



Baromètre de la reprise économique - 1^{ère} édition- 26 juin 2020

Methodology | A custom methodology to define BCG Economic Recovery Pulse check

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



Countries



Macro-sectors



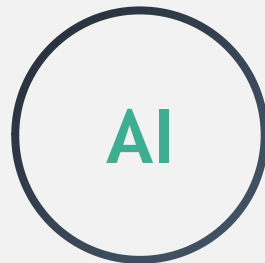
Granularity



Data sources



Data points



Algorithms for index definition



Two different lenses based on sectors for each country

Consumer sectors: Consumer Activity

- A dedicated index tracking consumer activity at a granular level. Leverages dozens of consumer behavior related variables e.g.
 - **Mobility data** captures the amount of confidence consumers have in the environment around them
 - **Credit card data** captures how liquid consumers are and how they allocate spending

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
 - Macro economic index
 - Specific data source by sector

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

Methodology | How to understand Cross Sector Activity and Consumer Activity?

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

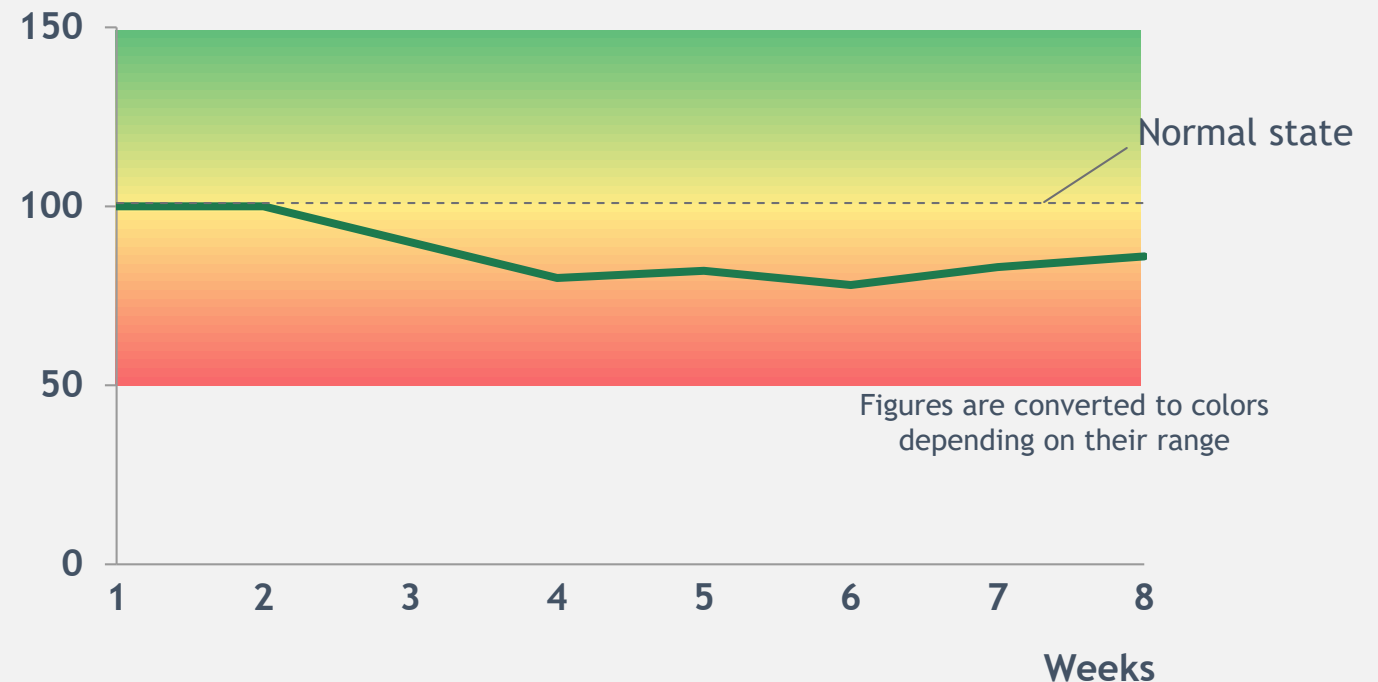
- Index >100 indicates above normal activity
- Index <100 indicates below normal activity

Normal state corresponds to activity

- *One year ago for Cross Sector Activity¹*
- *In February 2020 for Consumer Activity*

Illustration of the Cross Sector Activity

Cross Sector Activity



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

Exhibit 1 | Sectors are evenly impacted across countries

Economic Recovery Pulse check on June 15th, 2020

	Average	USA	Europe	FR	DE	IT	SP	UK	JP	BR	CN
Engineered Products & Infrastructure ¹	90	90	95	85	90	95	100	100	85	85	100
Materials & process industry ²	100	100	100	105	100	105	105	95	90	95	100
Energy	90	90	85	90	90	85	85	85	95	95	
Automotive & mobility	90	90	80	80	85	75	75	75	85	75	95
Transportation & Logistics	80	85	<75	<75	<75	<75	<75	<75	<75	85	95
Financial Institutions	95	95	95	95	95	95	90	95	90	85	100
Technology, Media & Telecom	90	85	90	90	90	95	90	90	90	85	100
Health ³	105	105	>110	>110	105	110	105	>110	85	105	100
Retail & consumer goods	85	90	85	85	95	85	80	<75	90	80	

