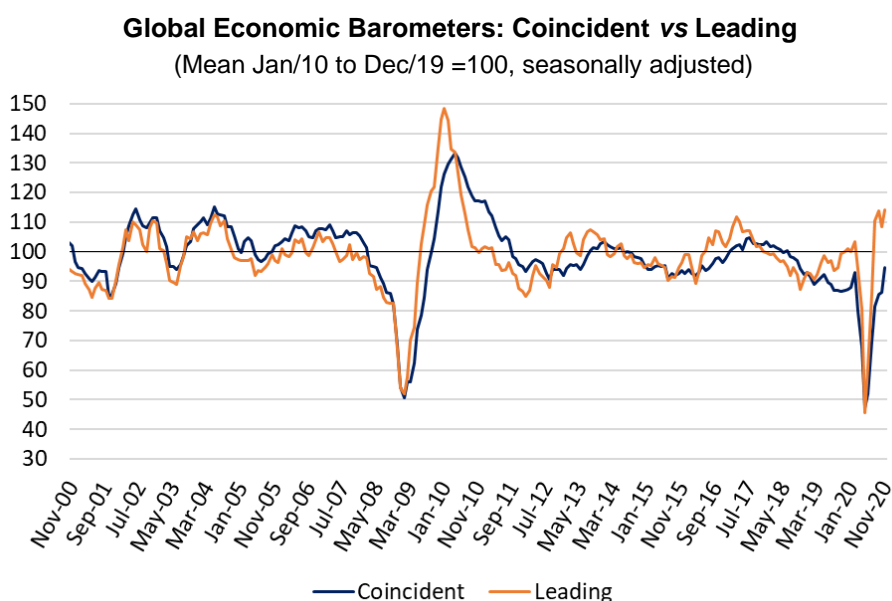


Press Release

Rio de Janeiro and Zurich, 10th November 2020, 10 am (local time) – 1 pm (UTC).

Global Economic Barometers signal continuing recovery

The **Coincident** and **Leading Global Economic Barometers** rise in November, signaling continuity in the tendency of recovery in world economic activity, after having given slightly less positive signals in the previous month. The favorable overall development was mainly driven by the *Asia, Pacific and Africa* regions.



Source: KOF ETH Zurich and FGV IBRE

The Coincident Global Barometer rises by 8.4 points in November, jumping from 86.2 points to 94.6 points. The Leading Global Barometer climbs by 5.7 points, reaching 114.0 points, the highest level since June 2010. All regions contribute positively to the result of the Coincident Barometer, with the strongest contribution coming from *Asia, Pacific and Africa*. The Leading Barometer rises in *Asia, Pacific and Africa* and the *Western Hemisphere*, while *Europe* contributes negatively to the aggregate indicator. The pandemic worsened again in October, particularly in Europe, and in some countries protection measures were tightened during the month. This development is likely to be only partially reflected in some of the survey results collected so far.

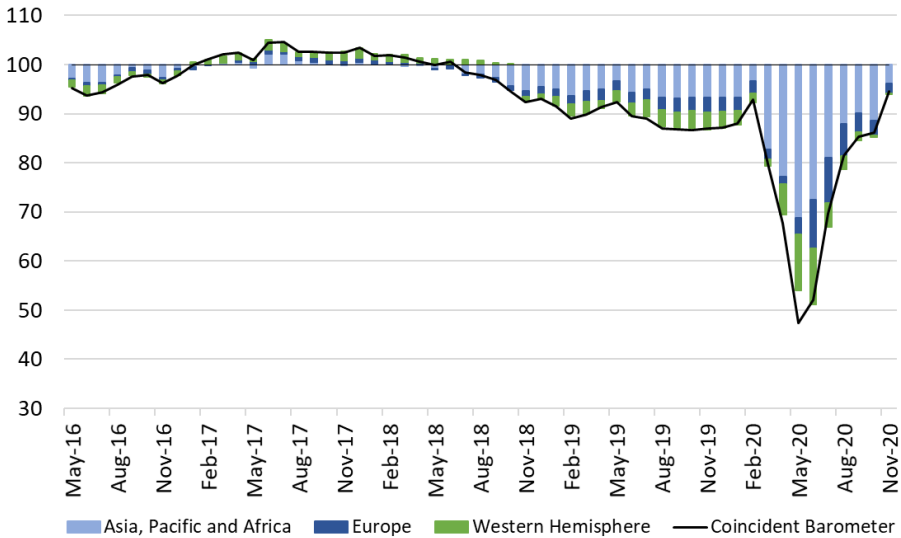
“In November, the Coincident Global Barometer returned to showing a positive variation across the regions, although there remains significant diversion between the performances of the sectors. The fear of the return of restrictions on service sector activities, in particular, as a result of new waves of the pandemic, had a negative impact on the leading barometer in Europe. This result, combined with uncertainties on the continuity of incentive programs after the end of the year, place in question the

