

Return to Normal Index: Activity recovers as omicron fades

March 15, 2022

Normal activities resume as masks come off.

At the beginning of 2021, we created a Return to Normal Index to measure human activity data relative to prepandemic levels as we progress through recovery. The index is constructed by our data scientists and fundamental analysts and tracks activities in the U.S., including travel, returning to work and school, brick-and-mortar shopping and eating out at restaurants. It's focused on measuring components of daily life rather than economic indicators like GDP growth, and the percentage level moves closer to 100 as daily life normalizes. We provide updates on the index when significant changes occur.



RETURN TO NORMAL INDEX

The Return to Normal Index tracks activity compared with prepandemic levels as we progress to post-COVID normal life.



As of 03/15/22. Source: Columbia Threadneedle Investments

Columbia Threadneedle
Investments

WHAT'S CHANGED:

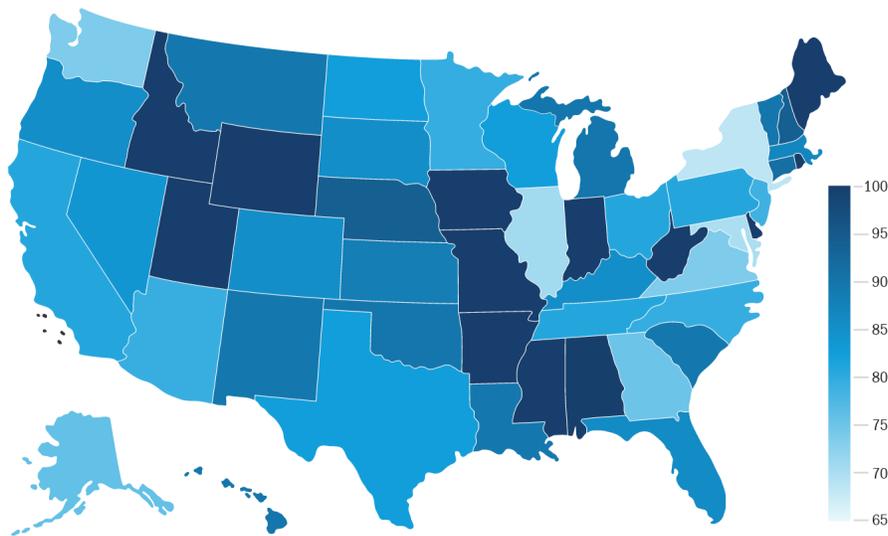
A sharp decline in omicron cases, hospitalizations and deaths in the U.S. is emboldening leaders to remove mask mandates and driving individuals to resume normal activity. In addition to the rapid decline in omicron cases, health leaders evaluated the strong protection created by widening levels of immunity. Across all the categories that we track, we have seen improvement of low levels seen earlier this year, with travel and entertainment activity seeing the greatest gains since our last published update. Restaurants, cafes and events are back to or close to normal, and air travel and lodging have improved significantly. Return to work activity has lagged in its improvement, but the resumption of corporate initiatives encouraging workers to return to offices (even if on a hybrid schedule) is accelerating. That said, an enduring change out of the pandemic may be a new work from home/work from office balance.

WHAT WE'RE WATCHING:

We're analyzing the time people spend engaging in a broad set of activities outside their homes. The index components have implications for economic growth, but the primary objective is to monitor how close or far we are to returning to normal life.

Our index suggests that we're 16% below pre-COVID activity levels. There's a wide variation in activity on a state-by-state basis. By geography, the central inland states are largely at the normal range. Some coastal areas have been slower to rebound to prepandemic levels of activity, for example, Washington D.C., New York and Washington state.

► Columbia Threadneedle Return to Normal State Level Index



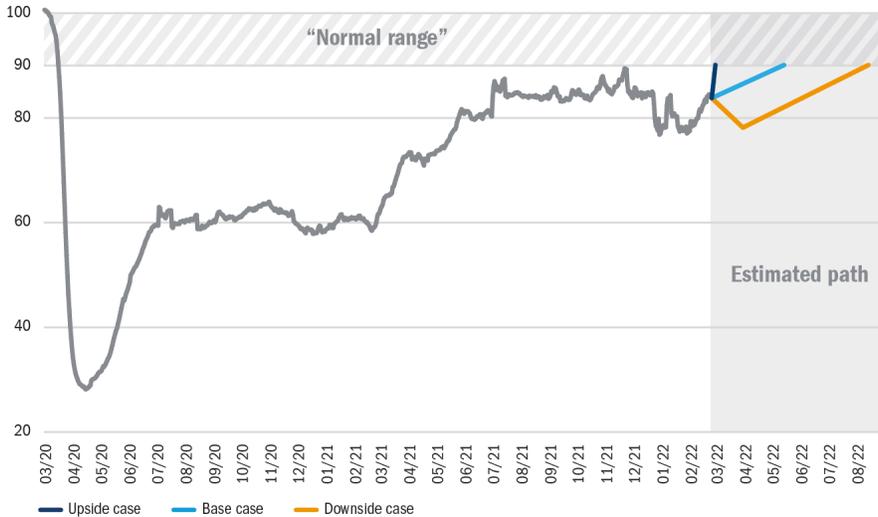
As of 03/15/22. Source: Columbia Threadneedle Investments. State level RTN data excludes air travel and school attendance data.

WHAT COULD DRIVE CHANGE:

As we enter the endemic phase of COVID, we will live with it and vaccinate against it like the flu. While immunity levels across the country are generally high, either through vaccination, exposure or both, there is still risk that a new variant could cause cases to rise again. Maintaining immunity, through greater uptake of boosters, will be critical to maintaining forward momentum in activity levels and dampening the impact of future variants. As restrictions continue to be lifted and we become reaccustomed to public life, we expect activity to rise further.

▶ Columbia Threadneedle Return to Normal Index over time

Level as of March 15: 84%



As of 03/15/22. Source: Columbia Threadneedle Investments

As a reminder, we don't expect all levels of activity to return to their pre-COVID levels. The index could hit "normal" at a point lower than the 100 level because of prolonged changes in behavior like working from home. That's why our normal range begins at 90%.

"Our index continues to provide a framework as we analyze companies," says Paul DiGiacomo, Head of Equity Research. "It's a roadmap for what normal activity might look like after COVID and how long it will take to get there. The information allows us to test a company's own assumptions and make adjustments in our views, as needed."

For investors, the Columbia Threadneedle Return to Normal Index can act in the same way: it's an additional input to consider as they research their individual asset allocation and portfolio decisions.

Bottom line: Understanding where we are on the path to normal life continues to be a critical question. This data input can help inform investors' asset allocation decisions and set expectations on market activity.

[Download chart](#)



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