



## Economic Activity Tracker – November 4, 2020

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Portfolio Manager and Portfolio Strategist

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Portfolio Strategist

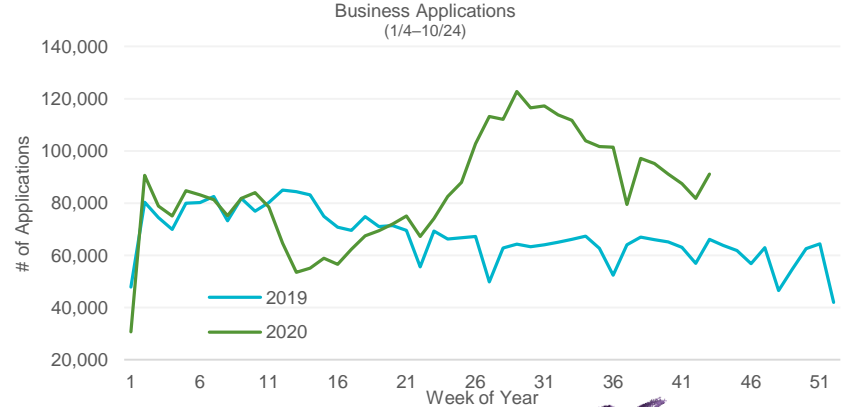
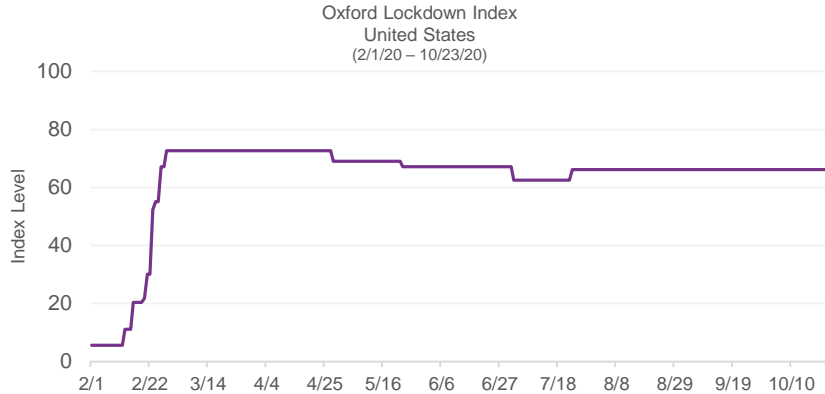
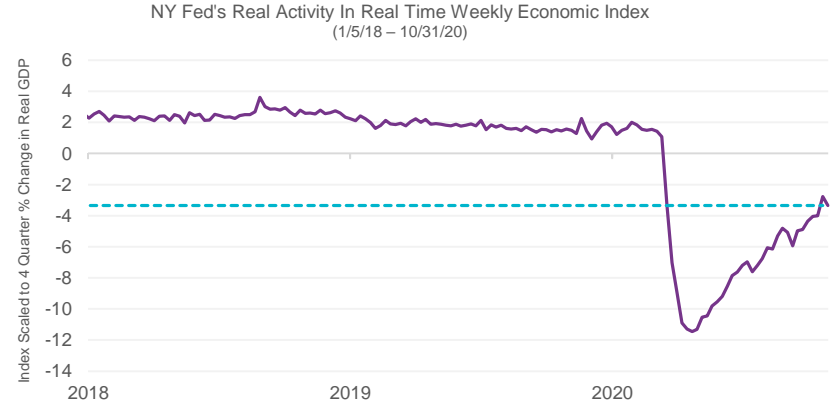
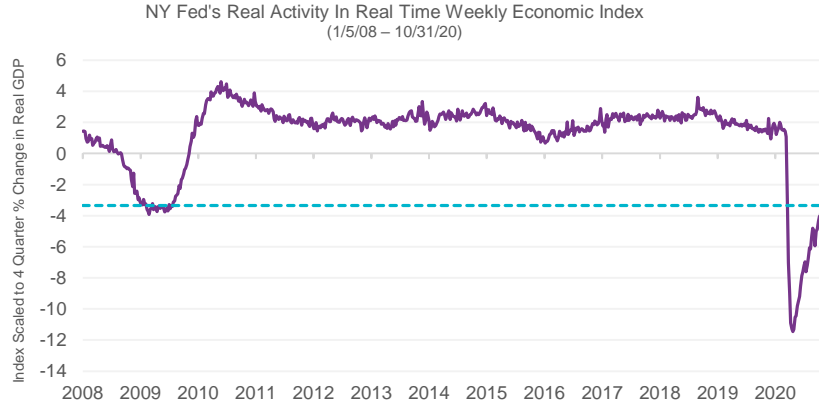
Portfolio Research and Consulting Group, Natixis Investment Managers

# The Checklist

Issue	Comment
Is the economy restarting?	<ul style="list-style-type: none"> <li>• The slow and uneven recovery continues with signs of a stalling emerging. Data is much more mixed.</li> <li>• The ability and effectiveness to social distance is creating a bifurcated market of winners and losers.</li> <li>• Watching closely the impact of fall related uptick in COVID19 case counts. Will this slow recovery?               <ul style="list-style-type: none"> <li>• Consumer spending has been leveling off. We take note.</li> <li>• Is this a function of expiring unemployment benefits? Slowing growth backdrop?</li> </ul> </li> </ul>
Business Activity Highlights:	<ul style="list-style-type: none"> <li>• Strong relationship between increased mobility and improving economic activity.</li> <li>• Mobility indicators starting are becoming more mixed.               <ul style="list-style-type: none"> <li>• The UK and Europe showing signs of a pronounced softness as case counts begin to spike.</li> </ul> </li> <li>• Some early signs of weakness emerging in mobility indicators in some US states as well.</li> </ul>
Consumer Spending Highlights:	<ul style="list-style-type: none"> <li>• Consumer spending is on notice: early indications of softness in the retail sector.</li> <li>• Note the relationship between sectors benefitting from increased spending and the ability to actively manage social distancing norms.</li> <li>• Notable: Housing mkt/mortgage applications are strong. Job opening remains strong.</li> <li>• Sentiment is leaning risk-off in the run-up to the election. Relief rally should be expected.</li> </ul>
What Is The Market Telling Us?	<ul style="list-style-type: none"> <li>• Some areas of country re-imposing targeted measures. Easy of social distancing plays doing better.               <ul style="list-style-type: none"> <li>• Reopen and Stay home all selling off – risk reduction taking place on election concerns and Europe virus headlines.</li> </ul> </li> <li>• Market Narrative: If we can have hot spots and deal with them without derailing the country, the reopen will continue, albeit uneven and choppy. Businesses and the economy have learned to adapt.</li> </ul>

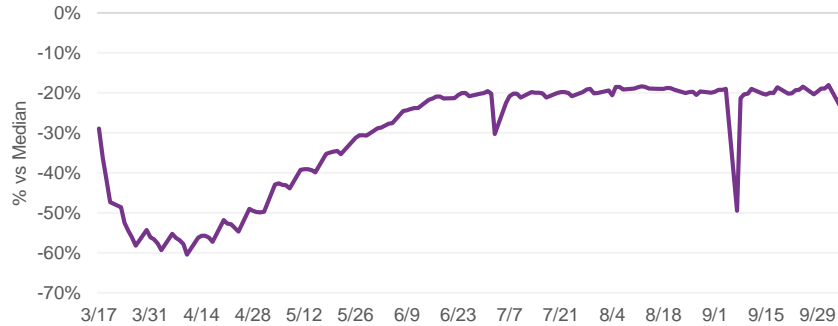
Source: Natixis PRCG.

# Is The Economy Restarting?

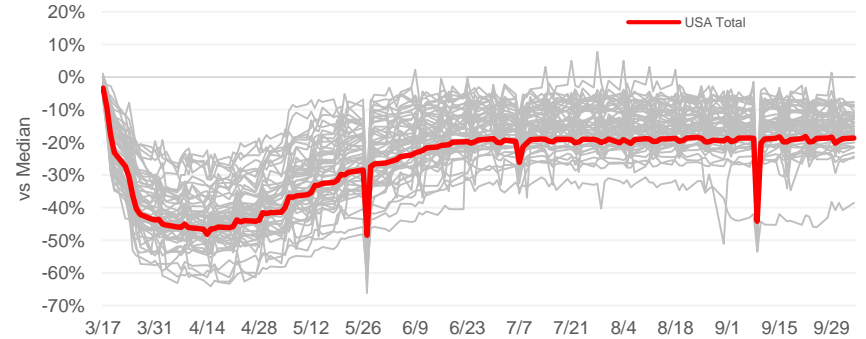


# Are Businesses Open?

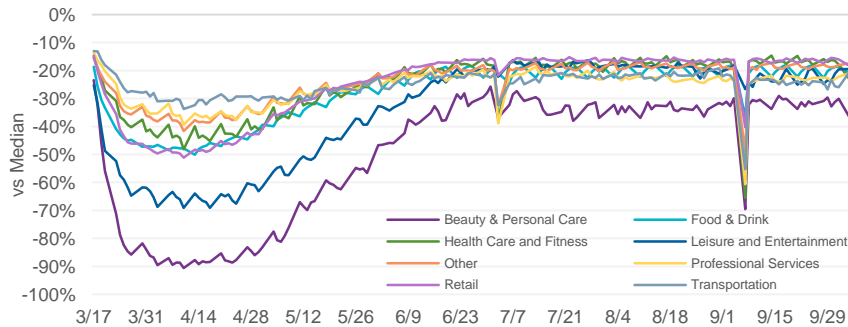
Small Business Hours Worked By Hourly Employees  
(3/1/20–10/5/20)



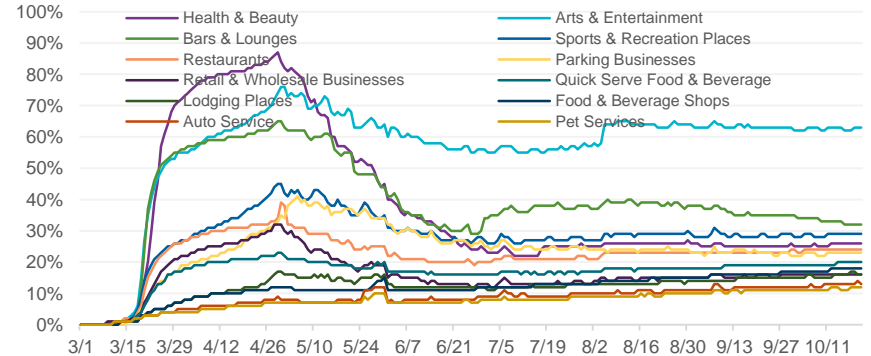
Number of Small Businesses Open  
(3/1/20–10/5/20)



Number of Small Businesses Open By Sector  
(3/1/20–10/5/20)

