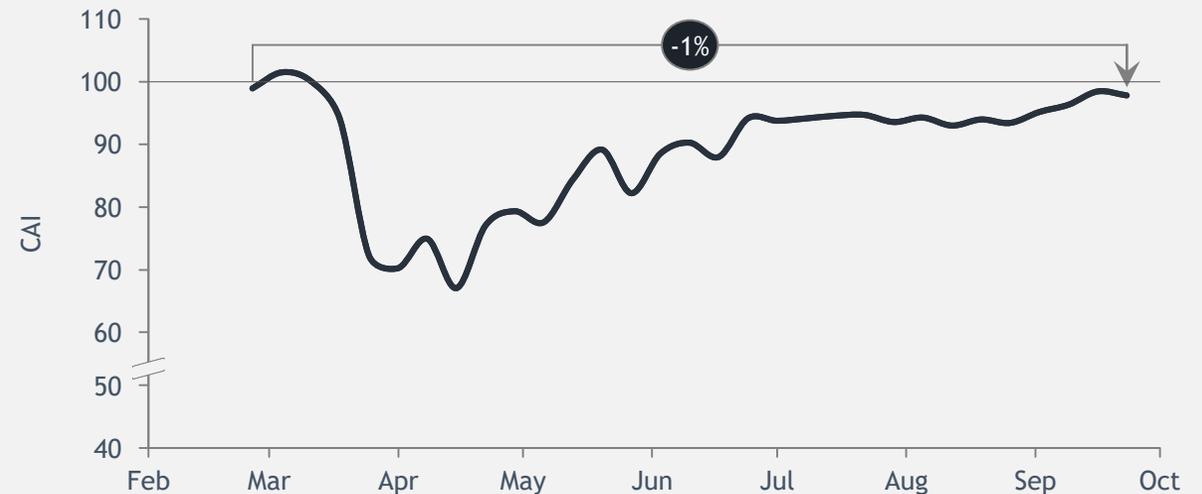
Exhibit 9 | Close to full consumer recovery, leading the rebound in Europe

BCG Economic-Recovery Pulse Check in Germany



- **Automotive**, which showed signs of recovery in the summer, has started to decrease due to relatively low sales in August
- **Engineered products and infrastructure** proving resilient, despite insolvency risk to SMEs
- **Energy** nearly recovered, driven by a recovery in the energy consumption
- **Transportation and logistics** steadily recovering at one of the fastest paces among European countries and seeming to be less impacted than other European countries

Consumer activity in Germany

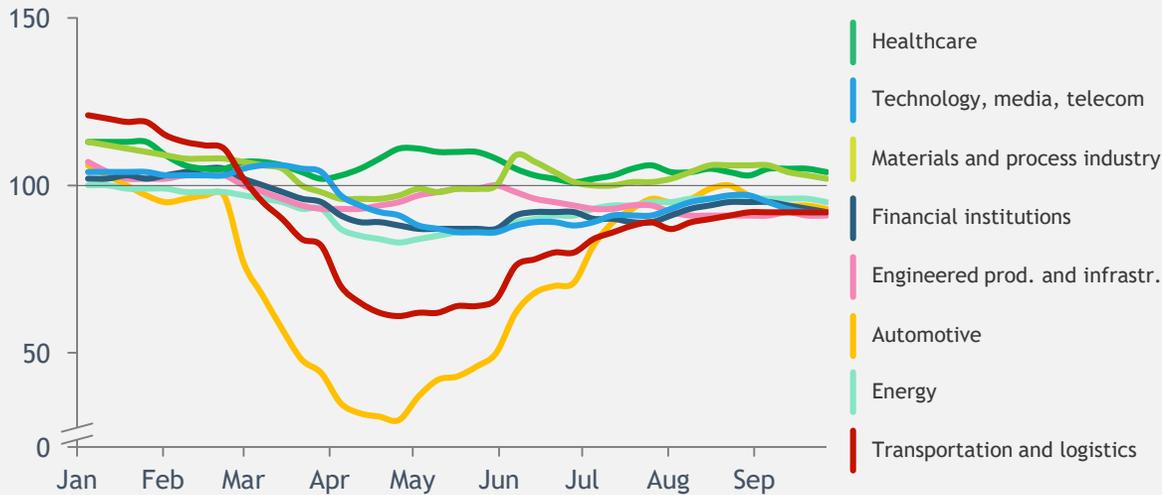


- Germany has had one of the smallest drops in consumer activity of all EU countries. The CAI barely dropped below 70 mid April and has now basically recovered (CAI: 98)
- Most of the underlying indicators are back to their pre-COVID-19 levels, with **retail mobility** only at -2%, **residential mobility** at +1%, and **grocery mobility** even up +4%
- Even **workplace mobility** is only down -12% vs. pre-crisis baseline—one of the strongest EU values
- However, Germany is also currently dealing with a new infectious wave, which will likely impact its CAI in a negative way

