

THE ALCIVAX

Alcimed considers the race to the economic finish line as the world enters the 4th quarter and sets the projections for 2021.

www.alcimed.com



Edition #27 - 16 Oct 2020

The Long and Winding Economic Road

Before wearing a mask was commonplace, global growth was projected to rise from 2.9% in 2019 to 3.3% in 2020 and 3.4% in 2021 with signs of a stabilizing economy. Stepping into the fourth quarter of the year, some economies are reopening, some still have stay-at-home orders in place, but the question that remains is how has the global economy done in comparison to predictions made earlier this year, and where can we expect the economy to be at the end of the fourth quarter and moving in 2021.

Evolution of the Economic Forecast

In **April 2020**, just one month after the WHO declared COVID-19 a pandemic, the international monetary fund (IMF) predicted that the global economy would decline by 3% assuming that the pandemic would fade by the second half of the year and containment policies would accordingly ease. The immediate priority was on containment of the virus and development of vaccines and therapies with economic fallout being secondary.

In **June 2020**, the global economic projections were refined to reflect the greater than expected negative impacts of the pandemic on economic activity. It became clear that the pandemic would last longer than initially anticipated and economic recovery would be more gradual. The global growth at this point was predicted to **decline by 4.9%**.

In the latest world economic outlook publication, **October 2020**, the global economy is projected to **decline by 4.4%** in 2020. This slightly better projection reflects second quarter GDP that was better than expected, specifically in advanced economies where stay-at-home measures were scaled back in May and June, earlier than anticipated. The revision also indicates a strong recovery in the third quarter.

Similar outlook for AEs and EMEs

Despite varied responses, economic projections for advanced economies (AEs), and emerging market economies (EMEs) do not differ significantly. Although, EMEs have been able to maintain a lower incidence, they have a narrower margin for fiscal policy as opposed to AEs. Thus, the economic outlook for the remainder of this year are similarly expected to shrink.

The last quarter of 2020 is likely to be slow compared to a strong third quarter. Economic predictions throughout the pandemic and going forward contain extreme uncertainty and depend on several factors that are hard to predict but leveling off in areas such as daily consumer spending are anticipated.

The global economy has experienced wide negative output gaps and high unemployment rates in both AEs and EMEs. As for 2021, global growth is projected at 5.2% with the level of global GDP in 2021 expected to be only 0.6% above 2019. This projection assumes that social distancing will continue into 2021.

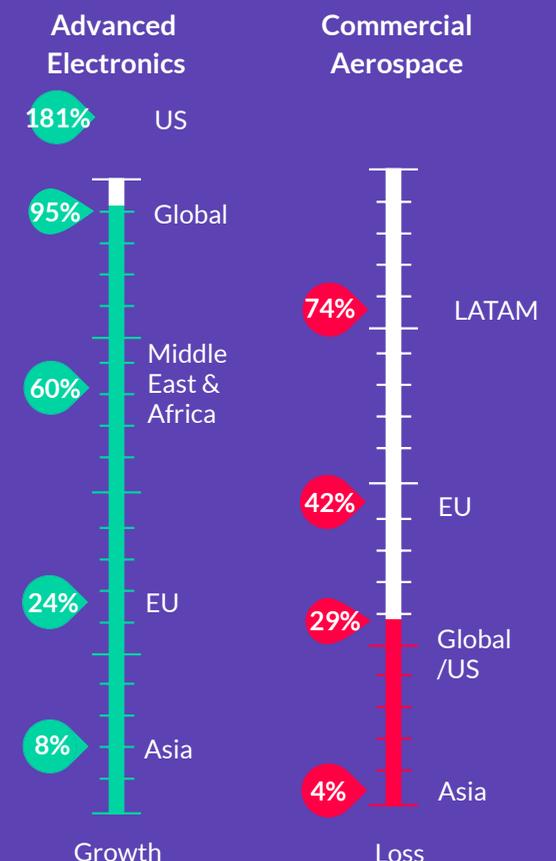
In the midterm, global growth is expected to slow to ~3.5% to 2025 with both AEs and EMEs expected to have limited progress towards catching up to pre-pandemic economic activity. This recession triggered by a pandemic presents a unique challenge to return to a sense of economic normalcy while maintaining effective public health responses.

The Industrial Litmus Test

Economic changes have also been variable amongst industries, with high tech, consumer services, and advanced electronics being among the top industries of value at the end of the third quarter and commercial aerospace, banks, and oil & gas being the industries that have been pushed towards the lowest value globally.

These industrial changes reflect that consumers have relied on technology and services to address changing work and home environments and some industries with declining valuations will have to reimagine how they operate in order to withstand the pandemic.

Regional Shareholder Returns



Changes in industry market valuation differ vastly by industry and region. For a full analysis of all sectors across the entire pandemic time line, [click here](#).



