

Market Bulletin

18 February 2021

Monitoring the global impact of Covid-19

Updated twice a week

Covid-19 has rocked the global economy and markets. Monitoring its impact requires a new dataset to that which we've traditionally used to track the economic cycle. In this tracker we provide the data we think investors should be focused on - the latest virus and vaccine statistics, high-frequency activity and unemployment data. The charts are updated twice a week, with the latest version always available [here](#).

Investment implications

This recession has been unusual for many reasons. For markets - the most striking feature has been the extent to which it has created winners and losers. Those companies that have provided the solutions to 'life at home' such as tech and e-commerce have seen revenues increase significantly. Industries that require close social proximity continue to suffer. Low interest rates have compounded the dispersion by providing an additional boost to growth stocks whose future revenues are now barely discounted.

But with vaccine rollout now underway across many regions, there is now some light at the end of the tunnel for the coronavirus crisis. With a return to normal in sight, this is providing support for a rotation away from the perceived Covid-19 winners, to those that have struggled in the crisis. This could mean that the tech-centric US market will give up some ground to markets such as the UK and continental Europe that have higher weights in sectors that lagged last year, such as financials and energy.

The news of effective vaccines is unquestionably good news and markets are likely to put expected near-term economic weakness in the context of better times on the horizon. Investors should appreciate there is still some uncertainty around the extent to which these vaccines are a panacea. Attention has turned to how quickly vaccines can be manufactured and distributed in sufficient numbers to slow the spread of the virus, while virus mutations that reduce vaccine efficacy also pose a risk.

With light at the end of the tunnel, uncertainty around the length of the Covid-19 crisis is beginning to fade, which in turn has brightened the outlook for risk assets. Within equities, the market's renewed appetite for value stocks makes sense in the context of the vaccine, but whether the move away from growth will be sustained is still uncertain - we would advocate focusing on the secular winners in both styles. Core government bonds still hold a place in a balanced portfolio, but with yields so low, we think investors must work harder to diversify their portfolios - dynamically allocating to fixed income and macro funds, as well as considering real assets.

