

TD COVID-19 Economic Tracker

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Advanced Economies

Covid-19 infection rates are rising across most advanced economies (AEs) due to the spread of the highly contagious Delta variant. This has led some European countries to maintain or tighten restrictions. Fortunately, vaccines have proven highly effective against severe cases and death. Despite some tightening in restrictions, community mobility metrics do not appear to have deteriorated. In France and Italy, mobility has returned to levels last seen before the pandemic. On the downside, vaccination rates are slowing down in most AEs, with the U.S. falling behind. Canada was slower out of the vaccination gate but caught up quickly in recent months and now leads the way in the share of people who have received at least one vaccine dose. Even with high vaccination rates, the Delta variant poses a downside risk to the recovery, threatening to worsen labour shortages and prolong the return to economic normalcy.

Chart 1: Cases Are Rising Across Most AEs

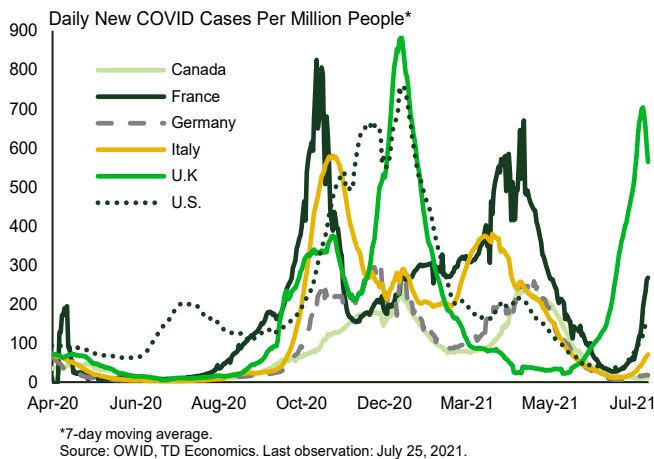


Chart 2: Vaccines Have Largely Broken the Relationship Between Cases and Deaths

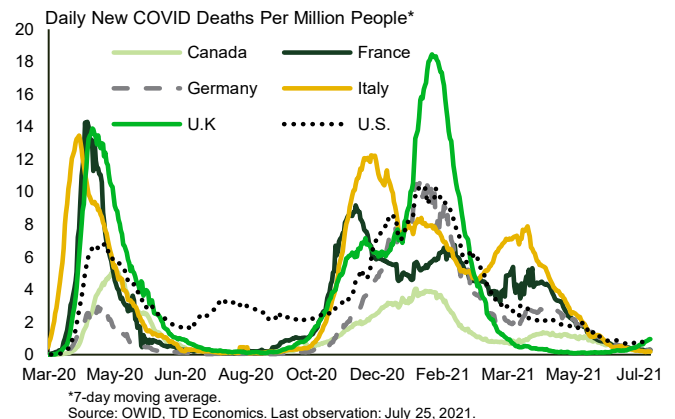


Chart 3: Mobility Slowly Normalizing as Restrictions Ease

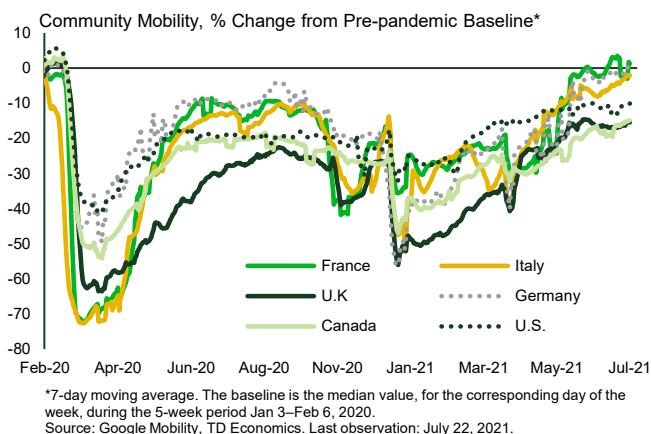
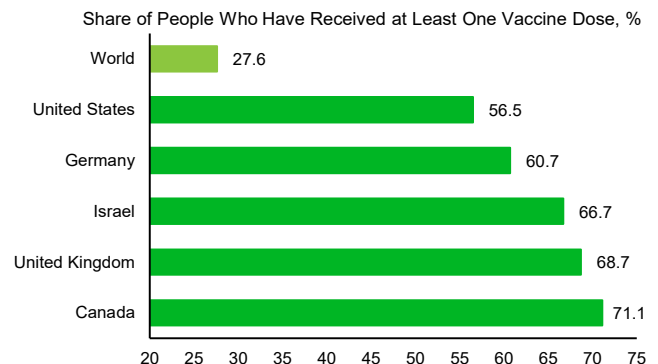