possibility of acceleration in the rate of recovery of the Global Barometers,” evaluates Paulo Picchetti, researcher of FGV IBRE.

Coincident Barometer – regions and sectors

The Coincident Barometer for the *Asia, Pacific and Africa* region rises in November, contributing positively with 7.6 points, or 90%, to the result of the general indicator. The indicators for the regions of *Europe* and the *Western Hemisphere* (North America, Latin America and the Caribbean) also increase, both contribute more moderately with 0.5 and 0.4 points, respectively. The *European Barometer* has reached the level of the pre-pandemic period, as did the *Western Hemisphere Barometer* in the previous month. The *Asia, Pacific and Africa* region remains 0.9 points below this reference. The graph below illustrates the contribution of each region to the deviation of the Coincident Barometer from the historical average of 100 points.

Regional Contributions to the Coincident Global Economic Barometer



Source: KOF ETH Zurich and FGV IBRE

Coincident Regional Barometers				
<i>Period</i>	<i>Asia, Pacific and Africa</i>	<i>Europe</i>	<i>Western Hemisphere</i>	<i>Coincident Barometer</i>
Feb-20	94.1	90.9	92.4	92.8
Mar-20	70.2	92.9	94.4	79.7
Apr-20	60.8	84.5	74.8	67.7
May-20	46.5	52.1	53.4	47.3
Jun-20	52.9	56.2	54.0	52.1
Jul-20	67.5	69.0	80.1	69.7
Aug-20	79.1	81.9	89.4	81.4
Sep-20	82.7	86.1	93.4	85.4
Oct-20	80.3	91.0	98.2	86.2
Nov-20	93.2	93.3	99.9	94.6
Cumulative Var. Mar-Nov	-0.9	2.4	7.5	1.8