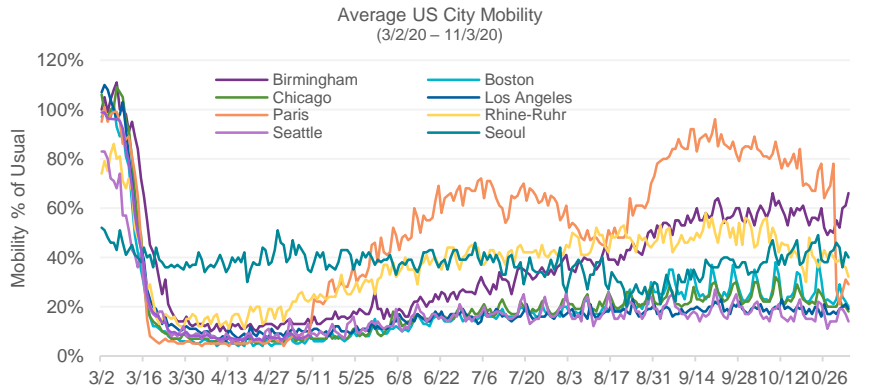
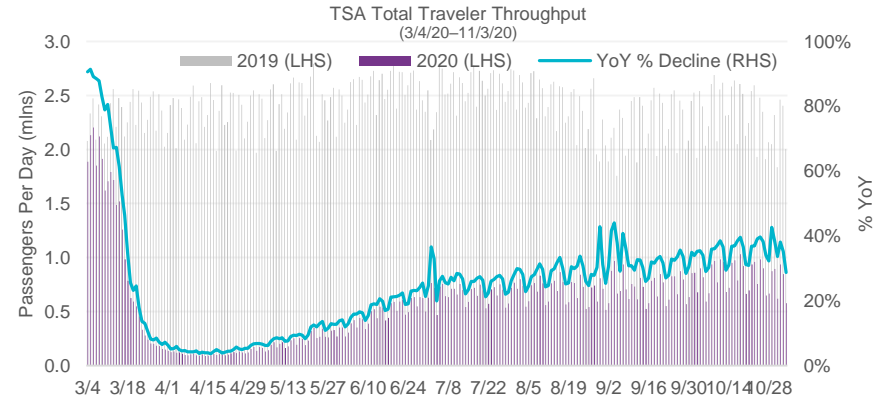
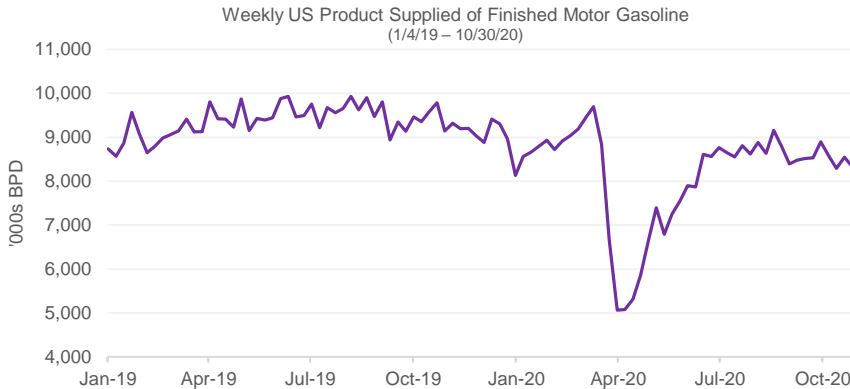
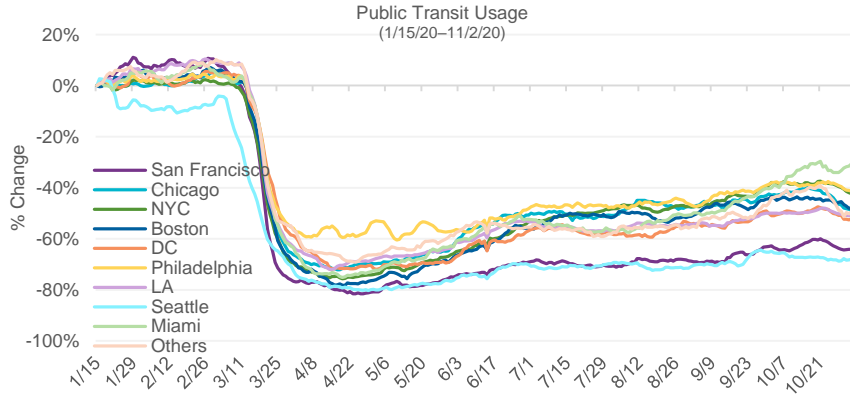


Business Closure Rates  
(3/1/20–10/21/20)



Source: Natixis PRCG, US Census, <https://joinhomebase.com/data/covid-19/>. Small business hours worked rates compare that day vs. the median for that day of the week for the period Jan 4, 2020 to Jan 31, 2020.

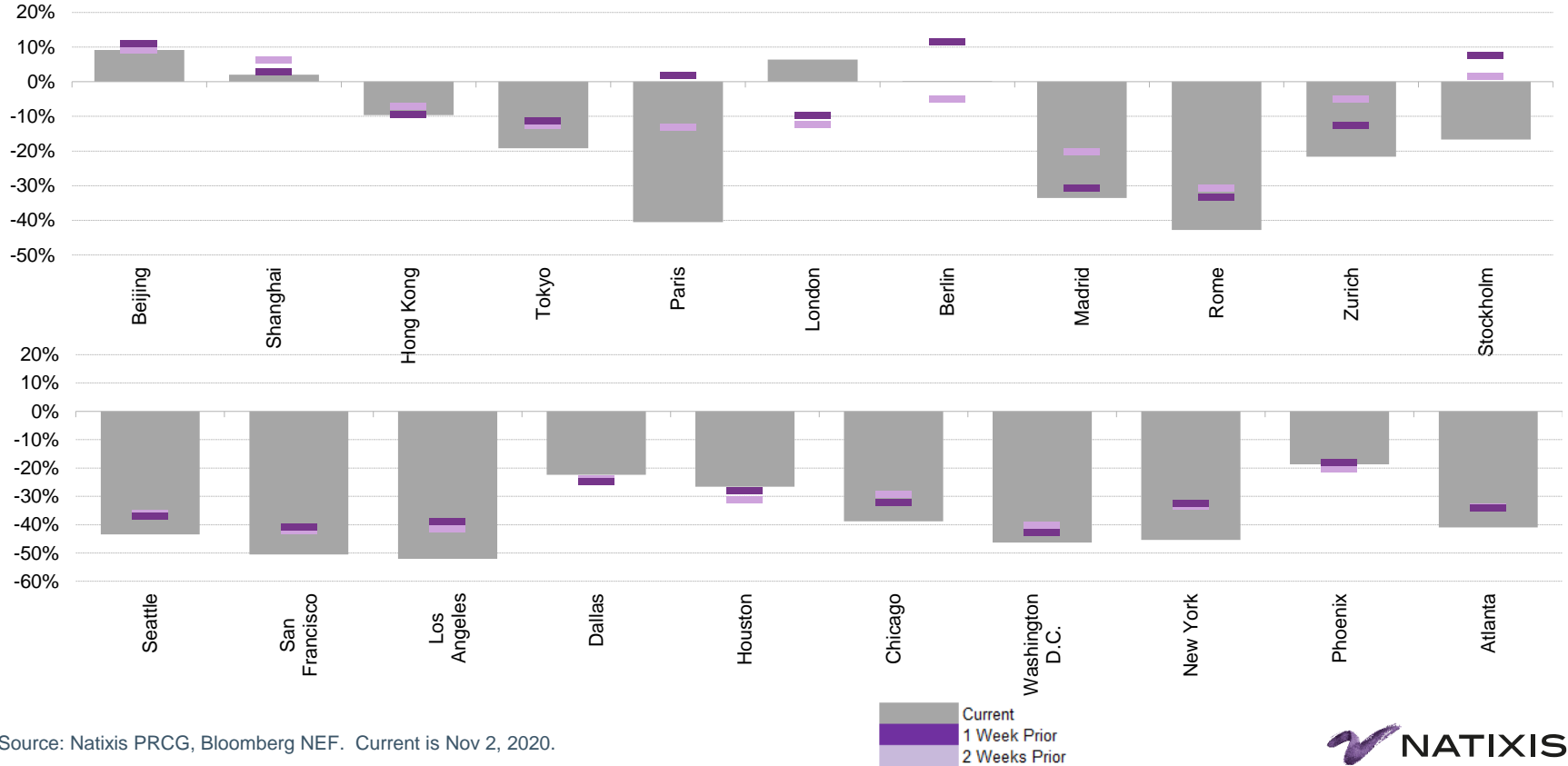
# Are People Moving Again?



Source: Natixis PRCG, TSA, www.moovit.com, EIA, Citymapper.

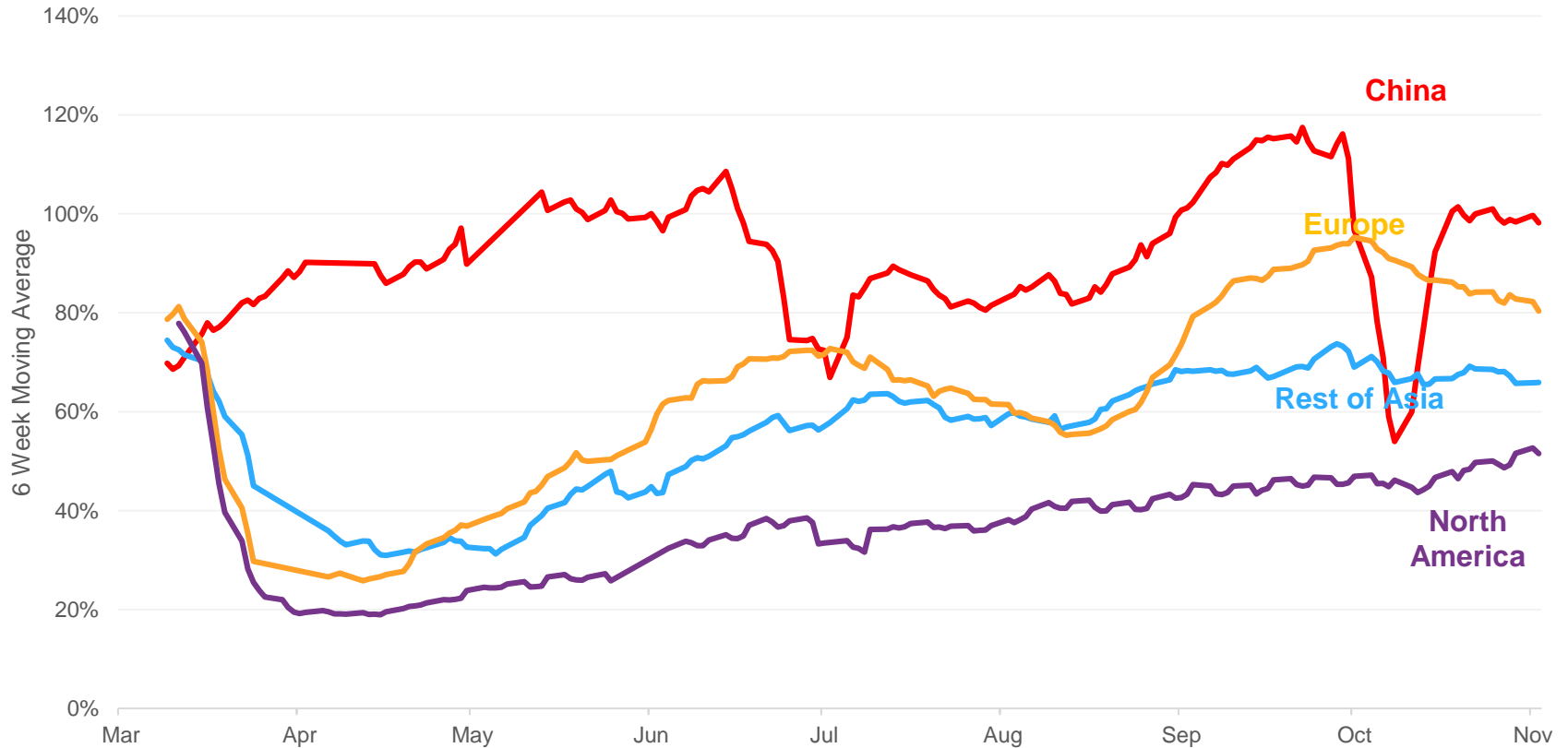
# Peak Congestion

Average Weekday Peak Congestion vs Normal Levels



Source: Natixis PRCG, Bloomberg NEF. Current is Nov 2, 2020.

