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## COVID-19 TRENDS: UPDATE AND SLIDE PACK

Berenberg Macro View

Click [here](#) for a detailed slide pack on Covid-19 trends.

### SLIDE PACK HIGHLIGHTS

- **Recorded infections: falling from extremely high levels in the US and the UK, no longer rising in the Eurozone (p. 2-3)**
- **Hospitalisations: still increasing in the UK, stabilising in the US and no longer falling in the Eurozone (p. 6-8)**
- **Daily deaths: surging in the UK, slowing in the US and no longer picking up in the Eurozone (p. 11-12)**
- **The vaccination roll-out gathers momentum, especially in the UK and the US (p. 13)**
- **Based on current trends, the UK may reach a vaccination rate of 60% by June followed by the US in August – continental Europe is lagging (p. 14)**
- **Recorded cases, hospitalisations and deaths across major advanced economies (p. 15-16)**
- **Lockdown 2.0 restrictions (p. 18-19)**
- **Lockdown 2.0 economic impact (p. 20-28)**

### Recorded infections:

- **UK:** The UK is re-gaining more control over the second wave by the day. Recorded cases have been receding as fast over the past 10 days as they had surged in the five weeks before. The share of positive tests has continued to head lower while test intensity has shot up further. But recorded infections remain at extremely high levels, slightly above the level in the US and significantly above that of the Eurozone.
- **US:** Daily infections are also falling in the US. Whether they have turned around for good is difficult to say. First, recorded cases had signalled a retreat of the second wave twice over the past two months before surging even faster thereafter. Second, while the share of positive tests has ticked lower recently, the US is testing less than before the winter holidays.
- **Eurozone:** Recorded new infections per day are no longer increasing in the Eurozone. But daily infections are not on a downward trend yet and the picture is mixed across countries. Lower case numbers in Germany, Italy and the Netherlands are offset by upwards trending cases in France and a surge in daily new infections in Spain beyond the per-capita rates in the UK and the US. Regardless whether the surge is driven by a new virus strain or not, Spain is an example of how fast the fortunes can change.
- **UK vs. US vs. Eurozone:** With 0.9% of the population tested every day, the UK's number of recorded cases is probably closer to the actual number of daily infections (detected and undetected) than those of the US and the Eurozone which test significantly less (0.45% and 0.3% respectively). Higher test intensity may explain part of the difference in per-capita recorded cases.



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**Hospitalisations:** The number of people in UK hospitals with SARS-CoV-2 has surged further through mid-January (latest available data 12 January). In response to the turnaround in recorded infections, future data may show that hospitalisations has topped over the past week, though. In the US, the occupancy of both hospital beds and intensive care units (ICUs) shows signs of stabilisation after 16 consecutive weeks of rising hospitalisation rates. If recorded daily infections continue to fall, so should hospitalisations. In the **Eurozone**, the picture is mixed similar to infections. In Germany, the number of patients in ICUs has dropped further through 18 January. But in the rest of the Eurozone progress is either stalling (France), the situation seems to be turning for the worse again (Italy) or hospitalisations are rising notably again in line with recorded infections (Spain). The health care systems in the UK, Spain and Italy feel the strains the most among the major economies. In these three countries, more than 50% of all ICUs – arguably the biggest bottleneck in the health care system – are occupied by patients treated for SARS-CoV-2 alone.

**Daily deaths** associated with SARS-CoV-2 have surged in the UK well beyond their peak during the first wave and are currently roughly twice as high as in the US and the Eurozone. As recorded cases of infections – including among the elderly – have come down over the past 10 days in the UK, daily deaths should follow suit soon. In the US, daily deaths are falling again after rising notably before. Recorded daily deaths are no longer picking up in the **Eurozone**, but are not yet on a downward trend. While in Italy and Germany daily deaths are seemingly heading lower, they are on the rise in Spain and – to a lesser degree – in France.

**Vaccination progress is gaining momentum:** The UK and the US, the two major countries with the fastest spreads of SARS-CoV-2, have extended their lead in the roll-out over most other major economies. Continental Europe clearly lags these two other countries. The UK in particular seems to benefit from the relatively fast approval of vaccines, few vaccination supply issues and an effective distribution infrastructure. As of 19 January, the share of the population that has received at least one jab of the two-dose vaccinations is 7% in the UK and 4.8% in the US. Spain follows with 2.1%, Italy with 2%, Germany with 1.5% and France with 0.9%. The average daily number of vaccinations administered per 100 people over the past seven days has reached 0.35 in the UK, 0.28 in the US, 0.15 in Spain, 0.09 in Italy and France and 0.07 in Germany. If the UK were to maintain its pace, the UK may manage to inoculate 15 million people or c20% of its population by mid-February as planned and could reach a vaccination rate of 60% – arguably the low end of herd immunity – by June this year. The US could follow in August. Continental Europe would not reach 60% before early 2022 (Spain) or even 2023 (Germany). As more vaccines get approved and production increases, the inoculation pace should soon quicken in continental Europe, though. The date when these countries reach herd immunity should move forward. Virus mutations resistant to the currently administered vaccinations would significantly change the outlook, of course.

