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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

- **SARS-CoV-2 infections: falling further in the UK and the US, modest increase in continental Europe (p. 2-5)**
- **While infections are rising in some continental European countries, further progress in vaccinations and better weather should ultimately bring infection and hospitalisation numbers down (p. 6-9)**
- **Vaccinations: gaps are still widening between UK/US vs. EU and within the EU (p. 10-12)**
- **Vaccines are working: hospitalisations among vaccinated in Israel are falling by the most (p. 13)**
- **Recorded cases, hospitalisations and deaths by country (p. 14-15)**
- **Lockdown 2.0 restrictions (p. 17-18)**
- **Lockdown 2.0 economic impact (p. 19-22)**

Infections

- **Risk of another major, broad-based wave receding:** Some advanced economies – most prominently Italy – continue to record a notable rise in daily new infections. Recorded cases have started to stabilise in France and the Netherlands, but remain at elevated levels after notable increases in the second half of February (Netherlands) or for most of the past three months (France). Daily new infections keep edging up in Germany. The Czech Republic and Estonia have been hit by a massive surge in recorded daily new infections. But the risk of yet another major, broad-based surge in infections seems to be receding: First, in most countries where recorded cases of daily new infections are rising – think Italy, they are rising less quickly than during previous periods of infection waves. Second, recorded cases are seemingly topping much sooner than in the past as France and the Netherlands show. Third, numbers keep falling in those advanced economies which suffered the worst spikes two months ago, notably the UK, Spain, Portugal and Ireland. Fourth, despite faster spreading virus variants and while we still wait for better spring weather to herald the remission of seasonal respiratory viruses like SARS-CoV-2, restrictions and increasing vaccination rates seem to bring the numbers down in countries like the US.
- **The UK continues to be the closest to success – for three reasons:** 1) With the help of tight restrictions and a fast vaccination campaign, the UK has managed to rein in a surge led by the contagious Kent/UK variant of the SARS-CoV-2 virus and now records the lowest per-capita rate in daily new infections across major advanced economies. 2) With more than 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 continue to test significantly less (0.31% and 0.35%, respectively). 3) The share of positive tests in the UK has further fallen to 1.6% vs. rising both in the Eurozone and in the US to 6.5% and just below 6%, respectively.

Hospitalisations and deaths



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- **Hospitalisations:** The number of people in hospitals treated with Covid-19 continues to decline in most countries. Hospitalisations are coming down particularly fast in Portugal, Spain, the UK, and the US. The occupancy of intensive care units (ICUs) continues to fall also in Germany. But against the background of the (renewed) rise in daily new infections from mid-February onwards, progress stalled in the Netherlands at the end of February. In addition, the number of people in Italian hospitals is on the rise again and the occupancy rate of French ICUs continues to edge higher. Occupancy rates may keep rising in some countries in March. As the risk of another major, broad-based surge in daily new infections has receded recently and governments plan to open up their economies only very slowly, occupancy rates seem unlikely to return to previous peaks in major countries. Further progress in vaccinations should ultimately bring infection and hospitalisation numbers down.
- **Deaths:** Daily deaths associated with SARS-CoV-2 in the Eurozone, the US and the UK have been broadly following infections and hospitalisations with a lag of 2-3 and 1 week(s), respectively. Amid the retreat of the pandemic in the first six weeks of 2021 in most countries, they are still heading lower in the US and the UK. In continental Europe they have stopped falling in response to the renewed rise in daily new infections in most countries and increase in hospitalisations in some countries. So far, however, 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 10 March, the total number of vaccinations administered per 100 people – the sum of first and second doses – reached 35.0 in the UK and 28.3 in the US. Spain follows with 10.4, Germany with 9.7, Italy with 9.6 and France with 8.8.
- **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. For that last reason, the share of the population fully vaccinated is slightly higher in France than in the UK (2.9% vs. 1.7%, respectively) while the share of people who have received at least one dose of vaccines is significantly lower (5.9% in France vs. 33.3% in the UK). A reluctance to accept or administer the AstraZeneca vaccine has also held back the progress over the past weeks 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 vaccines to 75% of its population by June. The US could follow in August. While continental Europe would not reach a rate of 75% before early 2022 at the current vaccination pace, the date has continually moved forward over the recent weeks. As more vaccines get approved, production is ramped up, distribution accelerates and reluctance towards vaccination fades, the vaccination pace will likely quicken significantly further in continental Europe. The date when these countries reach vaccination rates of 75% should thus move forward further. 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, including administering the delivered vaccine doses fast. That differences in vaccination rates across EU countries have widened in February – from 1.4% in the Netherlands and

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4.8% in Denmark at the end of January to 6.5% vs. 12.8%, respectively on 10 March – highlights that some governments have even more work to do than others.

Restrictions: France and Italy have re-imposed some restrictions which they had lifted earlier this year (in some regions). Most other countries have extended many – but not always all – of their restrictions until the end of March. Those countries which have started to re-open are doing so very slowly. They are planning to ease with at least 2 weeks between the various steps to allow for the impact of changes on infections and hospital admissions to be assessed. The situation 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.

