

TD COVID-19 Economic Tracker

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Advanced Economies

After spiking to unprecedented levels across most advanced economies (AEs), COVID-19 cases appear to have crested, with notable reductions apparent in the UK and Canada. France stands out in the sheer number of cases per capita, while Germany still appears to be on the upswing. As the number of cases reported hit all-time highs, hospitalization rates also moved higher, putting a strain on health care systems. Fortunately, the Omicron variant appears to cause less severe illness than prior variants, which alongside vaccinations, has resulted in lower death rates relative to cases. The U.S.'s lower vaccination rate appears to be contributing to its higher death rate relative to other AEs. The resurgent virus has led to backtracking in economic normalcy. Measures of social mobility fell across AEs at the outset of the surge. They have rebounded in recent weeks but remain below levels seen late last year. Governments of several AEs have rolled out booster shots and are enacting measures to increase vaccine uptake.

Chart 1: Omicron Wave Was the Largest Yet

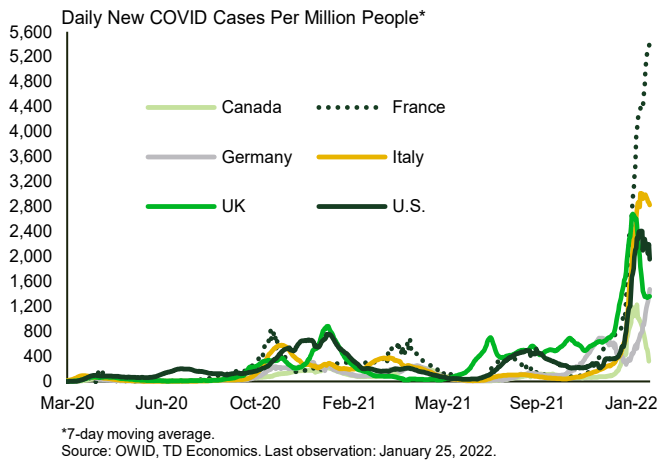


Chart 2: Death Rates Are Lower Than Previous Waves

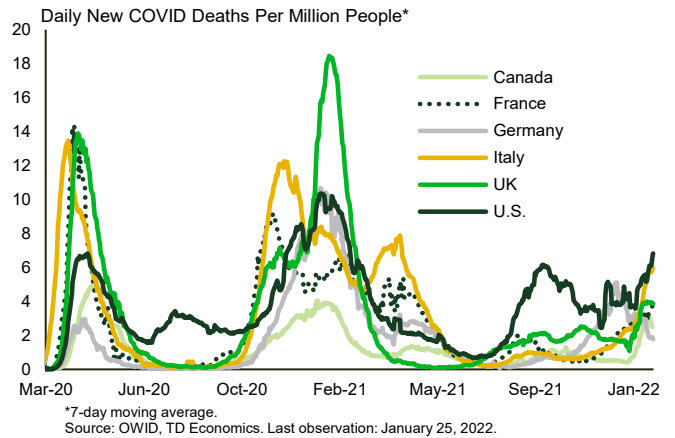


Chart 3: Social Mobility Fell as Omicron Surged

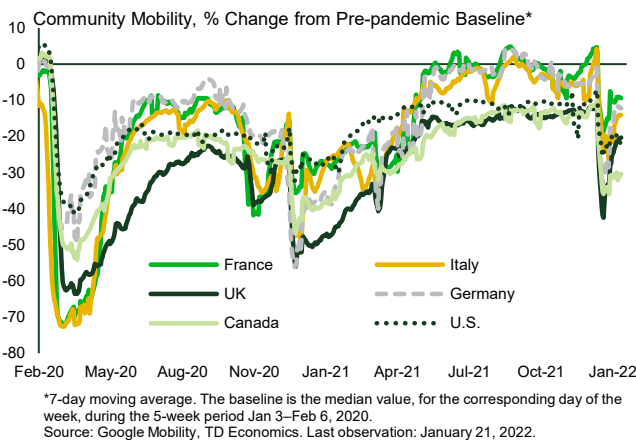
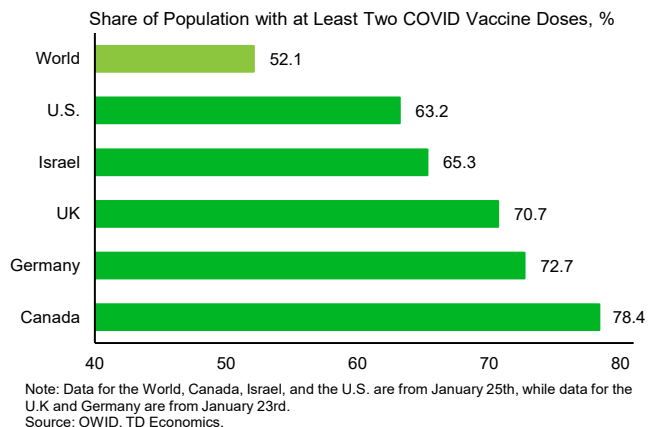


