

The first quarter of 2020 was marked by the COVID-19 pandemic, which began at the beginning of the year. The health measures introduced to curb it had an impact on activity throughout the first six months of the year. The Monegasque economy, like the global economy, therefore continued to be impacted during the second quarter. Following an almost total lockdown, which lasted for nearly half of the second quarter and saw a dramatic fall in all of the economic indicators analysed below, the resumption of activity was gradual. It was supported by various measures introduced by the Prince's Government from the beginning of the pandemic to make the recovery possible. The majority of sectors were not able to reopen until June. With the global health situation still fragile and uncertain, it was impossible, despite the resumption in activity, for results to return to pre-crisis levels at this stage. The unusual nature of these first six months of the year should therefore be borne in mind when reading this brief.

Change in comparison to Q2 2020

Foreign trade		Economy		Private sector employment		Tourism
Exports	↘	Revenue	↘	N° of employers	↘	Occupancy rate
Imports	↘	Entities created	↘	N° of jobs	↘	Rooms booked
Balance of trade	↗	Entities struck-off	↘	Hours worked	↘	N° of cruise days

Total trade, excluding France, fell by almost half to a level slightly below that of 2016 and 2017.

At the end of June 2020, the Principality's revenue, excluding financial and insurance activities, fell by almost €1 billion (-13%) compared with 2019, again to the same level as in 2016.

Private-sector employment experienced a strong rebound in June 2020, compared with previous months, but figures remained below their 2019 levels.

The number of new businesses created fell much more sharply (-130) than the number which closed (-60) compared with last year, leading to a reduction in the balance

(126 compared with 196).

The key indicators for the hotel industry experienced a precipitous decline, as did cruise activity following the closure of territorial waters.

The property resale market was stable in terms of volume, but saw a 9% reduction in value.

Despite the recovery noted in June (295 registrations compared with 277 in 2019), the number of new vehicles registered remains below last year's figure. Use of public car parks continued to be lower than normal, although to a lesser extent in June. The suspension of some types of flight had a severe and adverse impact on air traffic.

FOREIGN TRADE EXCLUDING FRANCE

The global health situation had significant repercussions for world trade in goods, and the Principality of Monaco was no exception. Total trade, excluding France, fell to a level slightly below that of 2016 and 2017. Purchases (-51%) fell by more than sales (-37%). The trade deficit, excluding France, therefore narrowed automatically. The export-import coverage ratio, which was 45% in Q2 2019, rose back up to 58%.

There was a decline in trade with the European Union, but deliveries (-33%) held up better than purchases (-41%).

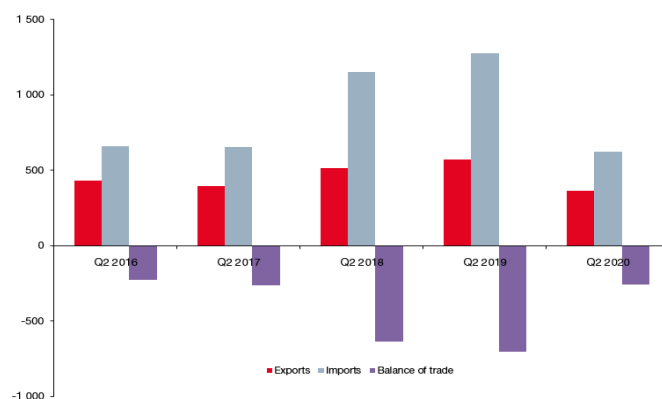
Outside the European Union, while Switzerland remains our primary customer, China has become our leading supplier. Imports from Switzerland fell by 92% while those from China increased by 50%. It is also worth noting that imports from the United States doubled.

The decline in trade also led to a change in the ranking of imported and exported goods. Goods from the other manufacturing sector accounted for nearly a quarter of trade in 2019, but only 12% in 2020. They ceded their leading position to goods from the manufacture of transport equipment sector.

Change in foreign trade excluding France

	Q2 2019	Q2 2020	Variation	Weight
Supplies + Exports	572.3	362.2	-36.7%	
EU Supplies	319.2	212.8	-33.3%	58.8%
Including Italy	86.6	65.9	-24.0%	18.2%
Including Germany	73.4	42.4	-42.2%	11.7%
Including United Kingdom	26.2	22.1	-15.7%	6.1%
Exports	253.1	149.3	-41.0%	41.2%
Including Switzerland	37.8	40.7	7.8%	11.3%
Acquisitions + Imports	1,275.6	620.9	-51.3%	
Acquisitions UE	598.6	350.8	-41.4%	56.5%
Including Italy	357.6	206.0	-42.4%	33.2%
Including Germany	117.2	75.9	-35.2%	12.2%
Including United Kingdom	37.5	24.0	-36.0%	3.9%
Imports	677.0	270.1	-60.1%	43.5%
Including Switzerland	309.8	25.4	-91.8%	4.1%
Balance of trade	-703.3	-258.8	-63.2%	