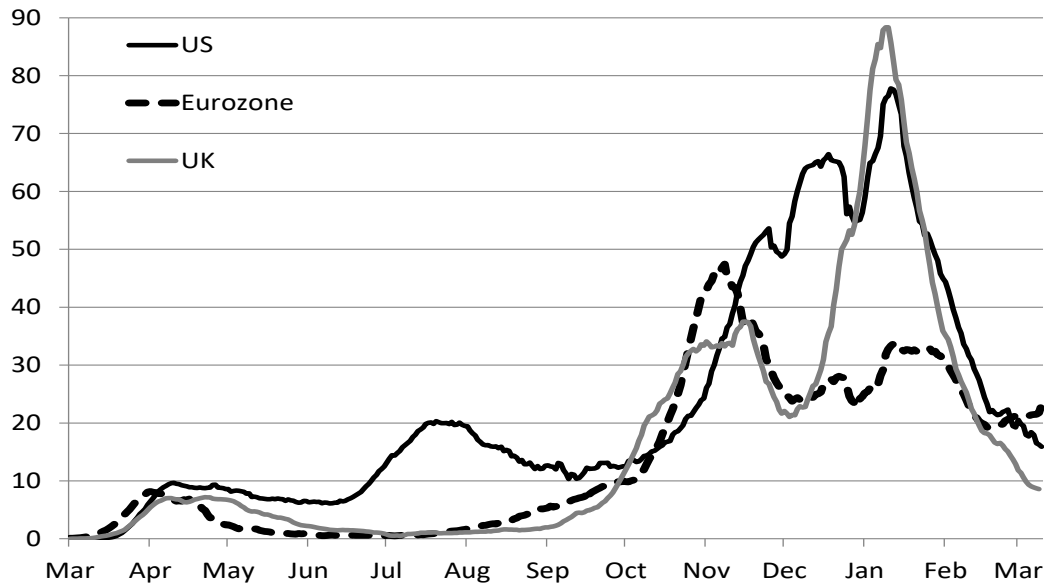
Economic outlook: The tight restrictions – still or again – in place depress economic activity, especially in Europe. From early February onwards consumers have started to go out again more, nevertheless. With most restrictions extended until the end of the month, the rebound in the footfall data from low levels may stall in Europe during March, though. We expect Eurozone GDP to contract by -1.6% qoq in Q1 2021 after -0.7% in the previous quarter. After a notable inventory build-up ahead of the Brexit deadline on 31 December 2020 contributed to growth of 1% qoq in Q4, UK GDP may fall by 2.5% in Q1. Driven by yet another significant fiscal boost, the US economy could get away with growth at around 1.2% in 2021 after 1% in Q4 2020. While the time profile of the rebound is a little uncertain, we expect a strong bounce back in activity from spring onwards to mostly offset the 2020/2021 winter setback.

Political consequences: Beyond the health and economic trends we have to watch the potential political consequences. The EU's slow start of its vaccination campaign relative to the UK and the US has dented the image of key policy makers. Besides a kickback scandal, rising discontent with the slow inoculation progress and a somewhat confusing approach to easing lockdowns amid a modest increase in recorded infections is weighing on the popularity of Angela Merkel's centre-right CDU ahead of [two regional elections in Germany this Sunday](#). Approval ratings for Dutch Prime Minister Mark Rutte's party have fallen ahead of the elections next week ([15-17 March](#)). With faster vaccinations progress in coming months and strong economic recoveries, current problems may well be defused ahead of national elections – such as in Germany in September this year and/or France in April/June 2022.



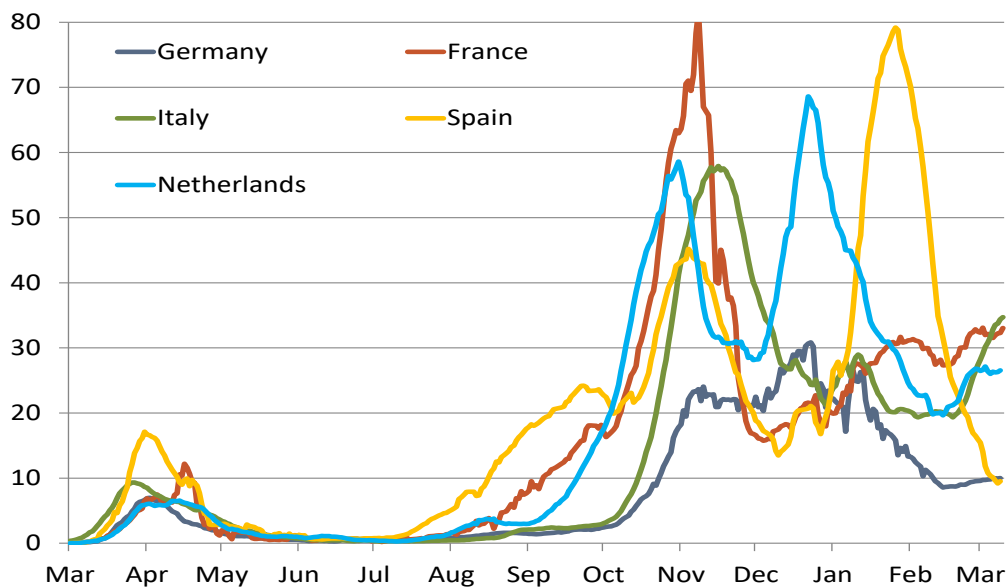
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Chart 1: Confirmed new SARS-CoV-2 infections, per day, per 100,000 people



Seven-day averages. Source: Johns Hopkins University.