Booming sector



Health

Most negatively impacted sectors



Transportation & Logistics



Retail & consumer goods

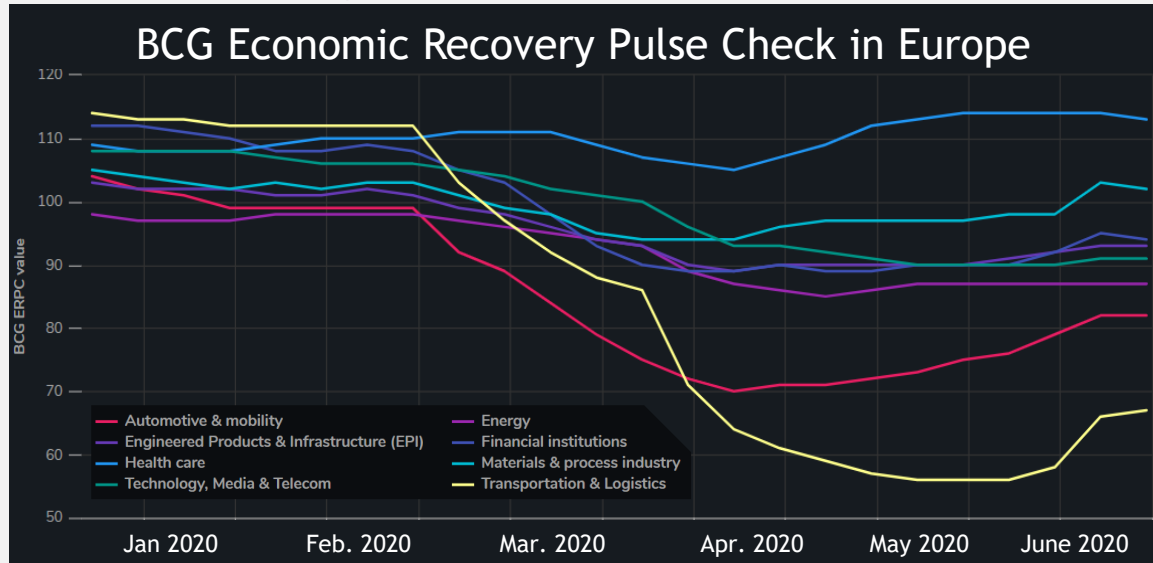


Automotive & mobility

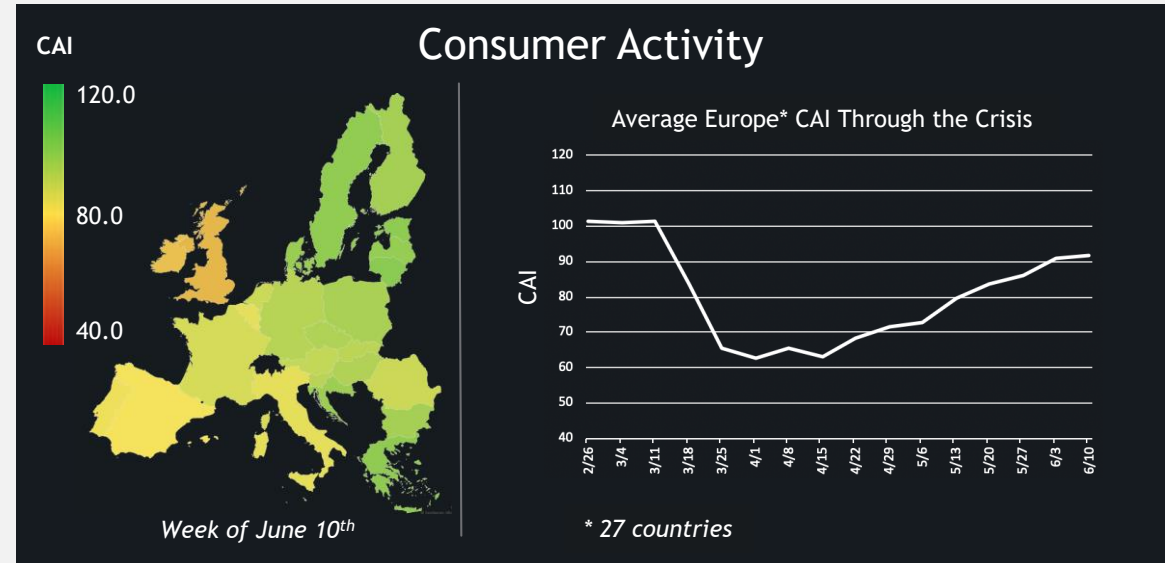
1. Aerospace & Defense, Infrastructure, Machinery & Industrial Automation 2. Chemicals, Metals and mining, Building Materials, Forest Products, Paper and Packaging
 3. Medical Tech, Biopharma, Consumer Health (excluding Hospitals)