Chart 4: Canada Leads Advanced Economies in Vaccinations



Emerging Markets

Daily reported cases of COVID-19 have picked up across several major emerging markets (EMs) with Brazil a notable standout. South Africa is the exception, seeing a decline in infection rates in recent weeks after leading the surge. Death rates have remained low so far despite the increase in cases, but are trending higher even in South Africa. In Russia, death rates have fallen from a peak late last year but appear likely to rise again given the recent rise in cases. Social mobility has returned to pre-pandemic levels across most EMs even as cases remain elevated. On the vaccine front, EMs continue to lag advanced economies. The COVAX facility has so far shipped just over one billion vaccine doses but more is needed to close the gap. Vaccine shortages and hesitancy have limited rollout in India and Russia.

Chart 5: Cases Are Rising Across Most EMs, but Falling in South Africa

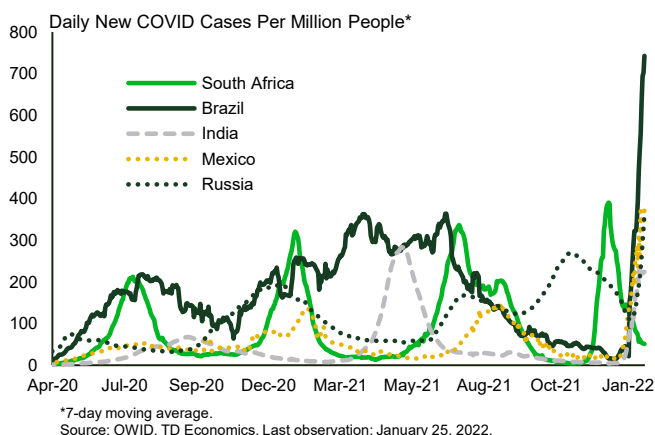


Chart 6: Death Rates More Subdued than Previous Waves