Chart 4: Canada Leads the Way as Vaccination Progress Slows Across AEs



Emerging Markets

Daily new cases remain elevated in several major emerging markets (EMs), but continue to improve in India following its massive second wave earlier this year. South Africa has also seen a drop in cases after its surge in early July. Russia and Mexico, by contrast, continue to struggle to contain more contagious variants of the virus. Fortunately, death rates have not picked up nearly as much as cases, in part due to rising vaccinations. Even with rising cases, social distancing has eased across most EMs, with Brazil's mobility now above pre-pandemic levels. Meanwhile, support from the COVAX facility – a global initiative to aid the distribution of COVID vaccines – is helping EMs accelerate vaccine rollout, but it continues to lag advanced economies. Vaccine hesitancy has limited rollout in Russia, which has fallen below the global average. High-income EMs such as Chile and Bahrain continue to outpace other EMs and even some AEs.

Chart 5: Cases in India Have Finally Crested, Still Elevated Across EMs

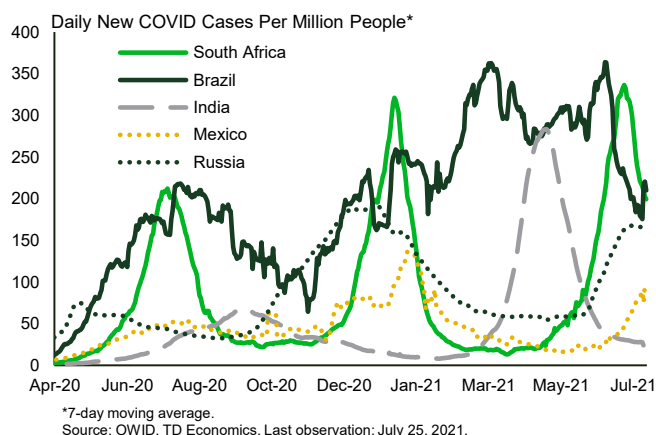


Chart 6: Death Rates Elevated in Brazil, Rising in South Africa

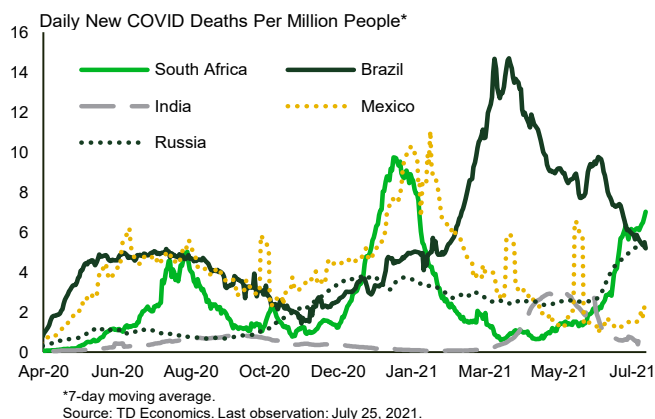


Chart 7: Mobility Back to Normal in Brazil, Worsening in South Africa and Russia

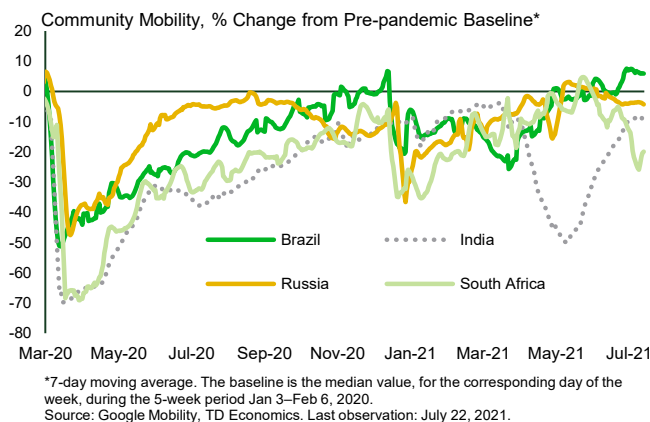
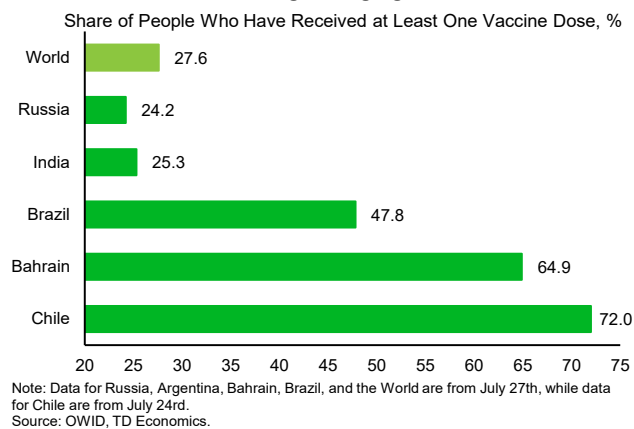


Chart 8: Considerable Discrepancy in Terms of Vaccine Access Among Emerging Markets



United States

Slowing vaccinations have contributed to the rise in Delta-led Covid-19 cases in the United States. Cases are rising swiftly in the South, which is the most behind in terms of vaccinations. Several states in the region are also experiencing an increase in hospitalization and deaths. Thus far, almost 70% of U.S. adults (57% of the overall population) have received at least one dose of the vaccine, but daily vaccination rates have slowed substantially from earlier this year. The economic recovery has so far not been impacted. Initial unemployment claims dropped by 24k in the week ending July 24, still above pre-pandemic levels but improving. As the economy reopens, consumer spending continues to rebound, with higher-contact sectors now leading the recovery.

