



Florian Hense, Senior Economist | [florian.hense@berenberg.com](mailto:florian.hense@berenberg.com) | +44 20 3207 7859  
Holger Schmieding, Chief Economist | [holger.schmieding@berenberg.com](mailto:holger.schmieding@berenberg.com) | +44 20 3207 7889

## COVID-19 TRENDS: UPDATE AND SLIDE PACK

### Berenberg Macro View

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

#### SLIDE PACK HIGHLIGHTS

- **Virus:** Advanced economies are regaining ever more control – recorded infections and hospitalisations keep falling (p. 2-10)
- **Vaccinations:** big gaps between UK and US vs. EU, and within the EU – hospitalisations among elderly falling in Israel and UK by the most (p. 11-16)
- **Recorded cases, hospitalisations and deaths across major advanced economies** (p. 17-18)
- **Lockdown 2.0 restrictions** (p. 20-21)
- **Lockdown 2.0 economic impact** (p. 22-24)

#### Virus metrics

- **Infections:** Advanced economies on both sides of the Atlantic are re-gaining ever more control over the winter wave of the pandemic. Recorded cases of daily new infections are falling across the board. In countries which suffered the strongest surges recently such as Portugal, the UK, Spain, the US and the Netherlands, they are dropping fast. They are also trending lower in Germany and have topped in France. Italy is somewhat the exception. While it registers a lower per-capita rate than all other major European countries except Germany, recorded cases have remained broadly flat and authorities have recently eased restrictions in some regions. Despite the considerable progress in many countries, daily new infections are still significantly higher than during March/April 2020.
- **Test intensity and share of positive tests:** It is difficult to say whether the pandemic has turned around for good due to the likely gap between recorded and actual cases as well as the further spread of more contagious variants of the SARS-CoV-2 virus. The UK seems to be the closest to that point for two reasons. 1) With almost 1% 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 (0.3% and 0.35%, respectively). 2) The share of positive tests has fallen by the most since the start of this year and to 3.2% vs. 5.7% in the Eurozone and 9.7% in the US.
- **Hospitalisations:** In a lagged response by 1-2 week(s) to the significant drop in daily new infections, the number of people in hospitals treated with Covid-19 is falling in many countries. Hospitalisations are coming down particularly fast in the UK, the US and Germany. They are edging lower step by step in Italy and the Netherlands. Following the reversal of new infections, the number of patients in Portuguese and Spanish hospitals also seems to be stabilising and may be on the verge of falling. In response to the much shallower, but sustained upward trend in daily new infections during December and January, occupancy of hospital beds and intensive care units (ICUs) in France has continued to edge

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higher until early February. As recorded cases seem to have turned the corner in France, so should hospitalisations. The health care systems in Portugal and Spain remain the most strained among the economies we follow on a regular basis. In Spain, all of the ICUs – arguably the biggest bottleneck in the health care system – available at the start of the pandemic in spring 2020 are occupied by patients with Covid-19.

- **Deaths:** Daily deaths associated with SARS-CoV-2 are following infections and hospitalisations lower with a lag of 2-3 and 1 week(s), respectively. Being the first with a notable reversal in daily new infections and the closest to having turned the pandemic around for good, daily deaths in the UK have fallen significantly recently. The Eurozone is also making progress as daily deaths are receding in most major countries (Germany, France, Italy and the Netherlands) and are no longer rising exponentially (in Spain and Portugal). For much of this year, weeks in which US daily deaths fell have alternated with weeks when rates rose. In the previous week, rates fell. The drops in daily infections and hospitalisations suggest that daily deaths could follow a downward trend going forward.

### Vaccinations

- **Status quo:** The UK and the US continue to widen their lead in the roll-out over the continental European economies. As of 9 February, the total number of vaccinations administered per 100 people – the sum of first and second doses – had reached 19.4 in the UK and 12.9 in the US. Spain follows with 4.6, Italy with 4.5, Germany with 4 and France with 3.3.
- **Outlook:** If the UK maintains the pace of its vaccine roll-out of the past two weeks, it may manage to administer at least one dose of vaccinations to 75% of the population by May this year. The US could follow in September. Continental Europe would not reach a rate of 75% before summer 2023 at the current vaccination pace. As more vaccines are developed and get approved and as production is ramped up, the vaccination pace will quicken especially in continental Europe. Thus, the date when these countries reach vaccination rates of 75% should move notably forward significantly. The EU may reach its target of vaccinating 70% of the population by the end of summer (mid-September). But it still looks like a long shot.
- **Impact on virus metrics – example of Israel and the UK:** In Israel, where the vaccination campaign started in mid December and the total number of vaccinations administered per 100 people has surpassed 67% – the highest in the world –, daily recorded new infections have fallen since 17 January. The number of patients in hospitals treated with Covid-19 has also come down since 17 January (latest available data: 5 February). The drop in daily infections and hospitalisation has been particularly pronounced among the fully vaccinated 60+ year old age group. Death rates have trended lower since 25 January. It is difficult to say how much of the progress, especially with respect to infections, owes to tighter restrictions – Israel's lockdown stringency index rose throughout early January – or a change in behaviour such as adhering more to social distance rules and how much it is due to rising vaccination rates. Relative to October, when hospitalisation rates fell after a surge during September, the number of patients seems to have dropped much faster in January. The difference in the pace of falling hospitalisations between January vs. October as well as the widening gap in infections and hospitalisations between the 60+ vs. the <60



