

# Looking for the good news

## Global Chartbook

Free to View  
Economics - Global

- ◆ While more COVID-19 cases, lockdowns and political uncertainty are bad news for the global economy...
- ◆ ...some pockets of data are looking better...
- ◆ ...so we highlight where these are across the world

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After the politics, it's time to get back to the data. While US election noise, news and polls dominated financial markets for much of the past month, the underlying economic story in much of the world has become much more mixed, with news varying between more lockdowns, better recoveries and, now, vaccine breakthroughs.

In Europe, higher case numbers have meant tighter restrictions, raising the prospect of negative GDP prints in Q4. The mood in the region is understandably gloomy – as we said back in October 2020, the prospect of cooler temperatures was already being met by weaker activity data, with mobility numbers and the PMIs softening since the summer.

Elsewhere in the world, things are slowly getting better in many places. In the US, where cases are picking up too and we may see tighter restrictions down the line, the recovery remains on track for now. October's labour market data proved better than expected.

Mainland China's growth rebound is broadening, and although it may not be able to lift the rest of the world to the same extent as post-GFC, it will provide some support to global exports. A drop in cases in India has seen a sharp snap back in activity in October (possibly helped by Diwali), and in Latin America we've seen activity data keep grinding higher, despite medium-term problems persisting.

In the rest of APAC, there's some better news too. In Australia, Victoria's lockdown is over and the economy is on the path to recovery again. Lockdown restrictions are being loosened across much of ASEAN (outside of Malaysia) as COVID-19 infections ease. Global trade continues to fare better – export orders PMIs have picked up in many places and mainland China's exports were up 11.4% y-o-y in October. Although a lot of the trade robustness may be temporary, owing to demand for tech, medical products and goods consumption replacing services spending, the recovery across Asia appears to have more legs than in the west. The global composite PMI hit a two-year high in October. And all of this before positive news on the vaccine front.

That's not to say everything is rosy. Weaker demand from Europe, rises in permanent unemployment in the US and the risk of virus flare-ups elsewhere pose clear risks to the global growth outlook in Q4 and beyond, particularly if we see greater spillovers in terms of bankruptcies, further job losses or financial markets. The near-term risks may have risen further for the global economy in the past month – but it's important to remember that it's not *all* bad news.

*This is a redacted version of the report published on 10-Nov-20. Please contact your HSBC representative or email [AskResearch@hsbc.com](mailto:AskResearch@hsbc.com) for information.*

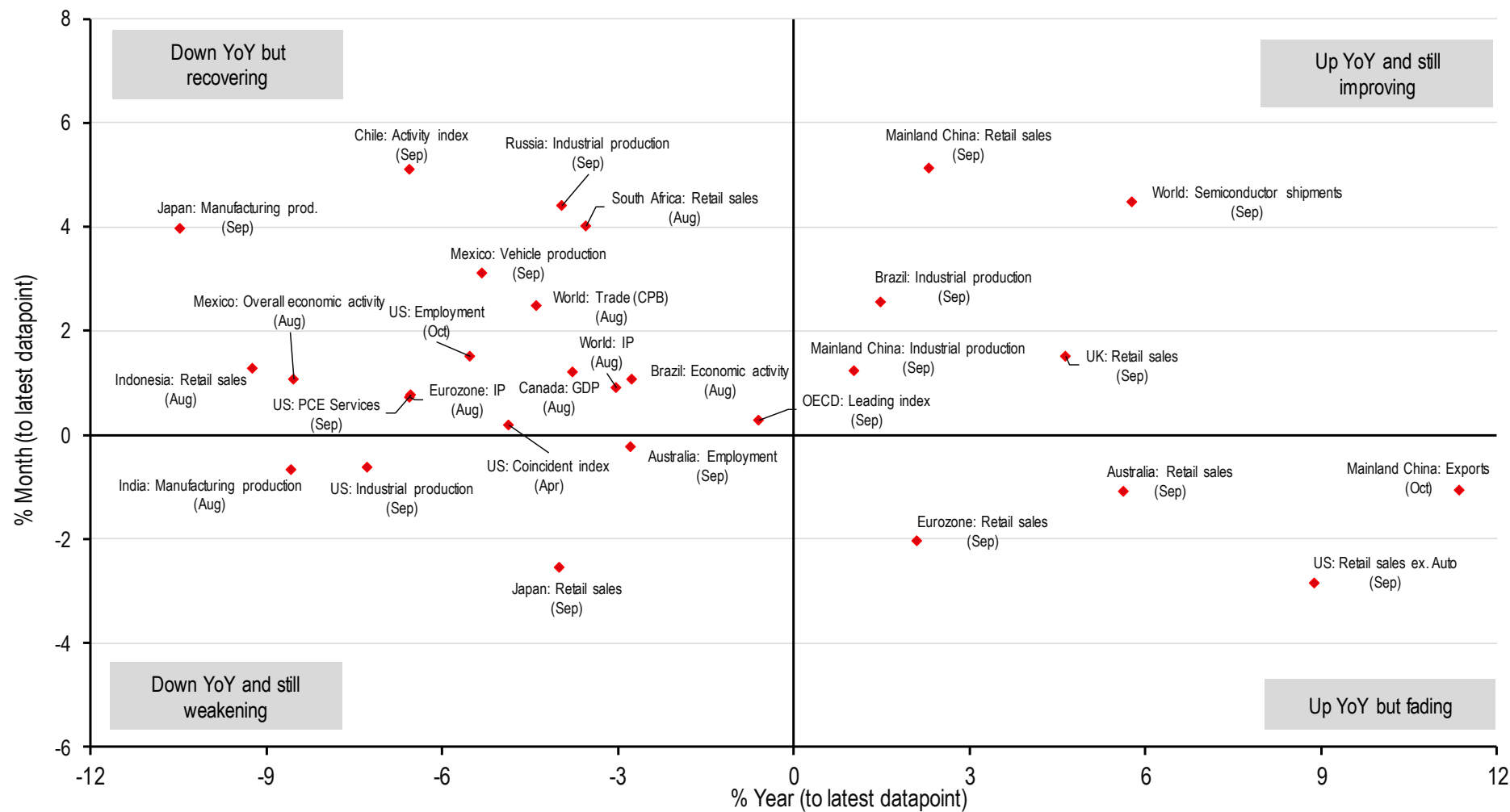
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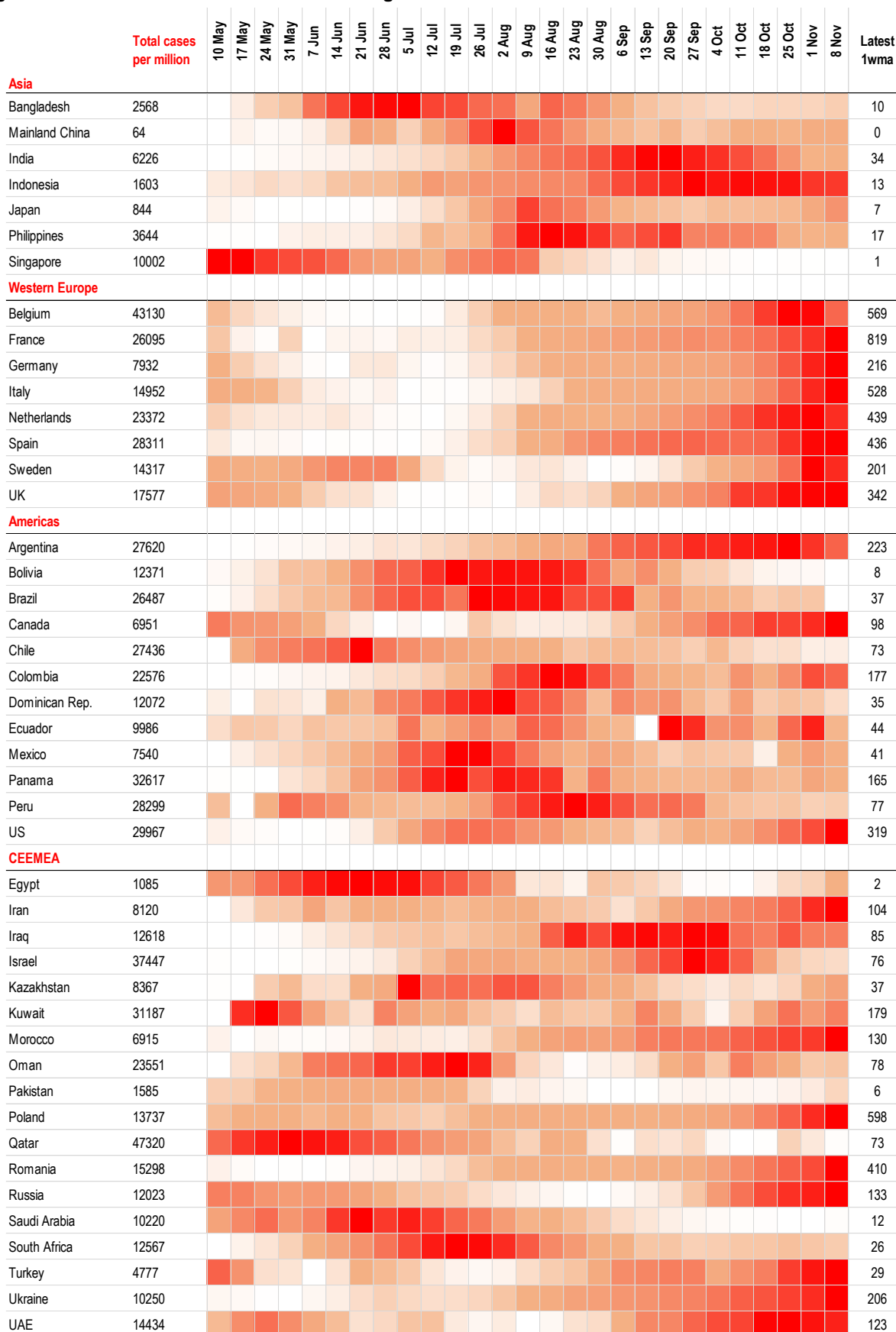
## 1. Global economic activity data are broadly recovering, but at very different speeds



