

Quickonomics

November 11, 2020

Mobility vs pandemic fatigue

The Covid-19 pandemic brought the world to a standstill, but the huge economic costs that followed forced it back on its feet.

'Learning to live with the virus' is becoming the new mantra, even as fear dwells at the back of the mind, containment is nowhere in sight, and economic costs are piling up. Simply put, this amounts to accepting the existence of the virus and carrying on with outdoor activities with precaution.

Fewer government restrictions, better recovery rates and rising 'pandemic-fatigue' are playing a role. The World Health Organization (WHO) defines pandemic-fatigue as people "feeling demotivated by having to constantly take protective measures." The WHO's September report estimated this fatigue to have reached over 60% of those surveyed in Europe, in some cases.

Evidently, it is catching up in India, too. People's mobility declined at the first instance of a sharp rise in cases in July; but, interestingly another dip in mobility is not perceptible during the second instance of sharper rise in cases, in September. The association of increase in cases to decline in mobility trends seems to have weakened in September. To be sure, October and November saw a sharp dip in daily addition to Covid-19 cases in India, but the possibility of a second wave after the festive season lurks.

How are Indians likely to behave in the event of a second wave?

Using the Google COVID-19 Community Mobility Reports as a proxy, we look at state-level mobility data over the past couple of months to understand the conditions under which Indians chose to leash/unleash themselves.

This helps us draw further inferences on people mobility in a possible second-wave scenario.

The advantages of using this indicator are two-fold: a) It provides information at a higher frequency, and b) it is helping track economic activity near-time, thanks to mobile penetration.

For the purpose of this analysis, we look at mobility in retail and recreational avenues ('retail mobility'). We choose this over other yardsticks such as mobility to workplace, as that would also be determined by

employer-announced restrictions and/or availability of work-from-home options. Similarly, mobility to 'grocery and pharmacy' would be influenced by availability of online ordering and delivery options. To that extent, we believe retail mobility would offer better insights into behavioural change due to the current pandemic¹.

Overall, the indicator shows retail mobility improved sharply in September in some major states in the east and south, and Maharashtra in the west. These geographies had seen a sharp decline in mobility in July as afflictions surged. In September, despite caseloads rising, mobility improved as restrictions eased, recovery rates improved, and there was 'pandemic fatigue'.

Retail mobility way better in September than July, even as cases rose faster

Let's break this up further.

With India unlocking its economy from June, a return to economic activity was visible in terms of increasing mobility, from the troughs of April-May. But June-July started seeing a massive rise in cases (from ~287 per million as of June-end to ~800 per million by July-end). This meant, despite easing of restrictions at an all-India level, localised lockdowns were imposed. This pulled down mobility in several regions².