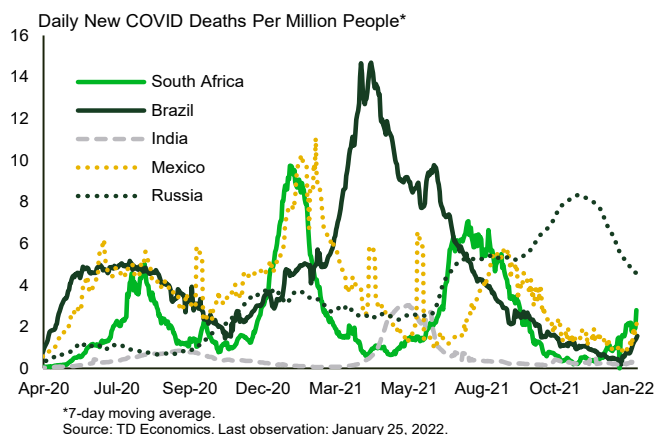


Chart 7: Mobility Picking Up in Most EMs

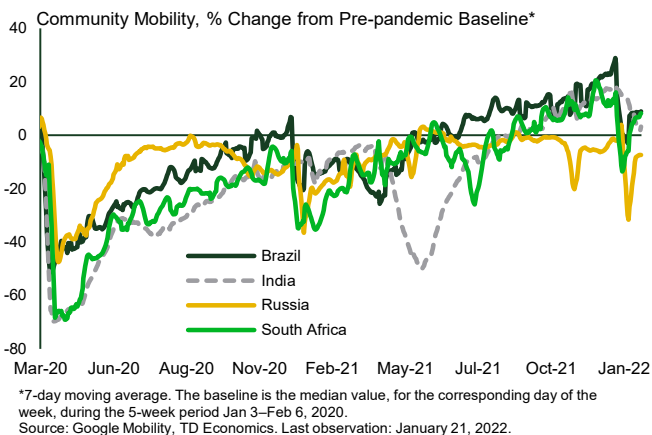
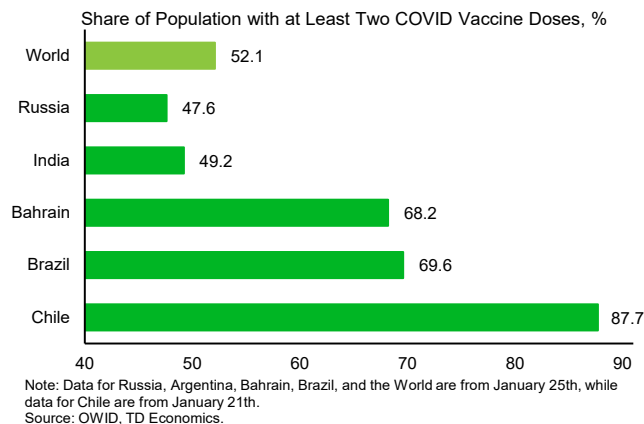


Chart 8: Considerable Discrepancy in Terms of Vaccine Access Among Emerging Markets



United States

Omicron variant-induced infections spread fast across the U.S. but have shown early signs of cresting. The latest wave has slowed the pace of economic progress but has not stopped it altogether. Retail sales pulled back in December, in part due to the resurgent virus, but also as consumers frontloaded holiday purchases in November in order to get ahead of potential shortages. The economy continues to add jobs at a solid clip, but there is still some way to go – total employment is over two million below its pre-pandemic peak. Initial unemployment claims fell by 30k in the week ending January 22 and are in line with levels before the pandemic. The newest wave of the pandemic is likely to exacerbate supply challenges and keep upward pressure on inflation, but nascent signs of its cresting suggest the worst is behind us.