AUTHORS

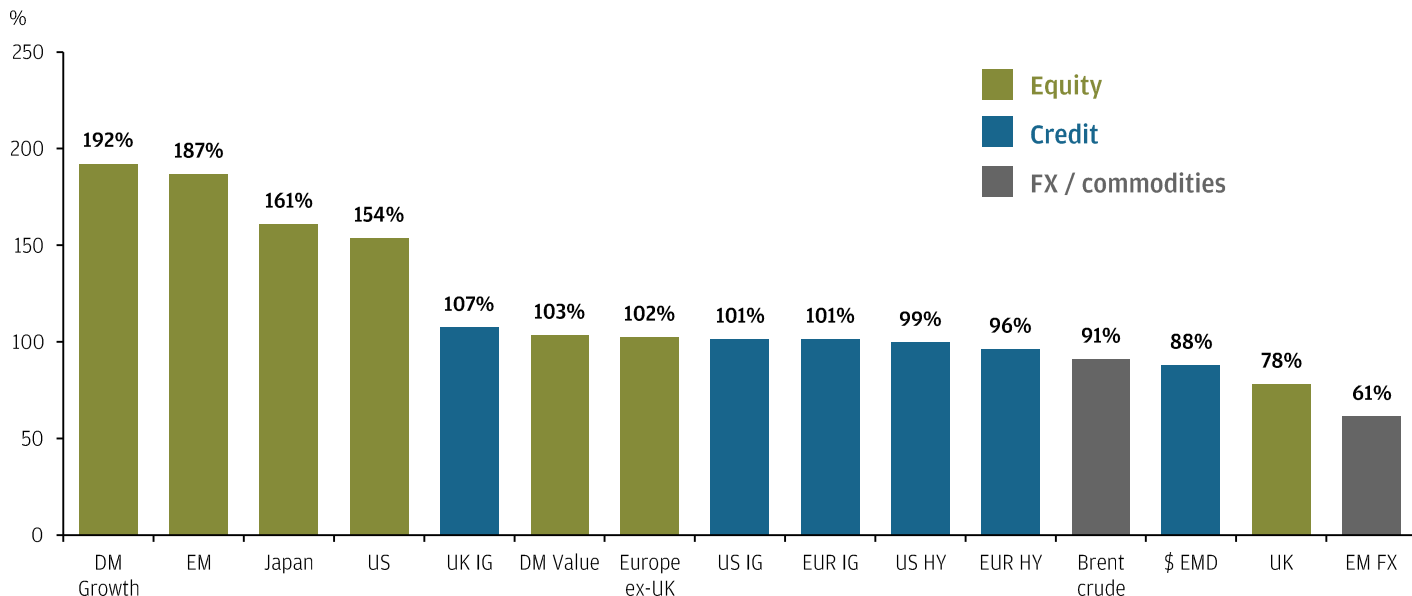


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Global Market Strategist

EXHIBIT 1: PROPORTION OF 2020 LOSSES RECOVERED ACROSS ASSET CLASSES

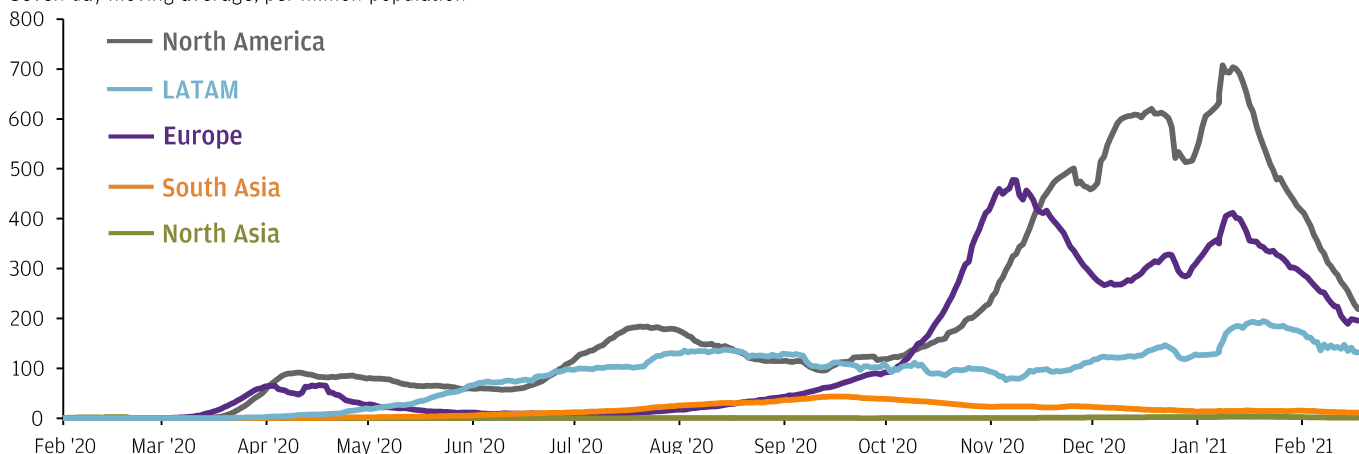


Source: Bloomberg Barclays, FTSE, J.P. Morgan Global Economic Research, MSCI, Standard & Poor's, Refinitiv Datastream, J.P. Morgan Asset Management. Recovery calculated as total returns in local currency for equity markets (with the exception of EM which is shown in USD), spreads for credit, US dollar per barrel for Brent crude oil, and EM FX is shown versus USD. MSCI indexes used for equities except US: S&P 500 and UK: FTSE All-Share. Bloomberg Barclays indexes used for credit except \$ EMD which is the JP Morgan EMBI Global Diversified Index. JP Morgan EM FX index used for EM FX. Past performance is not a reliable indicator of current and future results. Data as of 17 February 2021.

