

# Economic Briefing

26 October 2021

## Corona Update – 26 October

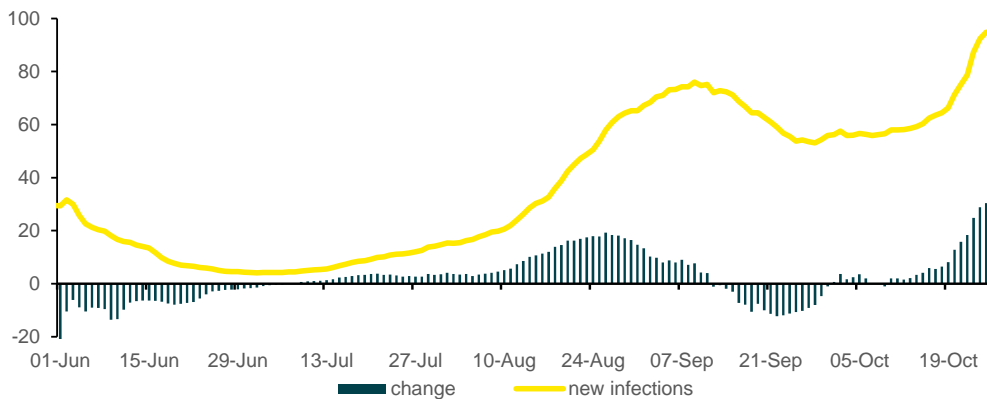
The new wave of infection continues to pose a major threat to older people despite the advanced stage of the vaccination process. Now the number of new infections is also rising again in France and Italy. In the UK, vaccination has so far prevented the new Corona wave from becoming a heavy burden on the health system.

### Infection situation

- In **Germany**, the RKI has not yet announced how many new infections were reported by the health offices yesterday. However, the figures in the individual federal states also indicate a further increase in the nationwide 7-day incidence. (see chart 1).

#### Chart 1 - In Germany, the number of new infections is increasing strongly

Total number of reported new infections in the past seven days, change compared to the previous seven days, in 1,000

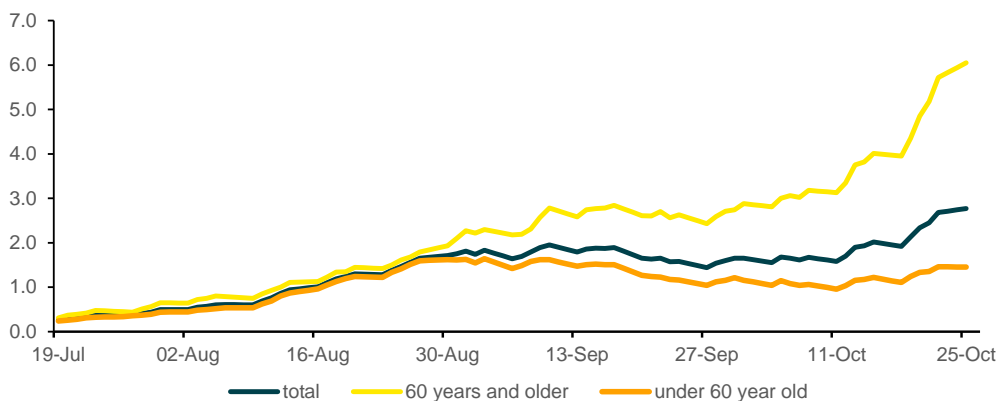


Source: RKI, Commerzbank Research

- The new wave of infections poses a danger especially for older people. Of those newly infected over the age of 60 in the past seven days, 6 per 100,000 inhabitants have had to be hospitalised so far, twice as many as at the end of September (see chart 2). In contrast, the hospitalisation rate of those under 60 has hardly increased.

