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COVID-19 TRENDS: UPDATE AND SLIDE PACK

Berenberg Macro View

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

SLIDE PACK HIGHLIGHTS

- **SARS-CoV-2 infections: infections are rising modestly again in many countries (p. 2-5)**
- **Another wave of infections could bring an end to the still ongoing fall in hospitalisations and deaths (p. 6-10)**
- **Vaccinations: widening gaps between UK/US vs. EU and within the EU (p. 11-14)**
- **Vaccines are working: hospitalisations among elderly falling in Israel and UK by the most (p. 15-16)**
- **Recorded cases, hospitalisations and deaths by country (p. 17-18)**
- **Lockdown 2.0 restrictions (p. 20-21)**
- **Lockdown 2.0 economic impact (p. 22-24)**

Infections

- **Another wave?** Recorded cases of daily new infections keep falling in those advanced economies which suffered the strongest spikes two months ago, notably the UK, Spain, Portugal and Ireland. But these countries are now the exception rather than the rule. Confirmed cases are on the rise again in most European countries including France, Italy, the Netherlands. They are also edging up in Germany and the US. The Czech Republic is already experiencing another wave – its fourth. Slovakia and Poland are following. Much of continental Europe seems to be in the early stages of another wave – see also Monday's note on [third wave risks](#).
- **Mutations drive numbers up:** Virus mutations associated with increased transmission and/or higher viral burden after infection are leaving an ever bigger mark on daily new infections. In Germany, the share of the Kent/UK variant has surged to c30% this week in some samples from 22.6% last week. In France, the variant represented 36.1% of daily infections in the sixth week of 2021 up from 13% two weeks earlier. In Italy, the variant makes up 40-50% in some regions including Tuscany and Umbria and in Denmark even 57% as of the seventh week of 2021. In the UK, the Kent/UK strain made up 93.8% of all daily new infection in the 6th week of 2021. On the other side of the Atlantic, 2.9% of all daily new infections had the Kent/UK lineage, up from 0.4% at the end of 2020 – in Florida the share is already at 7.7% up from 0.9% in the last week of 2020.
- **Test intensity and share of positive tests:** The rising case load in many countries shows that only a few countries may have turned the corner for good. The likely continued gap between recorded and actual cases adds uncertainty. The UK may be the closest to success for three reasons. 1) With the help of tight restrictions and a fast vaccination campaign it has managed to rein in a surge led by the contagious Kent/UK variant of the SARS-CoV-2 virus. 2) With still 0.77% 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)



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than those of the US and the Eurozone which test significantly less (0.28% and 0.33%, respectively). 3) The share of positive tests in the UK is 2.3% vs. 6.1% in the Eurozone (latest available data: 14 February) and 7.8% in the US (latest available data: 18 February).

Hospitalisations and deaths

- **Hospitalisations:** The number of people in hospitals treated with Covid-19 continues to fall in most countries. Hospitalisations are coming down particularly fast in Portugal, Spain, the UK, the US and Germany. They are also edging lower in Italy and France. Another wave of daily new infections could herald a renewed rise in hospital admissions going forward. Whether this will happen depends on how much the virus variants can drive daily new infections up before further progress in vaccinations ultimately brings infection and hospitalisation numbers down.
- **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 corner for good, daily deaths in the UK have fallen significantly since mid-January. The Eurozone is also making further progress. Daily deaths continue to recede in Germany, France, Italy and the Netherlands as well as to fall sharply in Spain. In the US, they have reversed a little in recent days after falling notably in the week before that. The daily death toll remains higher in the US and the UK than in the Eurozone on a per-capita basis.

