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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: a third wave hits many continental European countries (p. 2-5)**
- **Hospitalisation rates: falling further in UK and US, progress at risk in the Eurozone (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 fast (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

- **A third wave:** After a decline in January and February, confirmed SARS-CoV-2 infections are rising again in most continental European countries due to the rapid spread of more contagious variants (especially France and the Netherlands). In the Eurozone, the seven-day average of recorded daily infections has risen from 20 per 100,000 people in late February to 28 on 23 March. Fortunately, recorded new infections are rising less quickly than in November in most countries. The worsening situation in Europe is a cautionary tale for the United States where new variants are also spreading fast. New SARS-CoV-2 cases are declining in the US. However, progress may not be levelling up. The risk remains.
- **Mutations:** Virus mutations associated with increased transmission and/or higher viral burden have become the dominant strains in continental Europe. In France, the Kent/UK variant now represents 76% of new infections (between 15,000 to 20,000 new daily cases, on average) against 50% one month ago. In Germany, the share has to around 75% of infections. Last week, a new variant was identified in the French region of Brittany. It is reportedly not detected by standard PCR tests. The spread of new variants has forced many European countries to reintroduce restrictions over the past weeks. Vaccination along with testing, tracing, quarantine and isolation remain the most efficient ways to address this issue.

Hospitalisations and deaths

- **Hospitalisations:** The number of people in hospitals treated with SARS-CoV-2 continues to decline in most countries. Hospitalisations are coming down particularly fast in the UK, the US, and Portugal. They are stable in France. In Italy, the number of people in hospitals is on the rise again, reaching its highest level early 2021. With the spread of more contagious variants, we expect that occupancy rates will increase in some countries in the coming weeks until newly implemented restrictions start to take effect. Further progress in vaccinations should ultimately bring infection and hospitalisation numbers down by the end of Q2.
- **Deaths:** Daily deaths associated with SARS-CoV-2 in the US and the UK have significantly dropped since the end of January. In the European Union, they continue to fall despite the

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renewed rise in new daily infections in several countries. In Italy, the number of deaths has increased over the past ten days after a premature easing of restriction in February.

Vaccinations

- **Status quo:** The UK and the US continue to widen their lead in the roll-out over the continental European economies. As of 21 March, the total number of vaccines administered per 100 people reached 44.6 in the UK and 37.8 in the US. In the Eurozone, the pace seems to be quickening modestly. The number of vaccines administered per 100 people has edged up to 13 (13.5 for Spain, 13.2 for Italy, 12.9 for Germany and 12.6 for France). Given supply constraints and the current slow pace of vaccination, the EU will struggle to meet its current timeline for vaccinating 70% of its adult population by mid-July
- **Vaccine distrust:** The decision of several European countries to temporarily pause the use of the AstraZeneca shot last week is likely to damage vaccine confidence further, notably in countries where a strong distrust in vaccination prevails (such as Spain and France). The decision reinforced the idea, among anti-vaxxers and vaccine sceptics, that the authorities are afraid of potential side effects of the vaccine. It happens at the worst time ever when several European countries are facing a third wave of infections. According to a Yougov poll released on 22 March, confidence in the safety of the AstraZeneca vaccine has taken a big hit. Some 61% of French and 55% of Germans say it is unsafe (+15 percentage points and +18 percentage points respectively compared with three weeks ago). This is particularly an issue in France where there is a broad lack of confidence in the health systems after a series of scandals. This may further delay the sluggish vaccination roll-out.
- **Impact – example of the UK:** The UK vaccination programme has been a remarkable success so far. As of 23 March, more than 27 million people have received at least one dose of vaccine – more than Germany, France and Italy combined. If the UK maintains the pace of its vaccine roll-out of the past three weeks, it will have administered at least one dose to 75% of its population by June. An expected supply crunch might slightly slow down the process next month. Among other factors, the UK's success is partly explained by higher risk tolerance than the EU approach. While the UK fast-tracked regulatory approval of vaccines as early as December last year, the EU did not switch to a comparable emergency procedure.
- **Impact – example of Israel:** In Israel, where the vaccination campaign started in 19 December and the total number of vaccinations administered per 100 people has reached 111.9% (with 52.3% of people fully vaccinated), daily recorded new infections and hospitalisations are back to where they were before the start of the third wave in mid-January. The economy has almost fully reopened (schools, malls and gyms). Life has resumed. However, some venues are only accessible to those with a green passport – a document showing they have received both doses of vaccines. Forty days after exiting the third lockdown, Israel's estimated R number (the number of people that one infected person will pass on a virus to, on average) has halved to currently 0.62. Compared with the peak of mid-January, the number of daily deaths has decreased by 85%, the number of daily critically ill by 72% and the number of daily cases by 86%. At current vaccination rates, Israel is within weeks of having fully vaccinated 70%-75% of its population of 9 million.