Source: Refinitiv Datastream. HSBC

We acknowledge the assistance of Harriet Smith, HSBC Bank plc, in the production of this report

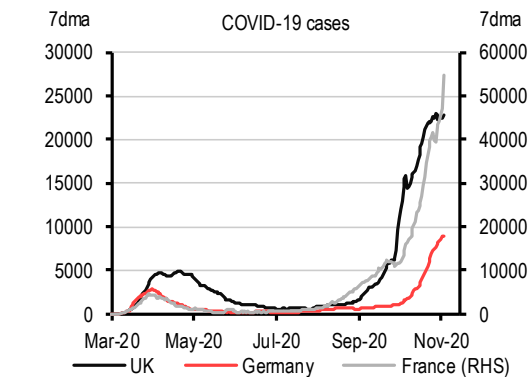
## 2. The global COVID-19 situation continues to diverge



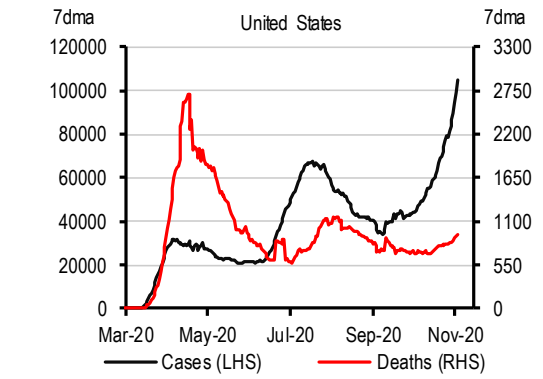
Low number

## More cases in Europe and the US, but that's not the story everywhere

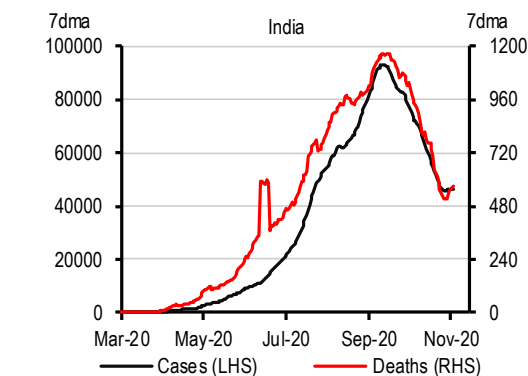
### 3. COVID-19 cases are accelerating across parts of Europe...