Chart 9: Cases Rose Fast, but Now Appears to Be Falling Across Regions

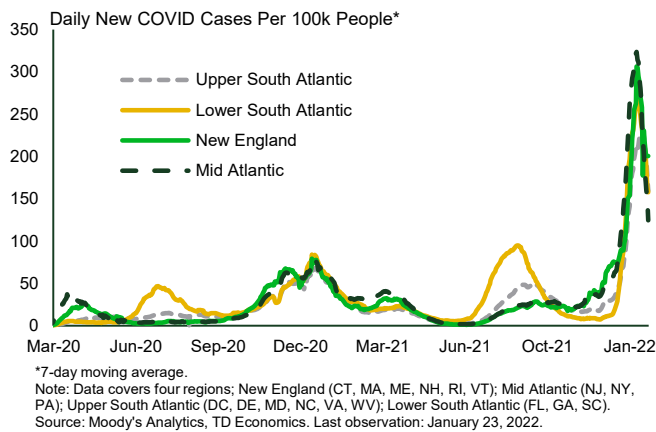


Chart 10: Vaccination Rate Slows Across Most Regions

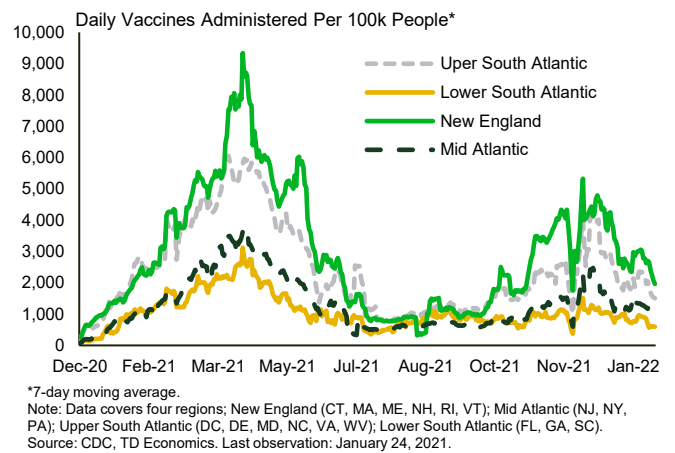


Chart 11: Unemployment Claims Have Returned to Pre-pandemic Levels

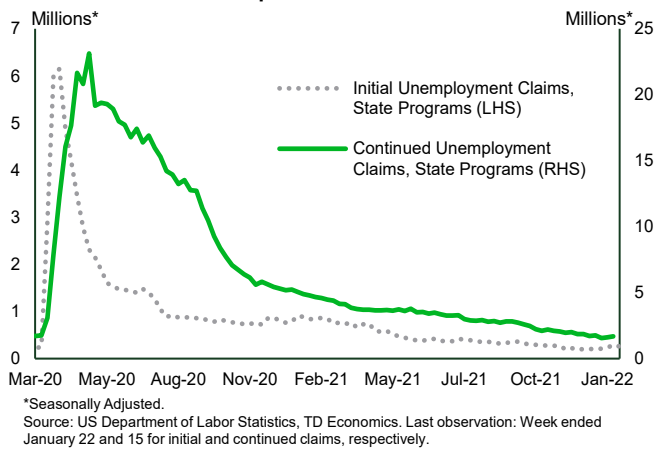
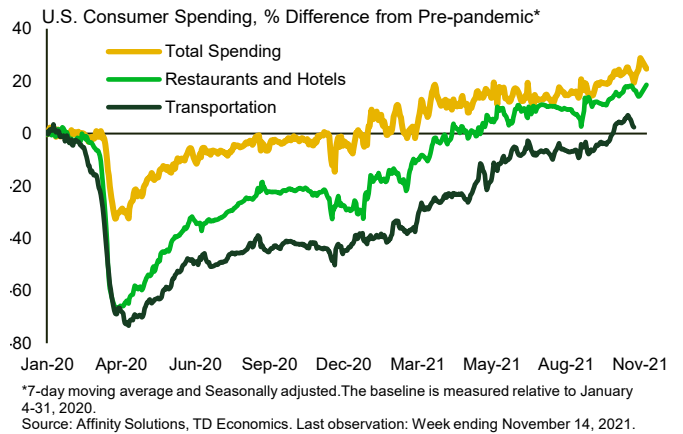


Chart 12: Consumer Spending Has Moved Above Pre-pandemic Level



Canada

Canada has faced its highest wave of COVID infections yet, led by Quebec. The rise in cases led provincial governments to reimpose restrictions in late 2021. More recently, falling caseloads have led to the easing of some of these measures, though capacity limits and closures of certain high-contact businesses remain in place. The latest wave has dampened consumer spending, especially in the most directly impacted areas. Fortunately, employment continued to gain momentum through December, with 55k positions added, though a slowing in January appears likely. Canada's high vaccination rate – over 84% of its adults (78% of the overall population) are fully vaccinated – is helping to reduce the burden of the disease on the healthcare system and should help facilitate a greater return to normalcy as cases fall.