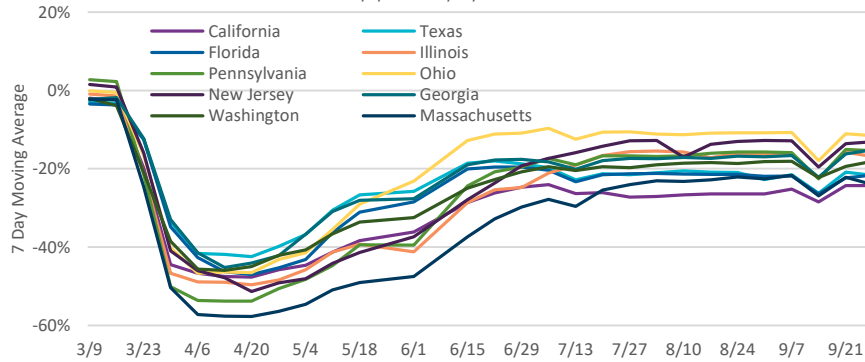
# Peak Congestion Index



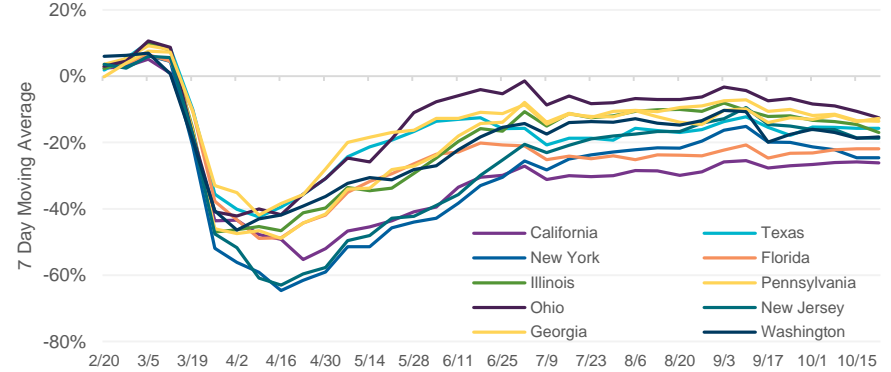
Source: Natixis PRCG, Bloomberg NEF. Current is Nov 3, 2020.

# What Does Reopening Look Like?

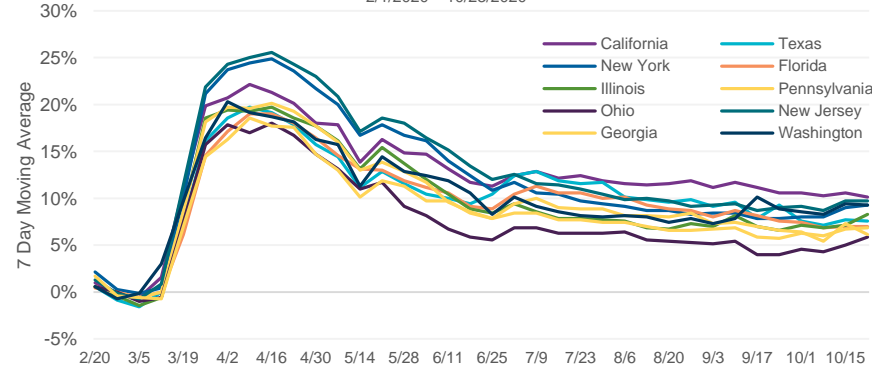
Number of Businesses Open  
3/1/2020 - 9/28/2020



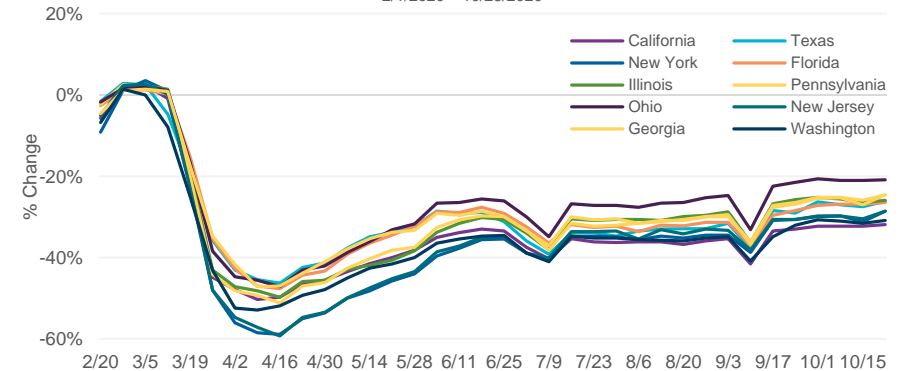
Mobility - Retail & Recreational  
2/1/2020 - 10/23/2020



Mobility - Residential  
2/1/2020 - 10/23/2020



Mobility - Workplace  
2/1/2020 - 10/23/2020

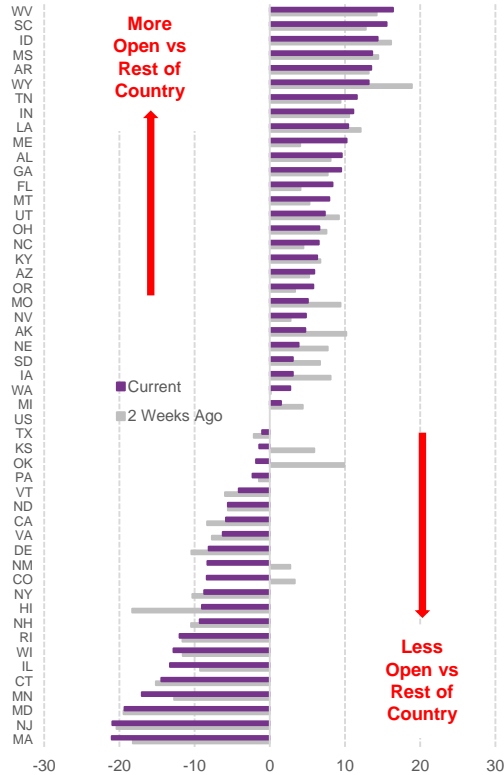


Source: Natixis PRCG, <https://joinhomebase.com/data/covid-19/>, <https://www.google.com/covid19/mobility/>

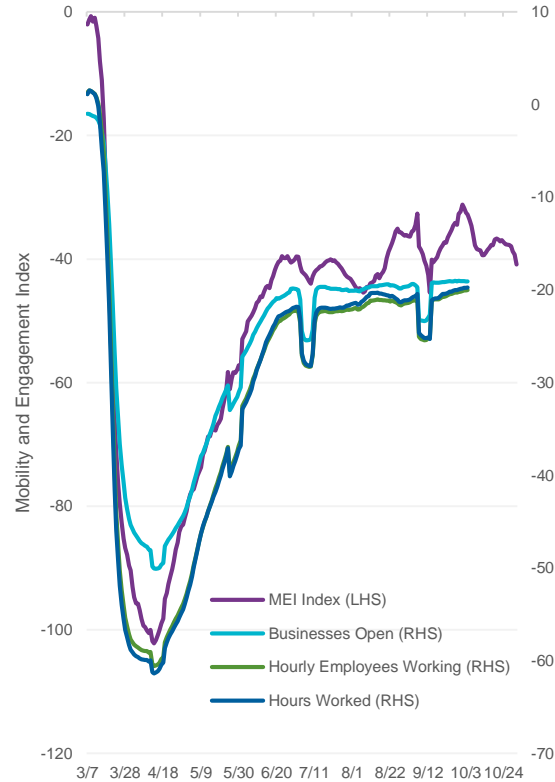


# Dallas Fed's Mobility and Engagement Tracker

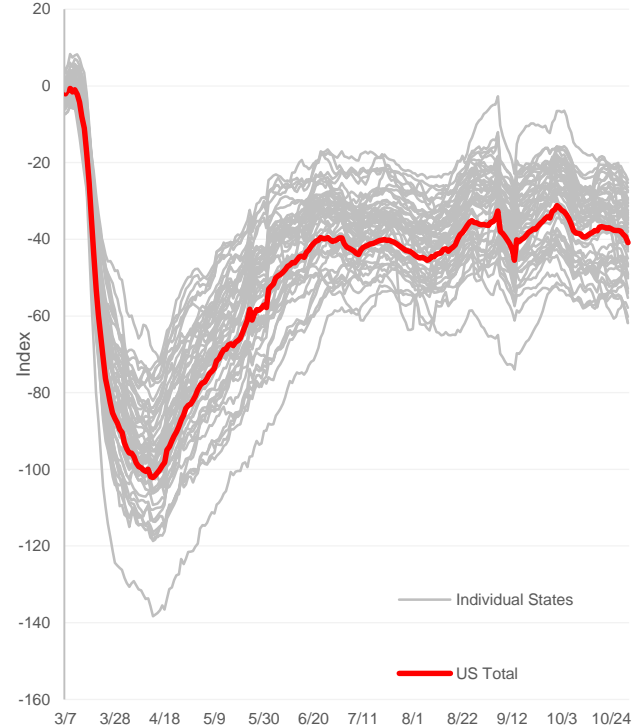
Change in Mobility and Engagement Index vs 50 State Average