Restrictions: France and Poland have reintroduced partial lockdowns as both countries battle a serious rise in SARS-CoV-2 infections in recent weeks. Most other countries have extended many – but not always all – of their restrictions until next month. In Germany, the government has pro-

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longed the current semi-lockdown to 18 April. In France, some 21 million people in 16 areas, which represent almost 40% of French GDP, are placed under lockdown at least until mid-April. France's current third lockdown is lighter than the two previous ones from March 2020 and October 2020. This time, people can go outside during the day for exercise for as long as they like without filling in an exemption form. Schools are also staying open. This is in addition to the national curfew from 19:00 to 6:00. In Poland, a three-week lockdown began last weekend due to the rampant Kent/UK variant of SARS-CoV-2 in the country. The new variant now makes up more than 60% of infections and could represent 80% of infections in the coming weeks according to Poland's health authorities. Across continental Europe, the situation should improve over the course of Q2 as springtime heralds the natural remission of seasonal viruses and mass vaccination progresses. Summer could be much more normal in most of Europe. But some restrictions could reappear next winter, including mask wearing, if new variants emerge that make the vaccines less effective.

Economic outlook: The reintroduction of restrictions will keep economic activity at a subdued level in the European Union for longer. It will also delay the start of the recovery. As a result, we have reduced our 2021 growth call from 4.4% to 4.1% for the Eurozone, with similar changes to the calls for eurozone member countries. The German economy may expand by 3.5% instead of 4.0% this year. We look for France's 2021 GDP growth to reach 5.3% against 6.4% in our previous estimate. With the current slow pace of vaccination in France, the government's promise to lift the four-week lockdown from mid-April looks difficult to achieve. This will weigh on the economy in the second quarter. However, the delay in reopening Eurozone economies is not the end of the story. The base effect from the longer lockdowns in 2021, further stimulus measures from governments to cope with the consequences of the restrictions and increased household excess savings will raise the yoy rate of growth in 2022. We raise our calls for GDP growth next year to 4.7% from 4.3% for the Eurozone, to 4.6% from 4.0% for Germany and to 4.7% from 4.0% for France. For details, see [Forecasts at a Glance](#).