#### Chart 2 - In Germany, more and more elderly corona patients have to be treated as inpatients again

Hospital admissions of those newly infected in the past seven days (fixed values), per 100,000 inhabitants



Source: RKI, Commerzbank Research

- In the **UK**, the 7-day incidence of new infections is approaching the 500 per 100,000 population mark again. On a positive note, the number of severe courses of the disease continues to be

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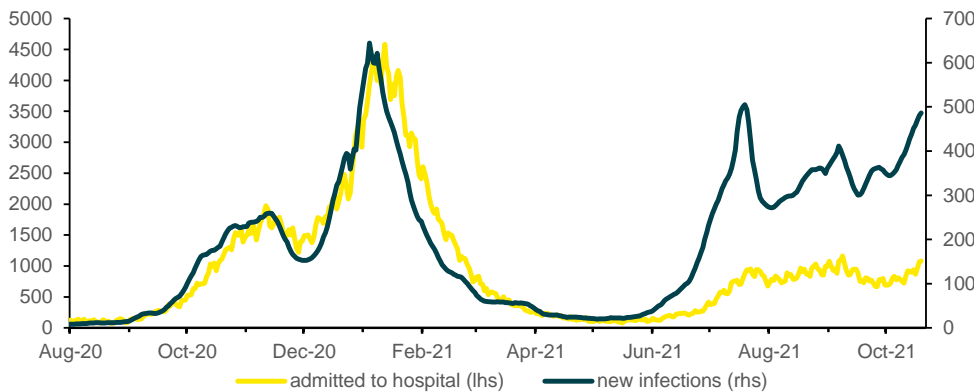
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significantly lower than in comparable infection figures at the beginning of the year (see chart 3). This shows that the vaccinations cannot stop the spread of the virus. But they significantly reduce the risk of overloading the health system.

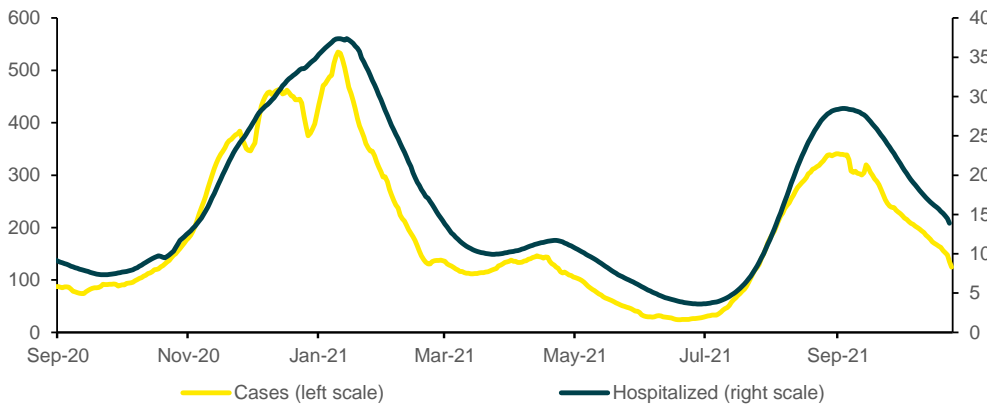
**Chart 3 - UK - New infections increasing, hospital admissions more or less unchanged**  
UK, Corona patient admitted to hospitals, new infections over the past seven days per 100.000 inhabitants



Source: UK government, Commerzbank Research

- The corona wave in the **U.S.** continues to subside. Most recently, the 7-day incidence has dropped to just under 125; a week ago, it was 167. The number of hospitalized corona patients has also continued to decline, most recently to about 15 per 100,000 population (Chart 4).
- Despite approval by the various regulatory agencies, the need for booster vaccinations for large segments of the population apparently remains controversial among U.S. experts. According to press reports, several advisors to the Centers for Disease Control consider Americans under age 65 to be adequately protected without booster vaccinations. The recommendations for booster vaccination were made without sufficient evidence, they said.

**Chart 4 - USA - the Corona wave is receding further**  
7-day case rate and hospitalized Corona patients, per 100,000 inhabitants.