Exhibit 2 | Europe countries recovery after lockdown differs by sector



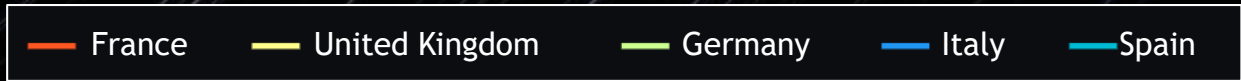
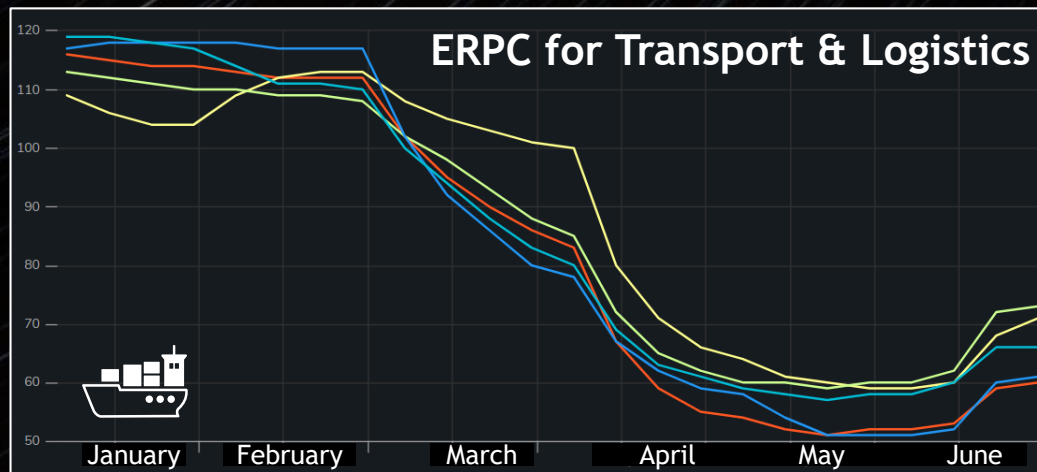
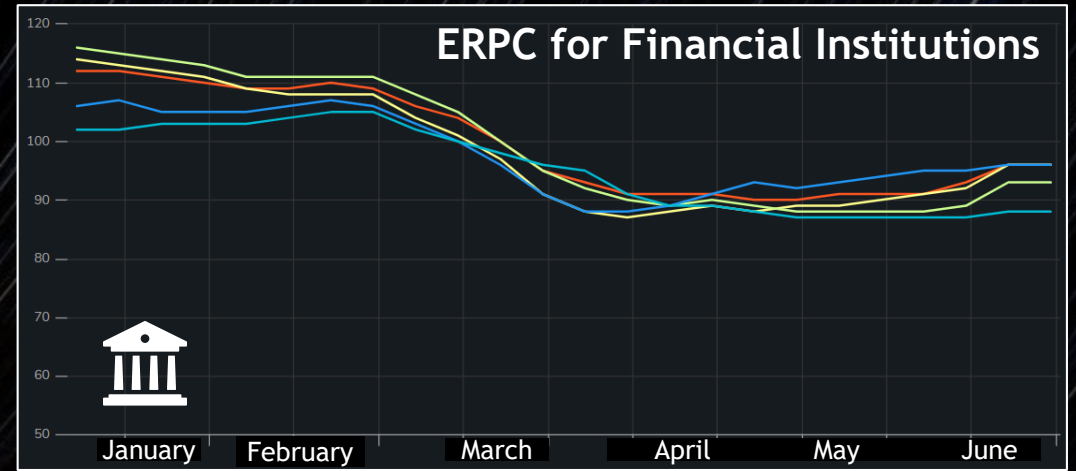
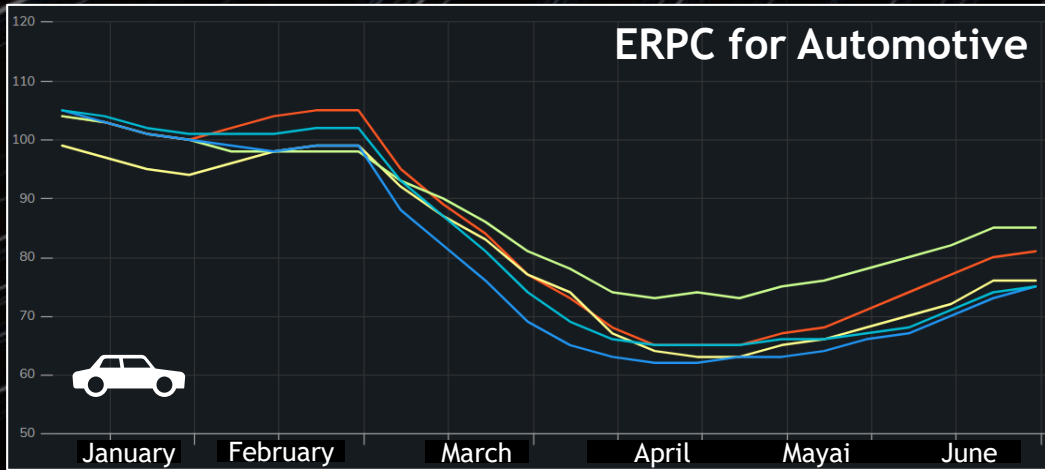
- **Automotive** sector have particularly suffered from lockdown (-95% new car sales in April 2020 in Italy & Spain) but is now starting to recover. Germany and France are recovering better (sales made outside Europe and specific gov. recovery plan)
- **Transportation & Logistics** sector was highly hit with diminution of international imports and exports
- **Financial sector** carries uncertainty of other sectors and will suffer more with longer term impact (provisions to anticipate default and credit loss)
- **Health Care sector** was the sector with most positive impact during the Covid period (rebound of self-medication and Covid treatment)



- The CAI recovery continues in Europe
- **Scandinavian countries** and **Germany** (CAI: 94) lead the way in Europe
- **The UK** is still far behind its European peers, and lost 4 points (CAI: 71) vs last week, mainly dragged down by:
 - Transit mobility: -55% vs. pre-crisis baseline
 - Workplace mobility: -46% vs. pre-crisis baseline
 - Retail mobility: -62% vs. pre-crisis baseline
- **Spain** (CAI: 80), **Italy** (CAI: 84) and **France** (CAI: 87) are pursuing their recovery with residential mobility almost back to pre-COVID levels (only up about +10%). However, transit mobility metrics are still far from their normal levels (down about -37% on average)