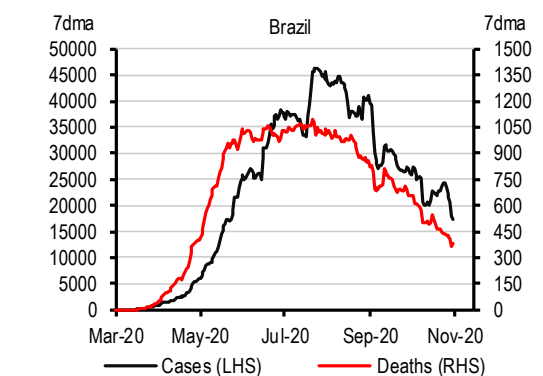
### 4. ...and a similar story can be seen in the US, but daily deaths are yet to spike



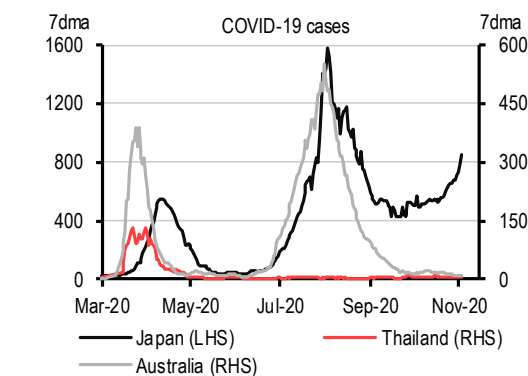
### 5. In India, both COVID-19 cases and deaths are much lower than a couple months ago...



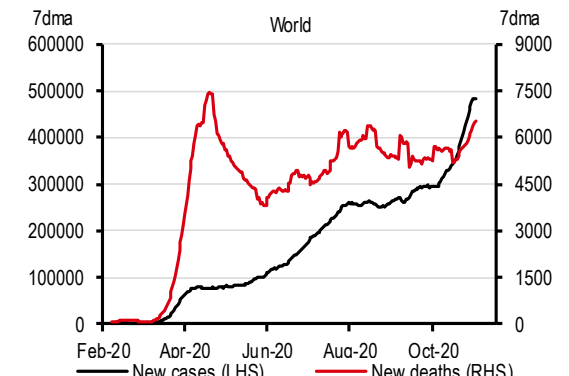
### 6. ...and in Brazil, case numbers are decreasing, but at a steadier rate



### 7. While Australia and Thailand seem to have the pandemic under control, daily case numbers are creeping up in Japan...

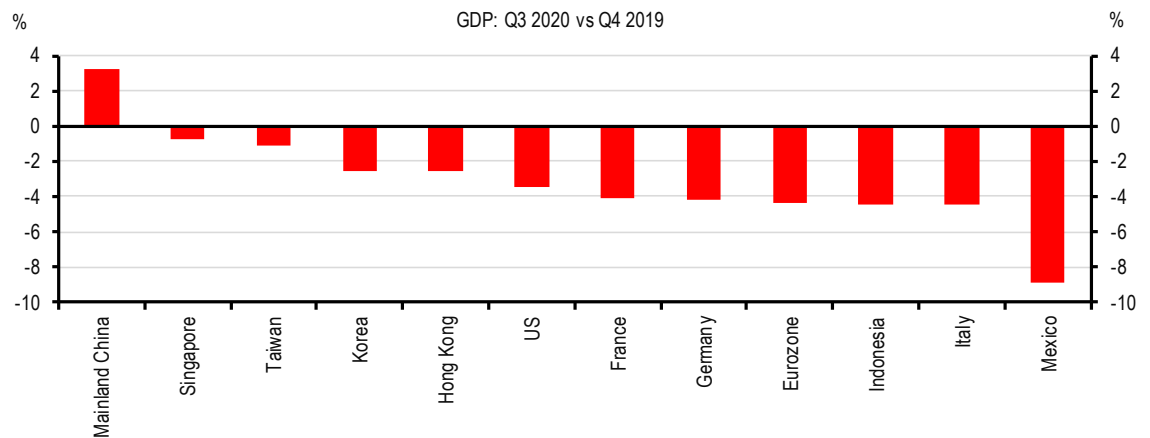


### 8. ...the global numbers keep creeping higher



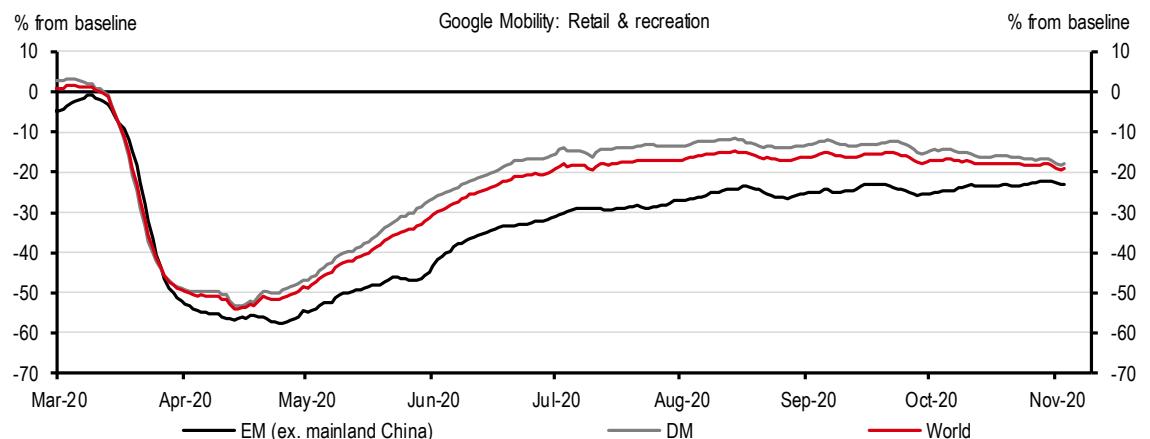
## Global data shows a Q3 rebound... that may be softening