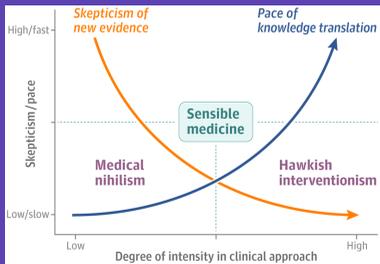
Under the COVID Microscope

In a pandemic, every change in the regulatory progress or status of a potential vaccine or treatment is front page news. While this level of interest is understandable, it also applies a degree of public scrutiny to the clinical trial and approval process that has both positive and negative consequences.

A prime example is the Eli Lilly antibody treatment recently touted by the Trump Administration, that has drawn huge public attention to the company's clinical trial for the potential COVID treatment. At the same time the attention arrived, so did the FDA for a routine manufacturing plant inspection, which cited the company for quality control concerns that have resulted in pausing the current clinical trial and will likely risk their ability of receiving an emergency use authorization or EUA. Eli Lilly already has a remediation plan in place, but the correct of public opinion may have made up its mind.

COVID vaccines suffered similar scrutiny with J&J joining AstraZeneca in pausing their clinical trials to investigate adverse events. While this is likely to increase public skepticism over getting a COVID vaccine, ex-CDC Director Frieden has been reminding the public that this should reassure the public that the normal safety precautions are still being observed even in this accelerated timeline. More skilled communication and transparency will be needed to guide the public through the rest of the process towards approval, which may be quick if Moderna gets its fast track designation.

A Call for Sensible Treatment



Additional scrutiny is also being applied to the question of when to use unproven COVID treatments. Public demand for answers has applied increased pressure on scientists and clinicians to provide answers. During the current crisis, this pressure has led to wrong answers as often as it has led to progress. A consortium of scientists has suggested a conceptual framework for practicing sensible medicine during a pandemic.

Image Source: JAMA



The Underlying Risk Factor

As treatment progress moves forward, it will also be important to understand what the true underlying risks are for contracting and surviving SARS-CoV-2 infections. Many of underlying conditions like diabetes, hypertension, and some coronary heart diseases have been well documented and presented to the public. But new analysis shows that there is one severe underlying risk factor that has yet to get its full public airing: **Obesity**. Here are some of the reasons why that is problematic according to new research.

- At least **20%** population of every country in the world is considered to be overweight or obese.
- This translates currently into **2 billion people** in the world that are considered overweight or obese and the number is growing rapidly.
- The risk of COVID hospitalization is **113% higher** for patients that are obese.
- Obese patients are **74%** more likely to be transferred to **intensive care**.
- This translates into obese people having a **48% higher risk of mortality**.
- Increased risk from COVID for obese patients is largely due to the level of immune impairment caused by metabolic dysfunction driving chronic inflammation.
- An elevated risk for overweight patients is currently assumed but not well studied based on the current data.
- Sedentary behavior encouraged by lockdowns is likely to exacerbate this problem.



On the Maternity Ward

One of the major debates during the pandemic has been the role of COVID in children. Why are they not as impacted as we would expect based on other respiratory viruses? What role do they play in transmission? Should they be in school? Etc.

One of the questions with a clearer answer is what is the impact of COVID on neonates, based on a systematic review coming out of France. Here are the key takeaways.

30% Vertical Transmission
Transmission through the womb occurs less frequently than environmental.



Sleeping near mom

is associated with a high level of infection risk for the newborn.



Breastfeeding

is not associated with a high level of infection risk for the newborn.

Predominant Symptoms

Characteristics of COVID in Neonates

Developing COVID when infected ▼55%

Fever ▼44%

Gastrointestinal Symptoms ▼36%

Respiratory Symptoms ▼52%

Neurological Symptoms ▼18%

All Joking Aside



The surprising COVID related boon to the greater African economy is the overwhelming new demand for African cartoons.

Image Credit: Ridwan Moshood

The sharp increase in demand for online content has provided fresh interest in the African animation network, with many self-taught artists.

Not all artistic expression is lucrative these days. The concert promoters of a recent rock concert on Long Island in New York were fined \$20,000 when pictures of the event on social media revealed that the concert meant to be a socially distant drive event evolved into a maskless crowd rocking out right by the stage.

Speaking of streaming, have you seen any of the "remotely produced pandemic series" yet? A whole new genre of online shows that have been written and produced remotely have popped up during the pandemic, with the season finale of the "Social Distance" on Netflix premiering this week and ready to binge. The show includes a Zoom funeral and a special episode on Black Lives Matter. But perhaps this entertainment trend is too close to real life.

The Best of COVID Subway Fashion

Overreaction?



Image Credit: subwaycreatures

Too Trusting?



Image Credit: subwaycreatures

Fashion 1, Protection 0



Image Credit: subwaycreatures

To the laundromat?



Image Credit: subwaycreatures

Is this Upcycling?



Image Credit: subwaycreatures