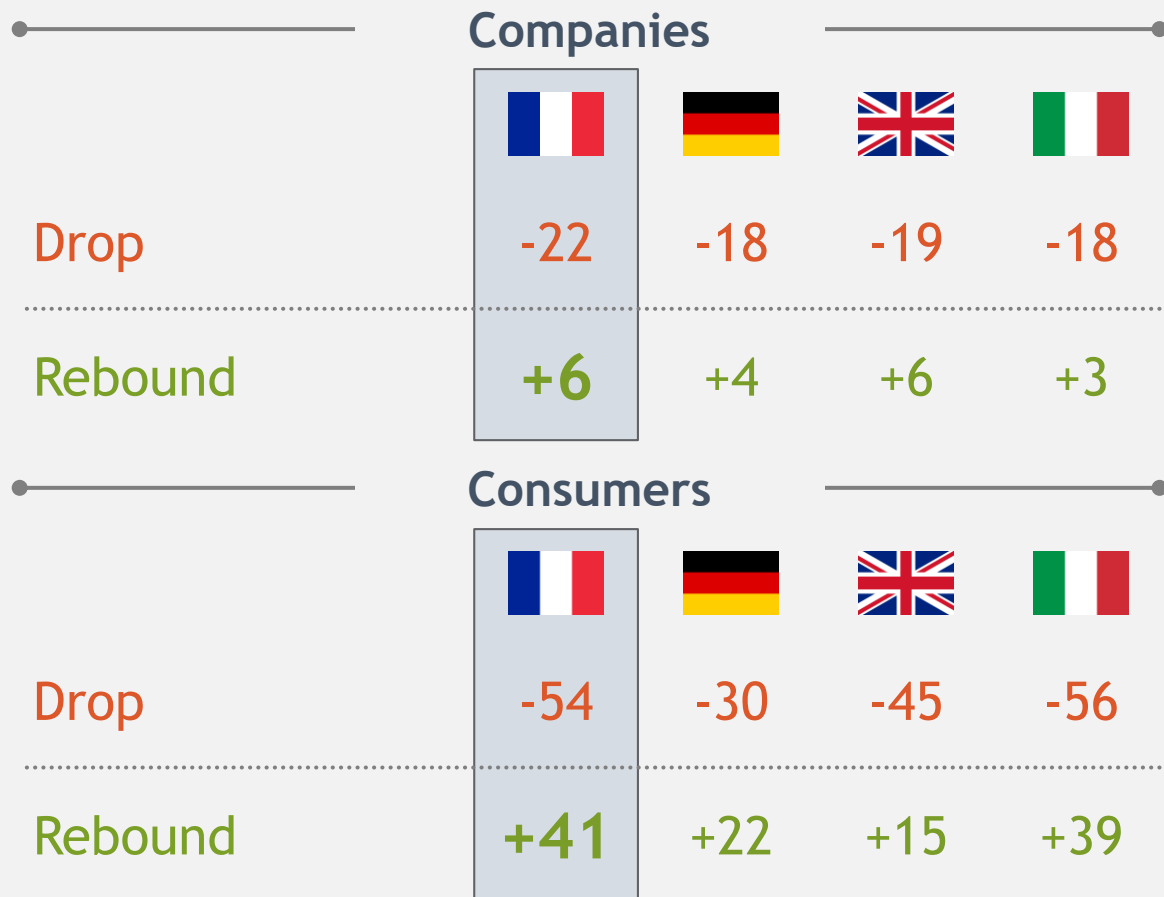


Back-up | Crisis has different impact by sector and country





Back-up | Rebound of economic and consumer activity in France



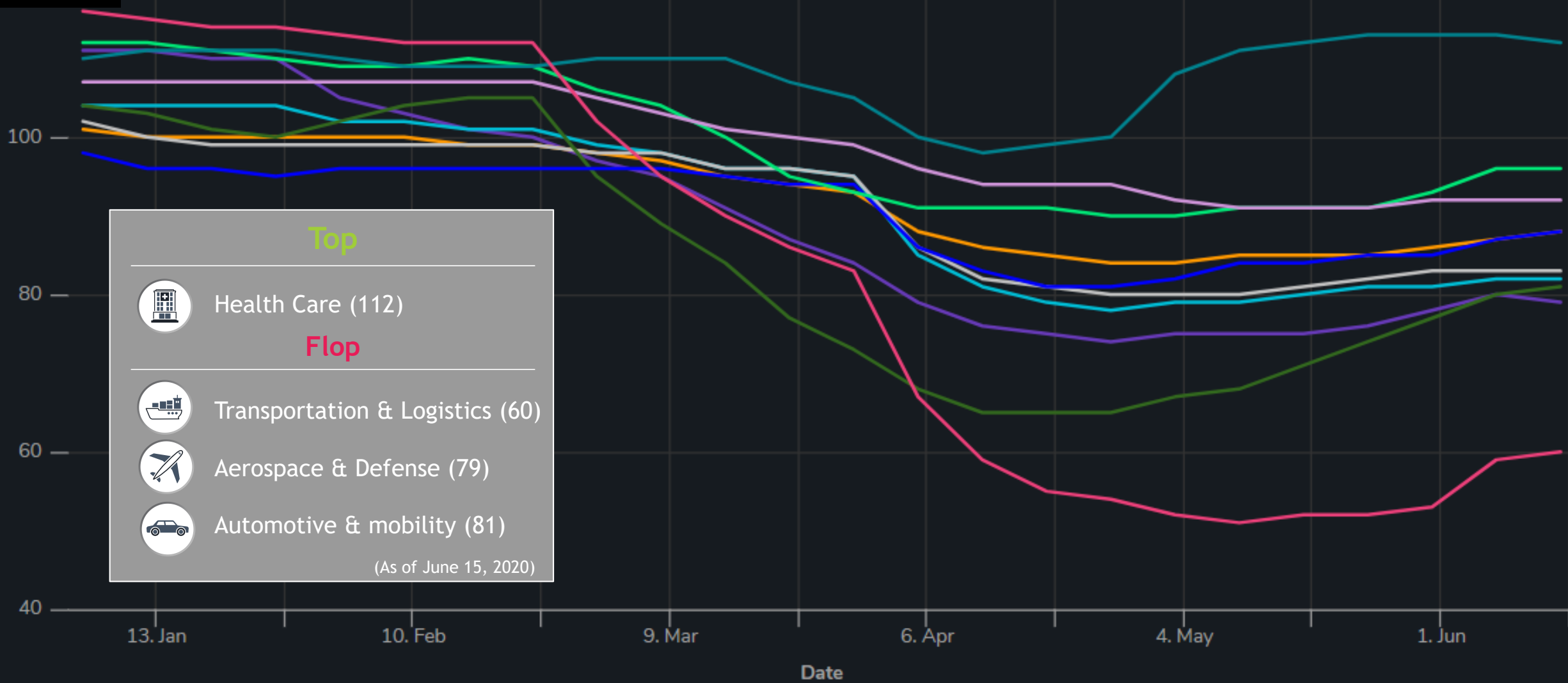
1^{er}

France: **highest rebound** among Top 4 Europe countries