EXHIBIT 2: GLOBAL COVID-19 DAILY INCREASE IN CASES AND DEATHS

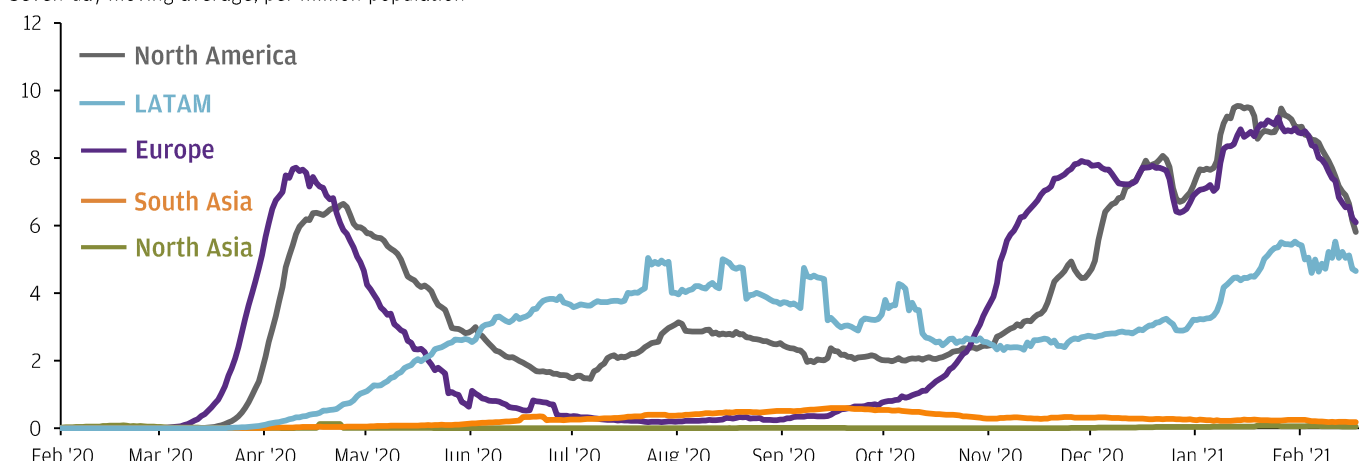
GLOBAL COVID-19 DAILY INCREASE IN CASES

Seven-day moving average, per million population



GLOBAL COVID-19 DAILY INCREASE IN DEATHS

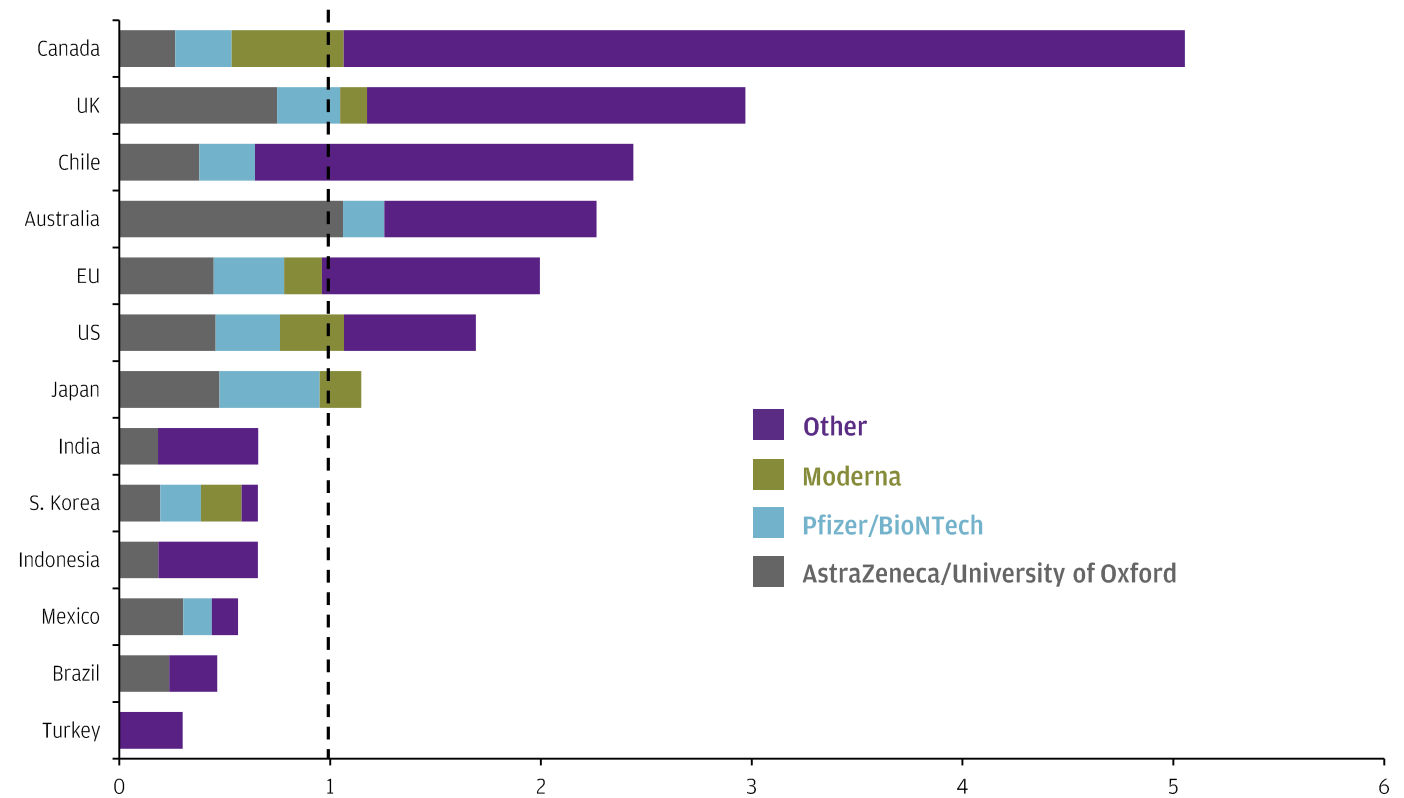
Seven-day moving average, per million population



Source: Johns Hopkins CSSE, J.P. Morgan Asset Management. Cases include both laboratory confirmed and 'presumptive positive' cases. Europe includes countries in the EU27 plus Switzerland and the UK. North Asia includes data from: China, Hong Kong, Taiwan, Japan, and South Korea. South Asia includes data from: Bangladesh, India, Indonesia, Malaysia, Pakistan, Philippines, Singapore, Sri Lanka, Thailand, and Vietnam. Data as of 17 February 2021.

EXHIBIT 3: CONFIRMED ORDERS FOR VACCINATIONS PER HEAD OF POPULATION

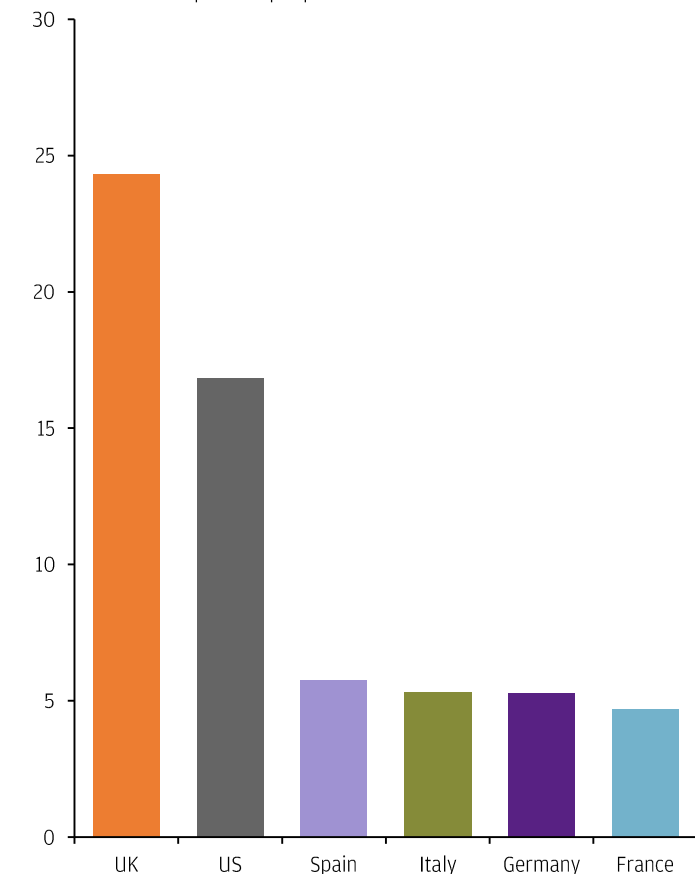
Vaccination courses per head of population