Unit : million euros
Sources : French Directorate-General of Customs and Indirect Taxes, Monaco Statistics



Unit : million euros
Sources : French Directorate-General of Customs and Indirect Taxes, Monaco Statistics

The foreign trade figures are provided to Monaco Statistics by the French Directorate-General of Customs and Indirect taxes. These figures are provisional. They are updated (enhanced) on a monthly basis. Variations may be noted each quarter as a result of the late arrival of some statements; many enhancements are still expected. The date and comments should therefore be treated with caution (Trade with France is not included—Cumulative data as at 30/06/2020)

REVENUE⁽¹⁾

At the end of June 2020, the Principality's revenue, excluding financial and insurance activities, fell sharply, down €914 million or 12.9% compared with 2019, reaching the same level as 2016. Almost all sectors experienced a decline.

Only in the scientific and technical activities, administrative and support services sector clearly progressing significantly (+€354 million or +37.5%), driven by other activities specialised (+€587 million or +873.1%). At the same time, however, there was a decline in revenue from travel agencies (-€80 million or -65.1%) and from the activities of head offices (-€60 million or -24.6%).

There was a slight increase in revenue from construction (+€19 million or +2.1%).

Revenue from wholesale trade, which accounted for nearly a third of the Principality's revenue, fell sharply (-€441 million or -19.4%), principally as a result of a decline in the activity of agents involved in the sale of machinery, industrial equipment, ships and aircraft.

Accommodation and food service activities was one of the most heavily impacted sectors, experiencing a nearly 60% drop in revenue (-€230 million).

Retail trade also experienced a decline (-€180 million or -23.8%), adversely affected by results from other retail sales in specialised stores, such as clothing or jewellery, and sales of motor vehicles. Only retail sales in non-specialised stores, such as general food sales and sales in mini-markets and supermarkets, saw an increase (+2.1%).

Revenue from other service activities also fell (-€176 million or -46.7%) due to a decline in sports activities and amusement and recreation activities, gambling and betting activities, and creative, arts and entertainment activities.

The -€96 million (-23.1%) drop in revenue from industry can be largely explained by the decline in the manufacture of rubber and plastic products and in the manufacture of chemicals and chemical products.

Real estate activities saw a decrease due to declining revenue from the renting and operating of own or leased real estate.

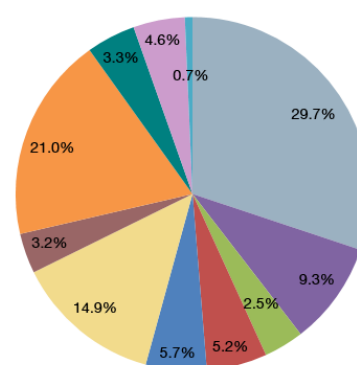
Change in revenue by sector

	Q2 2019	Q2 2020	Variation
1 Financial and insurance activities	904.2	966.5	6.9%
2 Wholesale trade	2,274.8	1,833.8	-19.4%
3 Retail trade	753.6	574.1	-23.8%
4 Accommodation and food service activities	385.9	155.9	-59.6%
5 Manuf., mining and quarrying and other industries	417.8	321.4	-23.1%
6 Real Estate activities	407.0	355.3	-12.7%
7 Construction	904.7	923.8	2.1%
8 Transportation and storage	282.2	195.8	-30.6%
9 Scientific and tech. activities, admin. and support services	944.4	1,298.5	37.5%
10 Other service activities	377.4	201.2	-46.7%
11 Information and communication	300.3	282.7	-5.9%
12 Public admin., educ., human health and social work act.	50.0	41.3	-17.4%
Total⁽²⁾	7,098.1	6,183.7	-12.9%

Unit : million euros

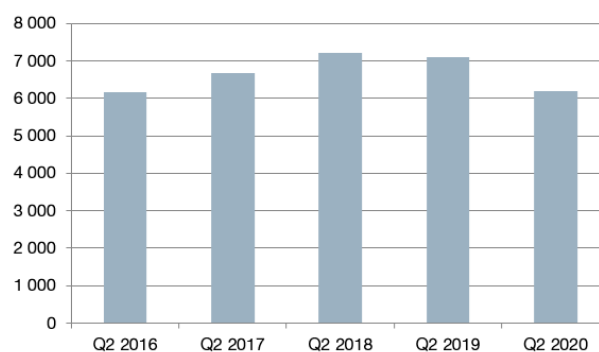
Sources : Department of Tax Services, Monaco Statistics