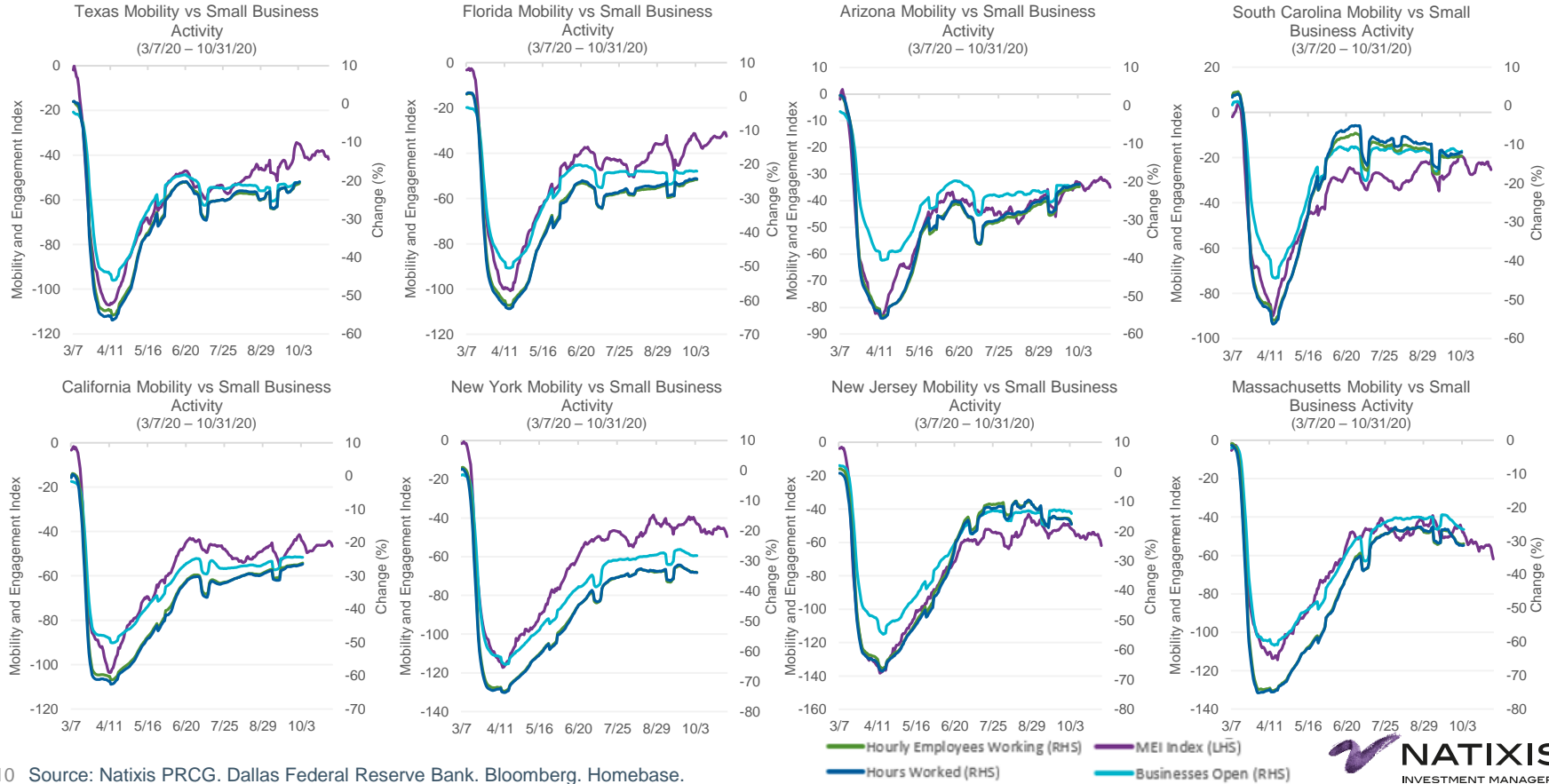
US Mobility vs Small Business Activity (3/7/20 – 10/31/20)



National Mobility and Engagement Index All 50 States (2/1/20 – 10/31/20)



# Mobility vs Small Business Activity: Hot Spots

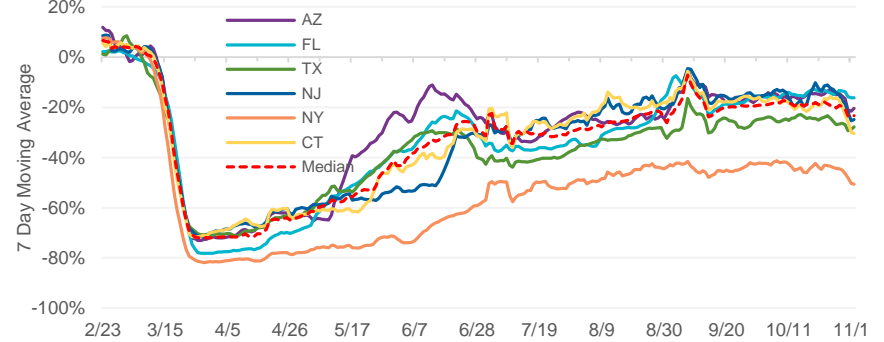


# Are Consumers Spending?

MBA Weekly Mortgage Purchase Applications  
(5/12/17 – 10/30/20)



Dine In Restaurant YoY Revenue  
(2/23/20 – 11/2/20)



Redbook Retail Sales  
(5/15/17 – 10/30/20)

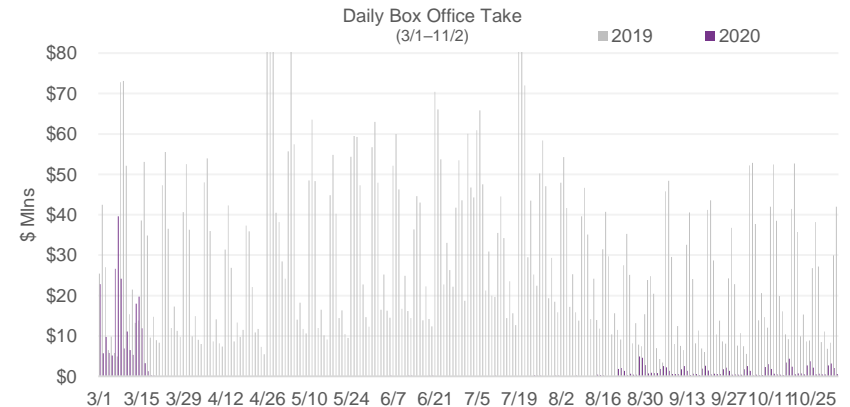
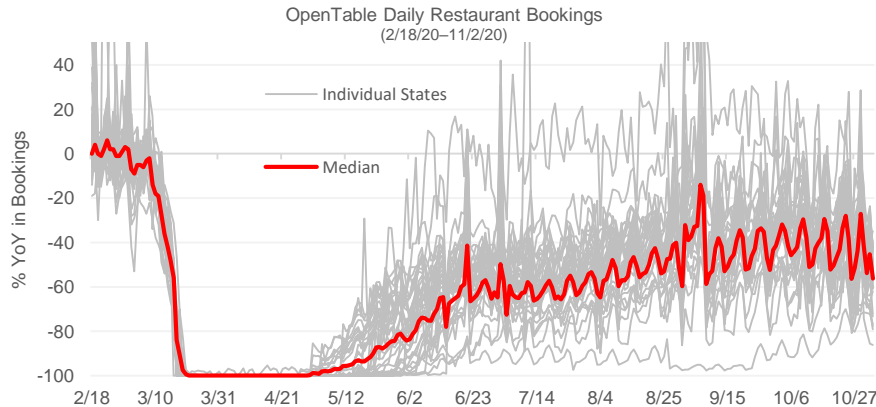
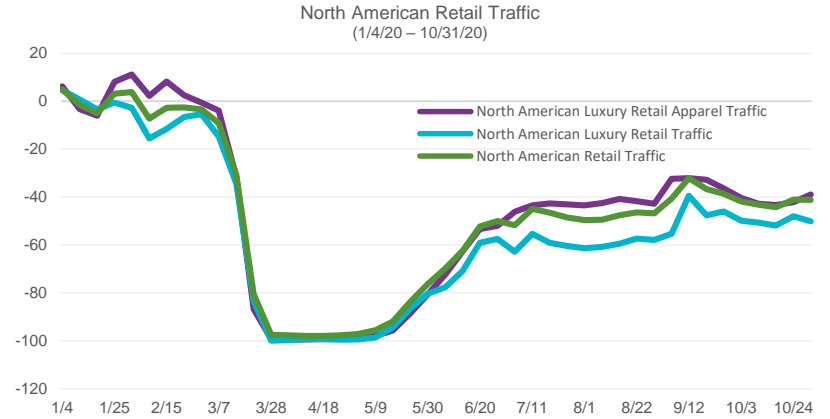
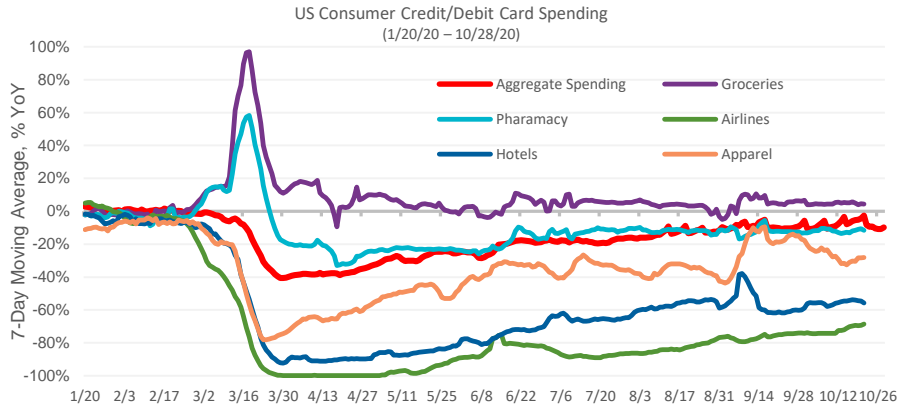


Retail Sales  
(5/15/17 – 10/30/20)



Source: Natixis PRCG, FactSet, Bloomberg, tracktherecovery.org.

# Are Consumers Spending?



Source: Natixis PRCG, <https://1010data.exabel.com/covid-19/>, PRODCO, [www.opentable.com](http://www.opentable.com), [www.boxofficemojo.com](http://www.boxofficemojo.com).