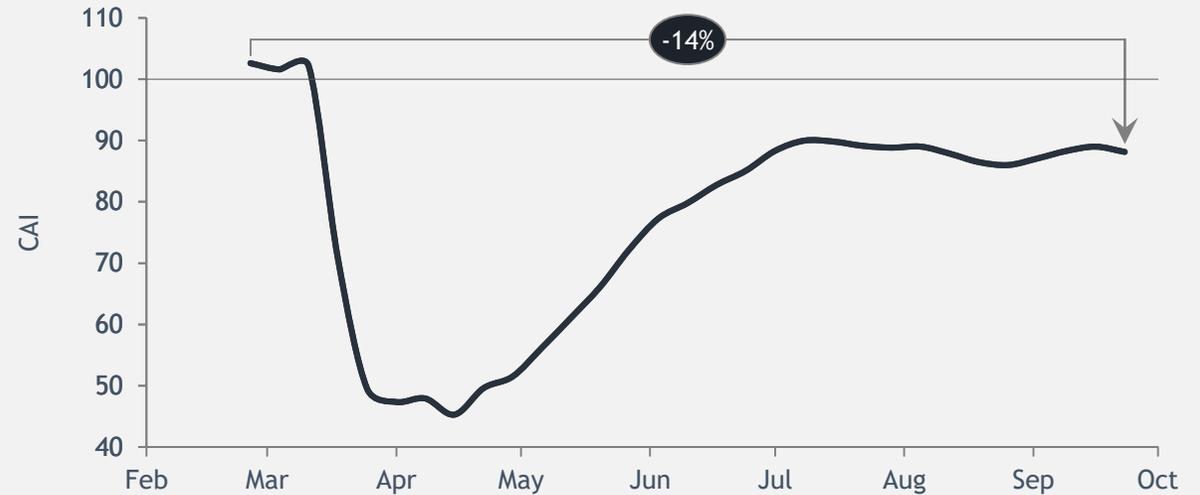


Exhibit 10 | Both consumer activity and sectors flattening out, below pre-crisis levels

BCG Economic-Recovery Pulse Check in Spain



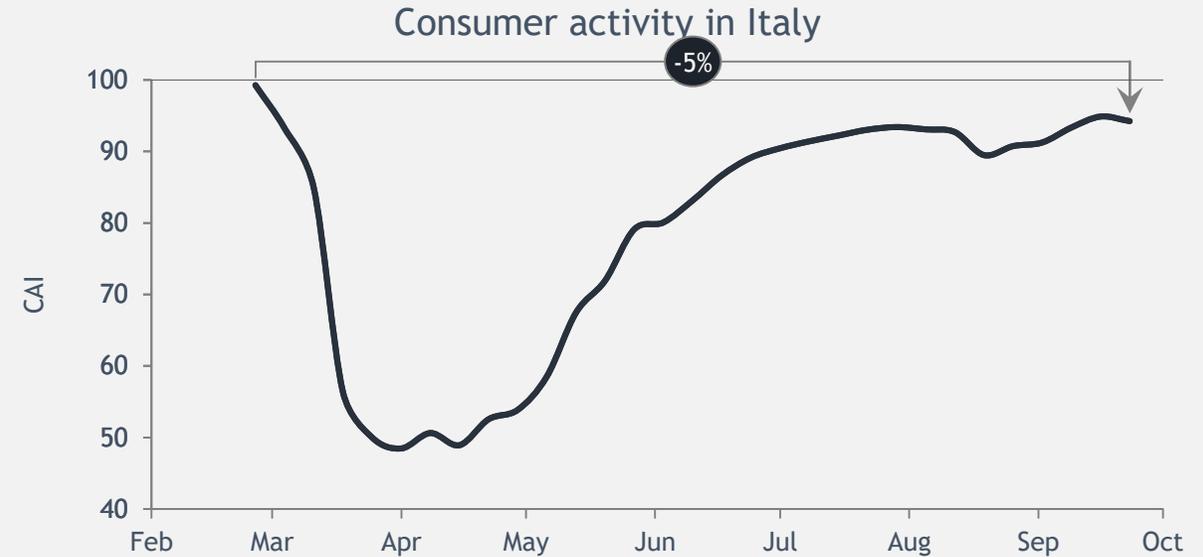
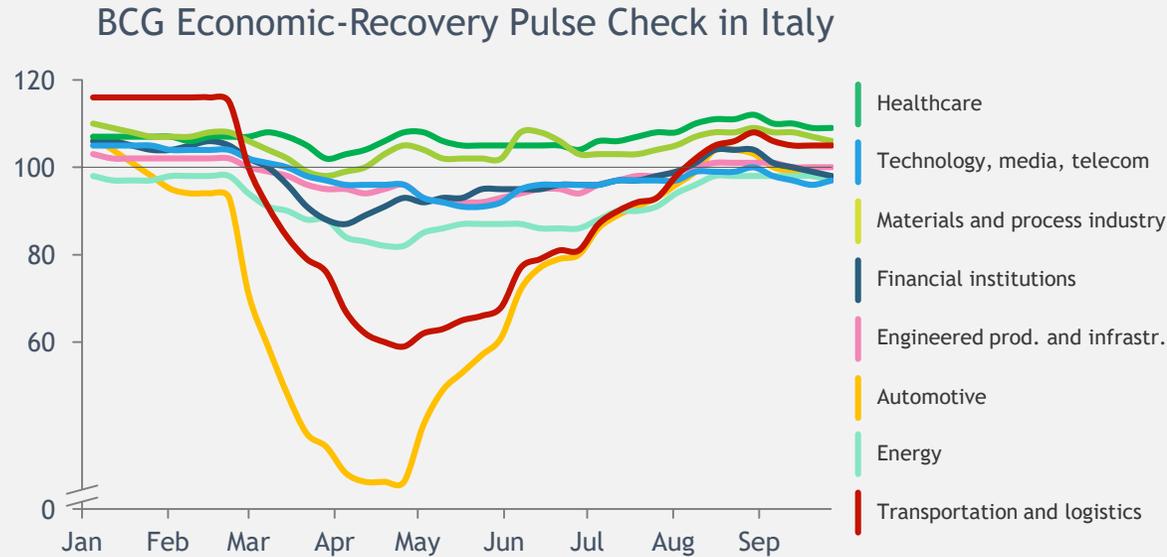
Consumer activity in Spain