Chart 9: Cases Rising Across Regions, Led by the South

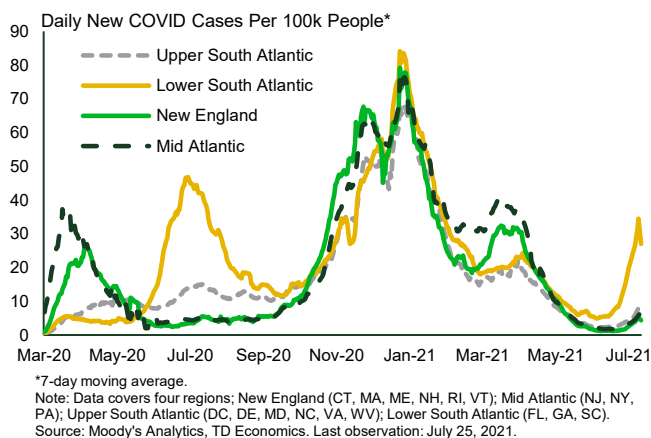


Chart 10: Vaccination Has Slowed Across the U.S

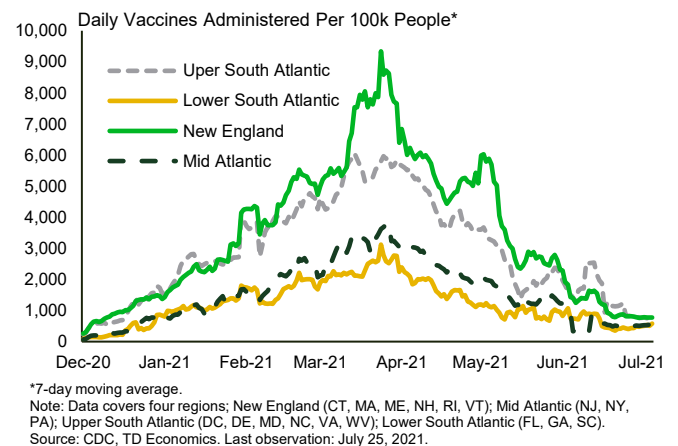


Chart 11: Unemployment Claims Are Bottoming Out

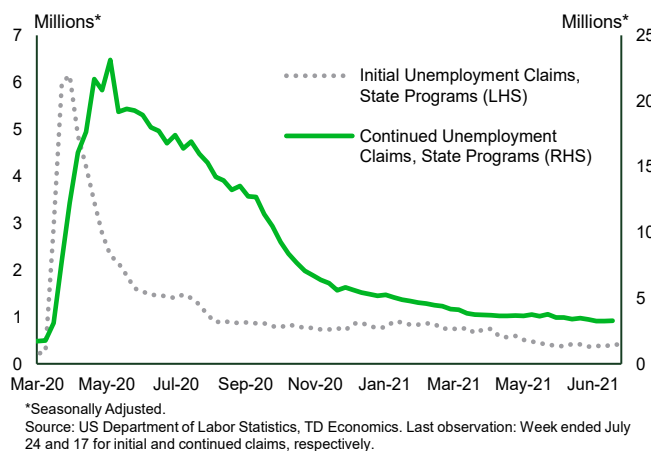
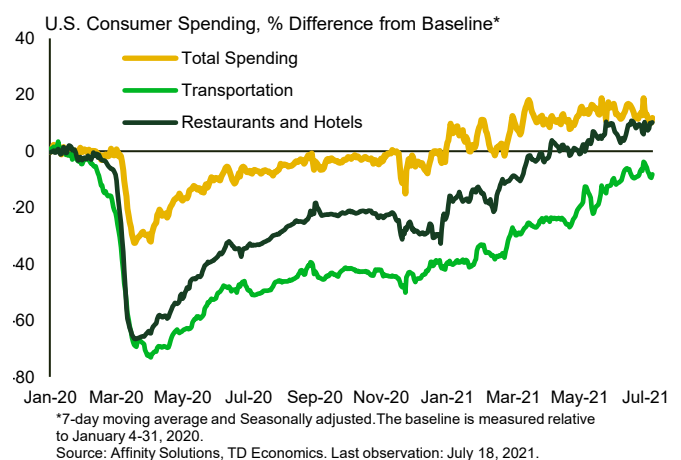


Chart 12: Hard-hit Sectors Continue to Make Headway



Canada

The virus infection rate is declining across Canada. Daily new cases are now at the lowest level since the first wave. This has led to the easing of restrictions across provinces. The continued reopening of the economy has helped jump-start the labor market, which added 231k positions in June, bouncing back from its April and May pullback. Spending has followed suit, especially in areas most directly impacted by the pandemic. The economy is expected to continue to recover as businesses re-open through the summer. Canada's vaccination rate is now among the highest in the world with over 80% of its adults (72% of the overall population) having received at least one dose. Still, as elsewhere in the world, vaccination rates have slowed. With the more contagious Delta-variant now dominant, continued progress in vaccinations will be key to maintaining a strong economic recovery through the fall.

