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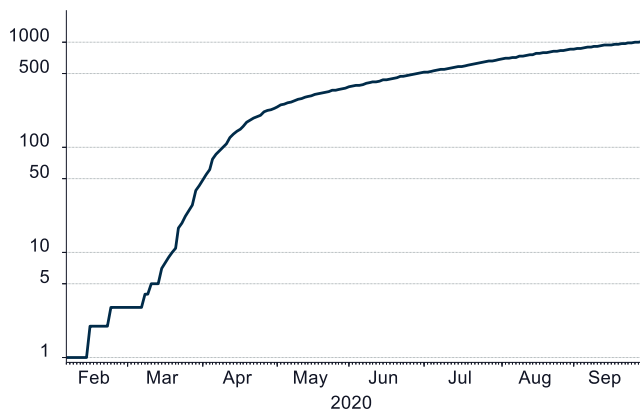
Headlines

- Global confirmed COVID-19 fatalities passed the one million mark
- New confirmed COVID-19 cases continue to rise in Europe, with huge uncertainty about how governments will respond
- We expect a 750,000 increase in US net nonfarm payrolls to be announced on Friday, helping to push the unemployment rate to 8%
- The first US presidential debate took place last night, and was mostly an ill-tempered affair

The world reached a grim milestone earlier this week, as confirmed COVID-19 fatalities passed the one million mark. However, there is some relatively positive news in that daily new deaths have remained broadly flat, despite daily new confirmed cases being near all-time highs. In other words, the case fatality rate has dropped substantially. Perhaps the main reason for this is that testing has increased significantly, and so the number of confirmed cases is now a better reflection of the spread of coronavirus within countries than it was in the spring. However, that is not the full story. Treatments are better now, including the use of dexamethasone, which can be seen in much reduced UK hospital fatality rates.

Global confirmed COVID-19 fatalities

Thousands, log scale



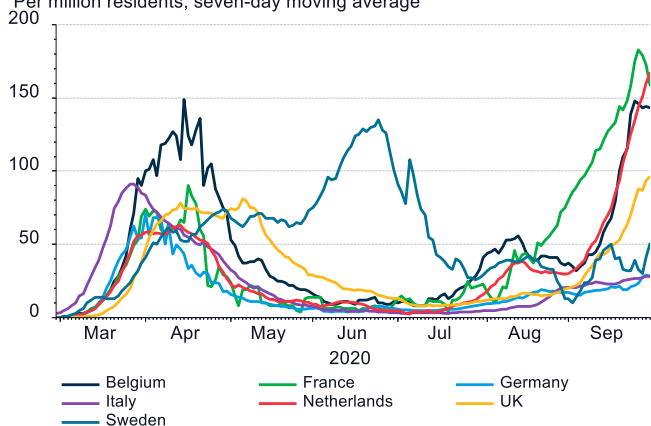
Source: Refinitiv Datastream / Fathom Consulting



As we head into the fourth quarter, there is much concern about the deteriorating virus situation in Europe. Across many countries, confirmed new cases have risen over the past couple of months, surpassing previous peaks in some. It is impossible to directly compare the situation in March and April with now, due to the large increase in testing that has taken place. However, with test positivity rates, hospitalisations and deaths also rising, there is strong evidence of a general increase in the incidence of the virus in many countries on the continent. That said, those same metrics are at least pointing to a much slower pace of deterioration than in the spring. Three countries that have suffered less steep increases in caseloads so far are Germany, Italy and Sweden. Given their differing strategies in response to the pandemic, it is difficult to draw any firm lessons for others. Some degree of luck appears to be important in determining individual country outcomes.