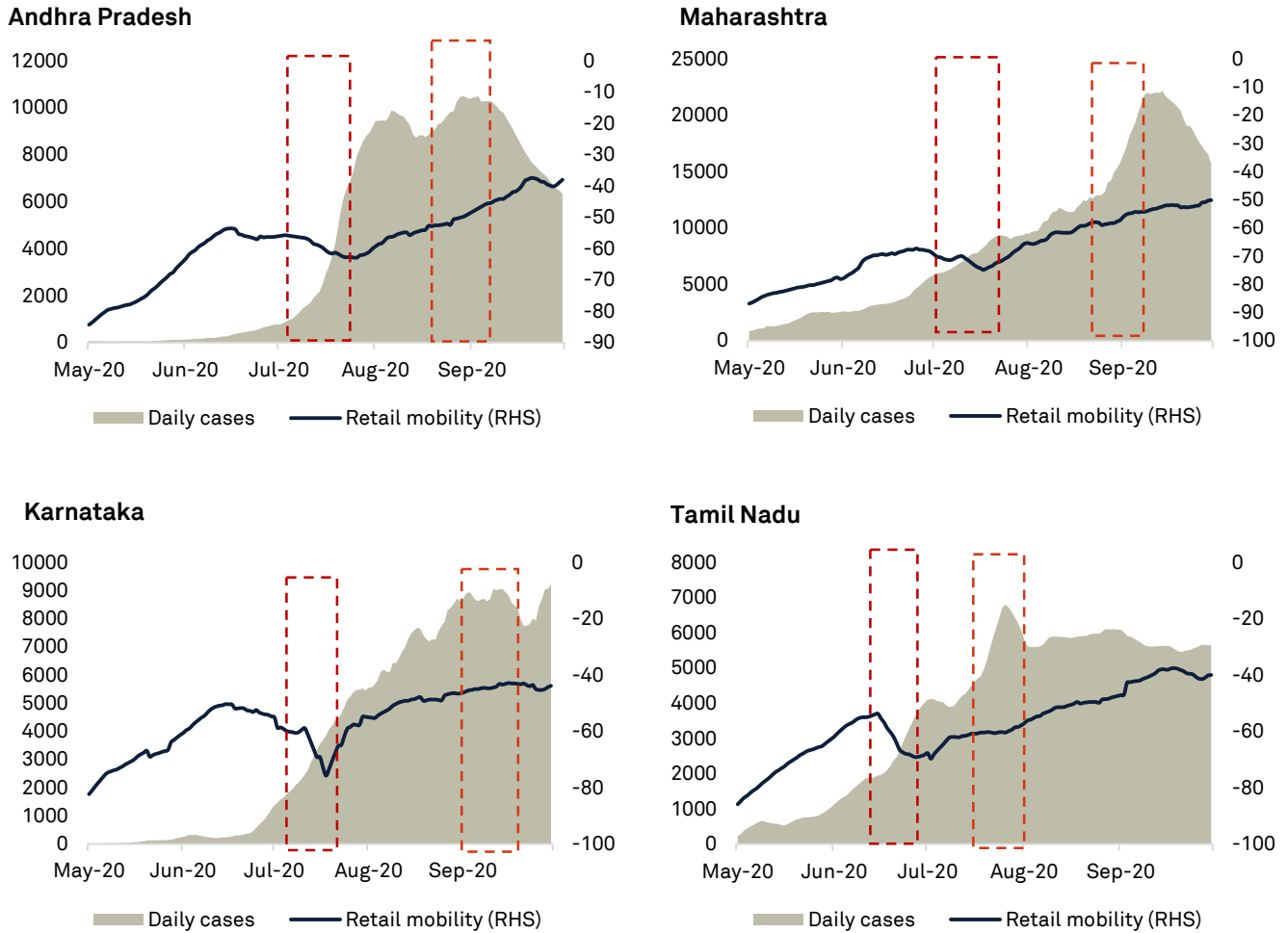
Thus, retail mobility in major states declined at this first instance, of a sharp rise in cases in July: state-imposed restrictions and possibly, fear of the virus, had a dampening impact on it (see Figure 1 of select states' caseload rise with retail mobility). A decline in movement to workplaces and retail avenues also coincided with this sharp rise in caseload.

But interestingly, another dip in mobility is not perceptible during the second instance, of an even sharper rise in cases, in September.

¹Having said that, our observations are also robust to inclusion of workplace mobility. We also recognise that inferences from Google Mobility trends, given the nature of the source of information, would tend to have an urban bias, and hence, would not capture the entire spectrum of behavioural changes.

²We refer to localised lockdowns as those imposed by states, particularly in the form of mid-week/weekend complete lockdowns (in addition to the restrictions specified in the Ministry of Home Affairs guidelines)

Figure 1: Mobility was alive and kicking in September, despite cases peaking



Note: Daily new cases and retail mobility presented as 7-day moving average; Tamil Nadu saw daily cases peaking in August
 Select states' trends shown for illustrative purpose. Other major states showed similar trends
 Source: Google COVID-19 Community Mobility Reports, covid19india.org, CRISIL

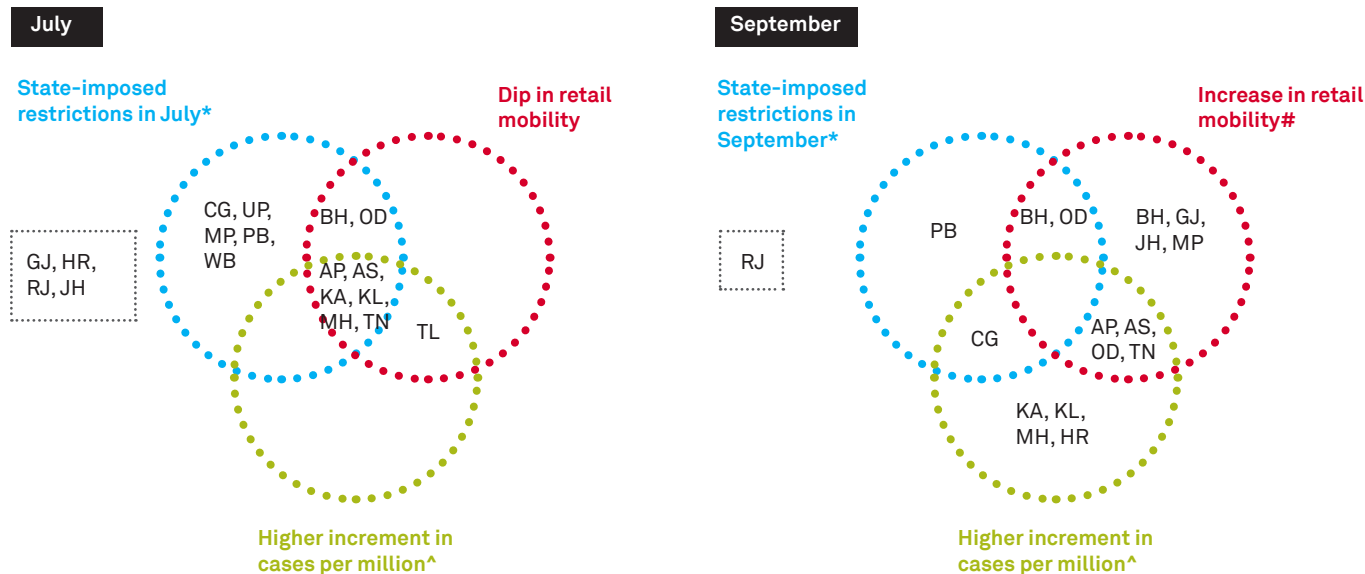
Was the July decline in mobility associated with state-imposed restrictions or a rise in cases?