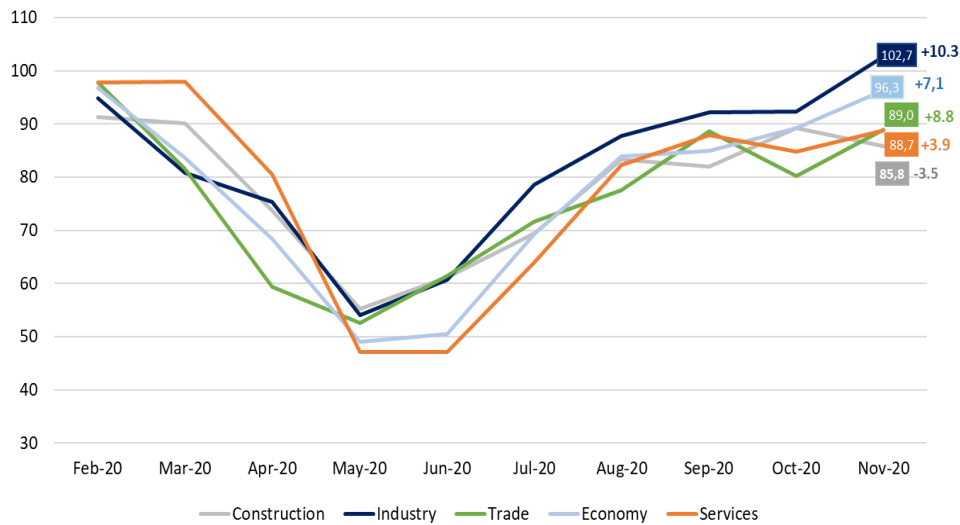
Source: KOF ETH Zurich and FGV IBRE

Regional Contributions to Changes in the Coincident Barometer				
<i>Period</i>	<i>Contributions per Regions</i>			<i>Monthly Variation</i>
	<i>Asia, Pacific and Africa</i>	<i>Europe</i>	<i>Western Hemisphere</i>	<i>Coincident Barometer</i>
Mar-20	-14.0	0.4	0.5	-13.1
Apr-20	-5.5	-1.7	-4.8	-12.1
May-20	-8.4	-6.7	-5.2	-20.3
Cumulative Contrib. Mar-May	-27.9	-8.1	-9.5	-45.5
Jun-20	3.8	0.8	0.2	4.8
Jul-20	8.5	2.7	6.4	17.6
Aug-20	6.8	2.7	2.3	11.8
Sep-20	2.1	0.9	1.0	4.0
Oct-20	-1.4	1.0	1.2	0.8
Nov-20	7.6	0.5	0.4	8.4
Cumulative Contrib. Jun-Nov	27.4	8.6	11.4	47.3
Cumulative Contrib. Mar-Nov	-0.5	0.5	1.8	1.8

Source: KOF ETH Zurich and FGV IBRE

The strongest sectorial contribution to the increase in the Coincident Global Barometer in November comes from the *Industry*, followed by the set of variables reflecting the *aggregated development of economies (Overall Economic Development)*. Variables from the *Trade and Services* sectors contribute modestly to the result while *Construction* makes a slightly negative contribution.

Coincident Global Barometers - Sectors

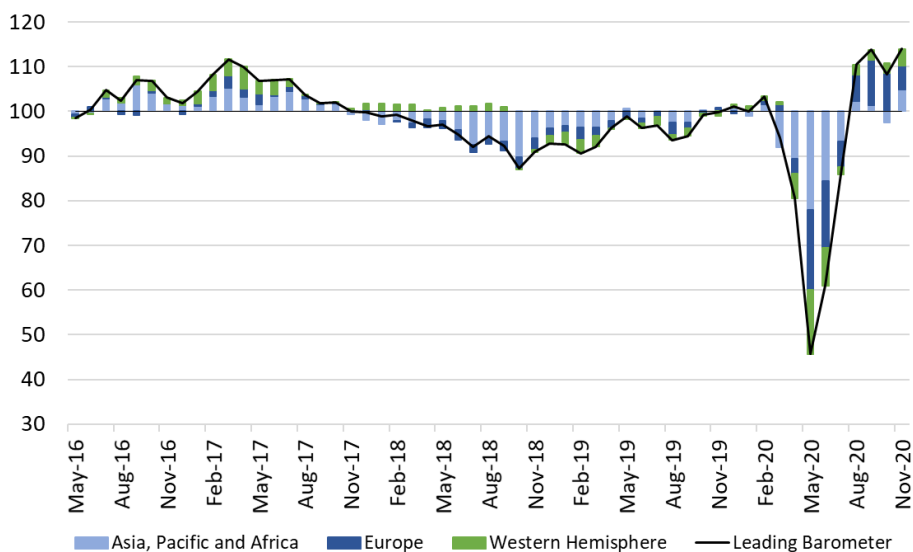


Source: KOF ETH Zurich and FGV IBRE

Leading Barometer – regions and sectors

The Leading Global Barometer leads the world economic growth rate cycle by three to six months on average. In November, the *Asia, Pacific and Africa* region and the *Western Hemisphere* contribute positively to the aggregate result with 7.3 and 1.6 points, respectively. Europe records a decline of the Barometer, with a negative contribution of 3.2 points to the global indicator, presumably caused by the influence of a looming second wave of Covid-19 in the region. Despite this decrease, Europe still shows the highest level of the three regions.