Note1: Top 4 Europe : France, Germany, UK, Italy Note2: Drop of ERPC/CAI level between mid-February and mid-April. Rebound of ERPC/CAI between mid-April and mid-June



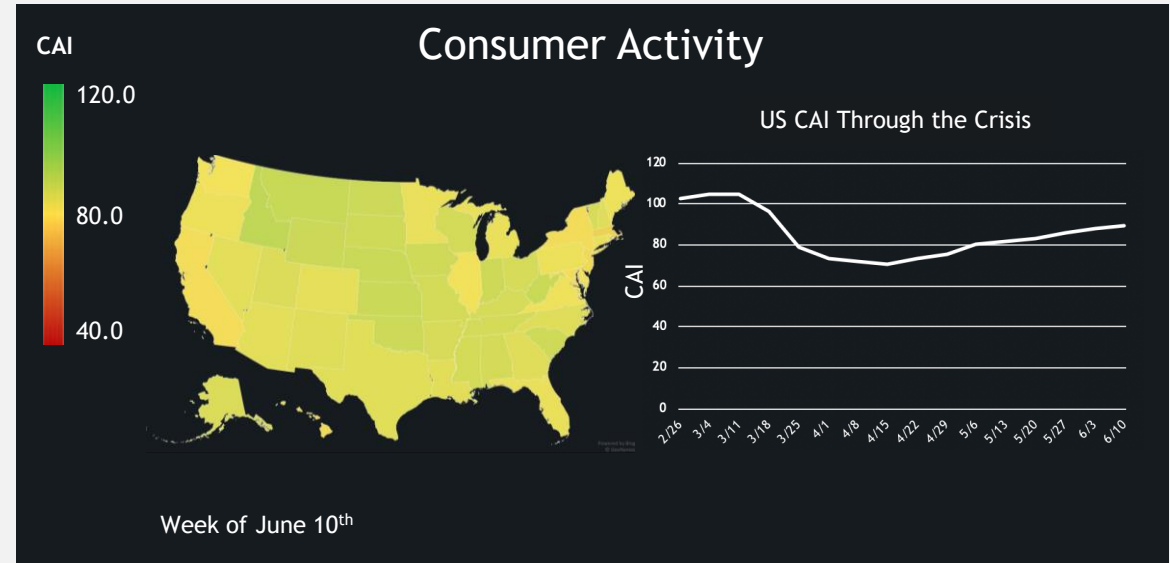
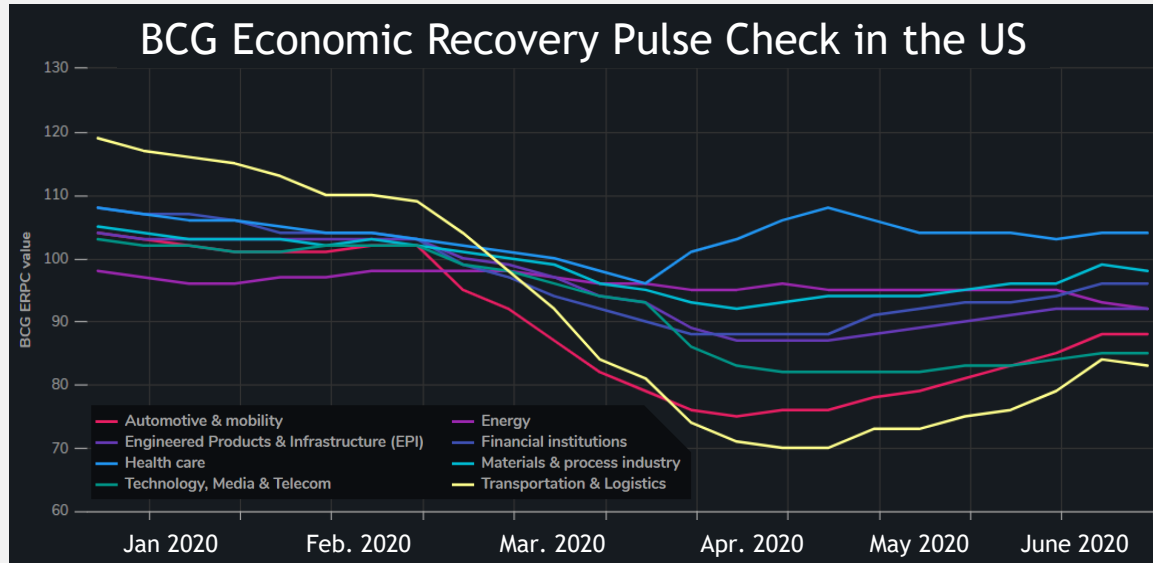
Back-up | Economic Recovery Pulse Check by sector in France