Distribution in revenue as at 30th June 2020⁽²⁾



Sources : Department of Tax Services, Monaco Statistics

Change in revenue⁽²⁾



Unit : million euros

Sources : Department of Tax Services, Monaco Statistics

FINANCE

Change in financial indicators

	Q2 2019	Q2 2020	Variation
Monegasque Investment Funds			
Number of funds	55	54	-
Net total assets	4,300	4,176	-2.9%
Asset Management companies			
Number of companies	60	59	-
Banks and Financial Institutions			
Number of Banks	30	29*	-
Number of financial services companies	4	4	-
Total Value of Assets:			
Deposits & Marketable securities	123,034	125,741	2.2%
Total Value of Deposits & Commercial Paper	49,163	50,690	3.1%
Total Value of Loans	24,296	26,317	8.3%

Unit: million euros

Sources : Commission de Contrôle des Activités Financières, Department of budget and Treasury

There has been a positive trend in banks' total assets over the last 12 months (+2.2%), notably thanks to a significant increase in loans granted (+8.3%). The total value of deposits also increased (+3.1%).

During Q2 2020, around €1 billion in funding was raised, and combined with the positive impact of market and foreign exchange effects, this resulted in an increase in the value of managed assets (+1.3%) over the period.

* One bank which received authorisation in late 2019 has not been included in this summary.

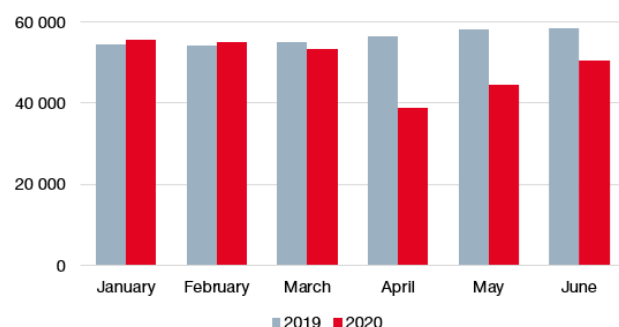
PRIVATE SECTOR EMPLOYMENT

Evolution of the number of jobs by sector of activity

	Q2 2019	Q2 2020	Variation
1 Financial and insurance activities	4,008	4,027	0.5%
2 Wholesale trade	2,673	2,487	-7.0%
3 Retail trade	3,122	2,804	-10.2%
4 Accommodation and food service activities	9,469	6,022	-36.4%
5 Manuf., mining and quarrying and other industries	2,675	2,510	-6.2%
6 Real Estate activities	1,747	1,725	-1.3%
7 Construction	5,405	5,461	1.0%
8 Transportation and storage	2,267	1,899	-16.2%
9 Scientific and tech. activities, admin. and support services	14,649	12,028	-17.9%
10 Other service activities	7,076	6,096	-13.8%
11 Information and communication	1,365	1,315	-3.7%
12 Public admin., educ., human health and social work act.	4,124	4,107	-0.4%
Total	58,580	50,481	-13.8%

Sources : Caisses Sociales de Monaco, Monaco Statistics

Monthly change in the number of jobs



Sources : Caisses Sociales de Monaco, Monaco Statistics

Change in the number of employers per sector

	Q2 2019	Q2 2020	Variation
1 Financial and insurance activities	234	237	1.3%
2 Wholesale trade	389	379	-2.6%
3 Retail trade	469	442	-5.8%
4 Accommodation and food service activities	196	167	-14.8%
5 Manuf., mining and quarrying and other industries	118	118	0.0%
6 Real Estate activities	450	439	-2.4%
7 Construction	329	324	-1.5%
8 Transportation and storage	119	121	1.7%
9 Scientific and tech. activities, admin. and support services	698	672	-3.7%
10 Other service activities	2,932	2,889	-1.5%
11 Information and communication	132	118	-10.6%
12 Public admin., educ., human health and social work act.	89	85	-4.5%
Total	6,155	5,991	-2.7%

Sources : Caisses Sociales de Monaco, Monaco Statistics

BUSINESSES

At the end of Q2 2020, there was a significant drop in the number of businesses created (334, down 28% compared with 2019). The level of decline reached 54% between March and May. In June, the number of new businesses created remained far short of last year's figure. Significant differences between major economic sectors remained. Real estate activities, wholesale trade and other service activities were the most heavily impacted, while construction, industry and transportation and storage were more resilient.