Chart 13: Provinces Witness a Drop in COVID Cases

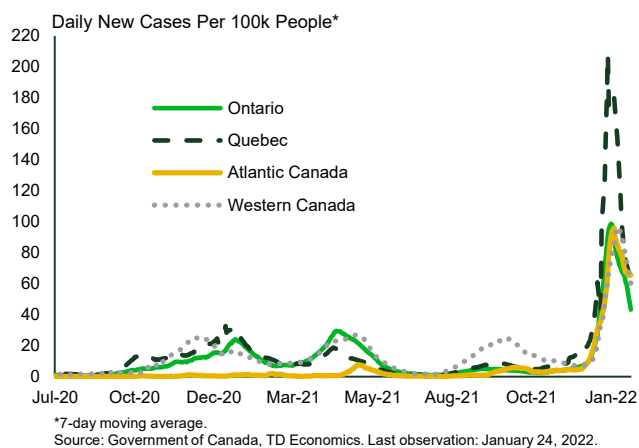


Chart 14: Labor Market Continues to See Gains

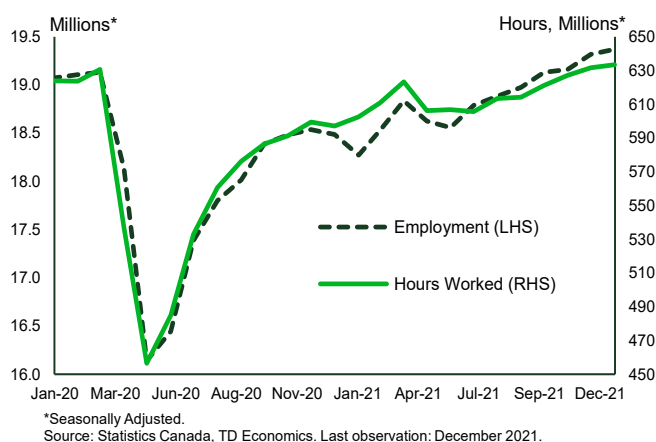


Chart 15: Spending Edged Lower as Covid Surged

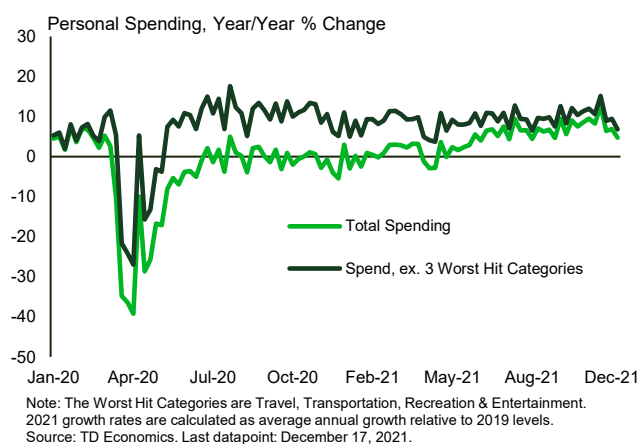
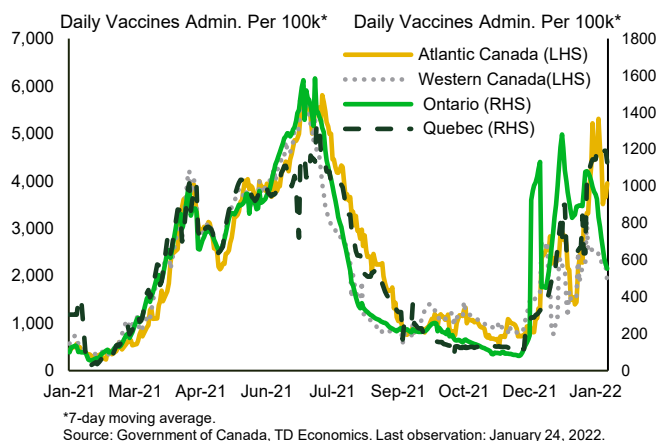


Chart 16: Vaccine Rollout Picked Up as Boosters Administered



Services

The recovery in service activity has slowed across most AEs as the spread of the Omicron variant led to a pullback in mobility and constrained retail and recreational activities. Restaurants have borne the brunt, experiencing a sharp drop in bookings, especially in Canada where restrictions have been the most stringent. Air travel has also slowed as countries impose additional testing and vaccine requirements and in some cases, outright restrictions on travel from countries with high caseloads. Box office receipts, meanwhile, had shown improvement over the course of 2021, but appear to have dropped again in recent weeks in most jurisdictions.