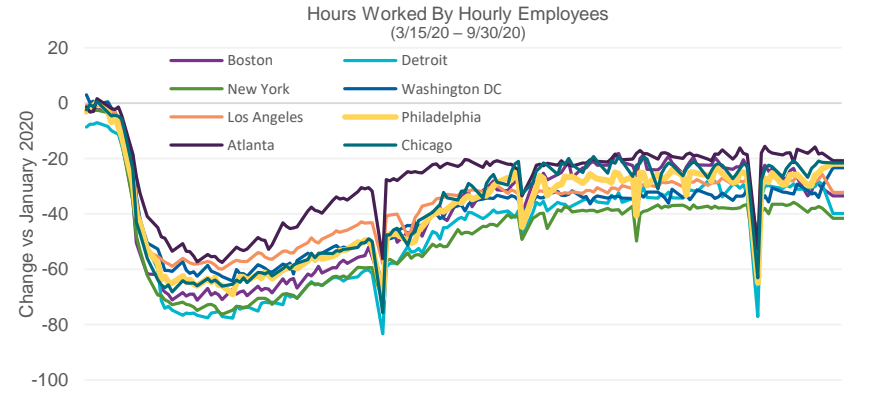
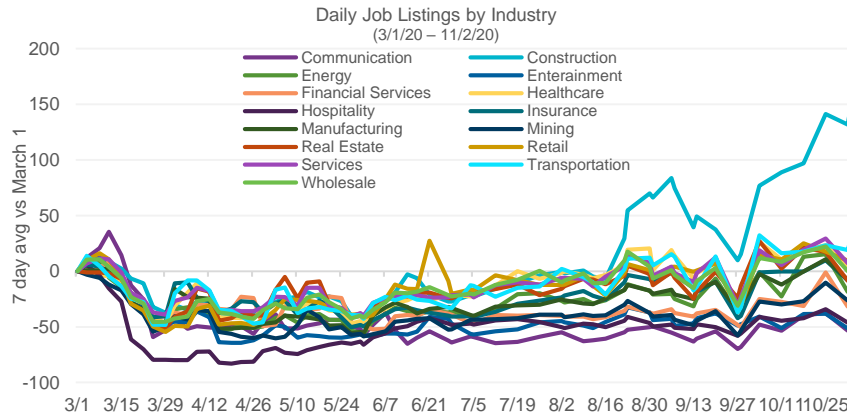
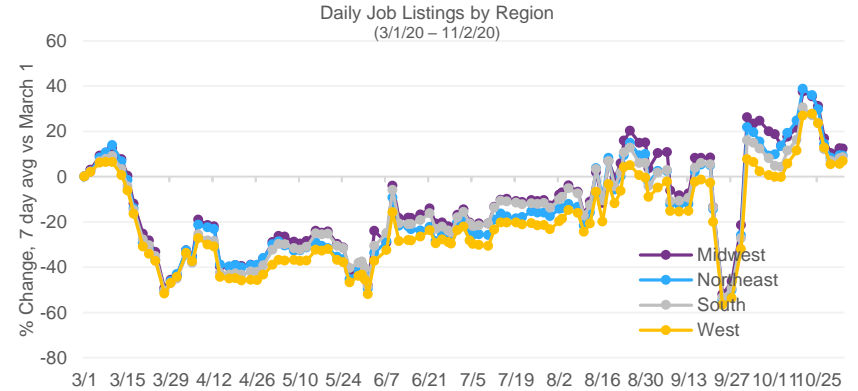
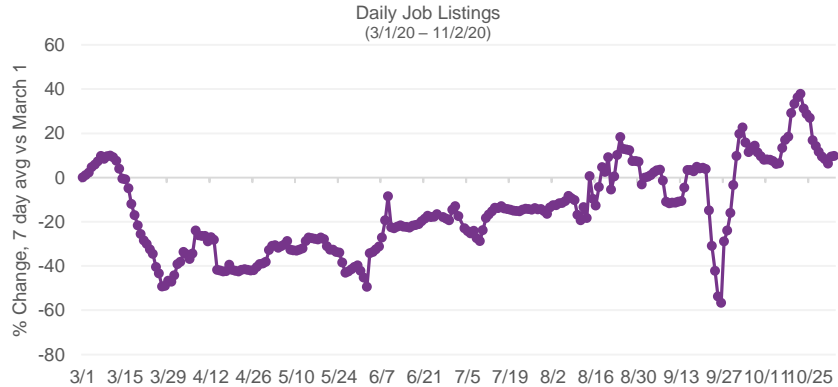
# Are Consumers Spending?

Consumer Spending: % Change YoY

	3/29	4/12	4/26	5/10	5/24	6/7	6/21	7/5	7/19	8/2	8/16	8/30	9/13	9/27	10/11	10/25
<b>Retail</b>																
Department Stores	-67%	-61%	-47%	-42%	-15%	-3%	30%	6%	2%	3%	24%	6%	26%	19%	12%	8%
Discount Stores	1%	20%	52%	53%	49%	49%	49%	34%	36%	35%	56%	30%	40%	35%	36%	37%
Grocery Stores & Supermarkets	6%	14%	24%	25%	19%	17%	22%	9%	11%	9%	22%	12%	18%	17%	15%	16%
Misc. General Merchandise	-33%	-27%	33%	5%	14%	20%	30%	29%	24%	25%	43%	29%	29%	38%	27%	29%
Variety Stores	-1%	13%	27%	33%	32%	30%	39%	20%	24%	24%	39%	23%	32%	31%	21%	23%
Wholesale Clubs	-6%	-5%	28%	23%	30%	31%	38%	29%	37%	28%	36%	24%	43%	32%	42%	45%
<b>Entertainment</b>																
Amusement Parks	-85%	-83%	-87%	-82%	-86%	-77%	-69%	-69%	-65%	-64%	-56%	-64%	-54%	-53%	-57%	-46%
Commercial Sports & Athletic Fields	-86%	-85%	-76%	-70%	-56%	-41%	-37%	-44%	-45%	-37%	-32%	-42%	-32%	-34%	-24%	-16%
Fast Food Restaurants	-36%	-31%	-13%	-3%	1%	5%	2%	4%	6%	13%	24%	14%	12%	14%	15%	14%
Movie Theaters	-99%	-99%	-99%	-99%	-98%	-98%	-97%	-98%	-98%	-96%	-95%	-80%	-83%	-84%	-88%	-86%
Restaurants	-65%	-60%	-48%	-39%	-29%	-18%	-7%	-15%	-10%	-2%	7%	2%	4%	7%	7%	7%
Tourist Attractions	-83%	-73%	-76%	-56%	-53%	-34%	-18%	-22%	-12%	-18%	3%	-27%	2%	7%	9%	0%
Video Games	51%	102%	70%	81%	95%	57%	101%	51%	65%	32%	80%	74%	20%	41%	83%	7%
<b>Travel</b>																
Airlines	-88%	-94%	-88%	-82%	-76%	-70%	-62%	-69%	-72%	-69%	-63%	-60%	-60%	-53%	-53%	-36%
Cruise Lines	-89%	-88%	-75%	-74%	-68%	-63%	-79%	-72%	-80%	-82%	-81%	-83%	-85%	-82%	-87%	-81%
Lodging	-77%	-80%	-72%	-54%	-33%	-28%	-18%	-19%	-21%	-14%	-1%	-10%	-15%	-11%	-9%	-14%
Travel Bookings	-82%	-83%	-75%	-62%	27%	-38%	-29%	-31%	-34%	-24%	-16%	-22%	-25%	-20%	-17%	-21%
<b>Healthcare</b>																
Drug Store and Pharmacies	-9%	1%	-5%	3%	3%	4%	20%	8%	8%	11%	23%	9%	39%	2%	10%	11%

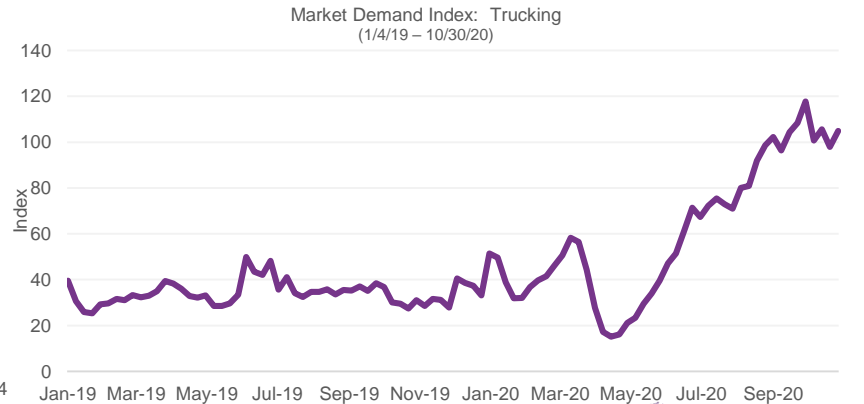
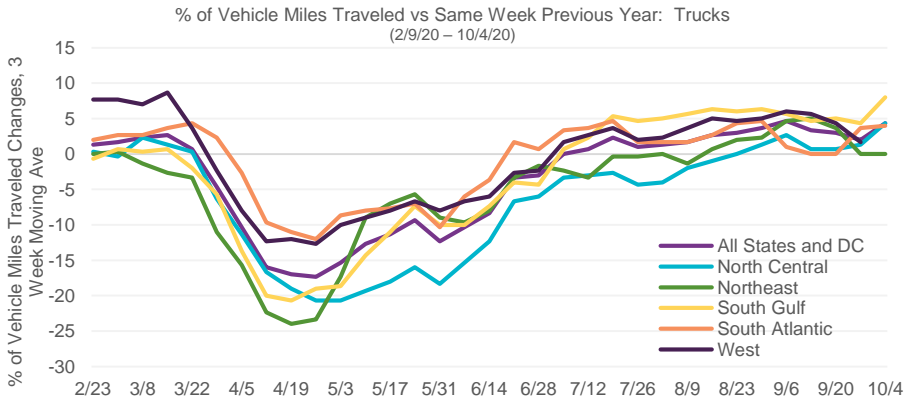
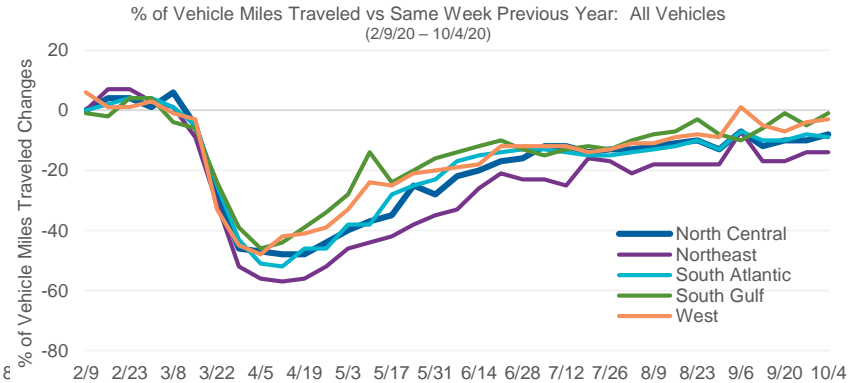
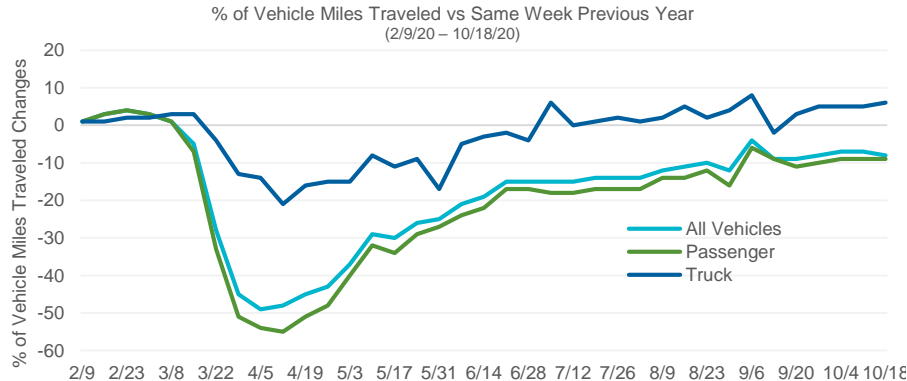
Source: Natixis PRCG. <https://first.facteus.com>

# Is The Labor Market Recovering?



Source: Natixis PRCG, <https://covidjobimpacts.greenwich.hr/> <https://joinhomebase.com/data/covid-19/>.