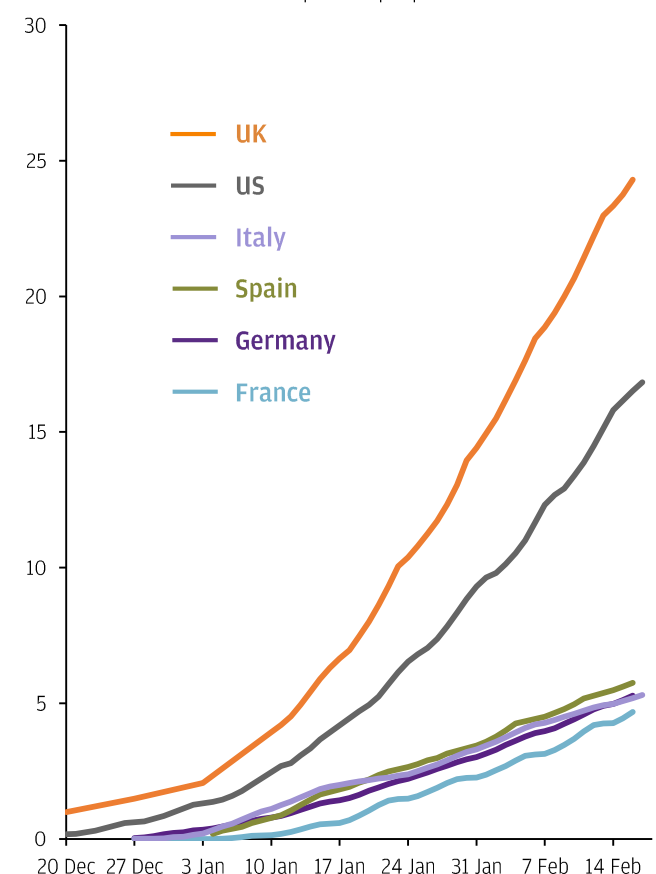
Source: Duke Global Health Innovation Center, World Bank, J.P. Morgan Asset Management. This chart shows the number of full vaccination courses for which a given country has confirmed orders. Data as of 18 January 2021.

EXHIBIT 4: COVID-19 VACCINE ROLLOUT

Doses administered per 100 people



Cumulative doses administered per 100 people

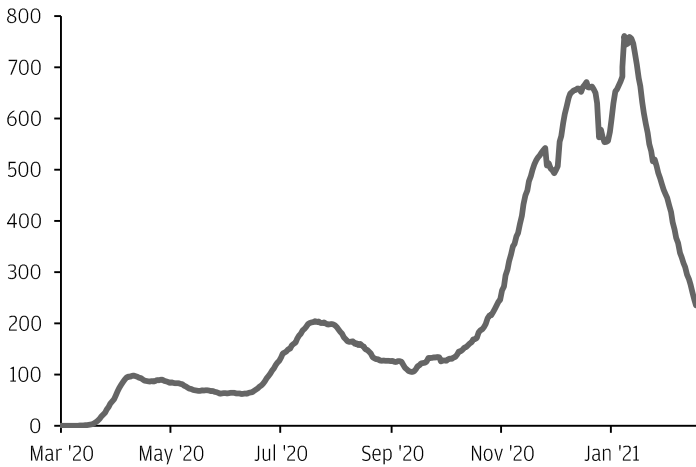


Source: Our World in Data, J.P. Morgan Asset Management. Data as of 17 February 2021.

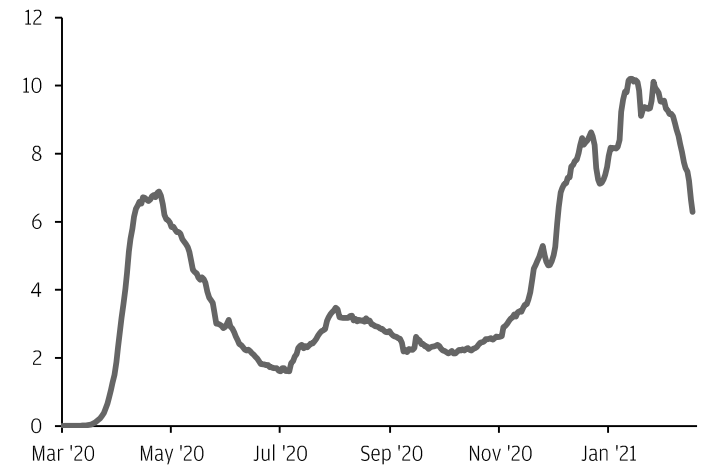
US

EXHIBIT 5: US COVID-19 DAILY INCREASE IN CASES AND DEATHS

New cases per million population, 7-day moving average



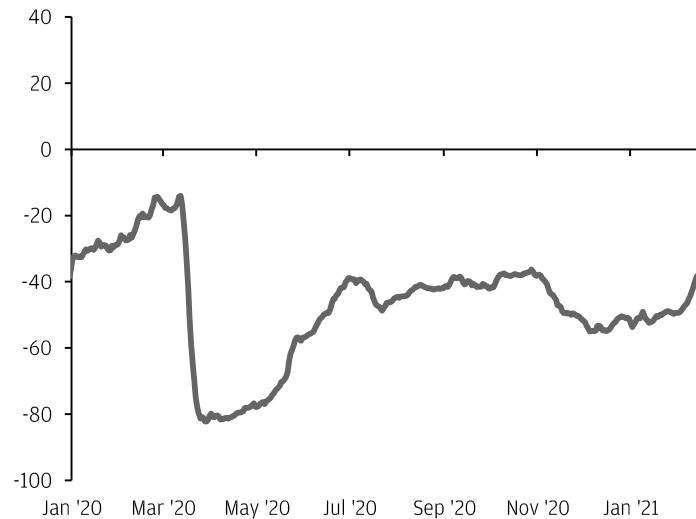
New deaths per million population, 7-day moving average