### 9. Q3 GDP rebounds have been strong so far, but activity is still depressed



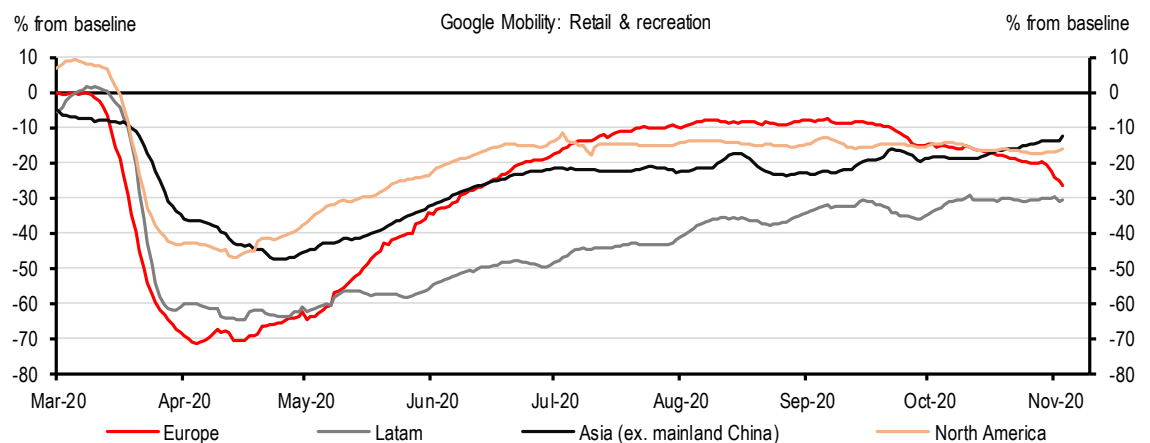
Source: Refinitiv Datastream, HSBC

### 10. The global recovery is already slowing, particularly in the developed world...



Source: Google Mobility Reports, HSBC. Note: Baseline compares to Jan-Feb 2020. Nominal (2019) GDP weighted.

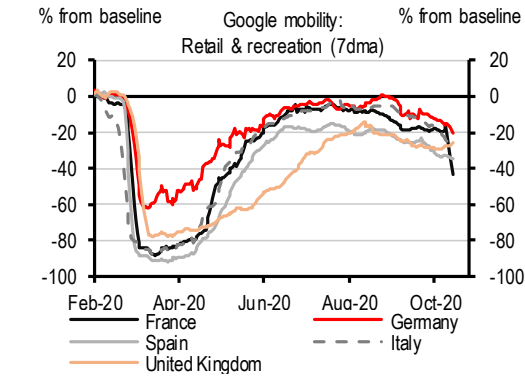
### 11. ...as Europe stands out compared to the rest of the world



Source: Google Mobility Reports, HSBC. Note: Baseline compares to Jan-Feb 2020. Nominal (2019) GDP weighted.

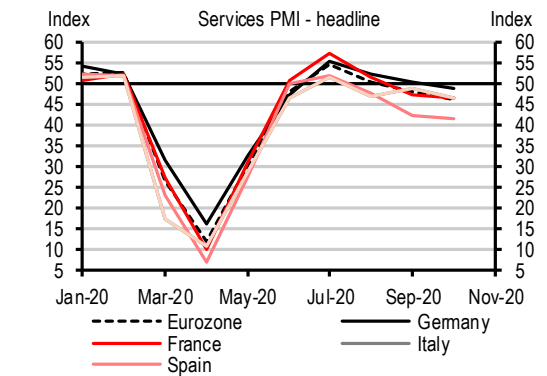
## High-frequency data suggest that things have kept softening in Europe

### 12. Mobility data has dipped across parts of Europe as cases pick up...



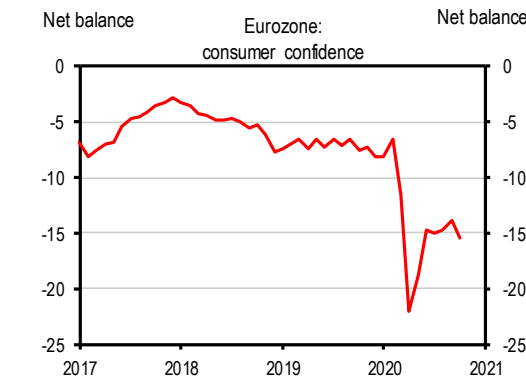
Source: Google Mobility Reports

### 13. ...and the services PMIs follow a similar trend



Source: IHS Markit

### 14. Eurozone consumer confidence has edged downwards...



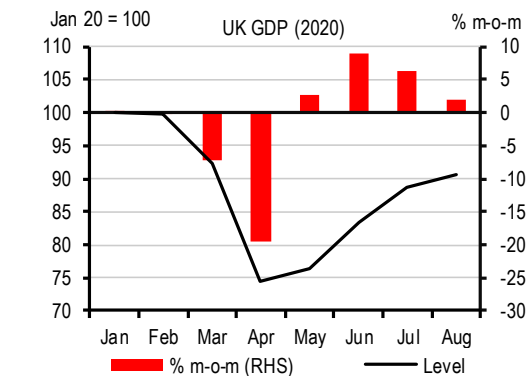
Source: DG ECFIN, Refinitiv Datastream

### 15. ...and German industry reflects a similar, softening, outlook



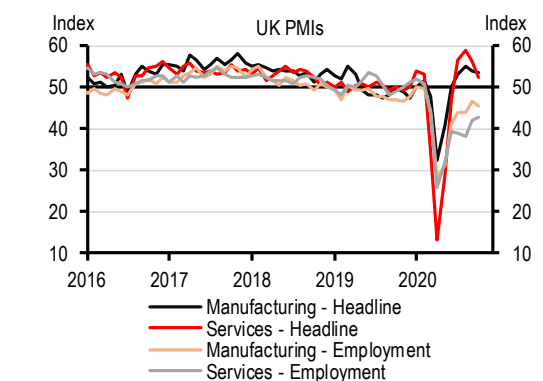
Source: Macrobond

### 16. The recovery is losing momentum in the UK...



Source: ONS

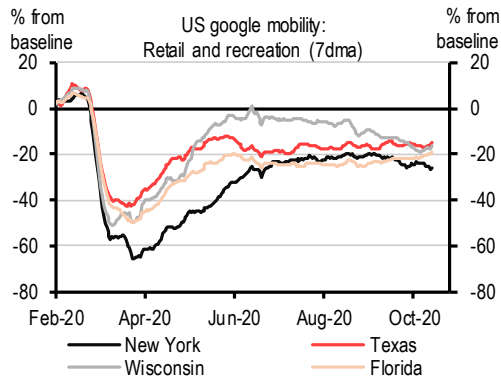
### 17. ...and the latest PMIs may suggest that this is likely to continue