Chart 13: Cases Flatten Across Provinces

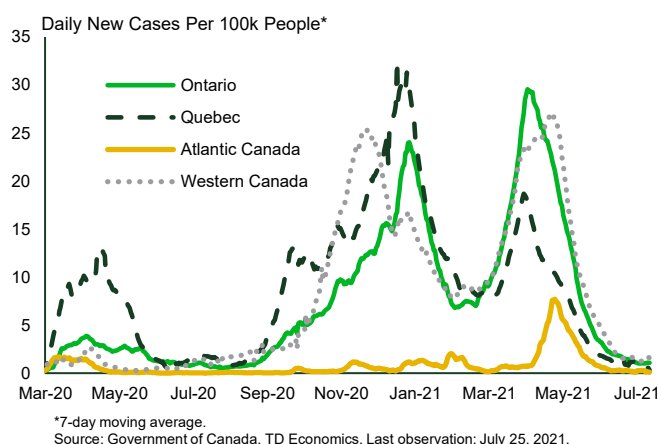


Chart 14: Canadian Labour Market Rebounds in June as Restrictions Rolled Back

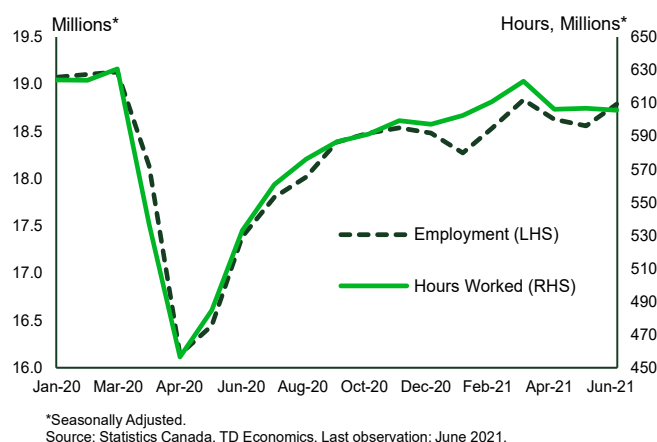


Chart 15: Reopening Spurs Consumer Spending Gains

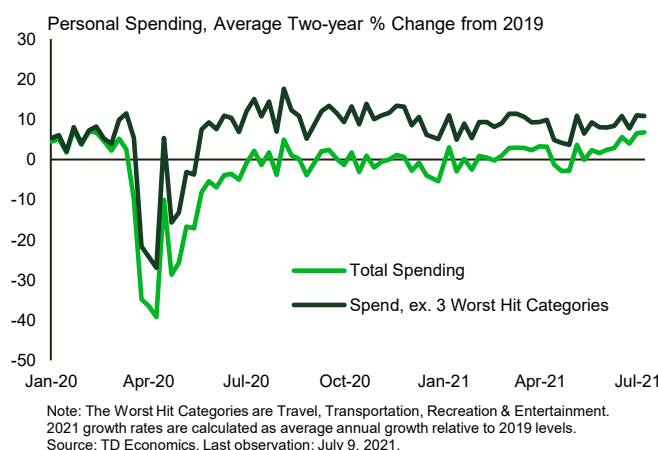
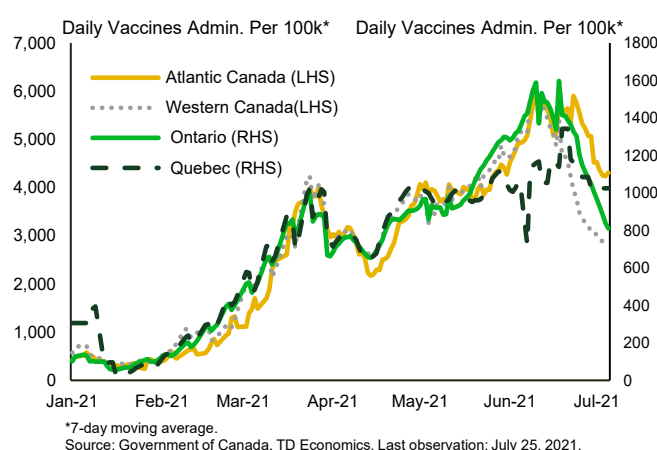


Chart 16: Vaccine Rollout Slowing Across Canada



Services

Service activity continues to improve across most AEs. Households have gradually scaled up retail and recreational activities as restrictions have been lifted. Restaurants are also getting a boost as warmer weather in the northern hemisphere allows for more outdoor