

# mBaer Necessities

## In science we trust, but vaccines and lockdowns won't end the pandemic soon

For the second time in the history of Sächsilüüte, Zurich's traditional spring festival, the event was cancelled due to the pandemic, and the [Böögg](#) burned on the Devil's Bridge in Canton Uri. However, bar and restaurant terraces on the Sechseläutenplatz were open and welcomed their first guests after a four-month closure, as the Swiss government decided to allow outdoor tables in restaurants and bars as of April 19.

Other countries are tackling the pandemic differently, reflecting how populations and governments perceive the emergency and the extent to which they are containing the disease and its economic fallout.

Germany, for instance, has recently imposed some of the toughest lockdown measures so far and German citizens may be facing a much longer shutdown, as the new federal measures could last until the end of May or mid-June.

### The wrong question: in which country would I live?

Choosing the indicators to evaluate countries' success and failures in handling the pandemic is ultimately a personal decision, depending on individuals' values and beliefs.

Spirited debates about the "facts" occur even between experts and not only between experts and lay people. Numbers, models and predictions are also changing rapidly with evolving data, as in any emergency, contributing to the mistrust in the scientific and in the public health advice.

The least uncontroversial economic fact is that 2020 global recession was brutal and unprecedented, but it could have been a lot worse without the massive support of governments and central banks. Despite the extraordinary policy support, some sectors and group of workers have been permanently damaged and won't recover from the crisis.

This month, the [IMF](#) said that it expects the world economy to grow 6% in 2021 and 4.4% in 2022. Crucially, the IMF based its forecasts on the race between the virus and the vaccines, "[...] a way out of this health and economic crisis is increasingly visible" Gita Gopinath, the IMF's chief economist, said.

Economics is a science, but economists are not virologist. So, we think the IMF forecasts may turn out to be wrong and strongly overestimate the growth for this year and the next one.

### The right answer: vaccination and lockdowns

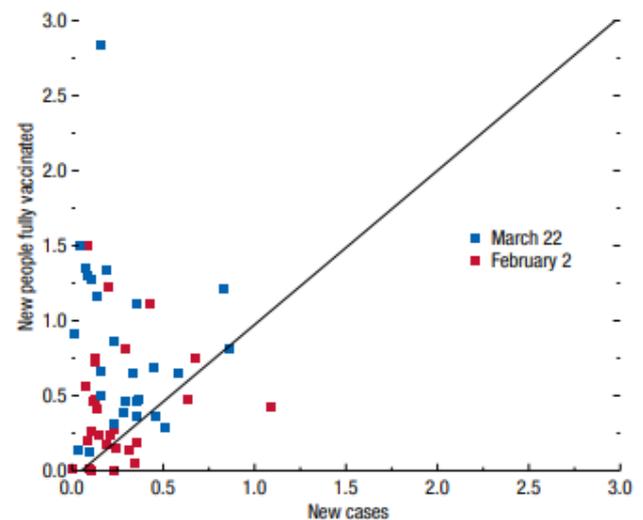
Statistics published by the Johns Hopkins University (Fig. 1) show that vaccines are effective in reducing the new confirmed Covid cases. Authoritative scientific research shows that lockdowns have effectively reduced Covid transmission.

All currently approved vaccines are highly effective at preventing serious illness, hospitalization and deaths. The technology behind some of the vaccines (mRNA) has earned the [Nobel Prize](#) and is well understood and established.

However, even with effective vaccines in hand, Covid will not be stopped until populations everywhere have achieved herd

immunity – when the share of people still susceptible to infection is so small that the disease can no longer spread.

**Fig 1: A Race between Virus and Vaccines**  
(Per thousand, seven-day moving average)



Sources: [Johns Hopkins University COVID-19 statistics](#); [IMF WEO](#)

We now know that various mutations of the virus - British, South African, Brazilian and Indian - are spreading rapidly and threaten to send entire countries back into lockdown.

Ideally, the best and most immediate way to combat the threat of emerging variants and therefore to aim at eradicating the virus is to vaccinate as many people as possible.

Eradicating the virus is a beautiful dream but most scientists think it is improbable. A *Nature* survey in January shows that about 90% of the scientists working on the coronavirus think that the coronavirus will become endemic — meaning that it will continue to circulate in pockets of the global population for years to come. Therefore, we may have to live an *endemic future*, with occasional lockdowns, masks and social distancing to control the epidemic. Lockdowns are limitations to freedom, but civil libertarians should concede that such measures are justified in these rare and extreme circumstances.

And, with lockdowns, firms will close again and we have another decrease in production. The hope is that we can do it relatively smoothly, as we learned that each lockdown hurts the economy less than the previous one.

The global economy is still healing and the IMF's growth forecasts for 2021-22 may turn out to be wrong. Vaccines and public health advice will help keeping the pandemic under control. Of one thing, we can be sure: we should expect a lovely summer weather this year, according to the Böögg.

Francesco Mandalà, PhD  
Head Portfolio Management

## Disclaimer

This document is for information purposes only. It constitutes neither an offer nor a recommendation to purchase, hold or sell financial instruments or banking services, and does not release the recipient from carrying out their own assessment. The recipient is recommended in particular to check the information in terms of its compatibility with their own circumstances and its legal, regulatory, tax and other consequences, possibly on the advice of a consultant. The data and information contained in this publication were prepared by MBaer Merchant Bank AG with the utmost care. However, MBaer Merchant Bank AG does not assume any liability for the correctness, completeness, reliability or topicality, or any liability for losses resulting from the use of this information. This document may not be reproduced in whole or in part without the written permission of MBaer Merchant Bank AG.

Dieses Dokument dient ausschliesslich Informationszwecken. Es stellt weder ein Angebot, noch eine Empfehlung zum Erwerb, Halten oder Verkauf von Finanzinstrumenten oder Bankdienstleistungen dar und entbindet den Empfänger nicht von seiner eigenen Beurteilung. Insbesondere ist dem Empfänger empfohlen, allenfalls unter Beizug eines Beraters, die Informationen in Bezug auf die Vereinbarkeit mit seinen eigenen Verhältnissen, auf juristische, regulatorische, steuerliche, u.a. Konsequenzen zu prüfen. Die in der vorliegenden Publikation enthaltenen Daten und Informationen wurden von der MBaer Merchant Bank AG unter grösster Sorgfalt zusammengestellt. Die MBaer Merchant Bank AG übernimmt jedoch keine Gewähr für deren Korrektheit, Vollständigkeit, Zuverlässigkeit und Aktualität und keine Haftung für Verluste, die aus der Verwendung dieser Informationen entstehen. Dieses Dokument darf weder ganz oder teilweise, ohne die schriftliche Genehmigung der MBaer Merchant Bank AG reproduziert werden.