

## Origo Insights – More good news?

*The good news keeps arriving regarding the CoViD-19 vaccine together with a continued increase in the infections worldwide. We can now be reasonably certain that the pandemics will be brought to heel in second half of 2021. The stock markets react as if the virus has already gone, while the bond markets continue to reflect healthy doubts about the speed of the economic recovery. We do still not have any serious estimations of the impact of the vaccine on the economic growth.*

### Good news on the vaccine front (technical)

[Moderna](#) and [Astra-Zeneca/Oxford University](#) have both reported good results (of the mass testing programmes). Astra-Zeneca reports that their vaccine is effective when administered to people between 60 and 70 years old. Moderna reports their vaccine is also effective and additionally reports that their vaccine “only” needs to be cooled to -4c/-20F for long term storage. It will also survive for up to two weeks at normal refrigerator temperature (+6c).

While this is all good news, we remind readers that the production capacity for the vaccines are still limited to less than 30 plants and at this moment in time we have no idea how by how much the capacity can be increased.

An [American study](#) has also removed some doubts about immunity. There have been some scary stories about re-infection. There have been stories about infected persons healing without having antigens being traced afterwards.

Apparently this all has to do with the normal reaction of the immune system reaction and does not mean there is no

immunity. The study estimates that immunity will exist for two years after the infection.

The effect for vaccination is that it is conceivable an inoculated person may need a booster vaccination after a couple of years. Which again is nothing out of the ordinary.

Finally, Ugur Sahin, one of the founders of BioNTech, who created the vaccine that will be produced/distributed by Pfizer has been trying to temper the [expectations of the public](#) of a swift progress towards the mass vaccinations.

He warned that this winter will be worse than March/April of this year. The spring will come and we all move outside which will dampen the spread of the virus as it did this summer. And then we should all have got our ducks in a row to be ready for mass vaccination by the end of summer 2021, so we can have a “normal” winter 2021/22.

So, our point from 17 November that the vaccine at this moment is mainly against the doom and gloom accompanying the

economic downturn. There will be an end to the pandemic, eventually. But of course, the stock markets again got out of the gates very early, despite that it will still be

#### Not so good news on the economic front

All serious economic forecasters will now be busy reviewing their forecasts for 2021 have to be reworked and this will happen in the coming weeks. Until the vaccine news arrived, forecasts showed an interesting pattern: USA was not hit quite as hard as Europe, courtesy the absence of a national lockdown in the US. China and other Asian economies where the lockdown measures were even more draconian are quick to return to growth. Our guesstimate is that this pattern will change.

Case numbers in the US are close to running out of control, and with the White House obstruction of the transfer of power, nothing effective to contain the spread will be implemented until February of 2021. The various allocations to support employees and companies have already expired or will expire by the end of the year. So, it appears likely that US growth will slow markedly in H1 of 2021.

Europe has this time tried with a “lock-down light” targeting situations where it has been proven that infections spread quickly, particularly indoors events where

a long wait and is now facing headwinds into the critical winter period. Expect more of the same to come.

people sit shoulder by shoulder and, with alcohol intake, speak louder and louder – read bars and restaurants.

And China, South Korea and other countries where lockdowns were tough right from the beginning are poised to see growth accelerate further.

One issue that should be of particular importance to the financial markets are the initiatives made early towards the banks. The aim was to make sure that a “credit crunch” or drying up of bank loans to companies would worsen the downturn. These programmes have all but allowed to let companies continue – even companies that would not under normal circumstances have been allowed to survive, hence popularly referred to as “zombies”.

Once the support to banks is withdrawn, this could be a critical moment for highly leveraged companies. Unfortunately, the [outgoing administration appear to want to politicise](#) even this element in the CoVid-19 support packages.

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