Vaccinations

- **Status quo:** The UK and the US continue to widen their lead in the roll-out over the continental European economies. As of 23 February, the total number of vaccinations administered per 100 people – the sum of first and second doses – had reached 27.3 in the UK and 19.4 in the US. Spain follows with 6.8, Germany with 6.4, Italy with 6.1 and France with 5.7.
- **Reasons for different vaccinations rates:** Among the reasons for the differences in vaccinations are the approval date of the vaccines, vaccine supply, the roll-out speed and whether countries hold back vaccinations to administer them as the second dose or provide more people with the first jab with a somewhat unclear timing of the second jab. More recently, reluctance towards one of the approved vaccines (AstraZeneca) is seemingly holding back the progress in parts of continental Europe.
- **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 its population by May. The US could follow in October. Continental Europe would not reach a rate of 75% before early 2023 at the current vaccination pace. As more vaccines get approved, production is ramped up, distribution accelerates and reluctance towards vaccination fades as the positive results become ever more visible, the vaccination pace will likely quicken, especially in continental Europe. The date when these countries reach vaccination rates of 75% should thus move notably forward significantly. Based on estimates that take into account the agreed supply deals, EU countries may have enough vaccines to fully vaccinate 75% of their people already in late August, only 1-2 week(s) after the UK and the US. But in order to get there, EU countries will have to manage the process more efficiently. That differ-



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ences in vaccination rates across EU countries have widened a little so far in February – from 1.4% in the Netherlands and 4.8% in Denmark at the end of January to 4.7% vs. 8.8%, respectively on 23 February – highlights that some governments have even more work to do than others.

- **Impact – 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 87.1%, daily recorded new infections and hospitalisations have fallen since 17 January. The gap in infections and hospitalisations that opened up between the 60+ vs. the <60 olds by mid-January when many 60+ were vaccinated but not yet many <60 olds points to a major positive vaccination impact. As many Israelis below the age of 60 are also getting vaccinated, hospitalisation rates have also reversed among the 0-59 age group. In the UK, hospital admission rates of those aged 85 years and over have fallen by more than for any other age group. The UK's vaccination campaign is starting to pay off.

Mutation implications

- **Infections:** The higher rate of transmission associated with the virus strains first identified in Kent/UK, South Africa and Brazil has reportedly raised the threshold of immunity in the population required to reach some degree of herd immunity – perhaps to 70-80% or higher instead of the oft-touted 60%.
- **Natural immunity:** Although the medical evidence does not seem to be conclusive yet, some virus variants may be as infectious for those who had 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 would thus be somewhat less valuable than expected. It puts the onus even more on immunity built up from vaccination.
- **Vaccination efficacy:** According to the evidence available so far, the efficacy differs from vaccine to vaccine and variant to variant. Some vaccine producers have started to develop a booster possibly to be given in the autumn to protect against the various mutations. Crucially, all administered and soon-to-be approved vaccines seem to be effective against both symptomatically and asymptotically contracting the currently known virus variants, against transmitting them and – especially – against suffering from severe disease after infection.

At least for now, 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 – an uneven picture: On the European continent, governments look set to keep many of the current restrictions in place for most of March and/or to tighten them modestly. While the restrictions in place more or less since November sufficed to contain the second wave of the original virus, they have not prevented a rapid increase in infections with the new variants. Some governments have already responded to mutation hotspots with border closures. Others may have to re-impose some restrictions which they lifted earlier this year (in some regions). Most are extending their lockdowns. Those countries which are starting to re-open are doing so very slowly. Most countries will ease gradually with at least 2 weeks between the various steps to allow for the impact of changes on infections and hospital admission to be assessed. The situa-



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tion should improve more notably throughout Q2 as springtime heralds the natural remission of seasonal viruses and mass vaccination progresses. Summer could feel much more normal. The next winter may see the return of some restrictions, but probably not anywhere as tight ones as in the current winter.

Economic outlook: Tight restrictions depress economic activity. Border closures within Europe could restrict cross-country trade and industrial production in late February and – possibly – in March as well. But that effect looks set to be very small: few borders are closed and even those remain open for trucks. Although the tight(er) restrictions for longer can delay the economic rebound, the advent of spring can mitigate the risks. The hit to GDP in Q4 2020 and Q1 2021 combined will be much more modest than in H1 2020. The strong gains in manufacturing and global trade continue to limit the damage from the battered service sector to the overall economy. While the time profile of the rebound is a little uncertain, we expect a strong bounce back in activity throughout the remainder of this year to mostly offset the 2020/2021 winter setback.