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olds over the recent weeks point to a positive vaccination impact. That hospital admission rates among those aged 85 years and over have fallen by more than any other age group in the UK, may also be an early sign that the UK's speedy vaccination campaign is starting to pay off.

### Mutations

- **Infections:** Associated with increased transmission and/or higher viral burden after infection, virus mutations first identified in the UK, South Africa and Brasil initially drove (even) faster spreads in these countries and elsewhere than during the first wave. These variants are making ever more inroads in continental European countries. While recorded cases overall are falling, the number of daily new infections with the new variants is rising. These variants threaten to keep infections, hospitalisations and deaths at high levels or even push them up again.
- **Natural immunity:** Some variants like the South African strain are seemingly as infectious for those who have contracted the "original" strain as for those who have so far contracted neither. Immunity built up from the virus making its way through the population by transmission is thus of somewhat less value than expected, or the vaccination rate required to reach herd immunity higher such as possibly 75-80% instead of 60%.
- **Vaccination efficacy:** According to the evidence available so far, all administered and soon-to-be approved vaccines seem to be effective against symptomatically contracting the currently known virus variants, transmitting them or suffering from severe disease after infection. The efficacy differs from vaccine to vaccine and variant to variant, though. Some vaccine producers have started to develop a booster possibly to be given in the autumn to protect against the current various mutations. As yet another strain in the UK which shares some of the characteristics of the South African and Brazilian strains highlights, vaccine producers will have to outrun the virus in order to keep up with new strains.

In any way, vaccinations are only part of the solution. Countries will also have to keep containing the virus as effectively as possible – think testing, tracing, quarantine and isolation.

**Restrictions:** Despite some easing of lockdowns in a few countries, most governments look set to keep current restrictions largely in place for most of Q1. Medical systems are still feeling the strains. The recent surges in a few countries driven by faster spreading virus strains point to a need for caution. While more countries may gradually re-open from March onwards, they will probably move only slowly, especially with respect to international travel. Italy re-opened bars and restaurants in many regions in early February. That infections have remained flat since mid January in the country against the downward trend elsewhere raises some questions, though. The situation should improve more notably throughout Q2 as springtime heralds the natural remission of seasonal viruses and mass vaccination progresses – or, in the case of EU countries, significantly accelerates. Due to higher vaccination rates, restrictions should be eased and behaviour should normalise faster in the UK and the US than in Eurozone countries. Summer could be more normal. Depending on the vaccination progress and virus mutations, the next winter may see the return of some restrictions, but probably not anywhere as tight ones as in the current winter.



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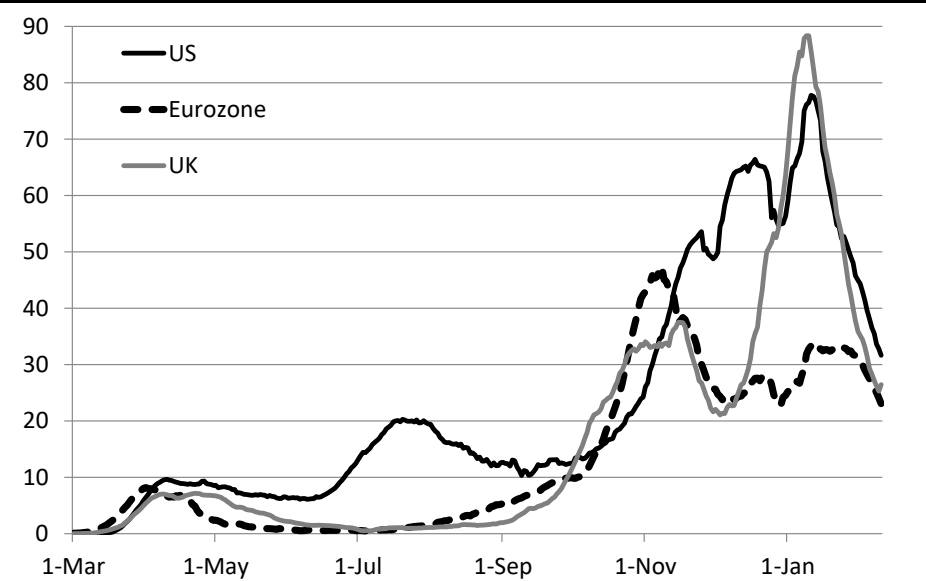
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**Economic outlook:** While the winter wave and the tight restrictions weigh on economic activity, the hit to GDP in Q4 2020 and Q1 2021 combined is much more modest than in H1 2020. The second wave has been less of a nasty surprise, supply chains are still working and inoculations raise hopes for a strong rebound from spring onwards. Gains in manufacturing and global trade have limited the damage. While economic activity may fall by a cumulative total of 2.7% in Q4 2020 and Q1 2021 in the Eurozone and by 1.6% in the UK, the US may get away with respectable growth in both quarters (+2.2% Q1 2021 vs. Q3 2020) – compared to -15%, -21.2% and -10.1% in H1 2020, respectively. While the time profile of the rebound is a little uncertain, the 2020/2021 winter setback should be partly offset by faster catch-up gains throughout this year.

