

# Return to Normal Index: Boosters will accelerate confidence to resume activity

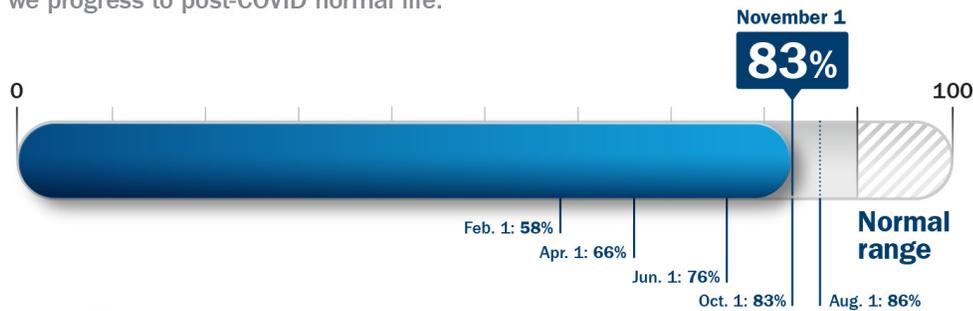
November 1, 2021

*Booster vaccines, a pickup in return to office and the holiday season are expected to fuel the next advance in the index.*



## 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 11/01/21. Source: Columbia Threadneedle Investments

At the beginning of the year, we created a Return to Normal Index to measure human activity data relative to prepandemic levels as we progressed through recovery of the pandemic. 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. The index is 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. Our analysts update it monthly.

### WHAT'S CHANGED:

Since peaking in August, the Return to Normal Index has been anchored around 83%. The spike in delta variant COVID cases delayed plans for return to office for many companies and sapped the forward momentum in activity that had been building as vaccination campaigns took hold. With COVID cases and hospitalization rates once again declining, we expect many companies to resume return to office efforts, which would be a boost to activity levels in many index subcomponents. Recent approval of booster vaccines and new clinical evidence demonstrating their efficacy is expected to further reduce COVID cases and instill a sense of confidence in resuming activity that had been curtailed because of the delta variant.

### 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.



Return to  
school



Return to  
travel



Return to  
entertainment



Return to  
workplace



Return to  
brick-and-mortar  
shopping

Our index suggests that we're 17% below pre-COVID activity levels — overall, it's flat relative to last month. Brick-and-mortar activity remains below peak levels because of diminished demand for services like salons. Travel and entertainment activity increased during October.

### WHAT COULD DRIVE CHANGE:

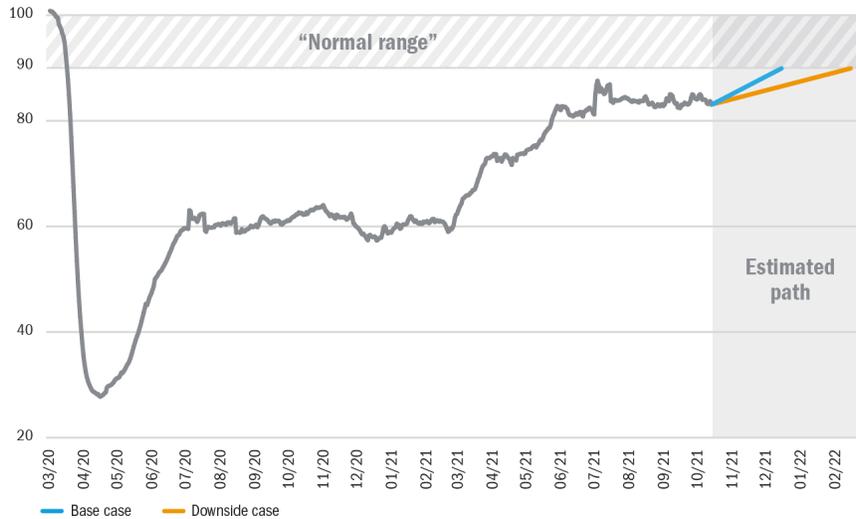
Boosters will accelerate confidence to resume activity given the strong protection against COVID and the delta variant. The removal of mask mandates, which would occur in conjunction with reduced infection rates, would also drive a pickup in activity. These changes, alongside holiday shopping and travel, and accelerated return to office policies are likely to be the greatest catalysts in advancing the index over the balance of the year.

We continue to watch the data on delta and other variants and the impacts of colder weather, which will drive more activity indoors. A spike in infections due to either of these could further delay a return to normal levels of activity.

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%.

### ▶ Columbia Threadneedle Return to Normal Index over time

Level as of November 1: 83%



As of 11/01/21. Source: Columbia Threadneedle Investments

“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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