- Spain was hit hard during the first wave of infection and is currently applying tougher measures locally
- While some sectors are close to recovery, overall, Spain seems to recover slower than European peers such as France and Germany, and all sectors are flattening out or decreasing in the last weeks
- Engineered products and infrastructure has been flat for nearly two months due to lower confidence in the infrastructure as well as aerospace and defense subsectors, and a flat machinery and industrial-automation sector
- Automotive has recovered steadily with encouraging sales in the last months, but has yet to recover fully

- Spain was hit by the second COVID-19 wave earlier than most of its European counterparts, preventing the CAI to recover through the summer
- The index has been stagnating for a few months and is currently at 88, which was its early-July-2020 value
- While some indicators are close to their pre-COVID-19 baseline ...
 - Residential mobility: +5%
 - Grocery mobility: -6%
- ... many mobility indicators are still far from recovery
 - Retail mobility: -23%
 - Transit mobility: -28%
 - Workplace mobility: -21%

Exhibit 11 | Consumer act. resisting better 2nd wave of infection than some peers, with better retail and grocery mobilities



- Overall, Italy has partially recovered, but is still below January level
- **Material and process industry** is close to pre-COVID level, driven by the building materials subsector benefitting from a higher number of public tender awards and a better outlook
- **Energy** has recovered, driven by an energy consumption returning to normal levels
- **Transportation and logistics** recovery is driven by a better confidence in the last two months and improving exports and imports in July and August versus June

- Despite being one of the hardest-hit EU countries, Italy has managed to not only recover (CAI: 94) but to resist the second COVID-19 wave better than many of its European peers
- Italy displays, for instance, some of the strongest mobility numbers in the world vs. pre-crisis levels
 - **Residential mobility**: +1%
 - **Retail mobility**: -7%
 - **Grocery mobility**: -4%
 - **Transit mobility**: -13%

Definitions

Consumer Activity Index | Mobility metrics

Place categories

Grocery & pharmacy

Mobility trends for places like grocery markets, food warehouses, farmers markets, specialty food shops, drug stores, and pharmacies.

Parks

Mobility trends for places like local parks, national parks, public beaches, marinas, dog parks, plazas, and public gardens.

Transit stations

Mobility trends for places like public transport hubs such as subway, bus, and train stations.

Retail & recreation

Mobility trends for places like restaurants, cafes, shopping centers, theme parks, museums, libraries, and movie theaters.

Residential

Mobility trends for places of residence.

Workplaces

Mobility trends for places of work.

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