COVID-19 confirmed new daily cases, Europe

Per million residents, seven-day moving average

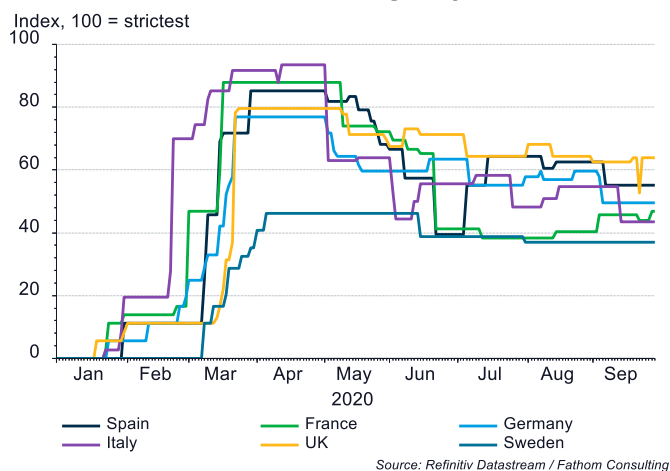


Source: Refinitiv Datastream / Fathom Consulting

The increase in caseloads has put governments in the unenviable position of trying to limit the damage to public health, while avoiding stringent measures to limit economic and social life. For the moment, European leaders appear to be stuck in the middle. Governments have opted for lighter measures such as enforcing the wearing of masks in more places, or putting a curfew on the hospitality industry. The evidence to back up such moves appears to be limited, although it is likely that they will have modest effects on both the spread of the virus and economic and social lives. Meanwhile there is increasing tension between national and regional leaders. Calls from central government for more stringent local measures have been resisted in Madrid and Marseille, while the opposite is true in London. If the pandemic situation continues to worsen, all leaders will be forced to come down more clearly on the side of mitigation or suppression. Suppression was the choice for almost all in the spring. It is unlikely that it will be again. European countries are increasingly becoming Swedish in their response (see chart below).

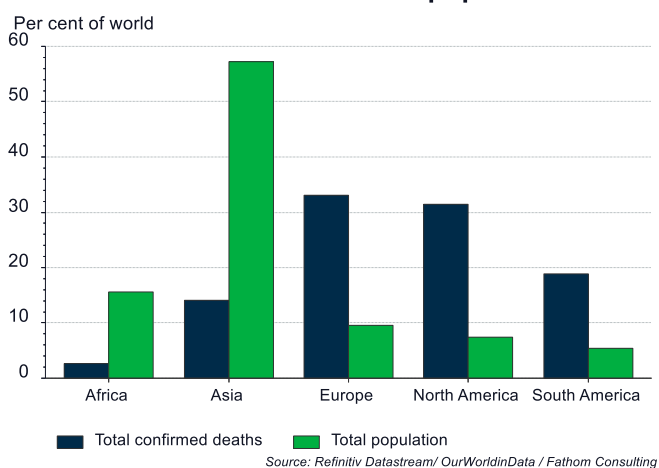


Government COVID-19 stringency index



The impact of COVID-19 on countries in Africa has been much more benign than many had expected. With 16% of the world's population, it has accounted for just 3% of confirmed COVID-19 deaths. Several theories have been put forward to explain this, including countries' previous experience with diseases, potential cross-immunity from exposure to previous coronaviruses and less-integrated transport networks. Perhaps the most compelling explanation is demographics. The median age in Africa is 20, with just 3% of its population above the age of 65. A study by *Nature* estimates that the infection fatality rate in England for people aged 15-44 is 0.03%, compared to 3.1% for those aged 65-74 and 11.6% for people over 75. Based on that, a large majority of Africa's population does not face a high risk of death from the disease. Debates about the costs and benefits of national lockdowns are still ongoing. For many African countries, it seems that a strong case can be made that the cost of lockdown is higher than the cost of the disease.

COVID-19 confirmed deaths vs population



Interesting reading

- An interesting Twitter thread on the state of play with SARS-CoV-2 vaccines: https://twitter.com/florian_krammer/status/1310372301314101250
- *Nature* on the risks of mortality based on age: <https://www.nature.com/articles/d41586-020-02483-2>



- The WSJ reports that offices in Manhattan remain much emptier than those elsewhere in the US: <https://www.wsj.com/articles/manhattan-offices-are-nearly-empty-threatening-new-york-citys-recovery-11601371800>
- An ONS study finds that the incidence of coronavirus is increasing in the least deprived parts of the UK: <https://www.ons.gov.uk/peoplepopulationandcommunity/healthandsocialcare/conditionsanddiseases/articles/coronaviruscovid19infectionsinthecommunityinengland/characteristicsofpeopletestingpositiveforcovid19inenglandseptember2020>



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