

The views expressed in these posts are those of the authors and are current only through the date stated. These views are subject to change at any time based upon market or other conditions, and Eaton Vance disclaims any responsibility to update such views. These views may not be relied upon as investment advice and, because investment decisions for Eaton Vance are based on many factors, may not be relied upon as an indication of trading intent on behalf of any Eaton Vance fund. The discussion herein is general in nature and is provided for informational purposes only. There is no guarantee as to its accuracy or completeness.

Markets and Economy

Bullish and bearish COVID-19 developments: World Bank warns of "lost decade"

By: Marshall L. Stocker, Ph.D., CFA | January 12, 2021

Boston - Headlines tracking the scope of the coronavirus pandemic may be driving investor sentiment. We monitor key reports to gain visibility into how much longer the crisis could continue. Here are the latest developments that we consider either bullish or bearish, the health policy responses, and the economic and market impacts related to COVID-19.

Bullish virus developments

- Second round injections of the COVID-19 vaccine have begun in the United States.
- Several COVID-19 vaccines may likely protect against the new fast-spreading variants of the coronavirus that have emerged in the U.K. and South Africa, according to a study. In the test, the antibodies in the vaccinated people's blood did just as good a job at disarming the mutant virus as they did with the non-mutant version.
- China's COVID-19 vaccine shows 78% efficacy in Brazilian trials. The vaccine is administered in two doses and can be stored at refrigeration temperatures.

Bearish virus developments

- Dr. Anthony Fauci predicted that the daily death toll from COVID-19 would continue to rise for weeks. On January 7, the U.S. death toll exceeded 4,000 for the first time.
- People with no symptoms transmit more than half of all cases of COVID-19, according to a model developed by researchers at the CDC.
- A new study by the CDC found that infection rates were sharply higher in counties where universities held classes in person.
- After an 18-hour flight from Dubai landed in Auckland, New Zealand, in September, local health authorities discovered evidence of an outbreak that most likely occurred during the trip. Using seat maps and genetic analysis, the new study determined that one passenger initiated a chain of infection that spread to at least four others en route. The study concludes: "Despite pre-departure testing, multiple instances of in-flight SARS-CoV-2 transmission are likely."

Health policy responses

- U.K. Prime Minister Boris Johnson closed schools and declared a strict national lockdown in an attempt to contain a more contagious variant. Scotland also took similar action shortly before the announced lockdown in England. Johnson later confirmed there is no end date for the lockdown.
- Germany will extend its lockdown until the end of January. Shops, restaurants, hotels, schools and day-care centers are closed, while people living in districts with the highest infection rates will be restricted from moving farther than 15 kilometers from their hometown.
- New York Governor Andrew Cuomo called on the state's public and private hospitals to administer COVID-19 vaccines more quickly, warning of fines of as much as \$100,000 for those who don't comply.
- In Los Angeles County, emergency workers have been told to conserve oxygen and administer the minimum amount of oxygen to keep patients' oxygen saturation level at or just above 90%. Officials in the most populous U.S. county have said a person is being infected there every six seconds.
- China locked down more than 17 million residents of Shijiazhuang and Xingtai in Hebei to contain a local outbreak of 120 cases.

Economic and market impacts

- The U.S. Labor Department reported a loss of 140,000 jobs in December — the first net decline in payrolls since April.
- The World Bank projected the global economy's yearly average growth rate over the next decade will be 1.9%, down from a pre-pandemic 2.1% projection. The World Bank cited the impacts of the pandemic in warning of a "lost decade" ahead for economic growth without aggressive policymaking and investments in health care, education and environmental protection.
- 18% of U.S. workers expect to work from home every day after the pandemic ends, up from 7% beforehand.

Source of all data: Eaton Vance Research as of January 11, 2021 unless otherwise specified.

This material is presented for informational and illustrative purposes only. This material should not be construed as investment advice, a recommendation to purchase or sell specific securities, or to adopt any particular investment strategy; it has been prepared on the basis of publicly available information, internally developed data and other third-party sources believed to be reliable. However, no assurances are provided regarding the reliability of such information and Eaton Vance has not sought to independently verify information taken from public and third-party sources.



Marshall L. Stocker, Ph.D.,
CFA
Director of Country Research
and Portfolio Manager
Eaton Vance Management

"The World Bank cited the impacts of the pandemic in warning of a 'lost decade' ahead for economic growth without aggressive policymaking and investments in health care, education and environmental protection."



Eaton Vance is part of Morgan Stanley Investment Management, the asset management division of Morgan Stanley

This site (www.eatonvance.co.uk) is operated by Eaton Vance Management (International) Limited ("We"). We are a limited company, registered in England and Wales under company number 4228294 and have our registered office at 125 Old Broad Street, London, EC2N 1AR. Our VAT number is 762717416.

Eaton Vance Management (International) Limited is authorised and regulated by the Financial Conduct Authority ("FCA") and is entered on the FCA's register with register number 208634.

The value of your investment can go up or down so you may get back less than your initial investment. Past performance is not a guide to future returns.

The information on this webpage is not intended for U.S. residents. To visit our U.S. website [please click here](#).

Eaton Vance Management (Registration No. 1121368) and Parametric Portfolio Associates (Registration No. 1217626) are the registered trade marks of Eaton Vance.