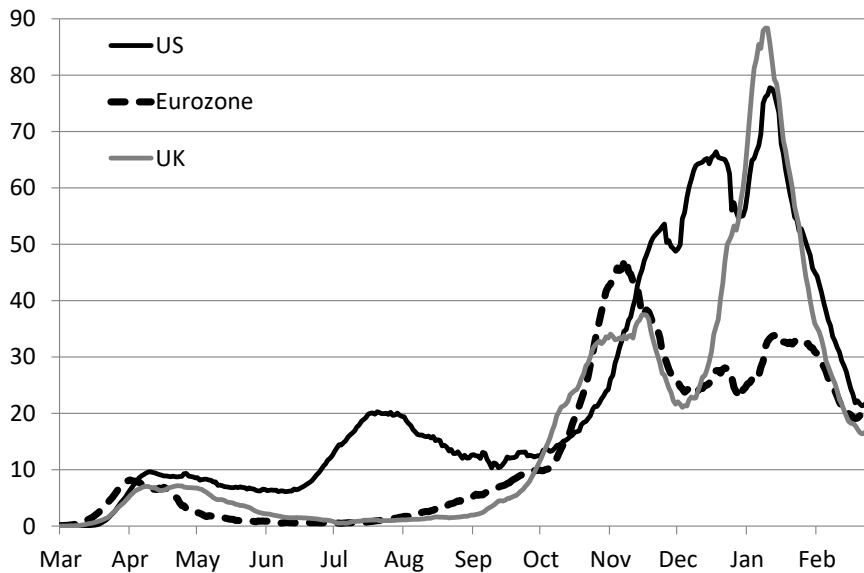
Downside risks: Due to the spread of virus mutations, the risks are tilted to the downside near-term on the European continent. The rebound in economic activity could be further delayed if restrictions remain in place for even longer. The economic outlook could sour more fundamentally later this year if countries fail to get close to herd immunity by autumn. 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 highly unlikely tail risk, not as a likely scenario.

Political consequences: Beyond the health and economic trends we have to watch the potential political consequences – see also [our note](#) from early February. Against the background of the SARS-CoV-2 pandemic, popular support of governments increased in most continental European countries during 2020. Such “rally ‘round the flag effect” has started to lessen at the start of 2021, partly because the pandemic has somewhat lost its fear factor. More importantly, the EU’s slow start of its vaccination campaign relative to the UK and the US has dented the image of key policy makers. It is still early days, though. Against the trend and despite the country’s poor vaccination performance relative to its EU peers, approval ratings for most parties of Mark Rutte’s outgoing coalition in the Netherlands are rising ahead of the elections on 15-17 March 2021. The ultimate impact of the pandemic therefore remains to be seen. With faster vaccinations progress in coming months, current problems may well be defused ahead of elections.



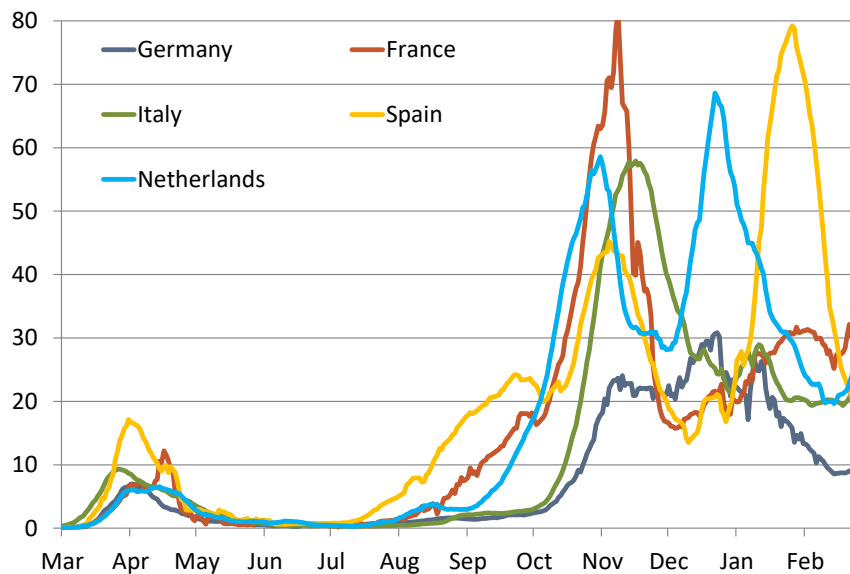
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Chart 1: Confirmed new SARS-CoV-2 infections, per day, per 100,000 people



Seven-day averages. Source: Johns Hopkins University.