**Risk of an adverse scenario:** The risks are tilted to the downside near term, especially on the European continent. If it were not for more contagious virus mutations, restrictions in Europe would be less tight than they currently are. The virus mutations and the tighter restrictions for longer are a reason why economic activity in Europe will likely rebound only really from late March or April onwards. If vaccinations and/or the transmission of the virus fail to get countries close to herd immunity by autumn, the economic outlook would change more fundamentally. In that case, countries would have to tighten restrictions significantly again in the next seasonal wave of virus infections next autumn. We see this as a tail risk, not as a likely scenario.

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



Seven-day averages. Source: Johns Hopkins University.

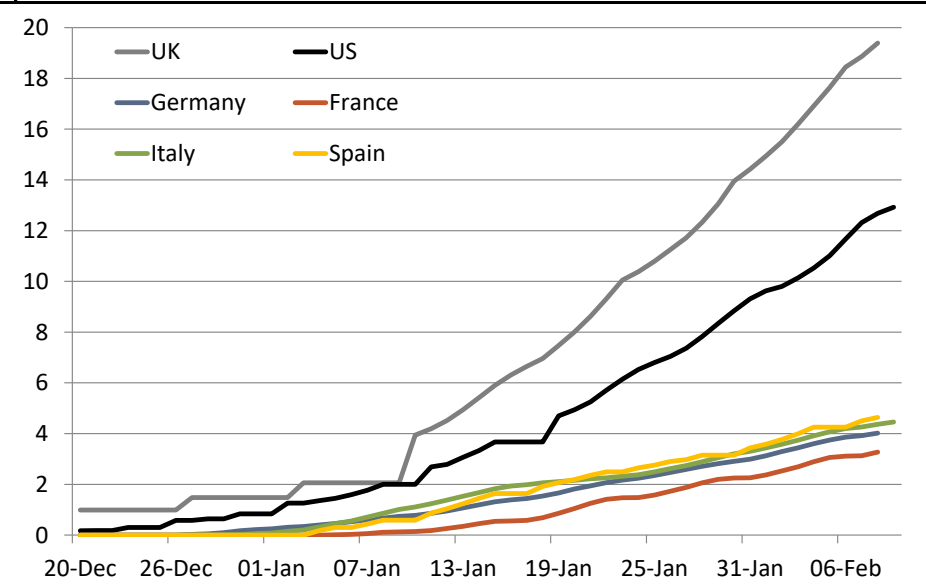


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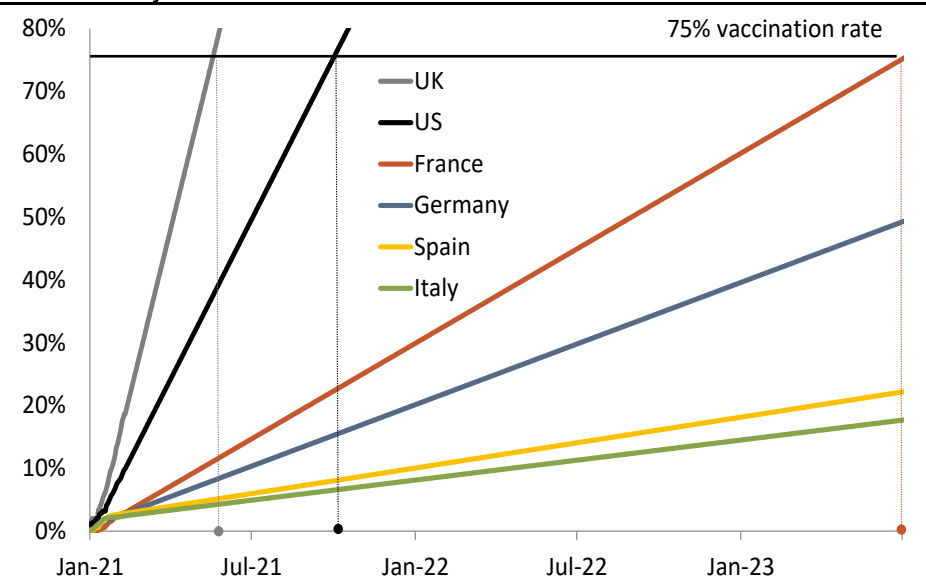
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**Chart 2: Total number of COVID-19 vaccinations administered, per 100 people**



