

Wellian Wiranto

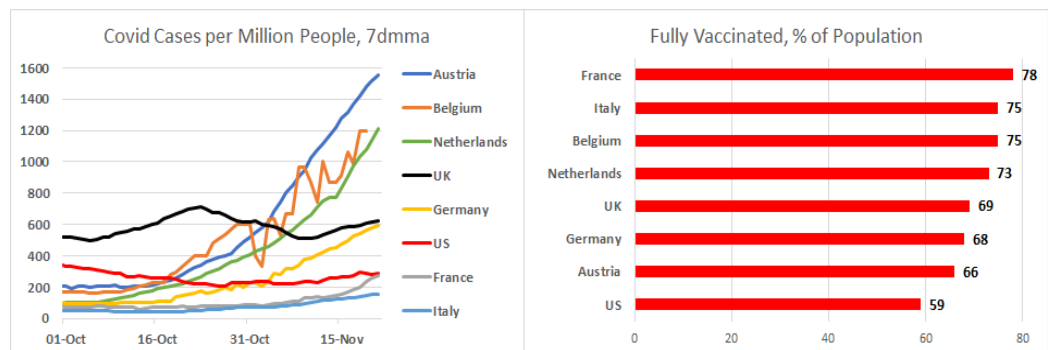
+65 6530 6818

WellianWiranto@ocbc.com

Back Inside Again

Is Covid-19 lockdown a global risk factor once more?

- Even as Covid-19 cases in Asia have stabilized such that governments across the region are busy talking about [reopening](#) their national borders once again, the fact of the matter is that the ebbs and flows of the pandemic remain a sticky feature for the broader global economy and sentiment.
- A case in point is the nationwide lockdown in Austria starting today, as it battles an exponential increase in cases. Expected to last for up to 20 days, the latest lockdown is the country's fourth. The full lockdown came after the government's initial plan to impose restrictions on only the unvaccinated was pulled partly due to questions about how it can be enforced properly.
- While Austria comprises just around 3% of the Eurozone economy, the fact that its neighboring giant Germany which commands one-quarter of the region's economy is also seeing an uptick in cases – and hence lockdown risk – marks an area of concern. Bavaria, the largest state in Germany, has already imposed a lockdown for some districts with high infection levels.
- Thus far, some countries such as France and Italy have not seen considerable uptick in cases. To some extent, this might be due to their relatively high vaccination rate – 78% of French are fully inoculated, vs. 66% of Austrians, for instance. However, the fact that Belgium and the Netherlands are also seeing rapid case upticks may signal that vaccine may not be a silver bullet.
- Elsewhere, if we look at the US, while cases have stabilized, the still-low vaccination rate – whereby only 59% Americans have been fully inoculated – remains its Achilles heel. Already, hospitalizations are on the rise again in the Midwest and Northeast regions, where cooler weather may be playing a role.
- Moreover, given that it is Thanksgiving soon and as many as [53.4mn](#) Americans are expected to travel across the country to be with their loved ones, the potential for another virus resurgence may be just around the corner. Even as the US economy has been ultimately resilient to the virus bouts before, any big uptick in virus cases could put a pause on any renewed expectation of a gung-ho pace of monetary policy tightening from the Fed.



Source: OCBC, Bloomberg.

Treasury Research & Strategy

Macro Research

Selena Ling*Head of Research & Strategy*LingSSSelena@ocbc.com**Tommy Xie Dongming***Head of Greater China Research*XieD@ocbc.com**Wellian Wiranto***Malaysia & Indonesia*WellianWiranto@ocbc.com**Howie Lee***Thailand & Commodities*HowieLee@ocbc.com**Herbert Wong***Hong Kong & Macau*herberhtwong@ocbcwh.com

FX/Rates Strategy

Frances Cheung*Rates Strategist*FrancesCheung@ocbc.com**Terence Wu***FX Strategist*TerenceWu@ocbc.com

Credit Research

Andrew Wong*Credit Research Analyst*WongVKAM@ocbc.com**Ezien Hoo***Credit Research Analyst*EzienHoo@ocbc.com**Wong Hong Wei***Credit Research Analyst*WongHongWei@ocbc.com

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