Chart 17: Retail Activity Witness Slight Uptick

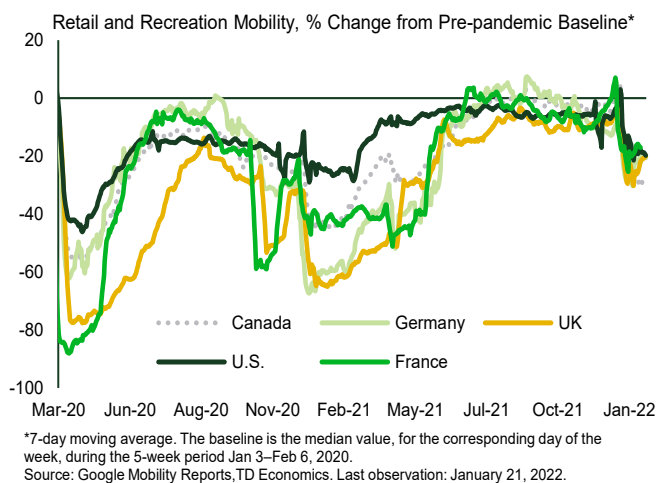


Chart 18: Spread of Omicron Reverses the Progress in Restaurant Bookings

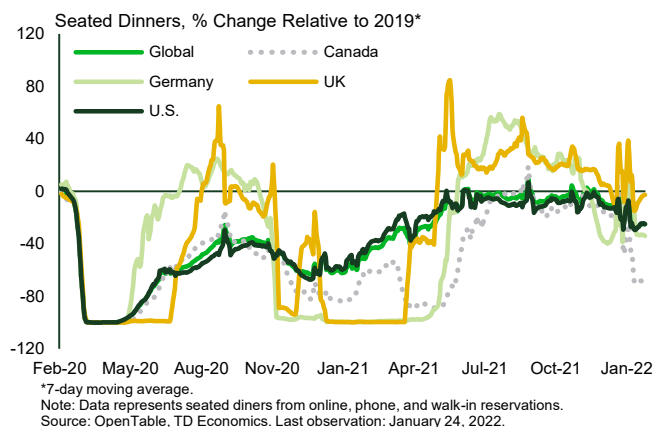


Chart 19: Airline Industry Recovery Suffers Set Back as COVID Cases Surge

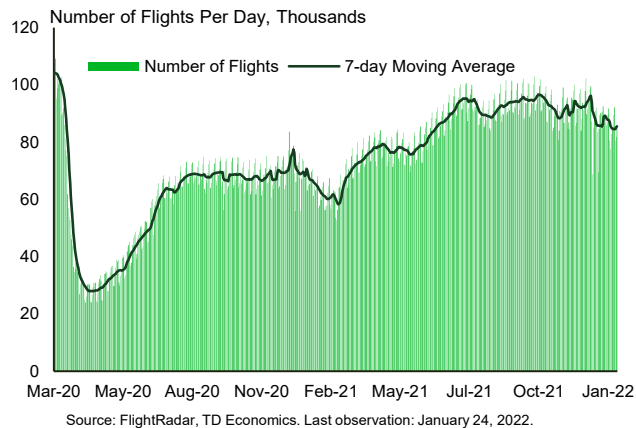
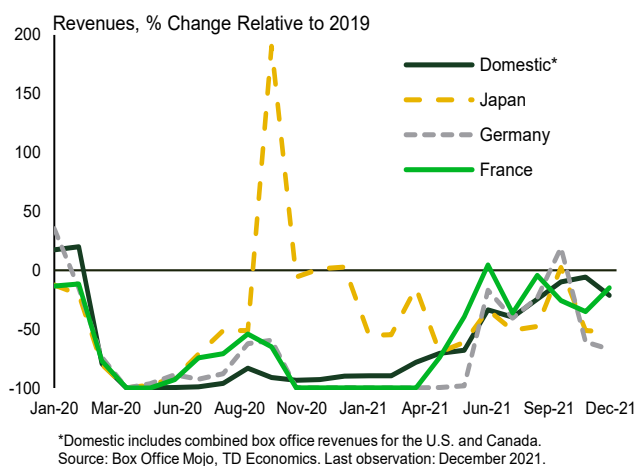


Chart 20: Box Office Revenues Edge Lower in Late 2021, Except in France



Commodities & Financial Sector

Commodity prices suffered a pullback at the close of 2021 but have moved higher since. Copper prices have held up despite rising inventories and concerns about flagging Chinese demand. Gold prices have picked up on the back of rising inflation concerns and U.S. dollar weakness. Oil prices have also rebounded, hitting their highest level since October 2014, underpinned by heightened geopolitical tensions and sustained demand. The VIX index – a measure of price volatility in the S&P 500 – moved to its highest level since January 2021, driven by concerns over the Omicron variant and hawkish signals by the Fed. Government borrowing costs have risen in recent weeks, reflecting signals by central banks that rate hikes are imminent. Bond yields are above February 2020 levels in most advanced economies and even higher in emerging markets, reflecting their greater risk profile in the post-Covid world.