Regional Contributions to the Leading Global Economic Barometer



Source: KOF ETH Zurich and FGV IBRE

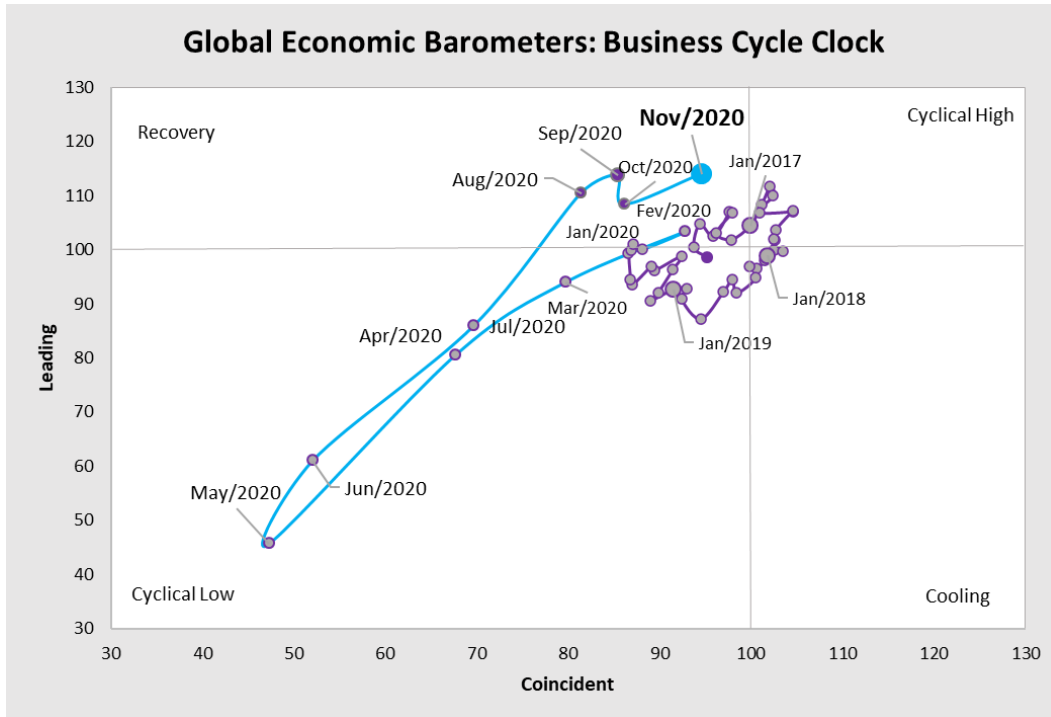
Leading Regional Barometers				
<i>Period</i>	<i>Asia, Pacific and Africa</i>	<i>Europe</i>	<i>Western Hemisphere</i>	<i>Leading Barometer</i>
Feb-20	102.4	104.9	103.3	103.4
Mar-20	86.5	107.7	101.9	94.0
Apr-20	82.4	84.6	78.2	80.6
May-20	63.4	16.2	43.3	45.7
Jun-20	74.1	30.2	66.6	61.0
Jul-20	88.8	72.9	93.8	85.9
Aug-20	103.8	127.8	108.6	110.4
Sep-20	102.0	147.8	109.3	113.8
Oct-20	95.8	140.0	109.0	108.3
Nov-20	107.9	125.1	115.4	114.0
Cumulative Var. Mar-Nov	5.4	20.1	12.1	10.6

