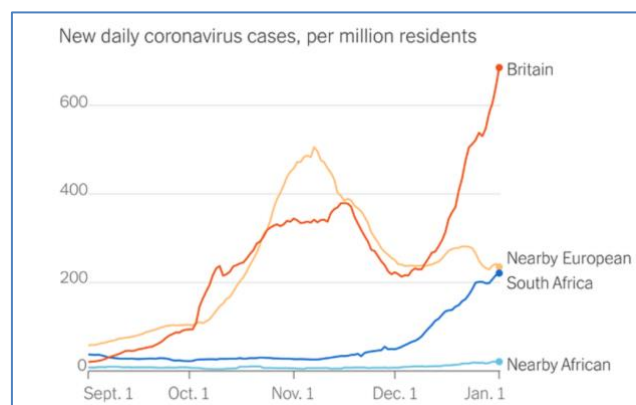


COVID-19' Epidemiologic and Economic Impact

**Analysed bi-monthly in just a few gobbets
For time-starved, over-solicited decision-maker**

- 2020 ended with the promise of several vaccines and the optimism engendered by vaccination campaigns that were just about to start (in rich countries). Yet, these hopeful prospects have, for the moment, vanished. **The UK, the US, many European countries and Brazil are about to face their darkest COVID moments.** Meanwhile, other countries and regions are also facing a resurgence of cases.
- A new COVID variant is the reason why **the pandemic situation is about to become much more worrisome.** First identified in the UK, it has now been found in 45 countries. Viruses always mutate, and most often with no impact, but **this one appears to be 40-70% more contagious**, hence more transmissible, than other variants. While it doesn't seem to be more severe, there is still much we don't know about it, and everything we do know so far suggests cause for concern because **increased transmissibility can wreak havoc in a very short time.**
- Havoc characterises what is currently happening in the UK, where Sir Jeremy Farrar – a pandemic adviser to the government – recently declared: **“What we've got is two or three months now of something that will feel and look and is worse than March and April (2020)”.** The chart below shows clearly why the new variant (plus another detected in South Africa) is so worrying. **The whole world is in a race against time**, with COVID gaining an unfortunate ability to sprint just as we get closer to the finish line (thanks to the vaccines).



Source: NYT

- **Vaccine distribution has become a much bigger issue than most governments and the financial markets had (optimistically) anticipated.** In the US, it has descended into turmoil – with millions of doses that risk expiring before they reach those for whom they were destined. In the UK, the government has decided to delay second doses in an effort to distribute more widely the partial protection afforded by a single shot – a decision criticised by US health officials. In the EU, the delay in vaccinations (again: in distribution, not in production or availability) has become a political time bomb in almost every member state.
- To a considerable extent, **the economic recovery will depend on a speedy and successful rollout of vaccines.** In the best possible situation, **the world economy faces a slow and challenging recovery**, with global GDP predicted by the World Bank to amount to 4% in 2021 (which, if it happens, would still leave the aggregate level of economic activity almost 4.5% below its pre-pandemic path by 2022). This assumes that vaccination campaigns progress rapidly both in advanced economies and systemically important emerging countries (i.e. widespread vaccination coverage by the second half of 2021). If this isn't the case, because of continued logistical problems and / or people's reluctance to be vaccinated, **the World Bank predicts that this year's expected GDP growth might halve**, or only expand by as little as 1.6%.

11 January 2021



DISCLAIMER

This email and any files transmitted with it is strictly confidential and intended solely for the use of the individual or entity to whom they are addressed. It may not be reproduced or circulated without having the appropriate MB100 subscription or The Monthly Barometer's written consent, in which case The Monthly Barometer's content needs to remain formatted as is with the branding of The Monthly Barometer clearly visible. Co-branding is prohibited.

If you are not the intended recipient, you are notified that it is prohibited to disclose, copy, distribute or take any action in reliance on the contents. If you have received this information in error, please notify us directly (info@monthlybarometer.com) and delete the material from all your computers/systems.

The content provided in this email and any files transmitted with it are for informational purposes only. You should not construe any such information or other material provided by The Monthly Barometer as legal, tax, investment, financial, or other advice.

You alone assume the sole responsibility of evaluating the merits and risks associated with the use of any information or other content provided in this email and its' file(s). You alone assume the sole responsibility of evaluating the merits and risks associated with the use of any information or other content in this email and its' annexes before making any decisions based on such information or other Content. In exchange for receiving this content, you agree not to hold The Monthly Barometer, its affiliates or any third-party service provider liable for any possible claim for damages arising from any decision you made or make based on information or other content made available to you by The Monthly Barometer.