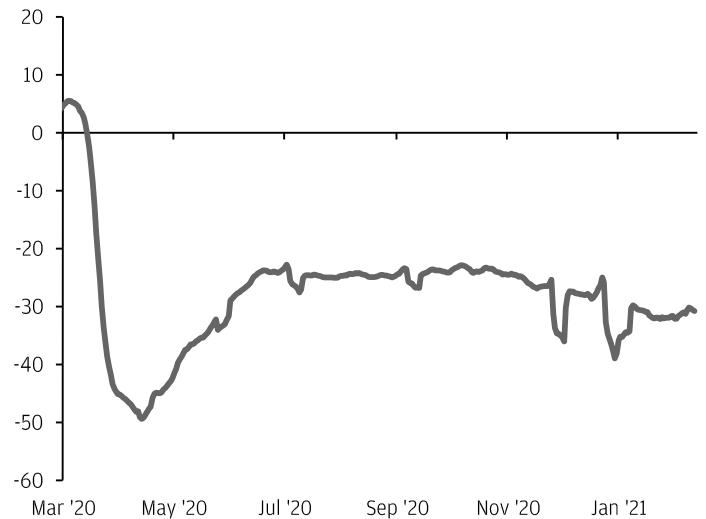
Source: Johns Hopkins CSSE, Our World in Data, J.P. Morgan Asset Management. Cases include both laboratory confirmed and 'presumptive positive' cases. Data as of 17 February 2021.

EXHIBIT 6: US TRAVEL AND NAVIGATION APP USAGE AND GOOGLE COMMUNITY MOBILITY

Travel and navigation app usage, % change vs 2019



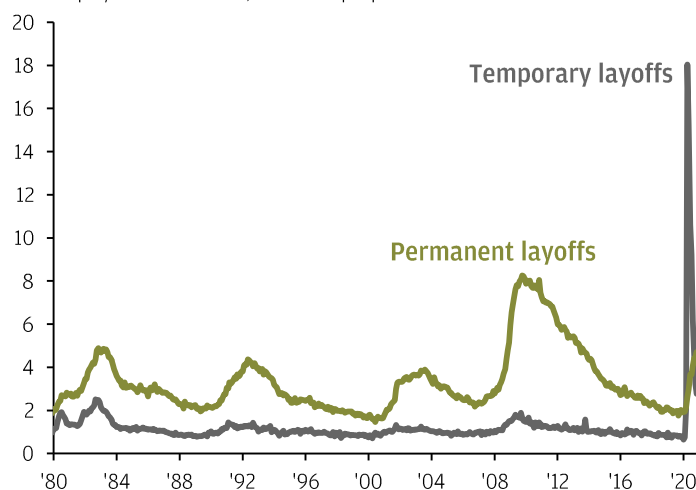
Google community mobility, % from baseline activity



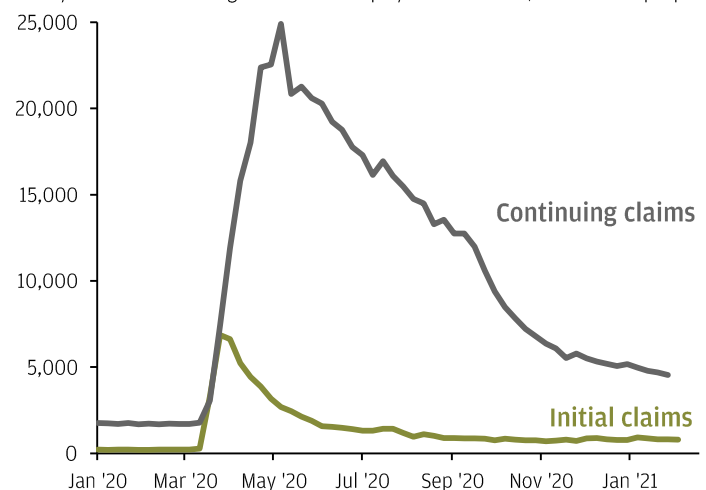
Source: App Annie, Google, J.P. Morgan Asset Management. Google community mobility data is an average of scores for workplaces, transit stations and retail and recreation. Travel app usage data as of 16 February 2021 and Google community mobility data as of 12 February 2021.

EXHIBIT 7: US UNEMPLOYMENT BREAKDOWN AND INITIAL AND CONTINUING CLAIMS

US unemployment breakdown, millions of people



Weekly initial and continuing claims for unemployment insurance, thousands of people

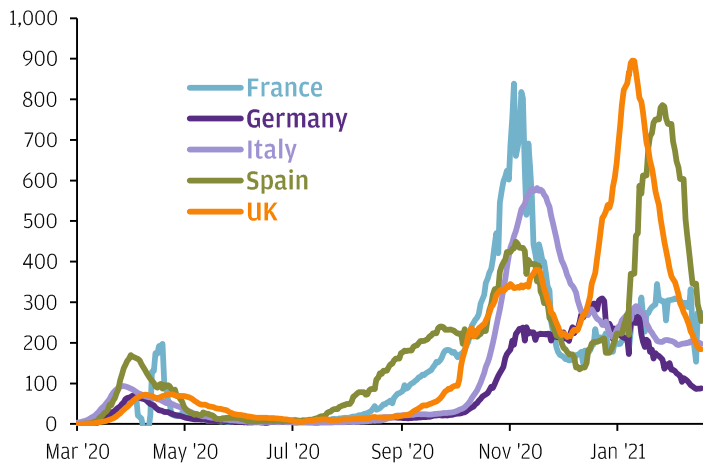


Source: BLS, Refinitiv Datastream, J.P. Morgan Asset Management. Data as of 6 February 2021.