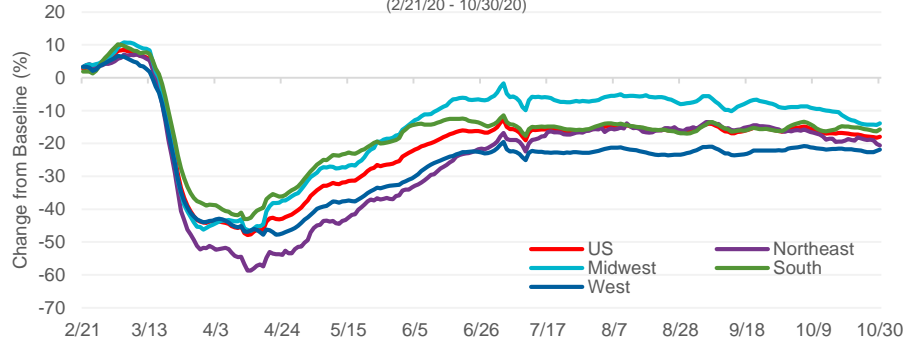
# Vehicle Miles Driven



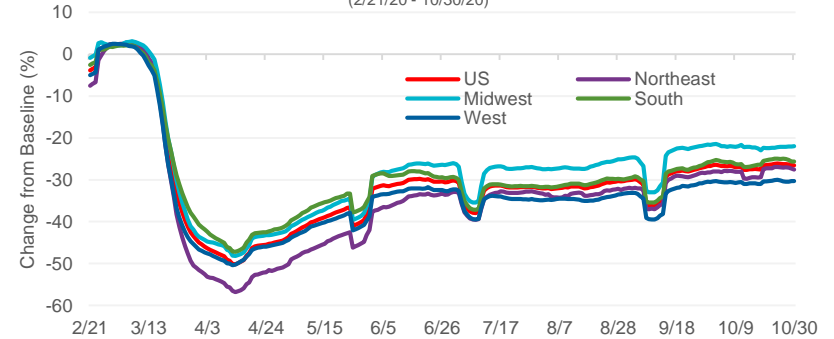
Source: Natixis PRCG, Bloomberg. Department of Transportation.

# What Are Google Mobility Trends Showing?

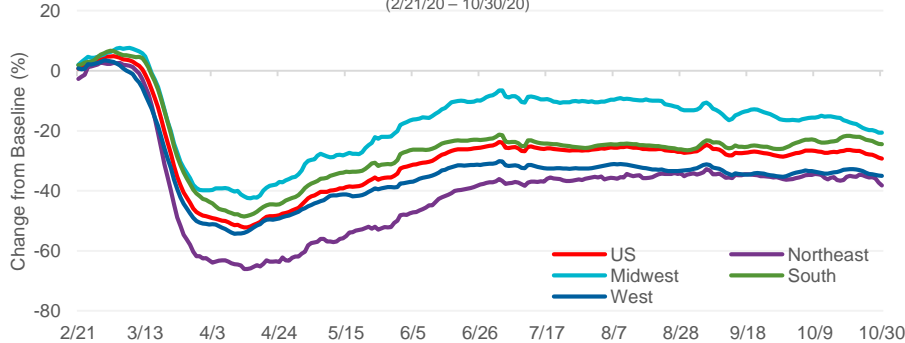
Google Mobility Data: Retail & Recreation Patronage  
By US Census Region  
(2/21/20 - 10/30/20)



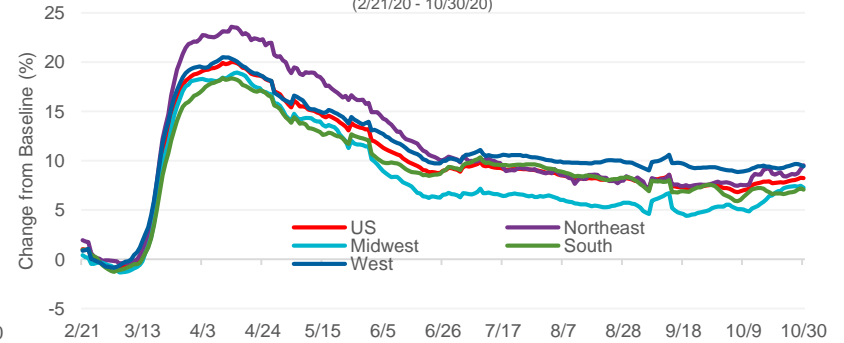
Google Mobility Data: Workplace Patronage  
By US Census Region  
(2/21/20 - 10/30/20)



Google Mobility Data: Transit Usage  
By US Census Region  
(2/21/20 - 10/30/20)



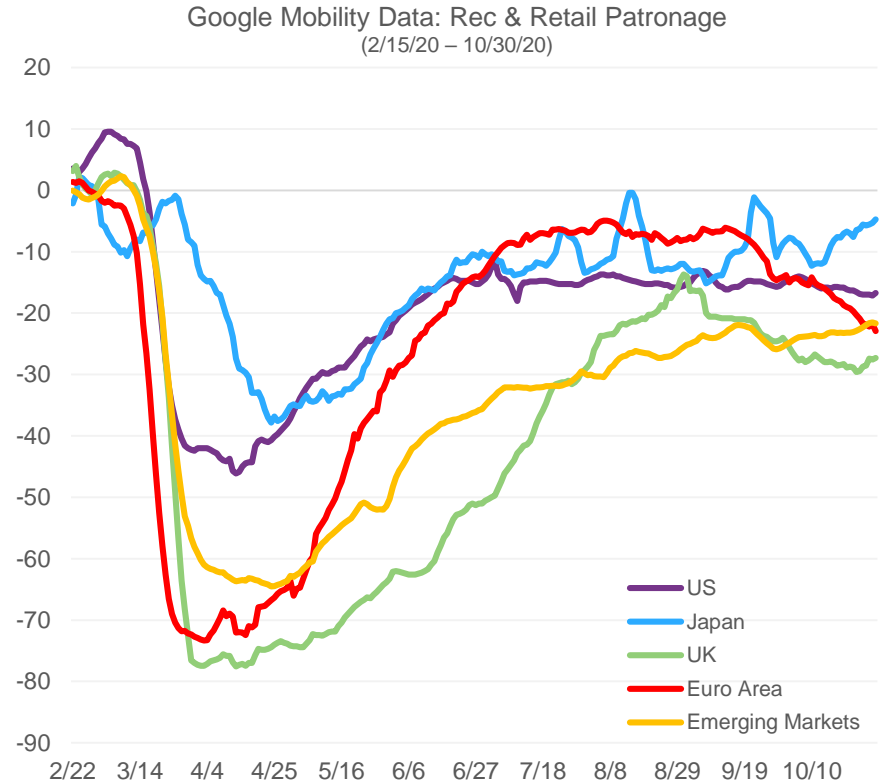
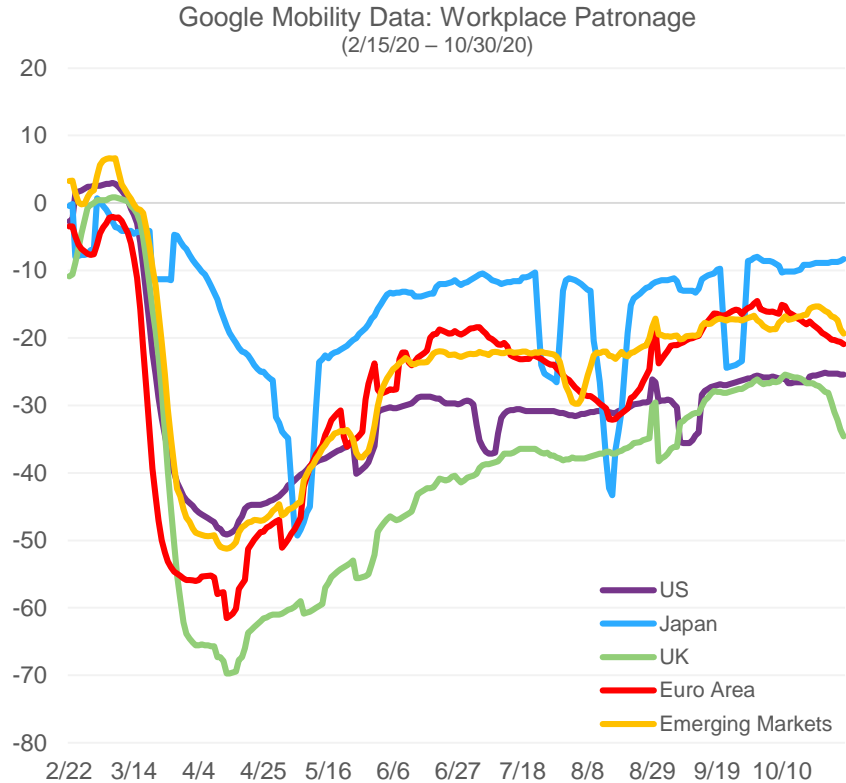
Google Mobility Data: Residential  
By US Census Region  
(2/21/20 - 10/30/20)



Source: Natixis PRCG, Google Trends. <https://www.google.com/covid19/mobility>.