Source: IHS Markit

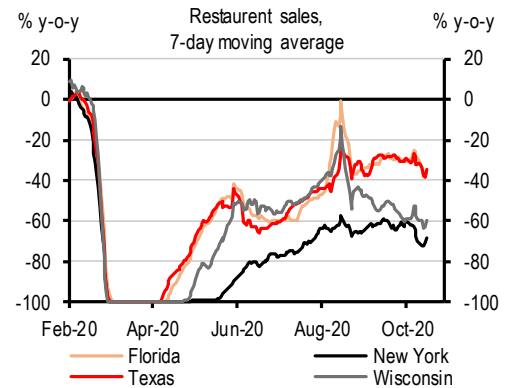
## The US is faring slightly better, but is a mixed bag

**18. US mobility data have started to converge across states, while remaining in negative territory...**



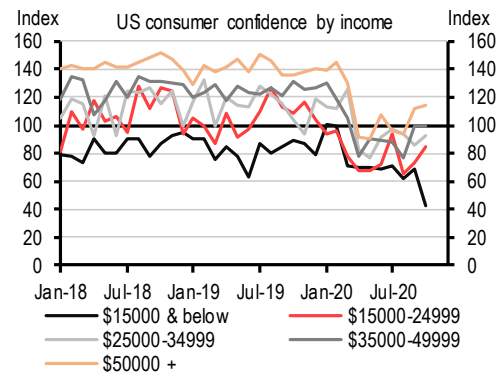
Source: Google Mobility

**19. ...but restaurant sales have taken less of a hit in Florida and Texas**



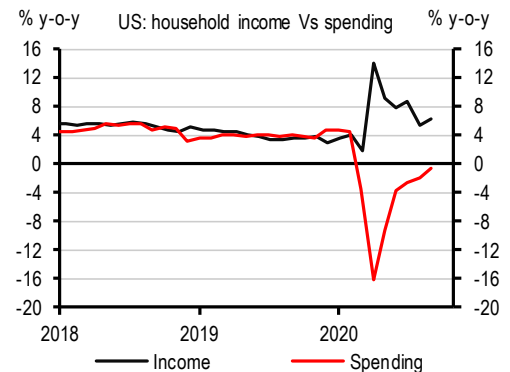
Source: Opentable

**20. Low-income individuals in the US are feeling less optimistic...**



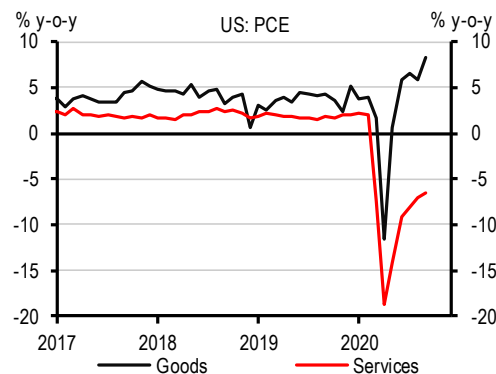
Source: The Conference Board, Refinitiv Datastream

**21. ...but overall US household spending has rebounded quickly**



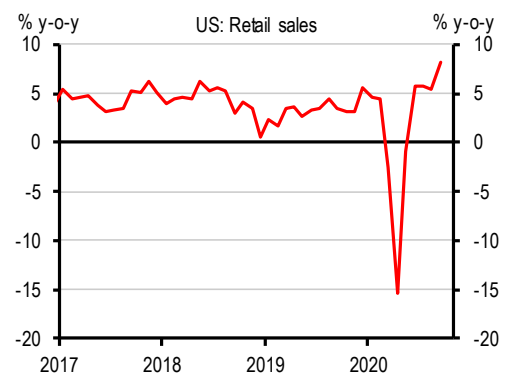
Source: Bureau of Economic Analysis, Refinitiv Datastream

**22. ...mainly via spending on goods, while services spending remains depressed...**



Source: Refinitiv Datastream

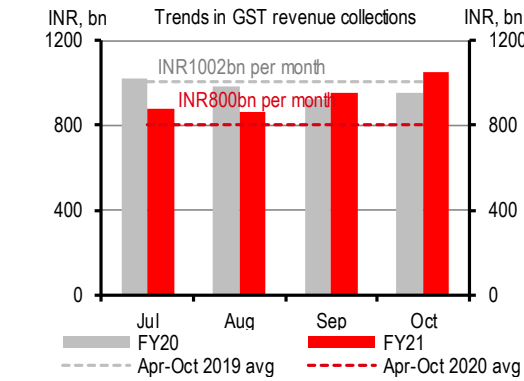
**23 ... and US retail sales continue to surge after a punchy recovery**



Source: Refinitiv Datastream

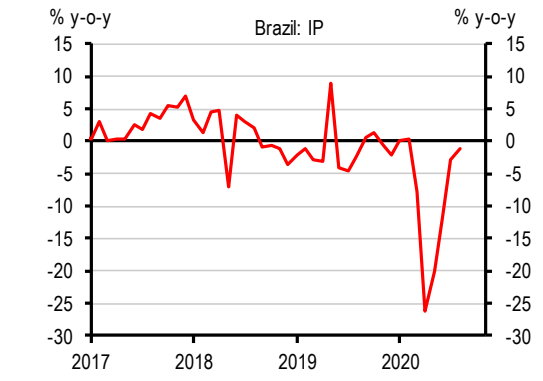
## But other parts of the world are faring better

### 24. GST\* revenue in India suggests activity picked up in October



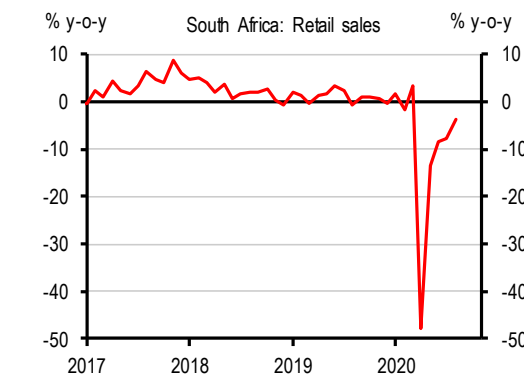
Source: CEIC, HSBC \*Goods and Services Tax