- Aerospace & Defense
- Automotive & mobility
- Technology, Media & Telecom
- Building Materials
- Energy
- Transportation & Logistics
- Machinery & Industrial Automation
- Financial institutions
- Infrastructure
- Health care



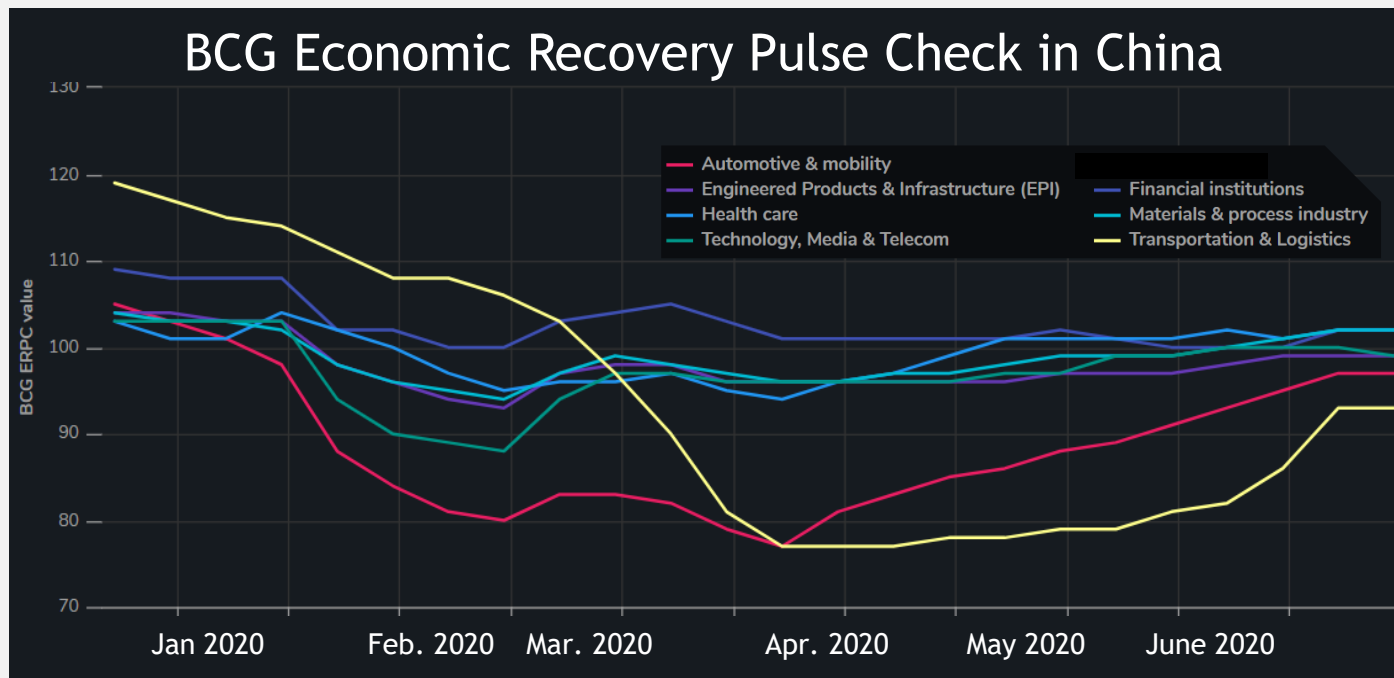
Exhibit 3 | US recovery after lockdown differs by sector



- Overall, **sectors** are not suffering as much as in European countries because lockdown measures were progressive and not generalized to the whole country. For example, **Automotive** sector was less hit than other countries and is recovering quite well (dealers were opened during lockdown as essential goods stores)
- **Transportation & Logistics** sector is still highly hit with diminution of international imports and exports
- **Financial sector** carries uncertainty of other sectors and will suffer more with longer term impact (provisions to anticipate default and credit loss)