**Order of vaccination effects:** With inoculation of the most vulnerable – and most exposed – parts of society, we will likely notice the first visible effects in a sustained fall in death and hospitalisation rates. We may have to wait for a major impact on infections – besides that of tighter restrictions and better weather – until inoculation reaches the young. In light of more contagious



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virus variants, it remains uncertain whether the better strategy is to go through with the prescribed two-jab vaccinations for a fewer people or provide more people only the first jab. Very early data from Israeli healthcare providers suggest a sharp drop by 33%-60% in infections among those who have received one jab.

**Tight restrictions until at least mid-February:** Significant containment measures are in place in most countries. Some, like Germany, have imposed a harsher lockdown than in spring. In others such as Spain and France the measures are less strict. But both countries have slightly tightened their restrictions recently. No longer rising recorded infections suggest strains on medical systems could (further) lessen going forward – except for Spain. Hospitals still operate at or close to capacity, though. Meanwhile, faster spreading virus strains threaten to drive sudden UK- or Ireland-style surges in other countries. Thus, most governments plan to keep restrictions largely in place until at least mid-February. In some countries a gradual re-opening may not start before March. Thereafter, the situation should improve more notably as more people are vaccinated and springtime heralds the natural remission of seasonal respiratory viruses. Summer could be almost normal. Depending on the vaccination progress and potential virus mutations, the next winter may see the return of some restrictions, but probably not anywhere as tight ones as in the current winter.

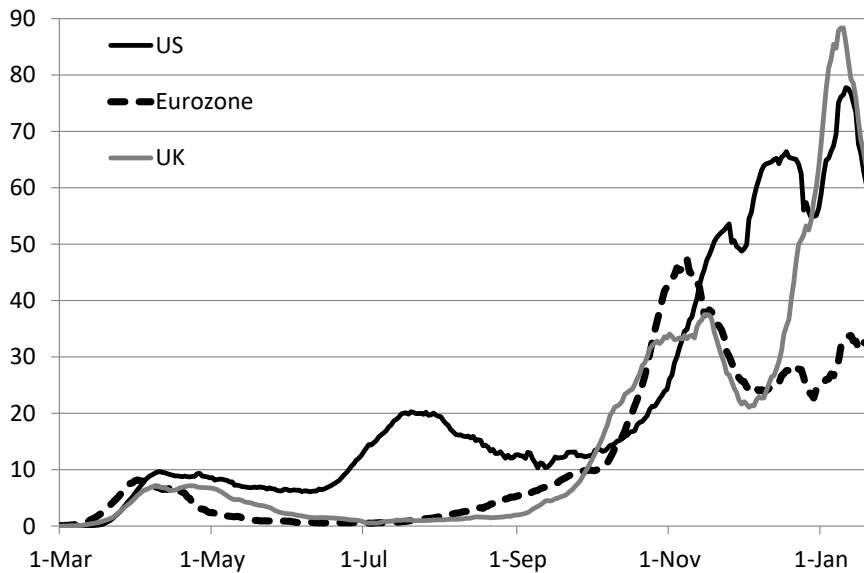
**Economic outlook – towards a brighter spring:** Tight restrictions cost economic activity as highlighted by the high-frequency footfall data. Consumers have stayed more at home at the start of the new year, especially in the UK. Although the restrictions are almost as tight as during spring, the hit to GDP in Q4 2020 and Q1 2021 combined should be much more modest than in H1 2020: The second wave is less of a nasty surprise, supply chains are still working and inoculations raise hopes for a strong rebound from spring onwards. Gains in manufacturing and global trade limit the damage. While economic activity may fall by a cumulative total of 3% in Q4 2020 and Q1 2021 in the Eurozone and by 1.6% in the UK, the US may get away with small growth in both quarters (+1.4% Q1 2021 vs. Q3 2020) – compared to -15%, -21% and -10% in H1 2020, respectively. Also, the setback we project for this winter should be partly offset by faster catch-up gains from spring onwards.

For our 2021 global outlook, see [strong rebound ahead](#).



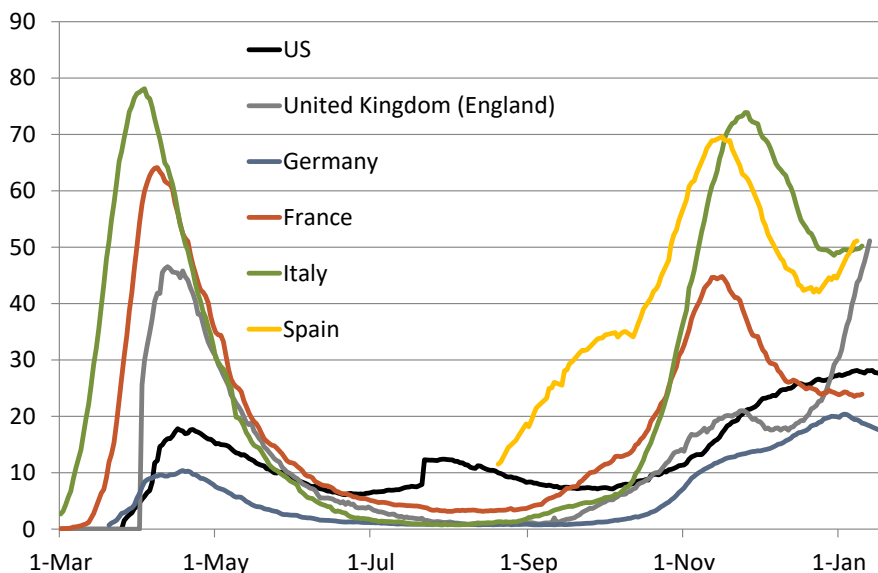
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**Chart 1: Confirmed new SARS-CoV-2 infections, per day, per 100,000 people**