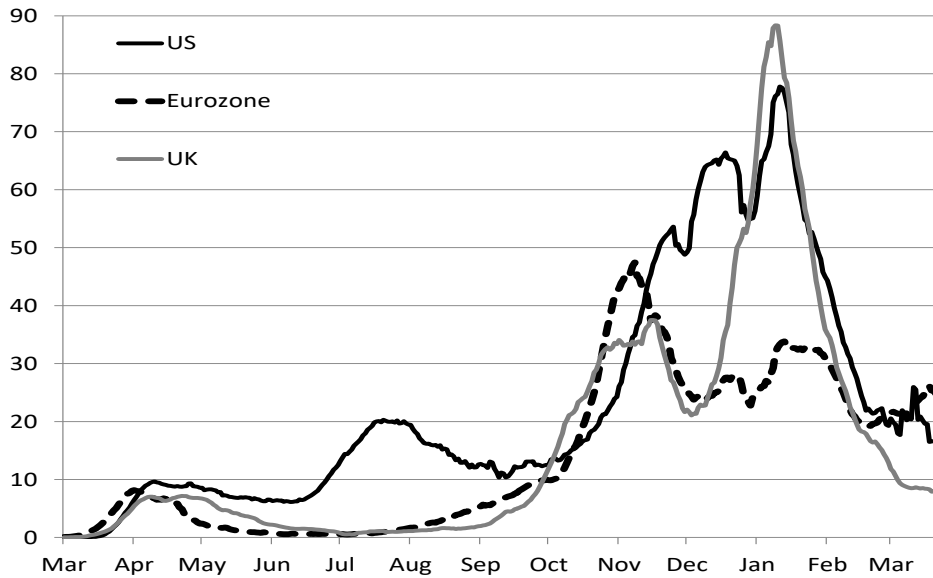
Political consequences: Beyond the health and economic trends we have to watch the potential political consequences. The EU's slow vaccination progress has dented the image of key policy makers and the EU. In France, rising discontent with the slow inoculation progress and a somewhat confusing approach to the reintroduction of partial lockdown across several regions in France are weighting on the popularity of Emmanuel Macron ahead of the legislative by-elections scheduled for 4 and 11 April. According to an IFOP poll on 18 March, Macron's approval rating has fallen 4 percentage points from a month earlier, with only 37% people saying they are satisfied with the president. In the short term, France's far right leader [Marine Le Pen](#) benefits from public perception that the vaccination is handled poorly by the French government. With faster vaccinations progress in the coming months and stronger economic recoveries in sight, current problems may well be defused ahead of the 2022 presidential election.



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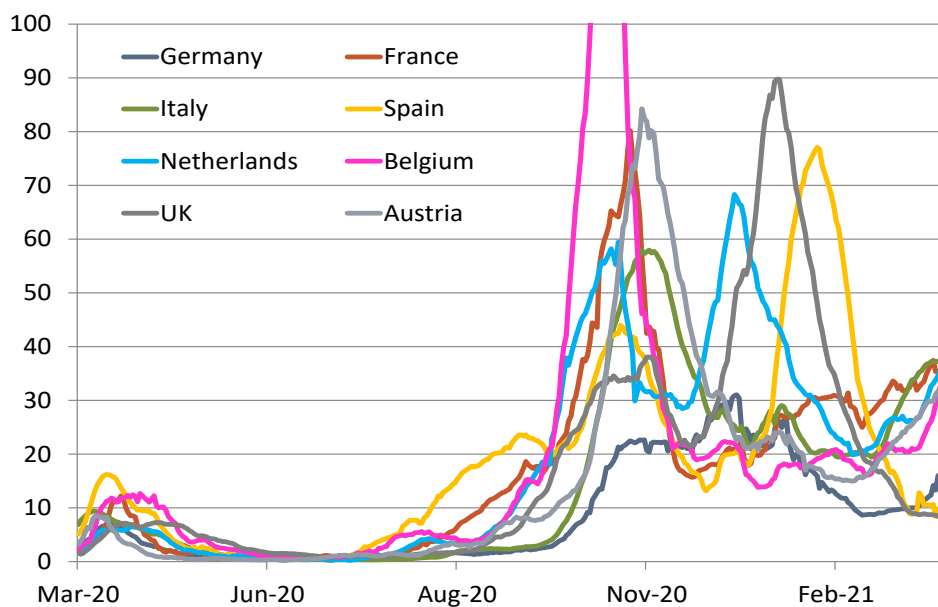
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Chart 1: Confirmed new SARS-CoV-2 infections, per day, per 100,000 people



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.