### 25. Brazilian industrial production is nearly back to where it was a year ago



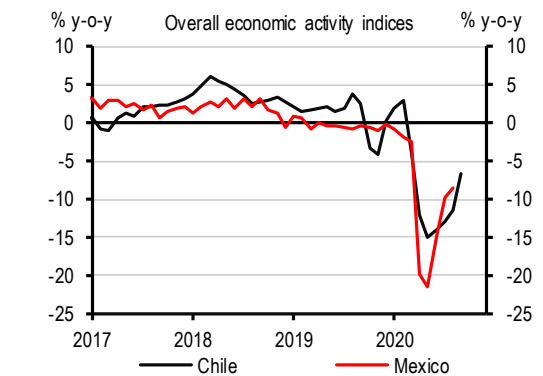
Source: Refinitiv Datastream

### 26. South Africa retail sales have seen a short sharp rebound, but remain negative year-on-year...



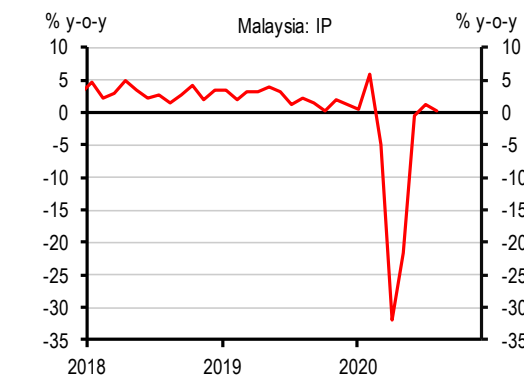
Source: Refinitiv Datastream

### 27. ...and economic activity is improving in other emerging markets



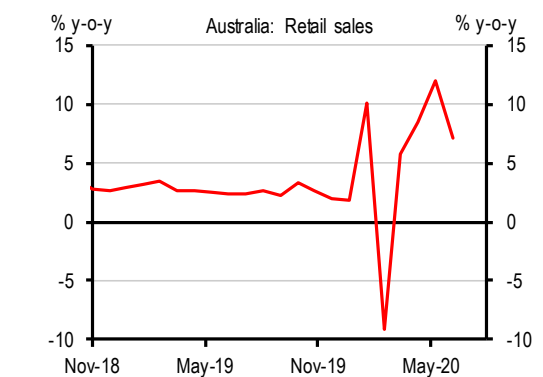
Source: Refinitiv Datastream

### 28. Malaysian activity data have cooled as cases have picked up again...



Source: Refinitiv Datastream

### 29. ...while Australians continue to spend much more on goods than a year ago

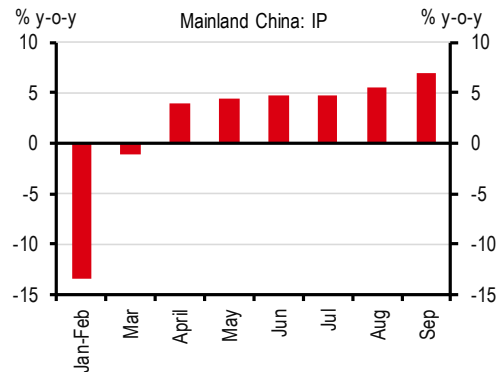


Source: Refinitiv Datastream



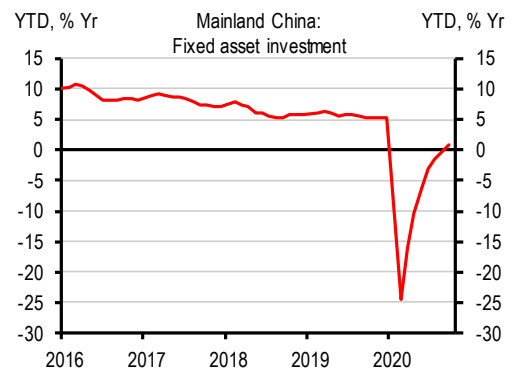
## Mainland China's recovery is broadening out

**30. Mainland China's industrial production continues to strengthen after a speedy recovery...**



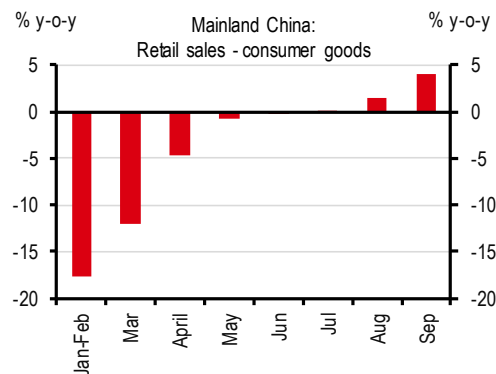
Source: Refinitiv Datastream

**31. ...while fixed asset investment has rebounded more slowly, it is now up year-on-year**



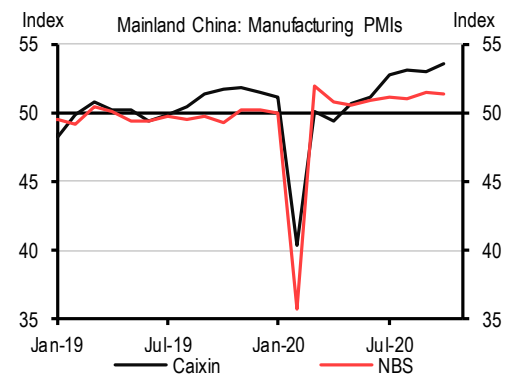
Source: Refinitiv Datastream

**32. Consumer goods retail sales in Mainland China continue to follow a 'V-shaped' path**



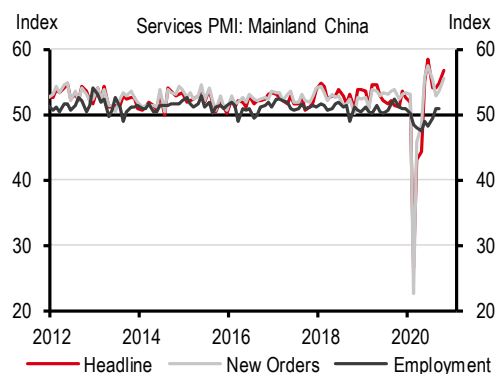
Source: Refinitiv Datastream

**33. PMI surveys suggest the recovery can continue...**



Source: Refinitiv Datastream

**34. ...and the service sector data now look even better...**



Source: IHS Markit

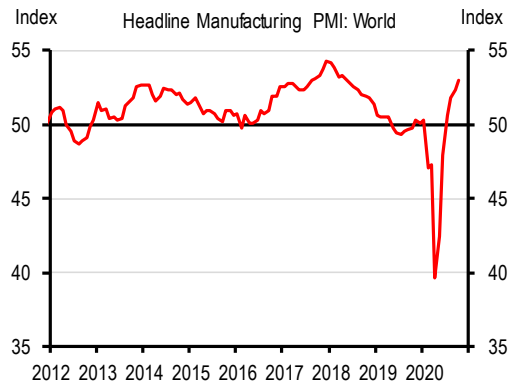
**35. ...as consumers are starting to feel more confident**