activity. The opposite is occurring in Australia where re-imposed lockdowns have led to a drop in restaurant bookings. Meanwhile, global domestic air travel has gained steam as people embark on summer vacations, with fewer restrictions for fully vaccinated people. Finally, the entertainment industry seems to be on the path to recovery, as cinemas reopen across countries. France is in the lead on this front and looks to maintain it as it increased its cinema capacity to 100% on June 30.

Chart 17: Retail Activity Continues to Recover

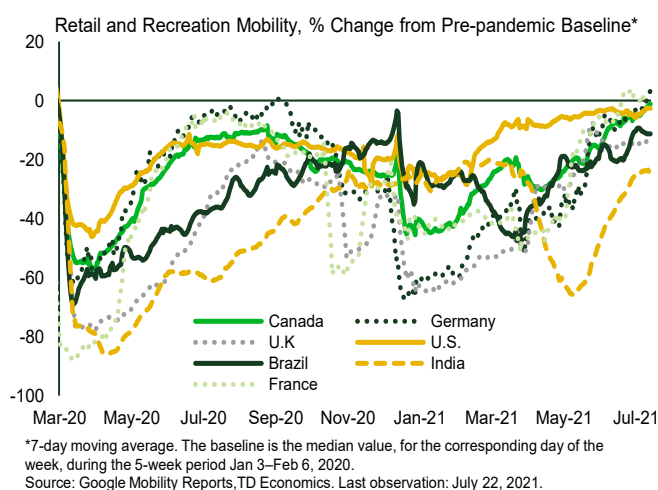


Chart 18: Restaurant Industry Recovery Picks up as Economy Reopen, Except in Australia