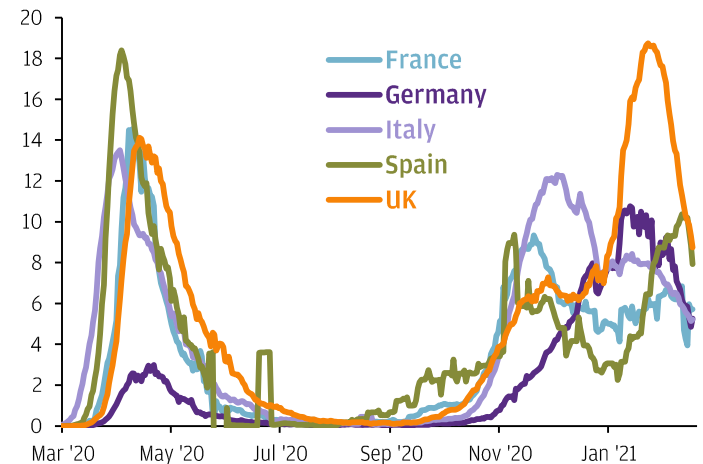
Europe

EXHIBIT 8: EUROPE COVID-19 DAILY INCREASE IN CASES AND DEATHS

New cases per million population, 7-day moving average



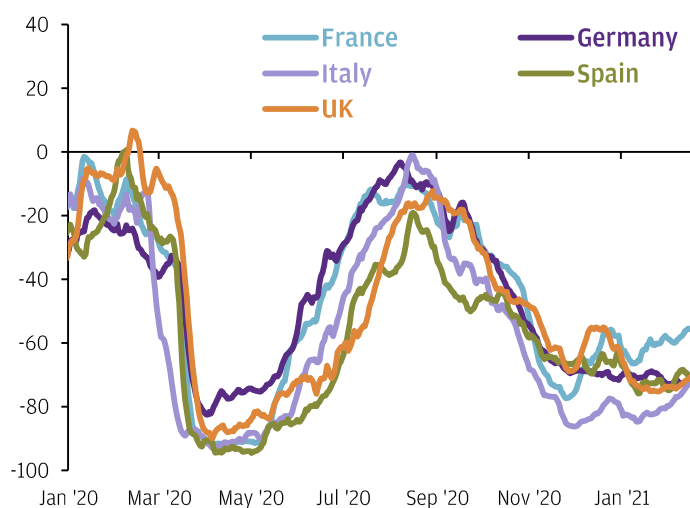
New deaths per million population, 7-day moving average



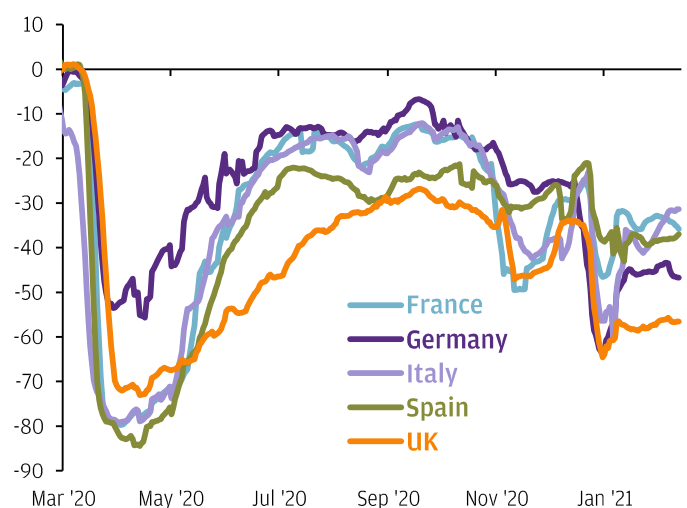
Source: Johns Hopkins CSSE, Our World in Data, J.P. Morgan Asset Management. Cases include both laboratory confirmed and 'presumptive positive' cases. Data as of 17 February 2021.

EXHIBIT 9: EUROPE TRAVEL AND NAVIGATION APP USAGE AND GOOGLE COMMUNITY MOBILITY

Travel and navigation app usage, % change vs 2019



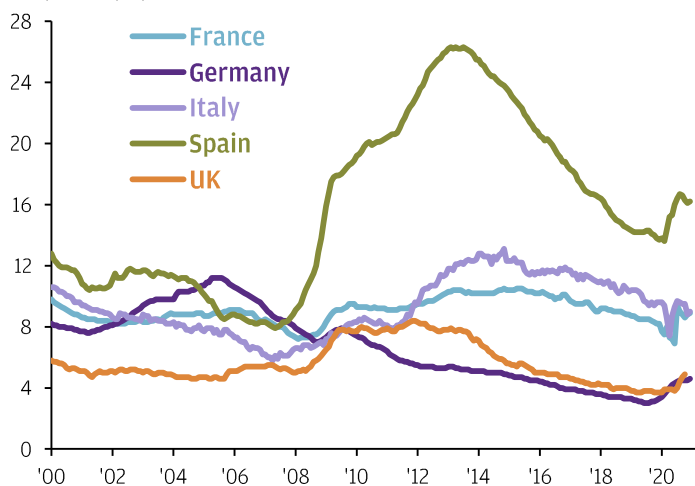
Google community mobility, % from baseline activity



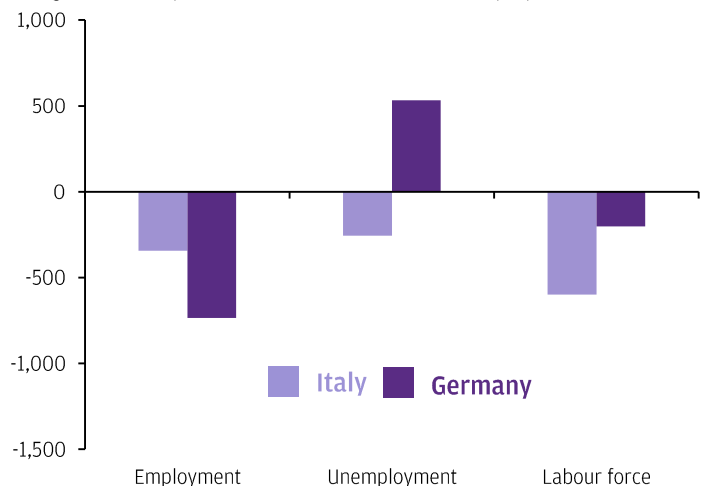
Source: App Annie, Google, J.P. Morgan Asset Management. Google community mobility data is an average of scores for workplaces, transit stations and retail and recreation. Travel app usage data as 16 February 2021 and Google community mobility data as of 12 February 2021.