Source: KOF ETH Zurich and FGV IBRE

Regional Contributions to Changes in the Leading Barometer				
<i>Period</i>	<i>Contributions per Regions</i>			<i>Monthly Variation</i>
	<i>Asia, Pacific and Africa</i>	<i>Europe</i>	<i>Western Hemisphere</i>	<i>Leading Barometer</i>
Mar-20	-9.6	0.6	-0.4	-9.4
Apr-20	-2.5	-5.0	-6.0	-13.4
May-20	-11.5	-14.7	-8.8	-34.9
Cumulative Contrib. Mar-May	-23.6	-19.0	-15.1	-57.7
Jun-20	6.4	3.0	5.9	15.3
Jul-20	8.9	9.2	6.8	24.9
Aug-20	9.0	11.8	3.7	24.5
Sep-20	-1.1	4.3	0.2	3.4
Oct-20	-3.7	-1.7	-0.1	-5.5
Nov-20	7.3	-3.2	1.6	5.7
Cumulative Contrib. Jun-Nov	26.9	23.3	18.1	68.3
Cumulative Contrib. Mar-Nov	3.3	4.3	3.0	10.6

Source: KOF ETH Zurich and FGV IBRE

In November, only the *Industry* sector contributes to the increase in the aggregate Leading Global Barometer (with 6.5 points). *Trade* and *Construction* contribute positively but with little significance to the result, while *Services* and the set of variables reflecting the *aggregated development of economies (Overall Economic Development)* contribute negatively to the Global indicator.



Period	<i>Global Coincident Barometer</i> Vintages		<i>Global Leading Barometer</i> Vintages	
	November 2020	October 2020	November 2020	October 2020
Nov-19	86.9	87.5	99.9	100.7
Dec-19	87.2	87.5	101.1	100.8
Jan-20	88.1	88.3	100.0	100.2
Feb-20	92.8	92.9	103.4	103.3
Mar-20	79.7	79.9	94.0	93.7
Apr-20	67.7	67.8	80.6	81.1
May-20	47.3	47.4	45.7	44.4
Jun-20	52.1	51.8	61.0	53.5
Jul-20	69.7	69.3	85.9	86.7
Aug-20	81.4	80.3	110.4	112.9
Sep-20	85.4	84.9	113.8	115.2
Oct-20	86.2	85.7	108.3	108.7
Nov-20	94.6		114.0	

* The Global Barometer series are revised monthly to reflect updates in the component series and revision of the seasonal adjustment

The Global Economic Barometers

The Global Economic Barometers are a system of indicators enabling timely analysis of global economic development. They represent a collaboration between the KOF Swiss Economic Institute of the ETH Zurich in Switzerland and Fundação Getulio Vargas (FGV), based in Rio de Janeiro, Brazil. The system consists of two composite indicators, the Coincident Barometer and the Leading Barometer. The Coincident Barometer reflects the current state of economic activity, while the Leading Barometer provides a cyclical signal roughly six months ahead of current economic developments.

The two Barometers comprise the results of economic tendency surveys conducted in more than 50 countries with the aim of achieving the broadest possible global coverage. The advantages of economic tendency surveys are that their results are usually readily available and are not substantially revised after first publication.

The Coincident Barometer includes more than 1,000 different time series, while the Leading Barometer consists of over 600 time series. Cross-correlation analysis is used to decide which individual time series are included in the barometers. This involves correlating the individual time series with a reference series. The reference series used is the year-on-year growth rate of global gross domestic product (GDP), where the individual national GDPs are aggregated at purchasing power parity to form global GDP. A time series is only included in a Barometer if it shows a sufficiently high correlation and a suitable synchronization or lead with the reference series. The time period used for this correlation analysis currently runs from January 2010 to December 2019.

The series of the two Barometers are revised each month at publication and are standardized to have a mean of 100 and a standard deviation of 10 for the 10-year period previous to the most recent observations.

More information on the Global Economic Barometers is available on the KOF website:

<https://kof.ethz.ch/prognosen-indikatoren/indikatore/kof-globalbaro.html> →

The Global Barometers methodology is described in:

Klaus Abberger, Michael Graff, Aloisio Campelo Jr., Anna Carolina Lemos Gouveia, Oliver Müller and Jan-Egbert Sturm (2020), The Global Economic Barometers: Composite indicators for the world economy. KOF Working Papers, Vol. 471, Zurich: KOF Swiss Economic Institute, ETH Zürich, 2020.

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