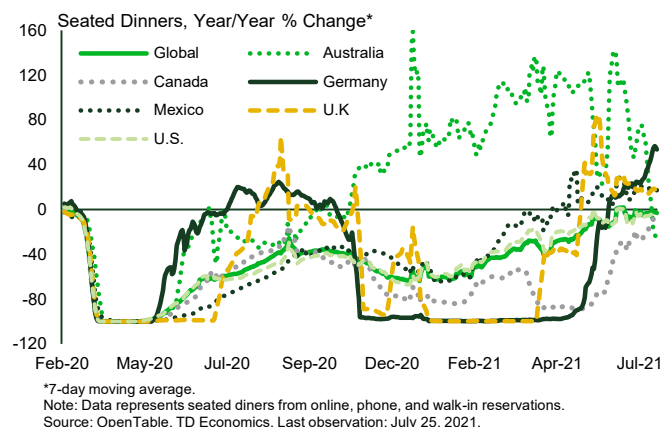


Chart 19: Flights Pick Up as Summer Travel Season Kicks Off

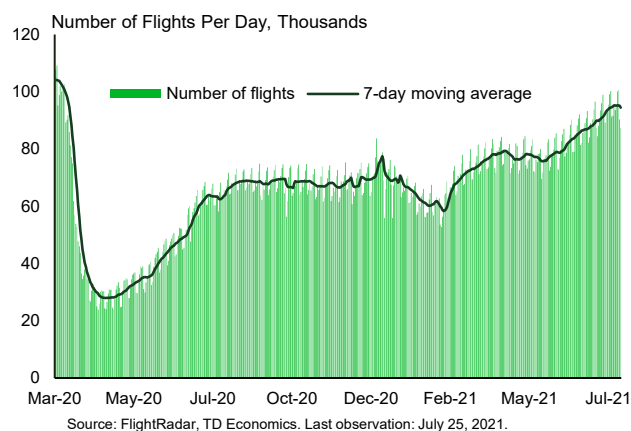
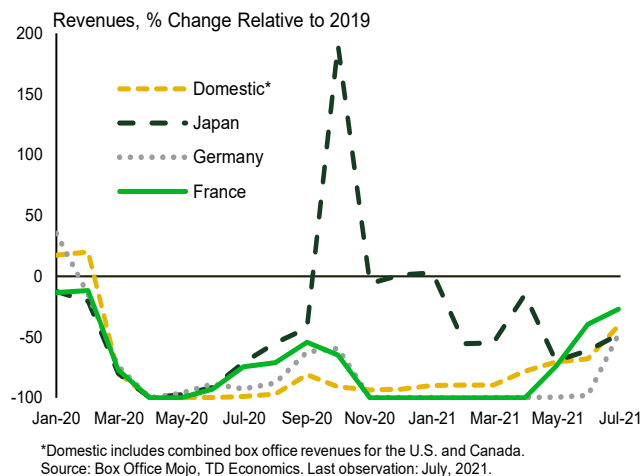


Chart 20: Box Office Revenues Rises as Cinemas Reopen



Commodities & Financial Sector

Commodity prices have been mixed over the past month. Gold prices gained in early July but have declined in recent weeks, while copper continues to hold steady. Meanwhile, oil prices rebounded from their decline in early July even as OPEC+ agreed to boost production in the coming months. The VIX index – a measure of price volatility in the S&P 500 – edged higher in late July, fueled by concern over the Delta variant and the consequences of elevated inflation. Still, the level remains low relative to history. Government borrowing costs have also declined in recent weeks, reflecting increased risk sentiment. Bond yields are below February 2020 levels in most advanced economies, but higher in emerging markets, reflecting their greater risk profile in the post-Covid world.