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

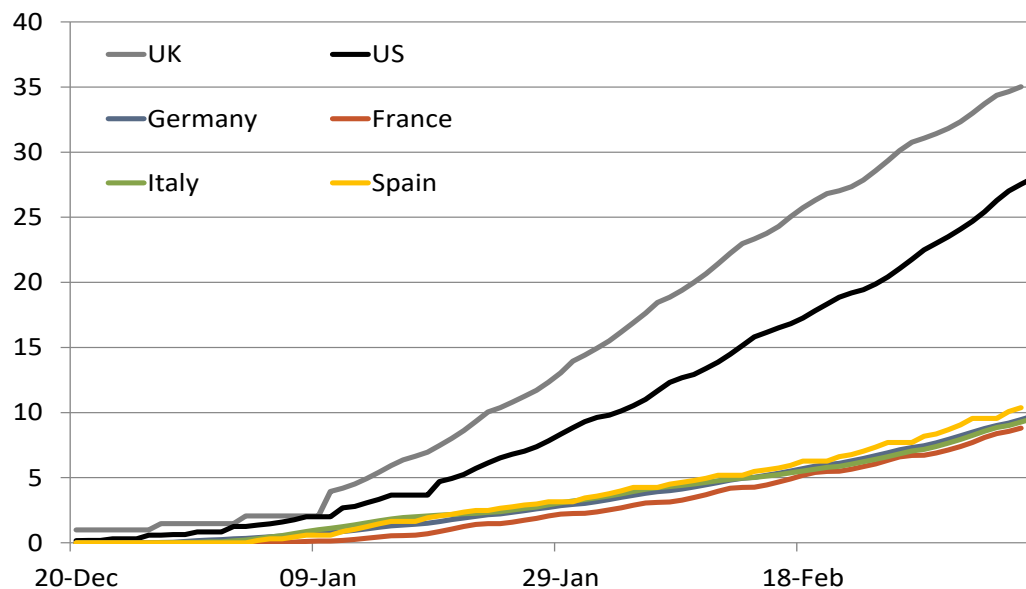


Seven-day averages. Source: Johns Hopkins University.



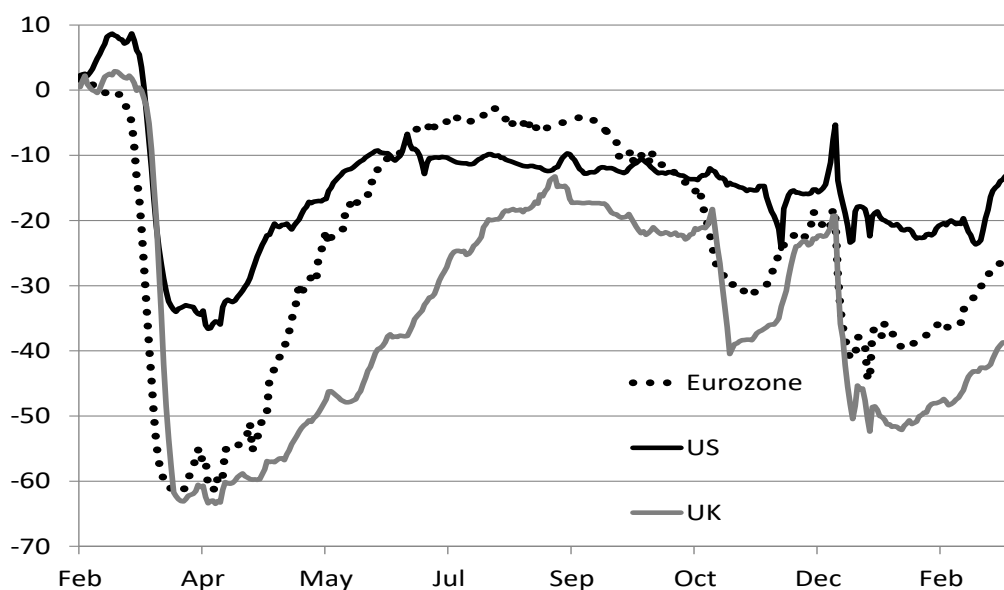
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Chart 3: Total number of COVID-19 vaccinations administered, per 100 people



Source: Our World in Data

Chart 4: Retail & recreation footfall for advanced economies (% from baseline)



Daily data. Seven-day moving average. Values are the percentage change compared to a baseline of median value from the 5-week period Jan 3 - Feb 6, 2020 for the same day of the week. Weighted footfall changes for Retail & Recreation and Grocery & Pharmacy 2:1. Seasonal fluctuations may distort the data which are not seasonally adjusted. Source: Google.

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