The number of businesses which closed during the first half of the year also fell (208, compared with 268 in 2019). However, the figure for June 2020 was slightly higher than the same month in 2019. The balance (businesses started minus permanent closures) shrank sharply (+126 in 2020 compared with +196 the previous year).

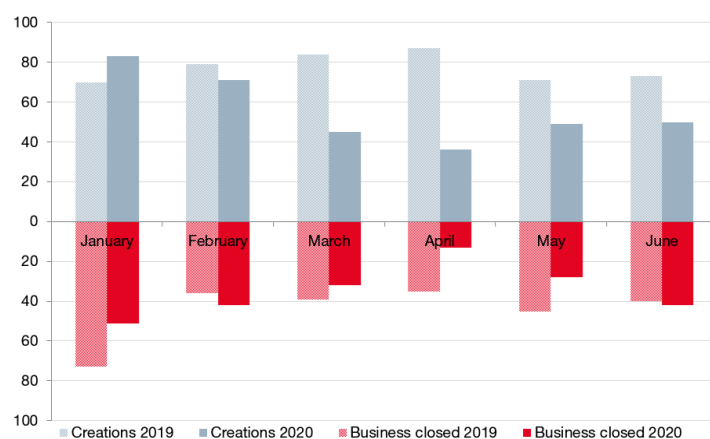
While the measures introduced mitigated the negative impact on the economy, private-sector employment continued to be hit by the consequences of the COVID-19 epidemic during Q2 2020. However, the end of the lockdown period from 4 May and the reopening of businesses led to a resurgence of activity in the Principality. Thus, following the sharp drop noted between March and April 2020, employment figures have continued on an upward trend since April, though they are still lower than those recorded in Q2 2019.

There were 50,481 jobs in June, a fall of 13.8% compared with June 2019. That said, the situation improved over the course of the second quarter. The figures for June 2020 represent a 13.2% increase compared with May 2020. The number of hours worked totalled nearly 38 million in Q1 2020 (a fall of 18.6% compared with 2019).

Accommodation and food service activities, the sector which has seen the biggest job losses since the end of the first quarter (-36.4% compared with Q2 2019), nonetheless saw a significant uptick in staff numbers in June, compared with the previous month (+74%). The situation was similar for scientific and technical activities, administrative and support services. The sector added an additional 1,912 jobs compared with May (an increase of 19%), including nearly 1,700 in temporary employment alone, but recorded a loss of 2,621 jobs compared with Q2 2019. Moreover, only two of the twelve major economic sectors (financial and insurance activities, and construction) saw an increase in the number of salaried employees compared with Q2 2019.

The number of employers, which stood at 5,991 at the midpoint of the year, experienced similar trends to job numbers, having increased since April but remaining lower than during the same period in 2019 (a decline of 2.7%). The number of employers was the same as last year in industry, and up in the financial and insurance activities and transportation and storage sectors. In all other major economic sectors, there were more employers in June 2020 than in May, particularly in the accommodation and food service activities sector, which gained an additional 51 employers (+44%) between May and June, when the sector reopened.

Monthly evolution of the number of creations and definitive delisting of establishments



Sources : Business Development Agency, Monaco Statistics

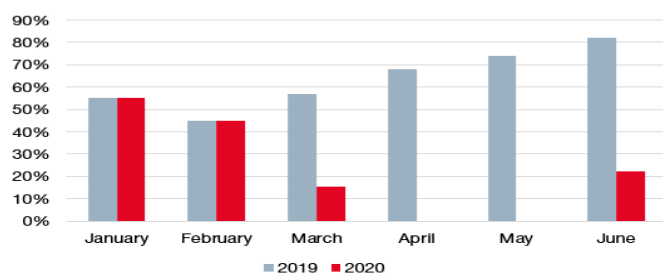
HOTEL AND CRUISE INDUSTRY

Changes in hotel industry indicators

	Q2 2019	Q2 2020	Variation
Occupancy rate	63.7%	22.7%	-41.0%
Rooms occupied (N° of nights)	283,147	101,033	-64.3%
Arrivals	178,981	63,036	-64.8%
% Arrivals from EU including Monaco	66.2%	79.6%	+13.5%
Average length of a stay (in days)	2.4	2.3	-5.3%

Sources : Tourist and Convention Authority, Monaco Statistics

Monthly change in hotel occupancy rate



NB : Year-round hotel residents are not counted

Sources : Tourist and Convention Authority, Monaco Statistics

REAL ESTATE

The limited number of properties available for sale explains the sharp decline in the market. Three sales of new apartments related to buildings delivered in previous years, and one to a building that is nearing completion.