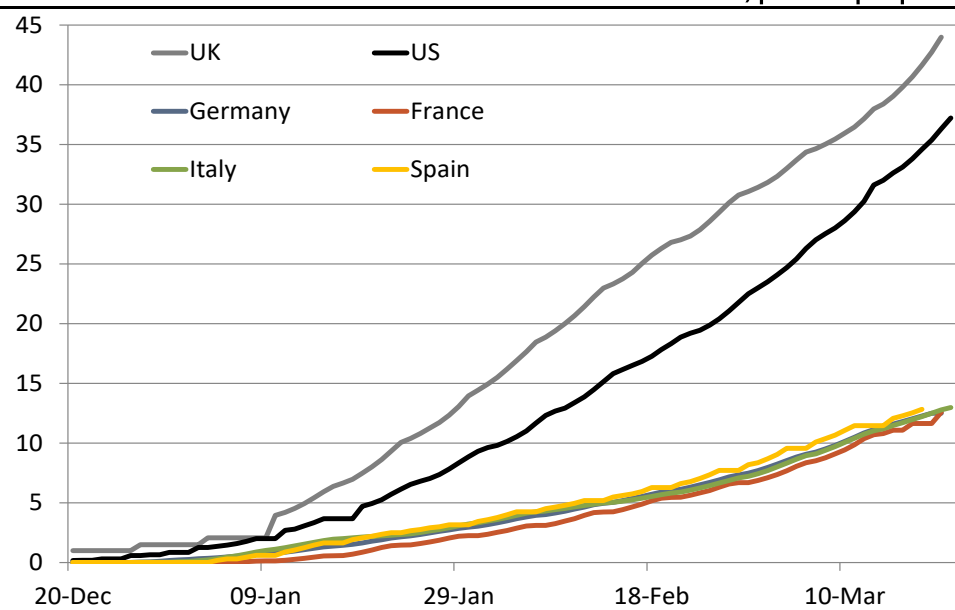


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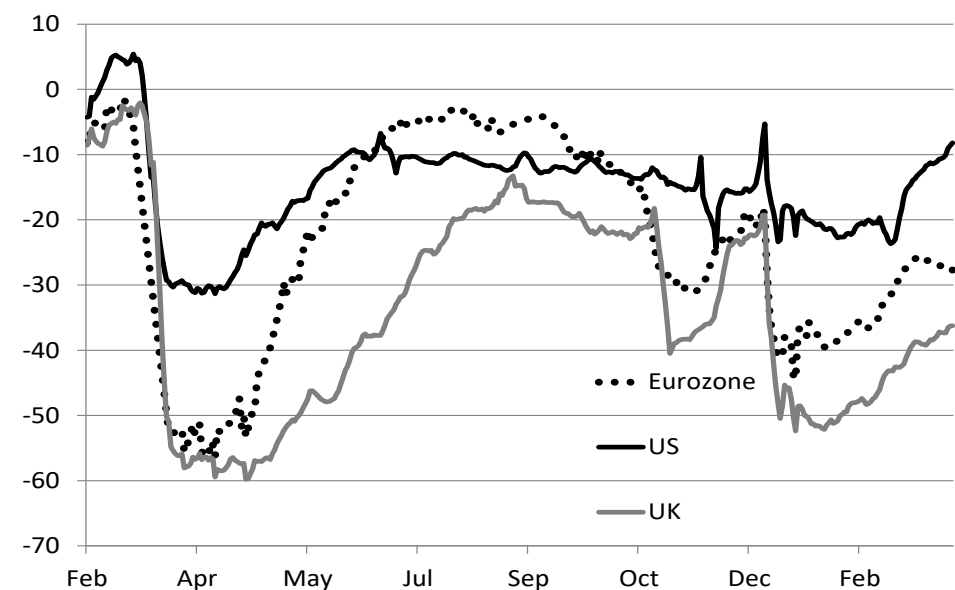
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Chart 3: Total number of COVID-19 vaccinations administered, per 100 people



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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