Source: Refinitiv Datastream

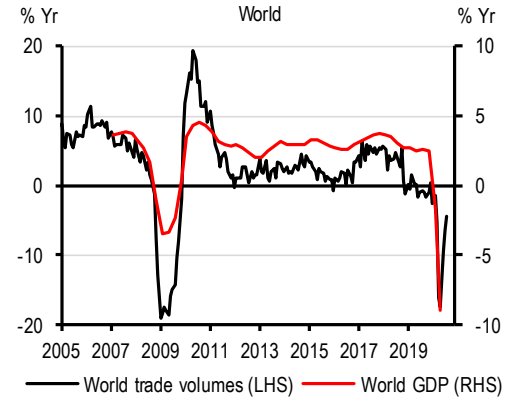
## Global manufacturing and trade are still faring 'well'

**36. The global manufacturing PMI paints a positive picture...**



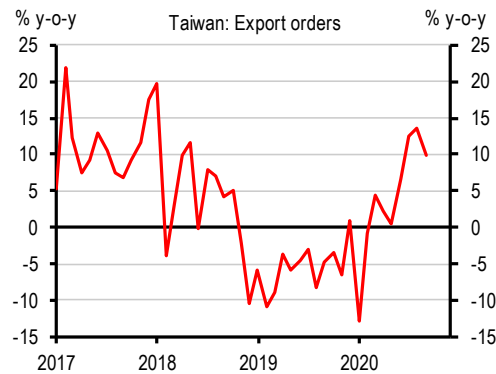
Source: IHS Markit

**37. ... and global trade volumes have bounced back, even if they haven't fully recovered yet**



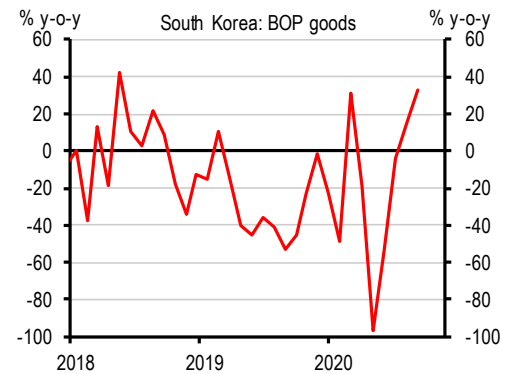
Source: HSBC calculations, CPB

**38. The COVID-19 pandemic appears not to have halted Taiwan exports orders...**



Source: Refinitiv Datastream

**39. ...while South Korean trade took a large hit, it has shown reliance in its rebound**



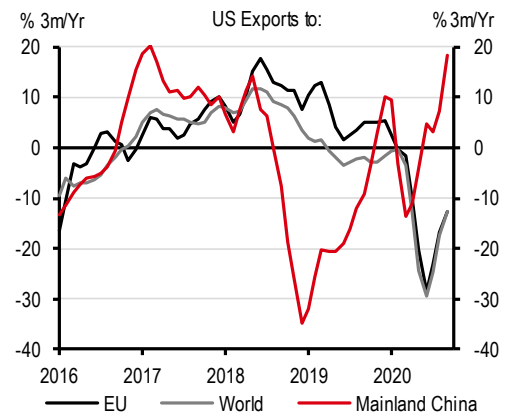
Source: Refinitiv Datastream

**40. Mainland China's exports are surging, particularly to the US...**



Source: Refinitiv Datastream

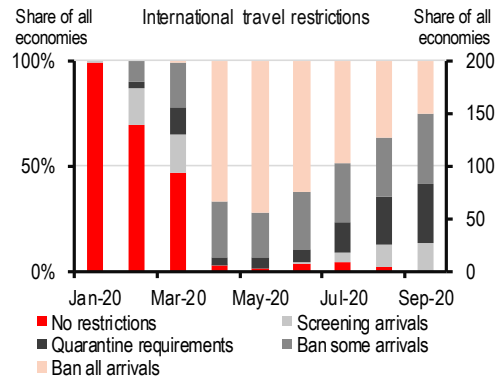
**41. ...and trade is picking up in the other direction too**



Source: Refinitiv Datastream

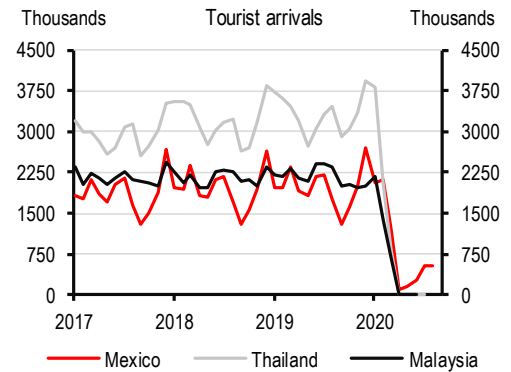
## Services are weaker still, and may take longer to fully recover

### 42. Most economies maintain some form of travel restrictions...



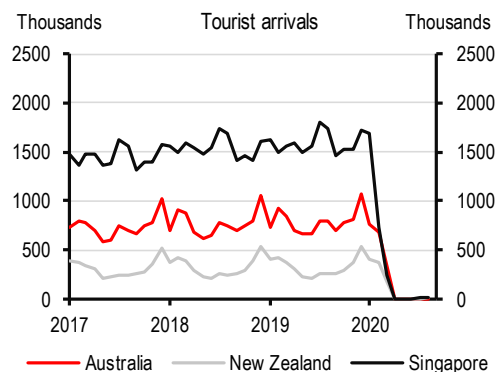
Source: University of Oxford, HSBC. Note: Data as at the 1<sup>st</sup> of each month. Total number of reporting economies varies slightly each month.