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

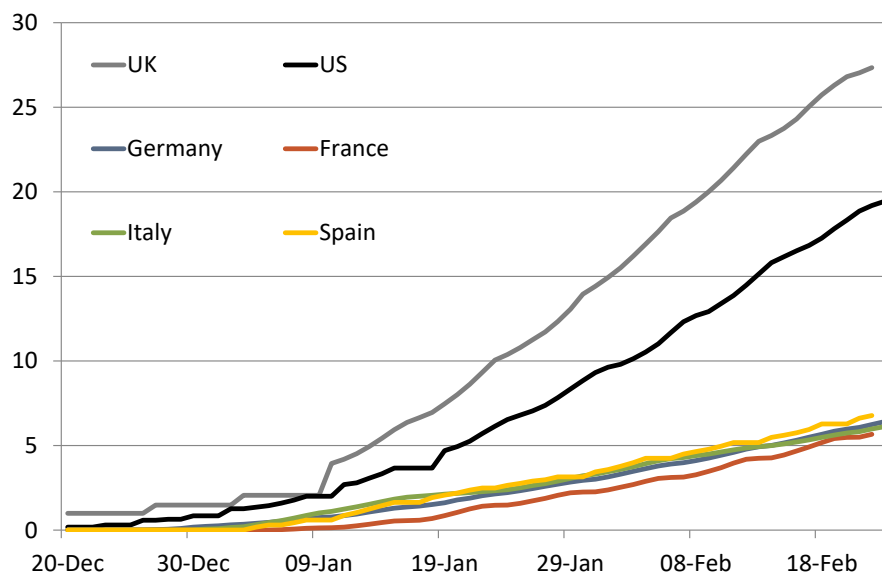


Seven-day averages. Source: Johns Hopkins University.



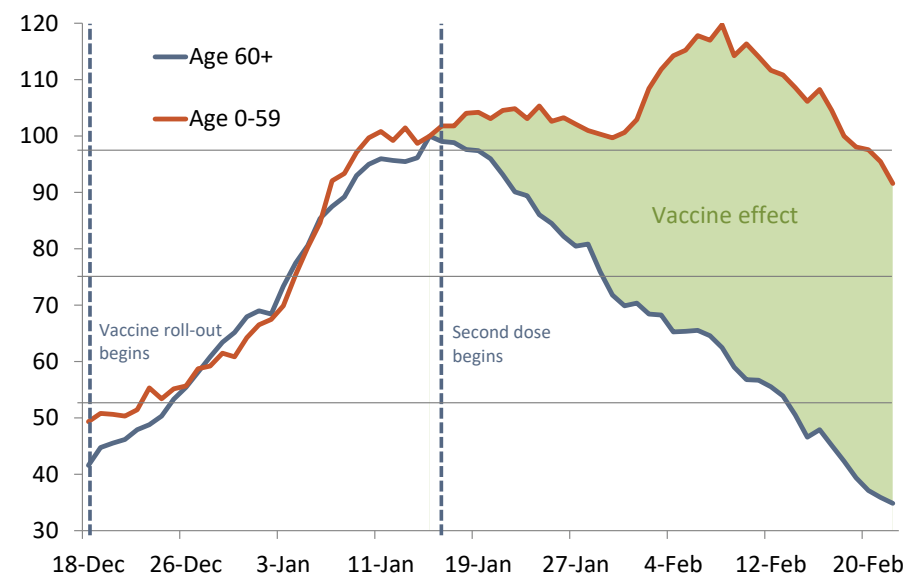
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Chart 3: Total number of COVID-19 vaccinations administered, per 100 people



Source: Our World in Data

Chart 4: 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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