Chart 21: Gold Rises Amid Rising Inflation Concerns and Weakening U.S. Dollar, Copper Holds Steady

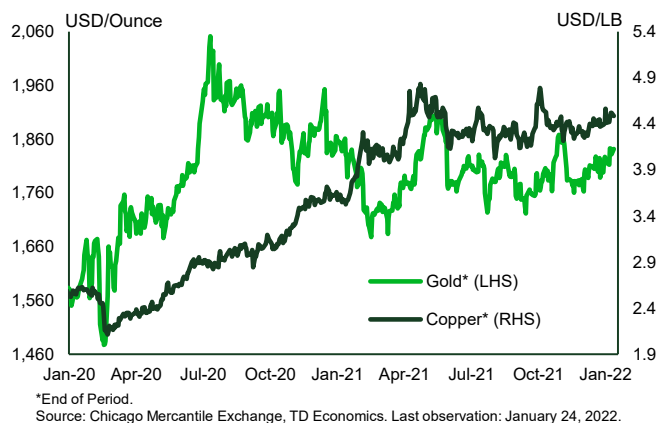


Chart 22: Oil Prices Rises Amid Stronger Demand And Lower Global Inventories

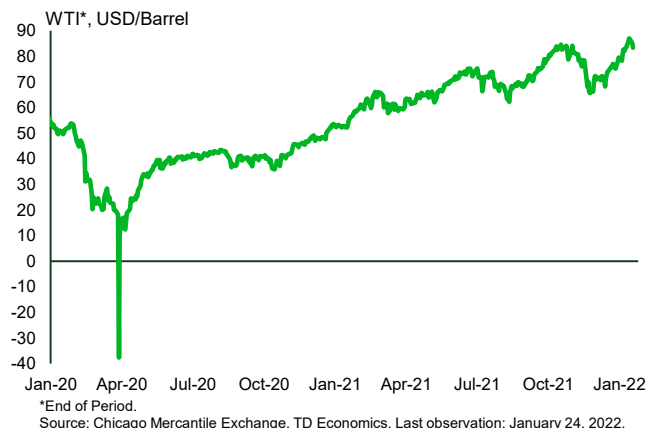


Chart 23: Bond Yields have Risen Across AEs and EMs in Recent Weeks on Inflation Concerns

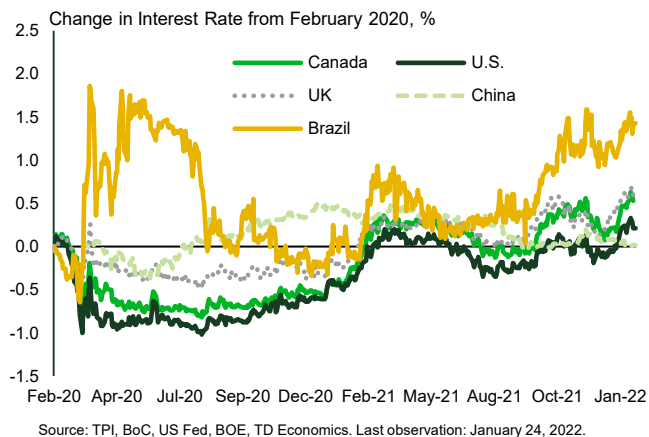
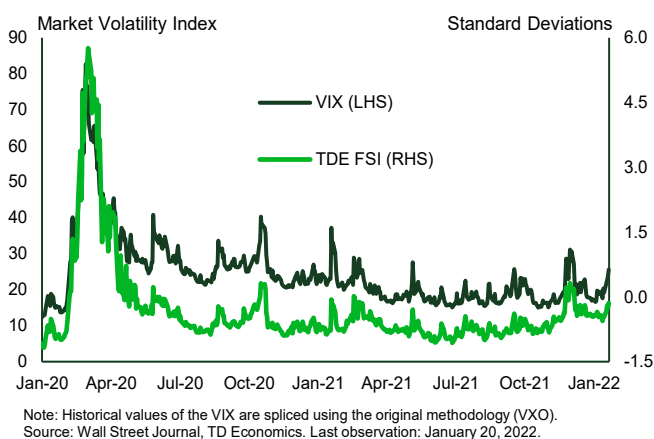


Chart 24: Equity Volatility Has Risen in Recent Weeks, Though Still Low Relative to History



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