Seven-day averages. Source: Johns Hopkins University.

**Chart 2: Share of intensive care units occupied by patients treated for SARS-CoV-2**

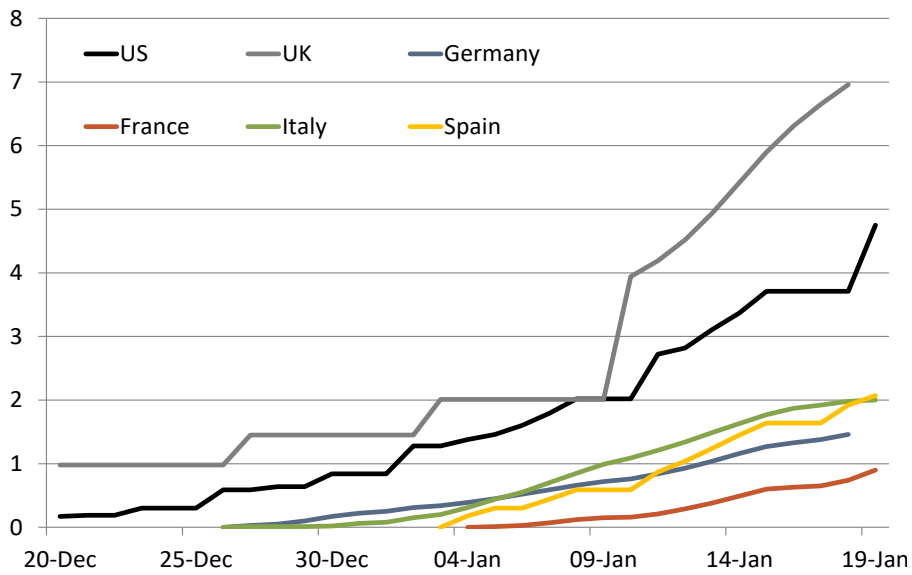


Source: ECDC, OECD, RKI, UK Government Berenberg



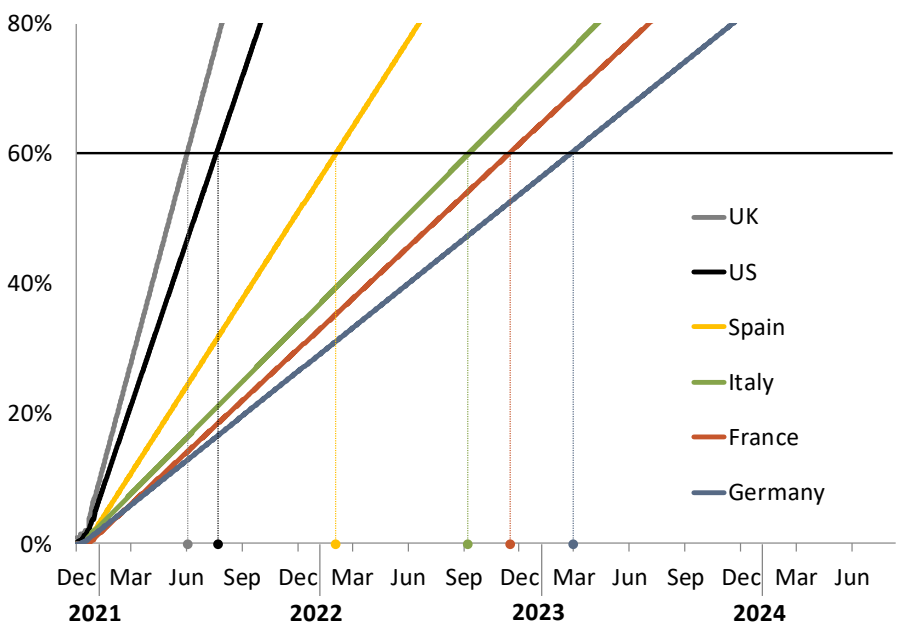
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**Chart 3: Total number of COVID-19 vaccinations administered, per 100 people**



Source: Our World in Data

**Chart 4: Total number of COVID-19 vaccinations administered, per 100 people**



Assuming countries maintain the average daily number of vaccinations of the past seven days. Source: Our World in Data, Berenberg



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