Chart 21: Gold Drops Amid Strengthening of U.S Dollar, Copper Holds Steady

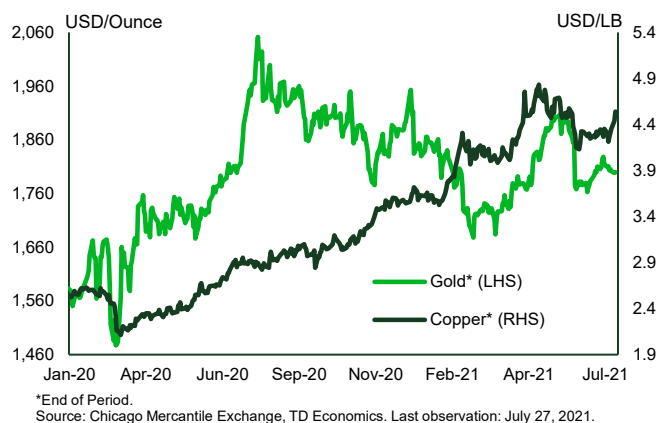


Chart 22: Oil Prices Rebound Even as OPEC+ Plans to Boost Supply

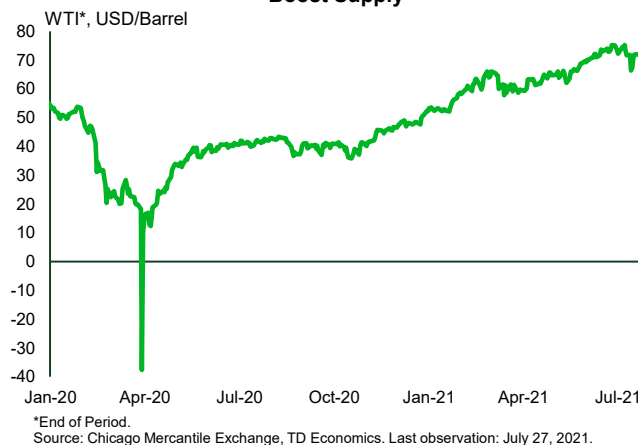


Chart 23: Bond Yields Have Rallyed Across AEs in Recent Weeks on Global Growth Concerns

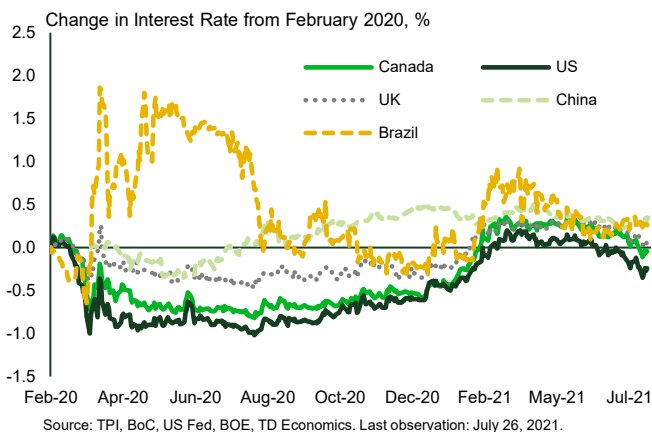
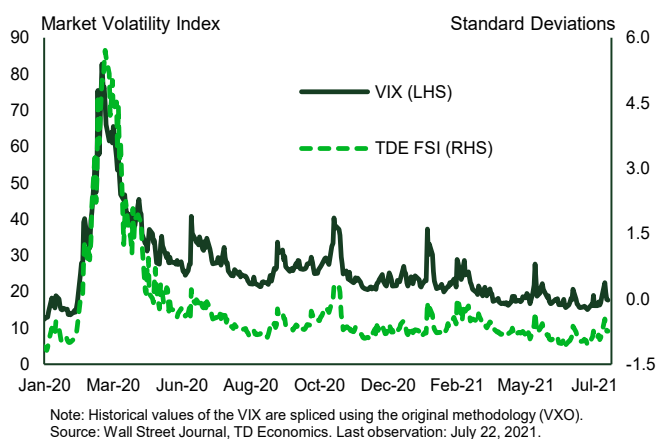


Chart 24: Equity Volatility Has Risen in Recent Weeks, Though Still Low Relative to History



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