EXHIBIT 10: EUROPE UNEMPLOYMENT RATES AND ITALIAN AND GERMAN EMPLOYMENT DETAIL

Europe unemployment rates, %



Change from January 2020 to November 2020, thousands of people

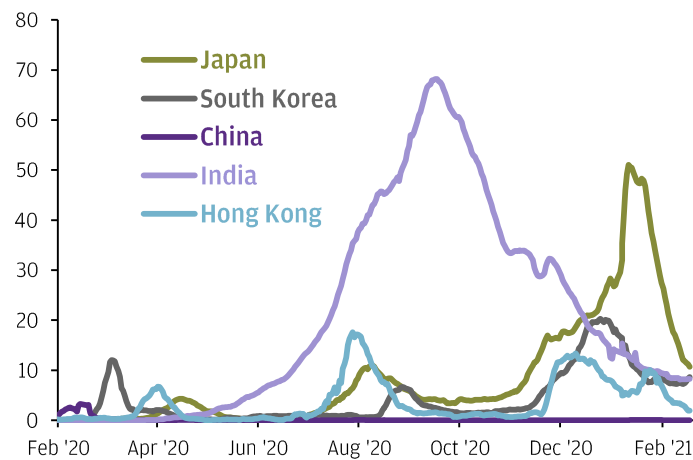


Source: (Left) Eurostat, Refinitiv Datastream, J.P. Morgan Asset Management. (Right) Bundesagentur für Arbeit, Italy National Institute of Statistics, Refinitiv Datastream, J.P. Morgan Asset Management. Germany labour force data is calculated as the sum of employment and unemployment. Data as of 31 December 2020.

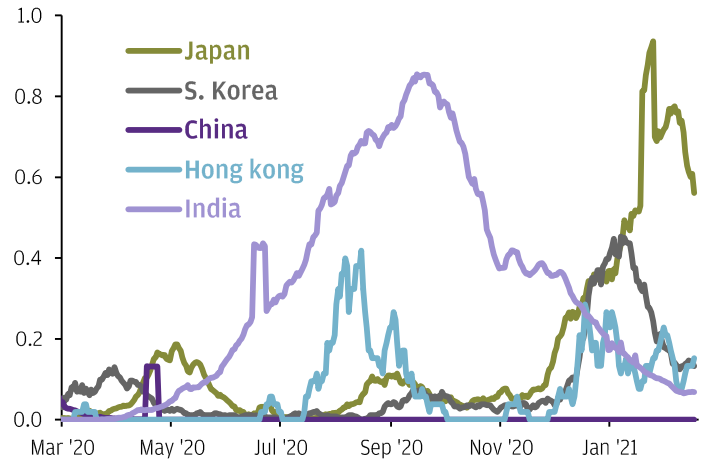
Asia

EXHIBIT 11: ASIA COVID-19 DAILY INCREASE IN CASES AND DEATHS

New cases per million population, 7-day moving average



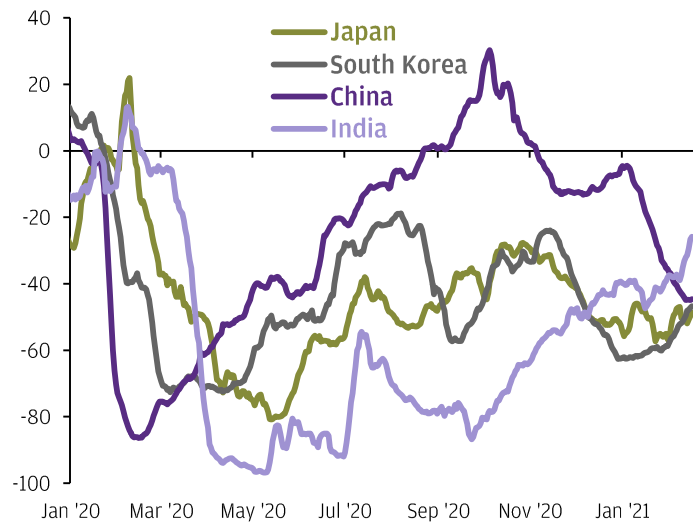
New deaths per million population, 7-day moving average



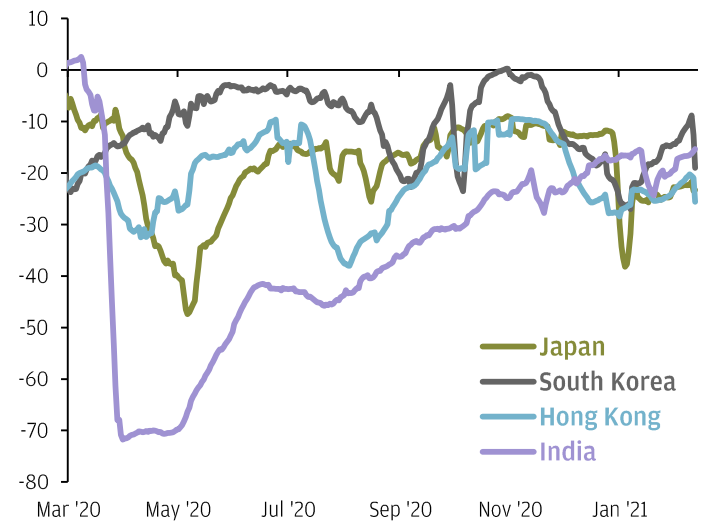
Source: Johns Hopkins CSSE, Our World in Data, J.P. Morgan Asset Management. Cases include both laboratory confirmed and 'presumptive positive' cases. Data as of 17 February 2021.