Source: CDC, Commerzbank Research

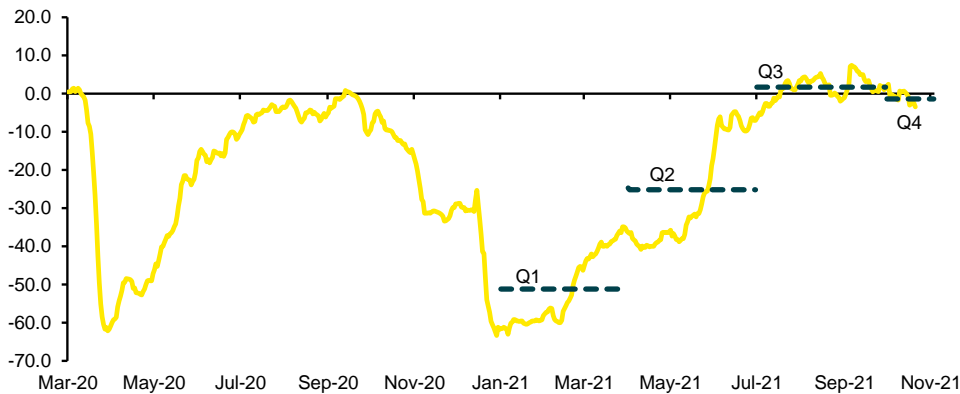
**Economy**

- People are becoming more cautious again. In **Germany**, customer traffic in shops has noticeably decreased in recent days. According to Google Mobility data, there were about 3½% fewer customers in the shops recently compared to normal times. There was already a similar "sag" at the end of August. This time, however, the trend is likely to consolidate. Because the number of new infections continues to rise considerably, we expect a winter Corona wave. Even without government measures, customer numbers in shops are therefore likely to continue to decline in the coming weeks. Already, the average for the fourth quarter so far is 3 percentage points below that of the third quarter (see chart 5). So while we still expect decent overall economic growth of around 2% for the third quarter compared to the previous quarter – the figures will be published by the Federal Statistical Office this Friday – in view of the impending burdens on the service sector, economic growth in the fourth quarter

is likely to be only meager, especially as material and supply bottlenecks will continue to keep manufacturing underwater.

### Chart 5 - People get more cautious again

Mobility trends for places such as shopping malls, restaurants, cafés, theme parks, museums, libraries and cinemas, as a percentage of the weekday median for the period between 3 January and 6 February 2020, 7-day average



Source: Google Mobility Report, Commerzbank Research

- The **Italian** economy is recovering well from the crisis so far. According to its **monthly bulletin**, the **Banca d'Italia** expects GDP to grow by 6% this year; we expect a similar figure. Investments and also consumption are on the rise, writes the central bank in its latest report. The labour market is also picking up noticeably and employment is rising. The inflation rate is not a major concern for the central bank: it will continue to rise in the short term, but will fall again in the medium term.
- In the **UK**, the Corona crisis is over – at least in perception. According to **figures from the British Statistics Office**, fewer and fewer people are keeping their distance. In a survey in mid-July, 63% of respondents said they kept their distance from others; in October, it was only 39%. The numbers are also falling when it comes to wearing mouth-to-nose coverings. More workers are returning to the office – in London the tube is full again. Also, many do not want to receive a third vaccination. The medical association now demanded that the government should reintroduce the protective measures. So far, the government appears unimpressed.
- The **Dutch** government wants to enact new Corona measures next week to catch the rapidly rising incidence levels. Health Minister de Jonge said in an interview that the numbers were rising earlier and faster than the government had expected. In addition, he said, the majority of people in hospitals were not vaccinated. Some hospitals have already started transferring patients to other hospitals because of capacity constraints. In The Hague, even one hospital was temporarily unable to accept new patients on Sunday. The chairman of the Association of Intensive Care Physicians, Gommers, said that the number of patients receiving intensive care had already exceeded the number forecast for January.

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