### 43. ...and border closures have halted tourist flows...



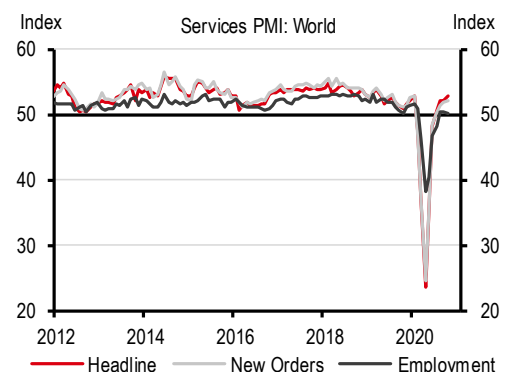
Source: Refinitiv Datastream, Tourism Malaysia

### 44...into both EM and DM economies



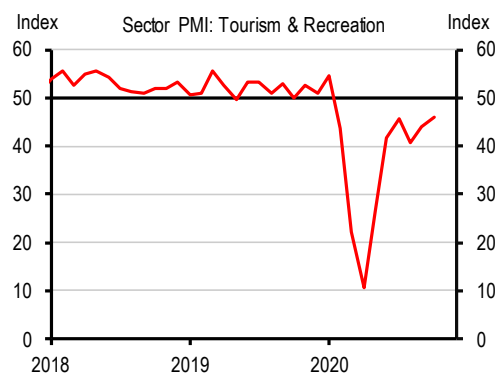
Source: Australian Bureau of Statistics, Statistics New Zealand, Singapore Tourism Board

### 45. Services PMIs reflect this...



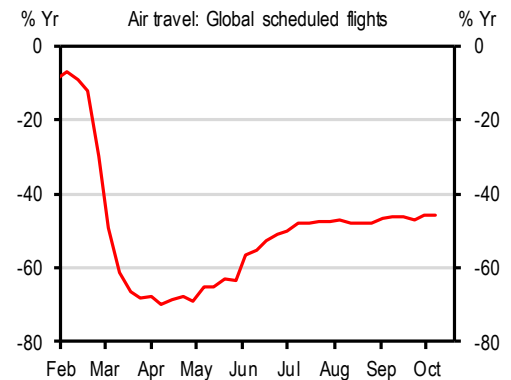
Source: IHS: Markit

### 46....and tourism sector PMIs remain depressed



Source: IHS: Markit

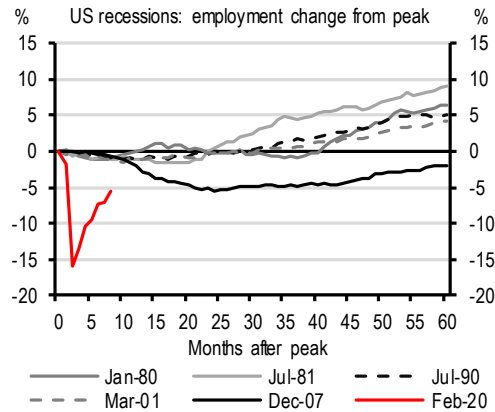
### 47....as global flight numbers remain low



Source: OAG flights scheduler, HSBC

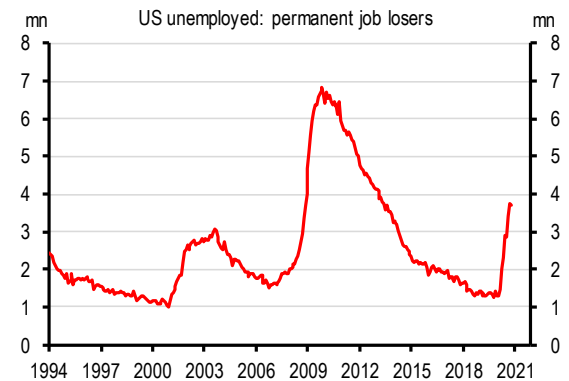
## Jobs concerns persist, despite some better US data in October...

### 48. US employment numbers are still down a long way, but were better in October...



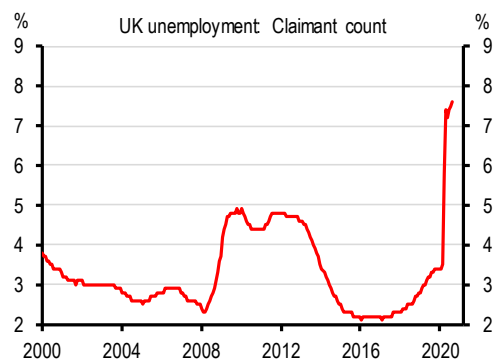
Source: Bureau of Labor Statistics, U.S. Department of Labor

### 49. ... and the number of permanent unemployed edged down



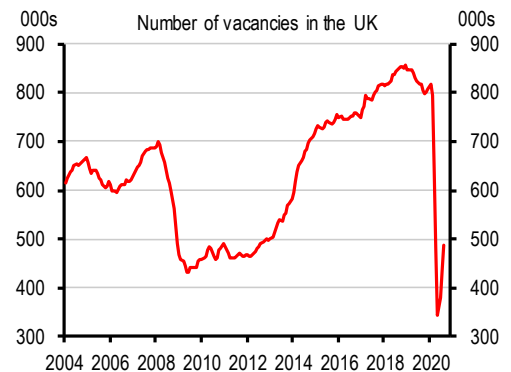
Source: Bureau of Labor Statistics, U.S. Department of Labor

### 50. The UK labour market is weak, according to claimant count numbers...



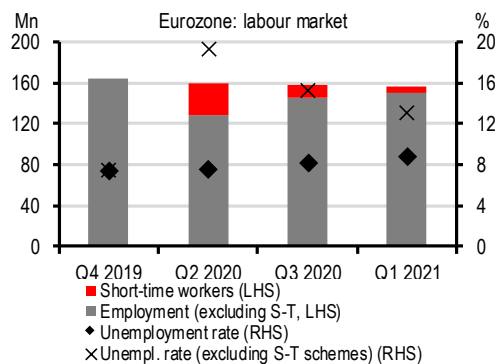
Source: ONS

### 51 ...and job openings are very low



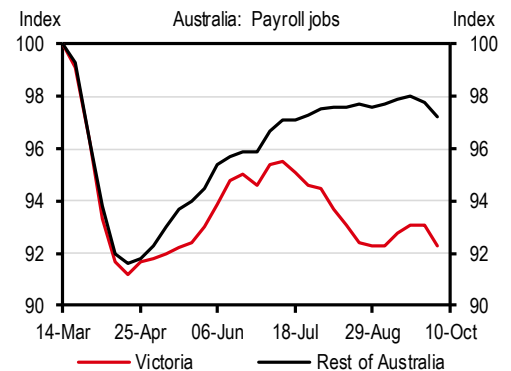
Source: ONS

### 52. In Europe, the hope is that the labour market doesn't weaken under another lockdown...



Source: HSBC calculations based on HSBC forecasts, Eurostat, national Labour Ministries and Social Security Institutes

### 53. ...like it did in Victoria during restrictions there



Source: ABS

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