Both.

An analysis of state-wise restrictions shows that in July, in addition to a higher increase in cases per million (compared with the national average), states that imposed one or the other form of lockdown saw a sharper dip in mobility. Andhra Pradesh, Karnataka,

Kerala, Tamil Nadu, Assam and Maharashtra were among those that faced a double blow. Hence, while restrictions existed across states, rising cases and fear inducing voluntary social distancing may have played a role in declining mobility. In contrast, mobility indicators in states like Chhattisgarh, Uttar Pradesh, Punjab, West Bengal and Madhya Pradesh were not hit as much despite state-imposed restrictions, since case spread was relatively lower (see Figure 2).

Figure 2: States with both localised restrictions and higher increase in cases[^] saw a dip in their mobility trends in July. Mobility improved faster despite higher increase in cases in September[#]



Notes: Notes: *In the form of weekend/mid-week/fortnightly lockdown in districts/whole state; [^]Higher than national average in cases; [#]Increment in mobility in September (over August) faster than national average; States in dotted squares did not see specified restrictions in respective months, decline or increase in mobility and increment in cases higher than national average; GJ: Gujarat, HR: Haryana, RJ: Rajasthan, JH: Jharkhand, CG: Chhattisgarh, MP: Madhya Pradesh, PB: Punjab, WB: West Bengal, UP: Uttar Pradesh, BH: Bihar, OD: Odisha, AP: Andhra Pradesh, AS: Assam, MH: Maharashtra, TN: Tamil Nadu, TL: Telangana
Source: CRISIL

For states that saw a sharp dip in mobility in July, what happened in September?

The association of increase in cases and mobility trends seems to have weakened.

For one, unlock phases in August-September allowed more and more economic activities. Though the Covid-19 infection curve also steepened (daily new cases crossed 90,000+ mark in September), mobility did not slump this time around. Rather, it increased across states, indicative of people (and governments) learning to live with the virus and Covid-19 fatigue beginning to show.³

Two, the Centre’s directive during Unlock 4.0 in September, that states may not impose restrictions, would have aided mobility, too. Particularly, states like Andhra Pradesh, Assam, Odisha, and Tamil Nadu saw a sharper increase in mobility, though their case increase too was higher than the national average (see Figure 2).

Three, improving recovery rates would have also given fillip to mobility. For states that saw a higher

increment in mobility in September, particularly in case of Andhra Pradesh, Bihar, Odisha, Uttar Pradesh, and West Bengal, recovery rates also improved sharply, compared with the previous months.

Meanwhile, despite an improvement, states like Kerala and Karnataka in the south, and Maharashtra in the west, continued to show lower retail mobility trends in September vis-à-vis the national average. **So while average mobility did not decline over time (even as cases rose), more Covid-19 affected states continue to see depressed mobility relative to other states.**

Cues for a second wave?

October and November saw cases dip in most states. But the possibility of a second wave that is now being seen globally, raises concerns. Recent behaviour patterns observed across states during the September case peak could possibly provide cues on what lies ahead.