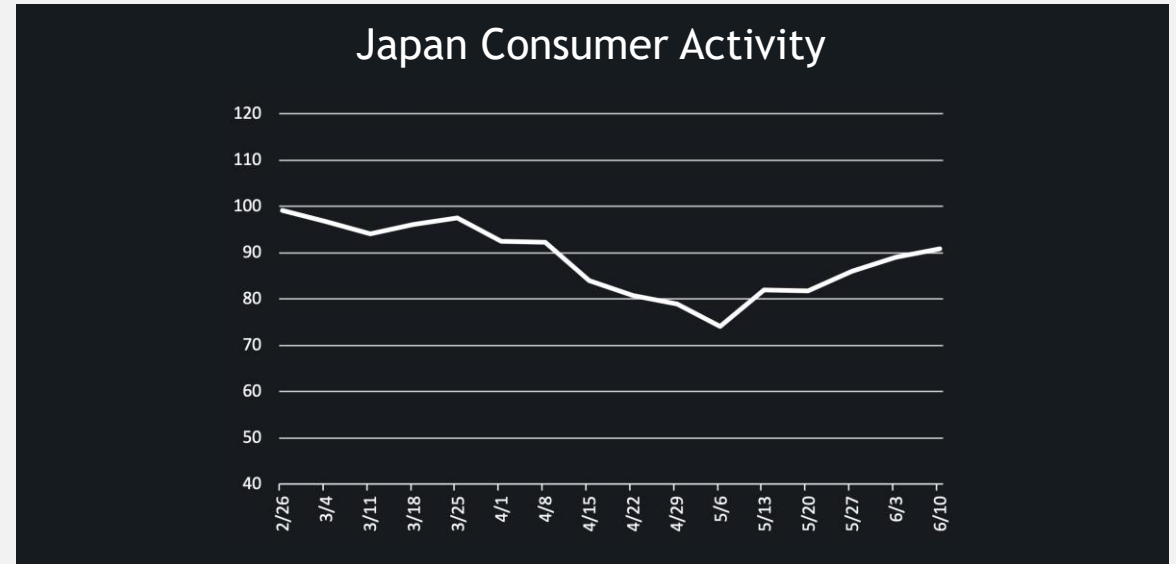
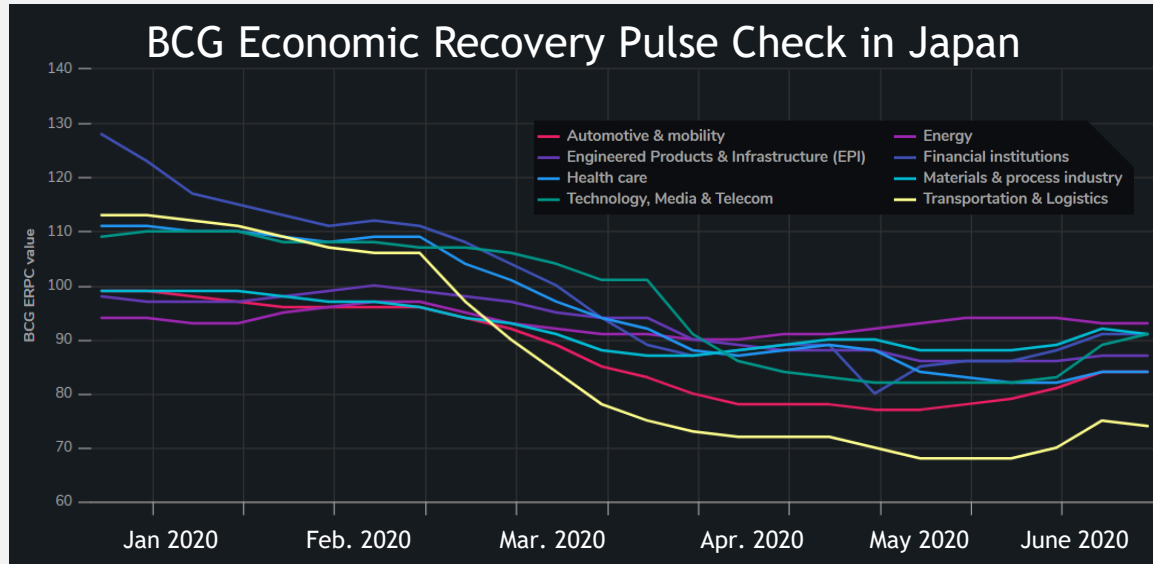
- All states continue their consumer activity recovery
 - **Midwest, south and central states** tend to have rallied faster, as transit and retail mobility are almost back to early 2020 levels in many areas. Restaurant sales are also making solid improvements and are even up YoY in some states (e.g. +10.9% YoY in Montana)
 - Most of **northeast and west coast states** are still lagging behind (e.g. MD, NJ, CA, NY, MA, WA) but the underlying drivers differ e.g.
 - In NJ, transit mobility is down -48% vs. to pre-COVID levels
 - In MA, dept store sales are down -73% YoY
 - In NY, restaurant sales are down -30% YoY
- Note: we are monitoring the 2nd wave of infections taking place in some southern states

Exhibit 4 | China recovery after lockdown differs by sector



- China was the first country to be impacted by the Covid crisis in January 2019. Most sectors have now recovered after a clear drop in February
- **Transport and Logistics sector** is the only sector still highly hurt due to decrease of international imports and exports with other countries still impacted by the Covid crisis
- **Automotive sector** had a quick recovery due to mobility shift. Car possession rate is quite low and many people are buying a car to avoid public transport