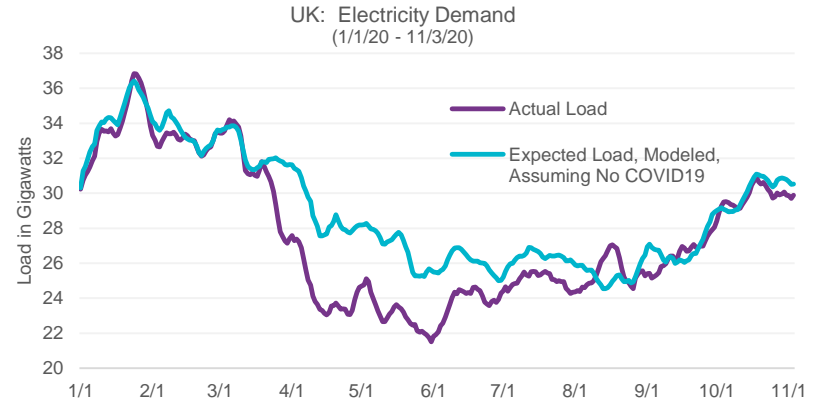
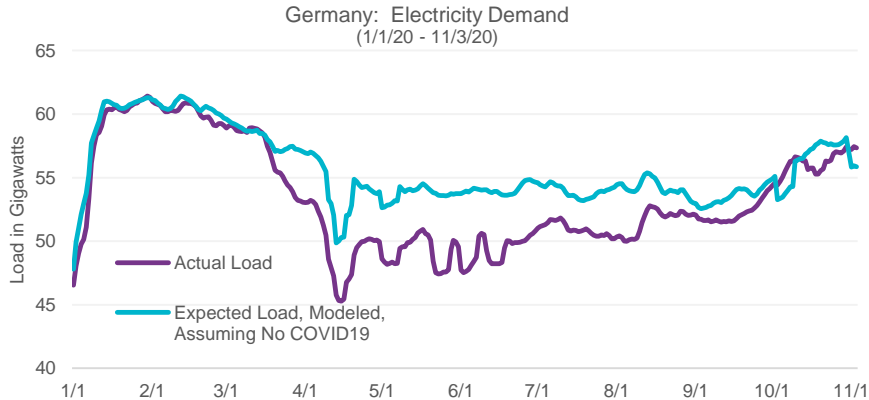
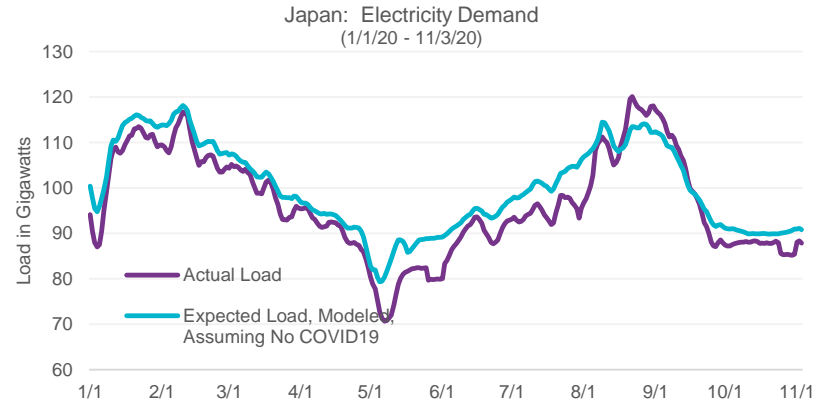
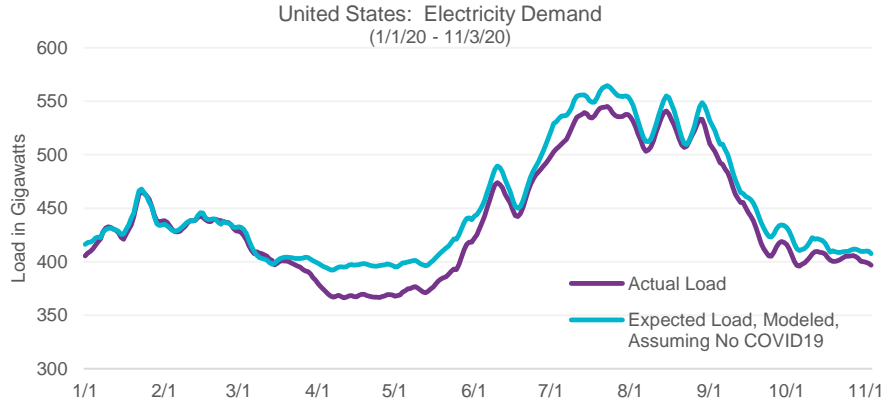


# Global Mobility: Regional Comparisons



Source: Natixis PRCG. <https://www.google.com/covid19/mobility/>

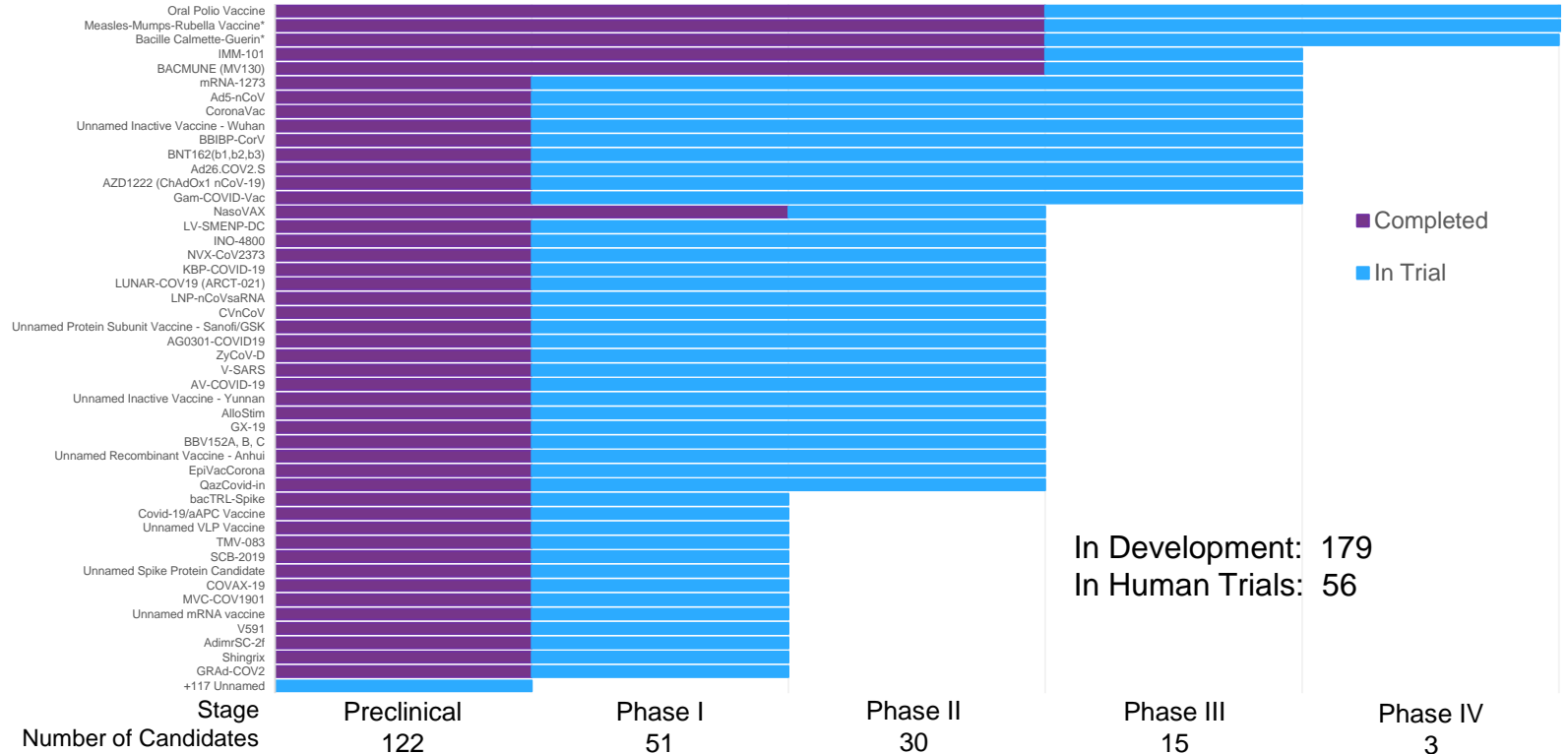
# Electricity Demand



Source: Natixis PRCG, Bloomberg NEF, Actual Load is observed. Expected Load is modeled assuming no COVID19 impact. Bloomberg NEF assumptions.

# Tracking a Vaccine

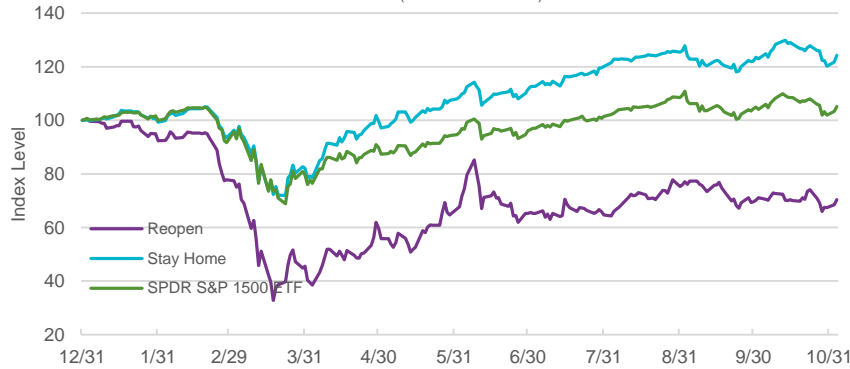
## Vaccine Candidates Development Progress



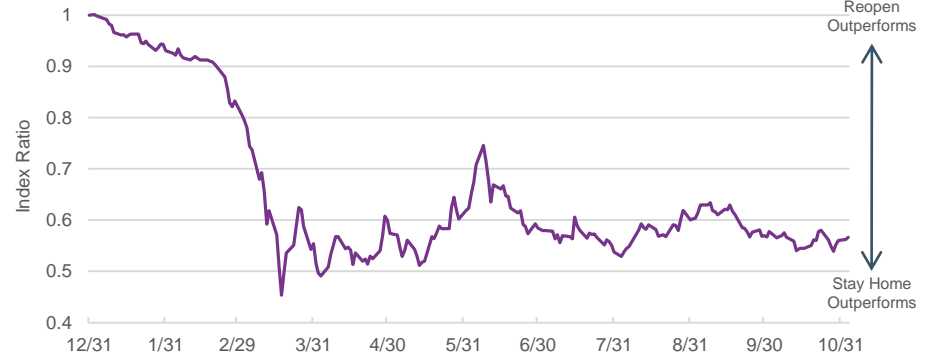
Source: Natixis PRCG. <https://biorender.com/covid-vaccine-tracker>

# What Is The Market Telling Us?

Stay Home vs. Reopen Composites  
(12/31/19 – 11/3/20)



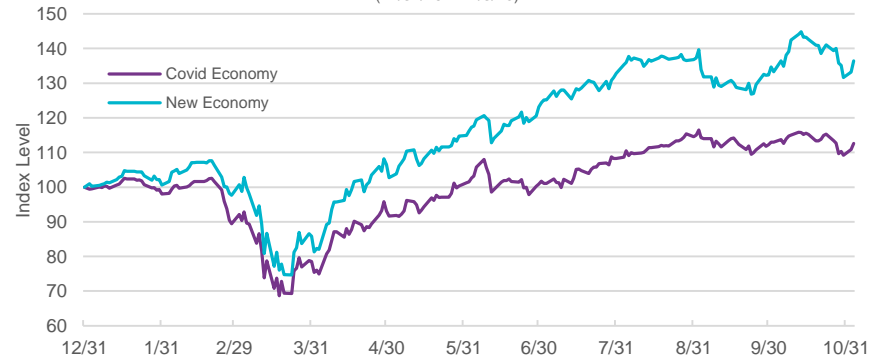
Reopen/Stay Home  
(12/31/19 – 11/3/20)



Reopen Composite  
(12/31/19 – 11/3/20)