We believe that the rise in cases may be a determinant of revival or continuation of economic activity, particularly for contact-based services. But pandemic-

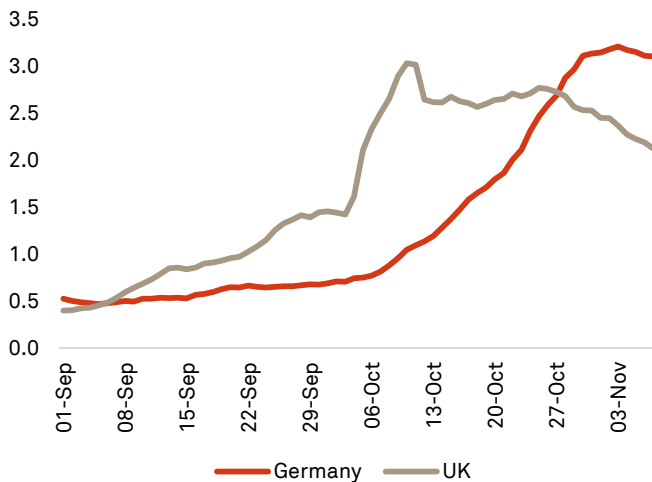
³There is a certain degree of endogeneity here: Covid-19 fatigue can also lead to increased cases, as people become more reluctant to follow preventive measures.

fatigue, slacker government restrictions and higher recovery rates are other considerations behind individual choice between protecting lives and livelihoods.

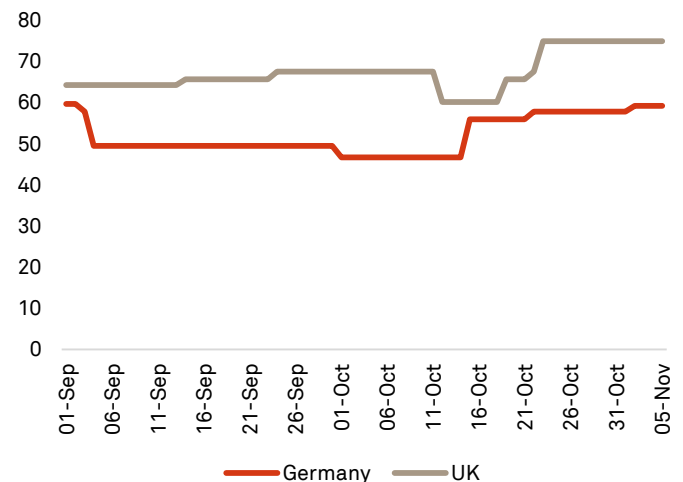
In India, given the sharp hit to incomes, employment and the economy at large in recent months, livelihood choice appears to have prevailed. Other high frequency indicators (such as fuel consumption, automobile sales and freight transport, among others) suggest that economic activity has been slowly but steadily picking up post April-June quarter. Manufacturing overall is picking up somewhat faster, while services – given that majority of them are contact-based – are lagging. This phenomenon, we believe, could continue even in case of a second wave.

It also appears that unless the pandemic spins out of control, there may not be very stringent government restrictions and the hit to economic activity may not be as dramatic as earlier. A brief period where fear factor plays spoilsport cannot, however, be ruled out. Germany and United Kingdom, for instance, are responding differently to the second wave. Both the countries have seen a sharp rise in incremental cases. Government restrictions have tightened in UK, but not as much in Germany. Yet, retail mobility indicators are seeing a dip in both the countries. That could be indicative of a transitory softening in economic activity.

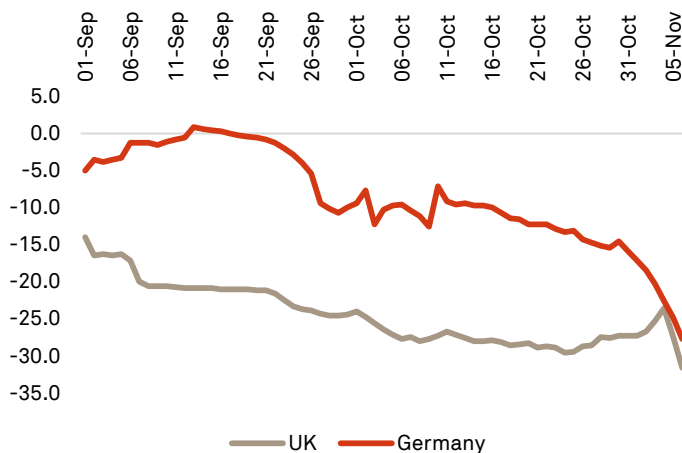
7-day MA growth rate in Covid-19 cases (%)



Stringency index



7-day MA of retail mobility (% change from baseline)



Source: WHO, Google COVID-19 Community Mobility Reports, Oxford Covid-19 Government Response Tracker, Blavatnik School of Government, CEIC, CRISIL

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