Exhibit 5 | Japan recovery after Covid crisis differs by sector

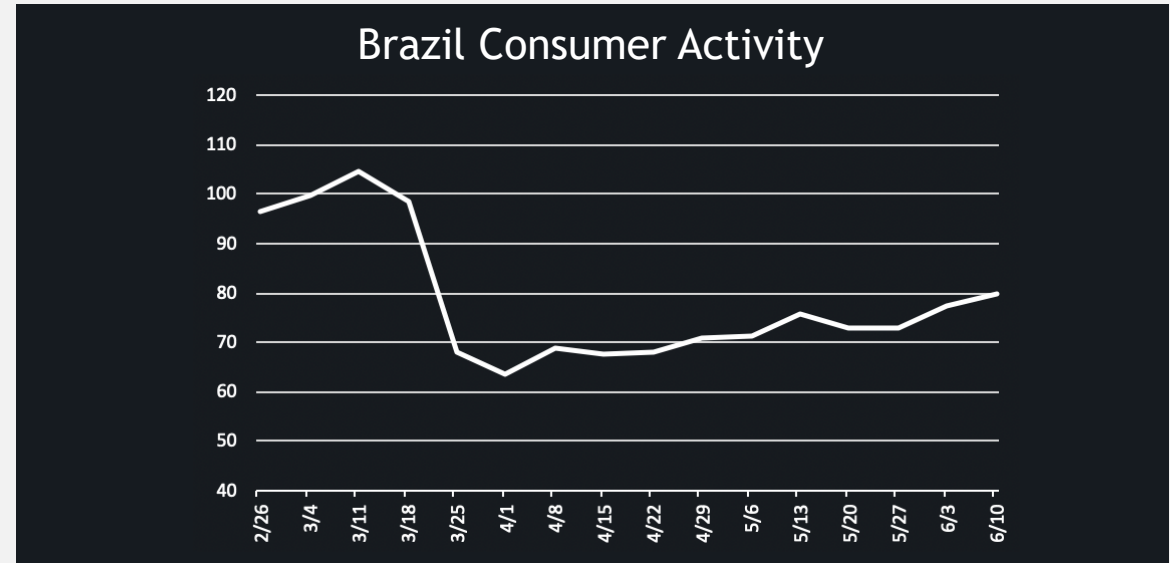
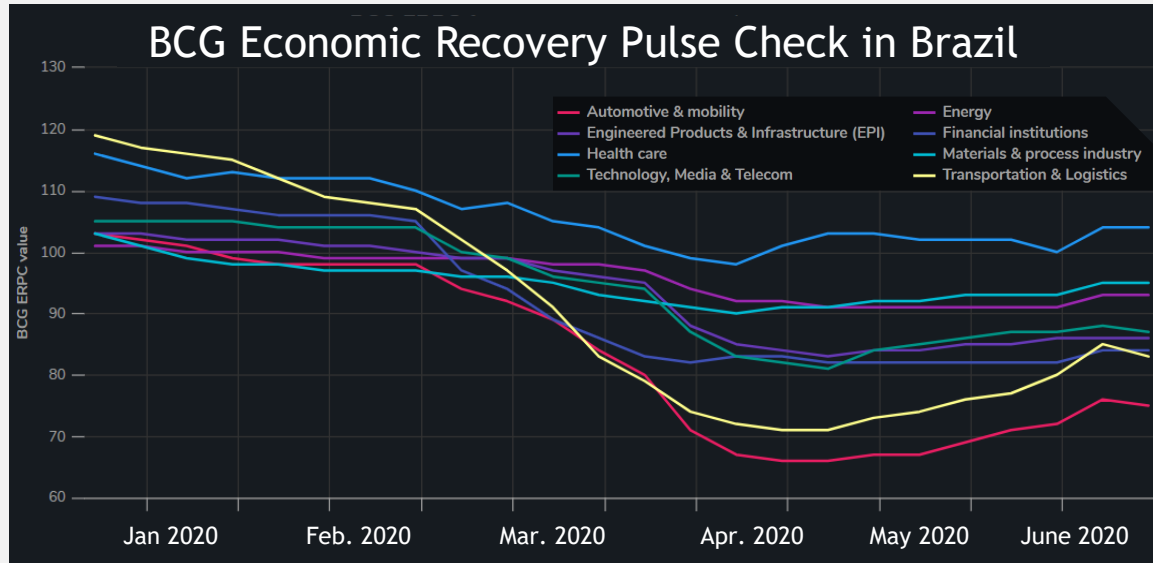


- Japan was prudent in Covid-crisis management to avoid panic. Crisis measures were gradual with no severe lockdown. Activity drop was then more progressive than in other countries
- **Transportation & Logistics** sector was highly hit with diminution of international imports and exports
- **Financial sector** carries uncertainty of other sectors and will suffer more with longer term impact (provisions to anticipate default and credit loss)
- Impact on **Energy sector** was limited during the crisis because lockdown measures were limited in Japan and transports were not shut down

- Japan has managed to keep a strong CAI throughout the early phase of the pandemic, but the index dipped to 75 early May
- Since then, the country consumer activity has picked up and the CAI is already back to 91 on June 10th
- Compared to pre-crisis levels, some indicators are close to recovery...
 - **Grocery mobility**: +1.3%
 - **Retail mobility**: -16.0%
 - **Residential mobility**: +7.3%
- ... while some others are still weighing heavily on the CAI
 - **Workplace mobility**: -13.1%
 - **Transit mobility**: -28.3%



Exhibit 6 | Impact of Covid crisis differs by sector in Brazil



- Brazil suffers a long impact of the Covid crisis. Drop of activity started with the lockdown in European countries and the US in March 2020
- Brazil is now suffering from the sanitary crisis so recovery is lower than in other countries
- Impact of the Covid crisis is high on all sectors, especially **Automotive** and **Transport and Logistics** due to decrease of international imports and exports
- **Automotive** sector's activity is restarting slowly in June but remains low with -75% new car sales vs last year (in May 2020)
- **Financial sector** carries uncertainty of other sectors and will suffer more with longer term impact (provisions to anticipate default and credit loss)

- Brazil consumer activity index remains low (CAI: 79) despite the lift of some of the lockdown and confinement measures, as the country still faces one of the worst outbreaks in the world
- Some mobility indicators are astonishingly close to pre-crisis levels...
 - **Grocery mobility:** +2.3%
 - **Workplace mobility:** -18.0%
 - **Residential mobility:** +13.6%
- ... while some other metrics remains very low and drag the CAI down
 - **Transit mobility:** -39.9%
 - **Retail mobility:** -43.6%
 - **Parks mobility:** -45.4%

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