In volume, the property resale market was stable compared to last year (193 sales), but the value of sales fell by 8.9%. Seven villas or buildings were sold in the first half of 2019, while there were three transactions involving this type of property in 2020. This largely explains the decline in the total value of transactions.

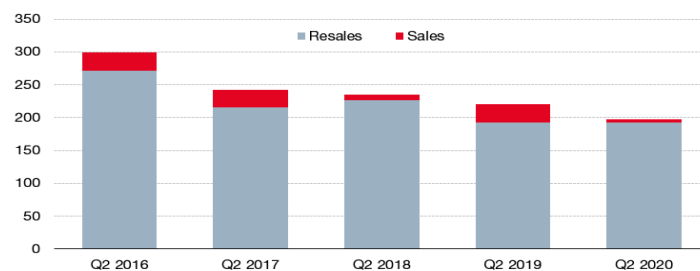
With businesses closed from mid-March to the end of May, the hotel industry saw a decline of 41.0% in occupancy rates compared with the previous year. Visitor numbers fell sharply across all hotel categories in the Principality. During the first half of the year, room occupation expressed as the number of overnight stays was substantially lower than last year (-64.3%). Following a period of no activity during April and May, there was a slight recovery in June, though activity remained significantly below the 2019 level.

The number of people arriving fell sharply during the first half of the year (-64.8%). However, the share of guests coming from the European Union rose (+13.5%). The average stay was slightly shorter at the end of the second quarter.

Following the closure of the Principality's ports in March, cruise ship ports of call were suspended. The first six months of the year thus saw just one port of call, in January, with 1,105 passengers.

Evolution of the number of real estate transactions

	Q2 2019	Q2 2020	Variation
Apartment Sales (new)	28	4	-85.7%
Apartment Sales (second hand)	193	193	0.0%

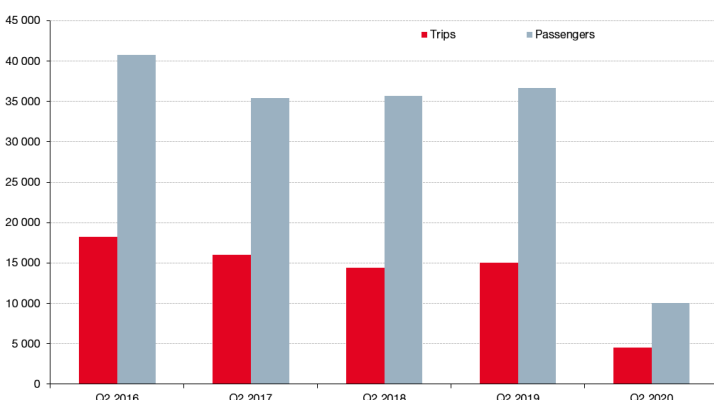


Sources : Department of Tax Services, Monaco Statistics

TRANSPORT

Change in helicopter traffic

	Q2 2019	Q2 2020	Variation
Number of trips	15,047	4,576	-69.6%
Number of passengers	36,644	10,019	-72.7%



Sources : Civil Aviation Authority, Monaco Statistics

Change in vehicle registration and car parks attendance

	Q2 2019	Q2 2020	Variation
Number of new vehicle registrations	1,554	1,057	-32.0%
Number of times a car entered a public car park	7,640,956	5,275,488	-31.0%

Sources : Driver and Vehicle Licensing Office, Monaco Statistics

There was a significant drop in flights (-69.6%) as well as passenger numbers (-72.7%) compared with 2019. The first half of the year was marked by the suspension of certain types of flight. Just 33 flights were registered in April (compared with 2,411 in 2019): commercial and private flight numbers collapsed (falling by 98.5% and 96.9%). A similar trend was seen in May (-95.2% compared with the previous year). There was a modest increase in June, although traffic remained significantly down (-80.7%).

The decline in registrations of new vehicles intensified during Q2 (down 50% following a 12% drop as at 31 March). This can be largely explained by the closure of car dealerships in April and then their subsequent gradual reopening. Just three vehicles were registered in April, 122 in May and 295 in June. In total, compared with 2019, 497 fewer vehicles were registered during the first six months of the year, a decline of 32%.

Use of public car parks continued to fall sharply this quarter. Figures relating to the use of public car parks (by commuters, residents and non-season ticket holders) since 1 January were down by 31.0% overall on the previous year. The number of visits was particularly low in April, with those by non-season ticket holders down 82.4% and those by commuters down 72.2%. Less significant drops (of -25.7% and -17.9% respectively) were noted in June as activities resumed.



INSTITUT MONÉGASQUE DE LA STATISTIQUE
ET DES ÉTUDES ÉCONOMIQUES

9 rue du Gabian

ISSN-L 2311-5696