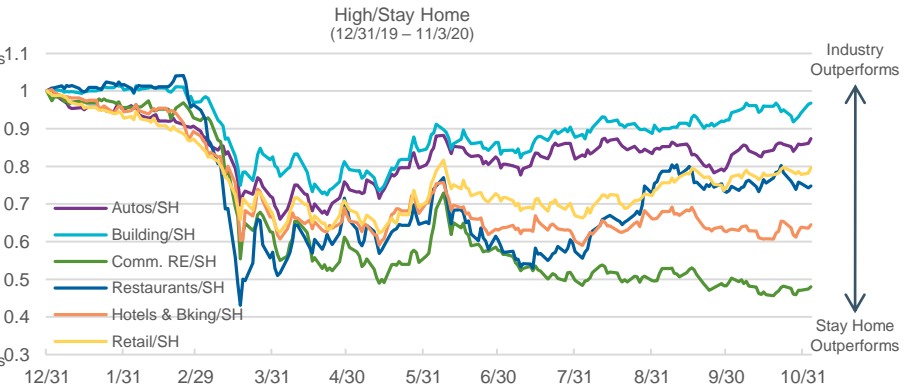
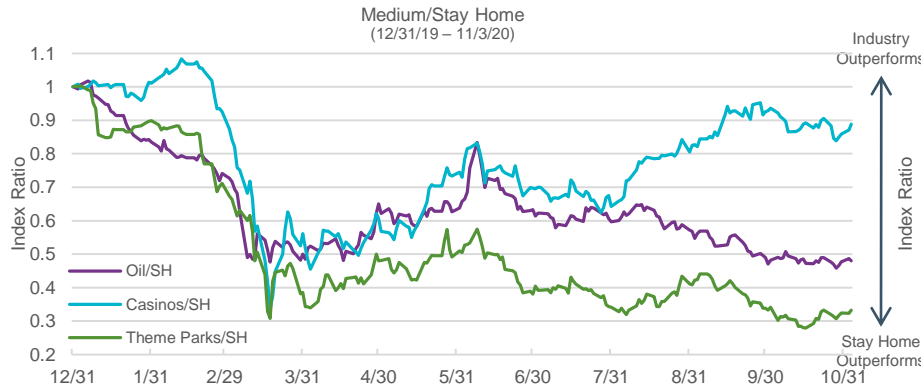
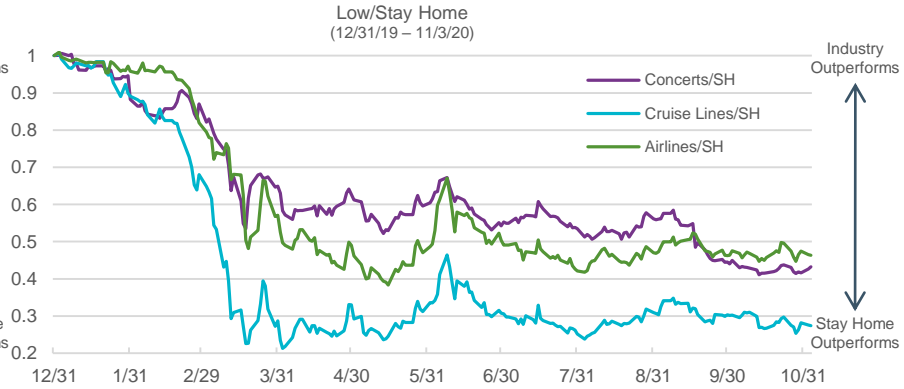
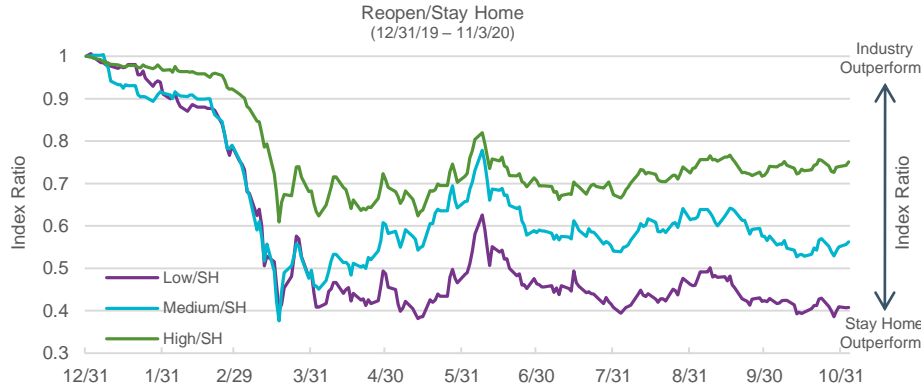


Stay Home Composite  
(12/31/19 – 11/3/20)



Source: Natixis PRCG, FactSet.

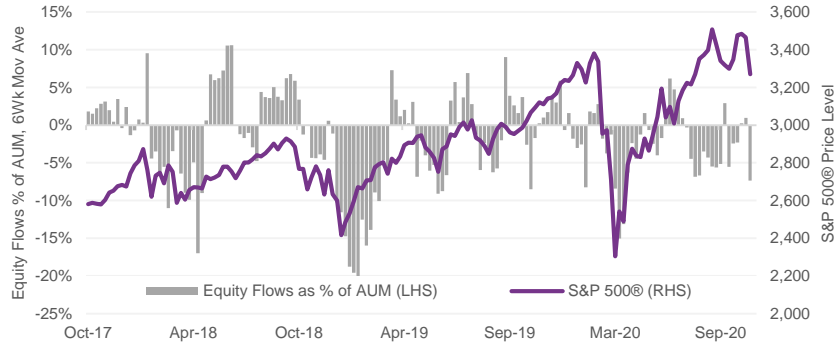
# What Is The Market Telling Us?



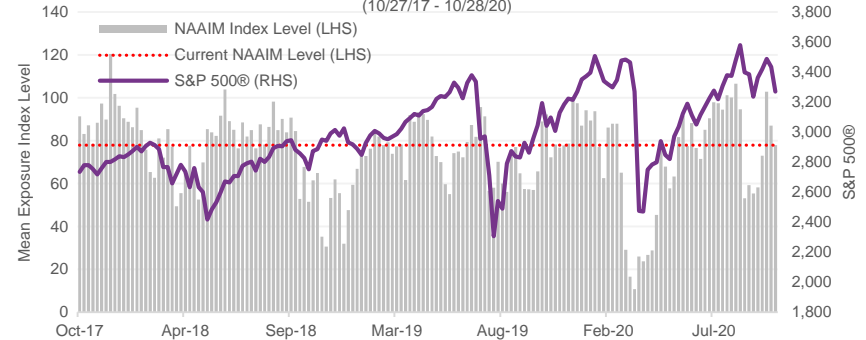
Source: Natixis PRCG, FactSet.

# Sentiment Check

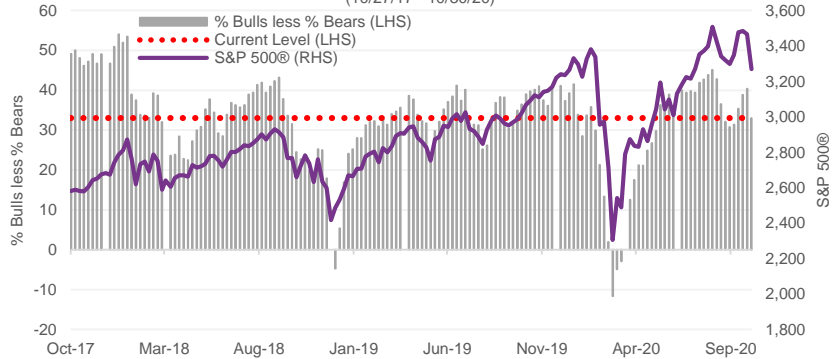
ETF and Long Only Fund Flows vs S&P 500®  
(10/27/17 - 10/30/20)



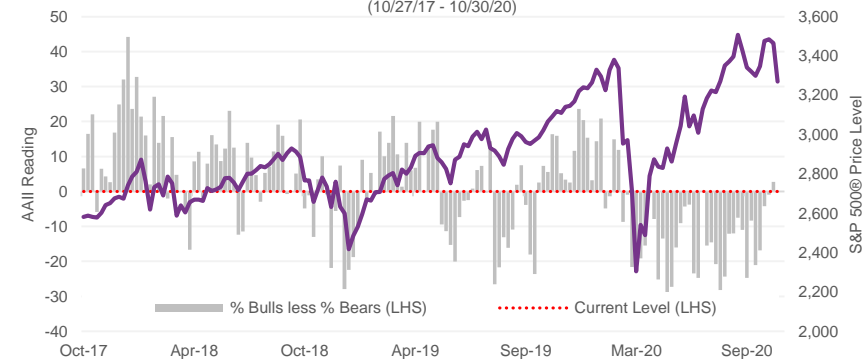
National Association Active Investment Managers  
Exposure Index  
(10/27/17 - 10/28/20)



Investors Intelligence  
(10/27/17 - 10/30/20)

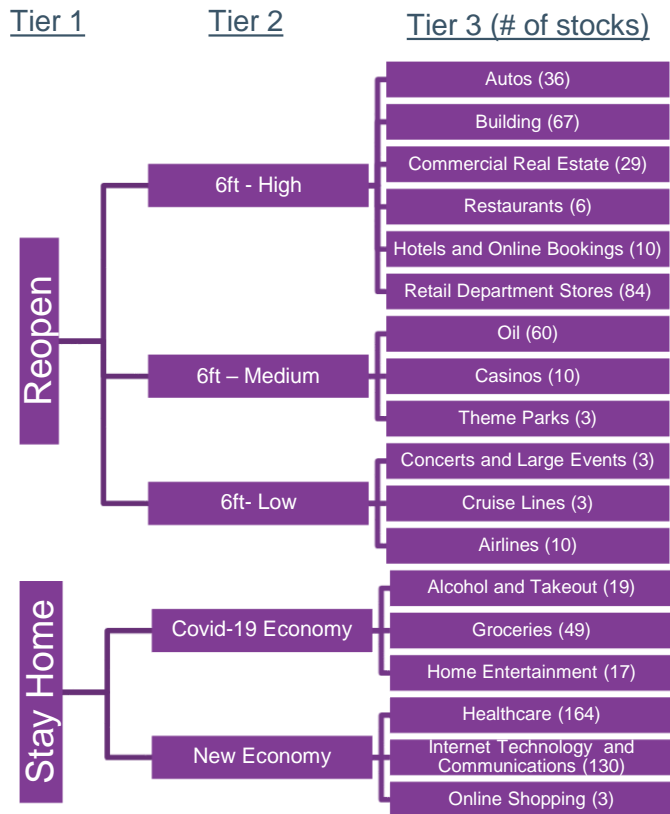


American Association of Individual Investors  
(% Bulls less % Bears)  
(10/27/17 - 10/30/20)



Source: Natixis PRCG, FactSet, Bloomberg.

# Thematic Basket Definitions



- Tier 1 – Equal weighted composites reflecting companies that will benefit from the respective economic environment.
- Tier 2 - Equal weighted composites capturing relative ease to implement social distancing measures.
- Tier 3 – Equal weighted portfolios of a basket of companies within specific sectors that have varying abilities to implement respective social distancing measures.
- 6ft - High – high level of ease to implement social distancing measures.
- 6ft - Medium – moderate level of ease to implement social distancing measures.
- 6ft - Low – difficult level of ease to implement social distancing measures.
- Covid-19 Economy – businesses that we expect to do well assuming the virus continues to linger.
- New Economy – businesses that we expect to do well in the post Covid-19 world.

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