Source: Our World in Data

**Chart 3: Projected time when countries reach 75% vaccination rate**



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

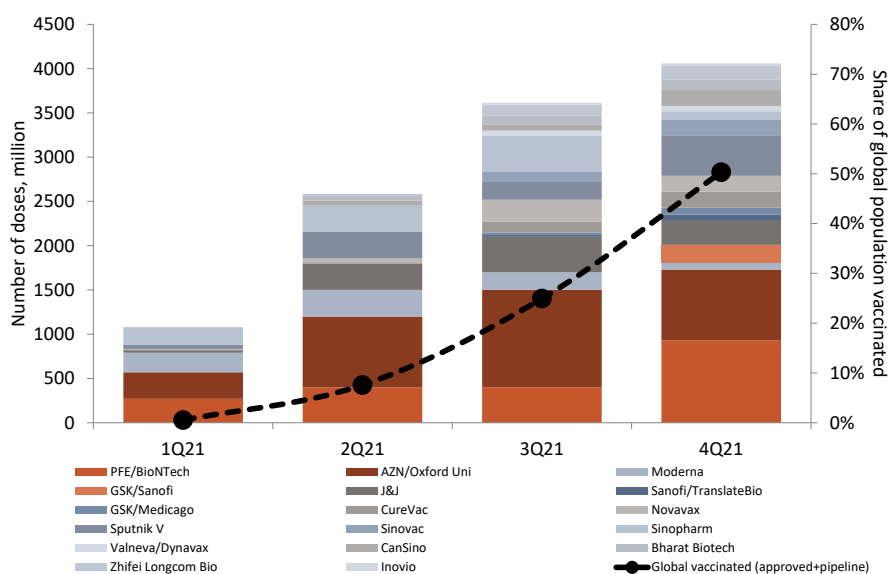


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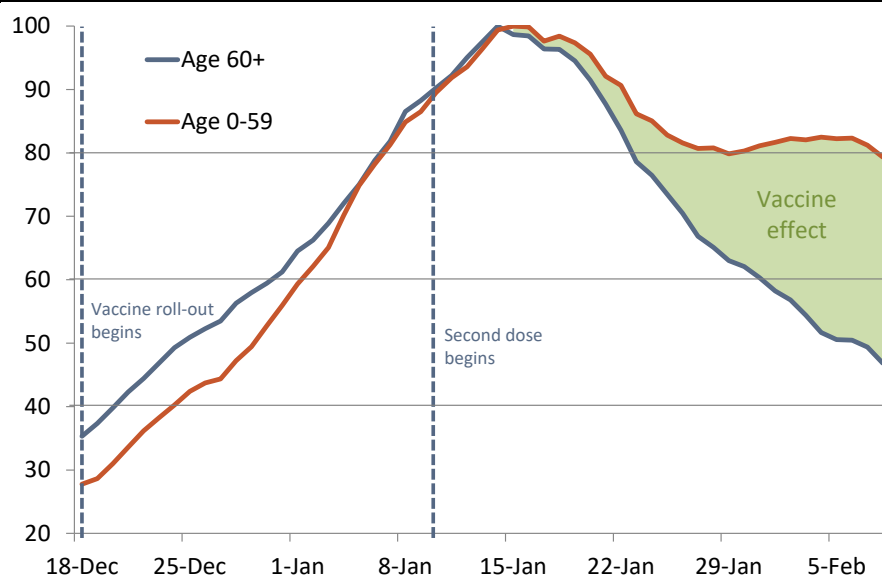
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**Chart 4: Vaccine production and share of global population vaccinated**



Source: Berenberg pharmaceuticals research

**Chart 5: Israel – hospital admissions as a percentage of winter peak, by age group**



Hospital admissions based on rolling weekly sum of COVID-19 hospitalisations by age; Winter peak as of 15 December 2020. Age 60+ indexed at 14 January 2021 = 100, age 0-59 indexed at 15 January 2021. Source: Our World in Data, Segal et al., Weizmann Institute, Tel-Aviv University, FT, Berenberg



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