EXHIBIT 12: ASIA TRAVEL AND NAVIGATION APP USAGE AND GOOGLE COMMUNITY MOBILITY

Travel and navigation app usage, % change vs 2019



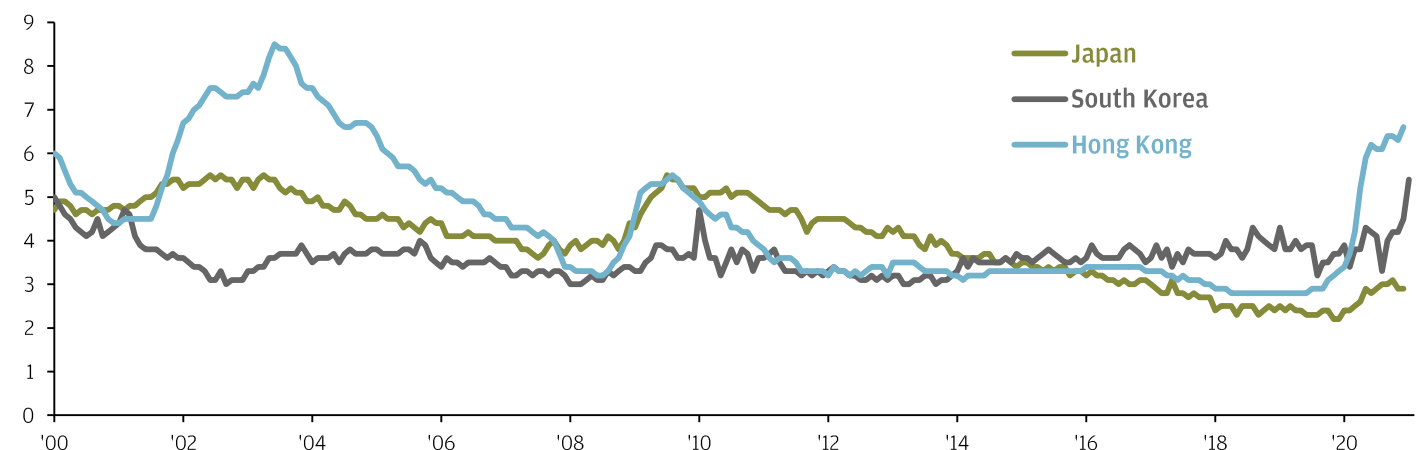
Google community mobility, % from baseline activity



Source: App Annie, Google, J.P. Morgan Asset Management. Google community mobility data is an average of scores for workplaces, transit stations and retail and recreation. Travel app usage data as of 16 February 2021 and Google community mobility data as of 12 February 2021.

EXHIBIT 13: ASIA UNEMPLOYMENT RATES

%

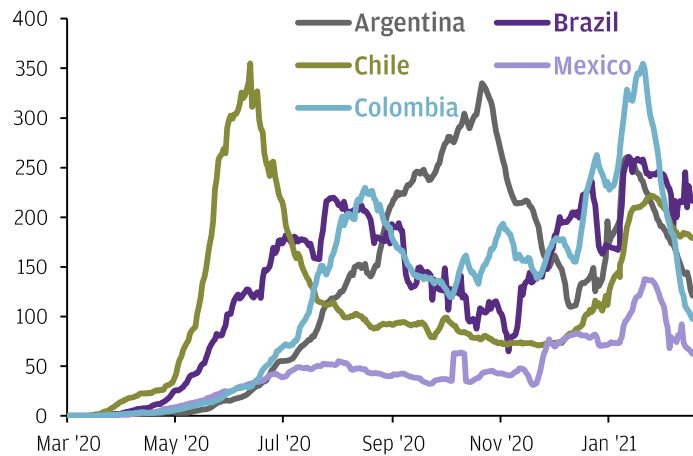


Source: Hong Kong Census and Statistics Department, Japan Statistics Bureau, Refinitiv Datastream, Statistics Korea, J.P. Morgan Asset Management. Data as of 31 January 2021.

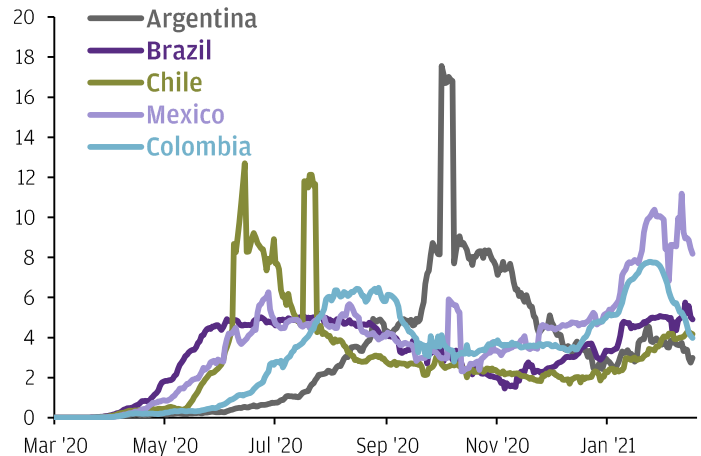
Latin America

EXHIBIT 14: LATIN AMERICA COVID-19 DAILY INCREASE IN CASES AND DEATHS

New cases per million population, 7-day moving average



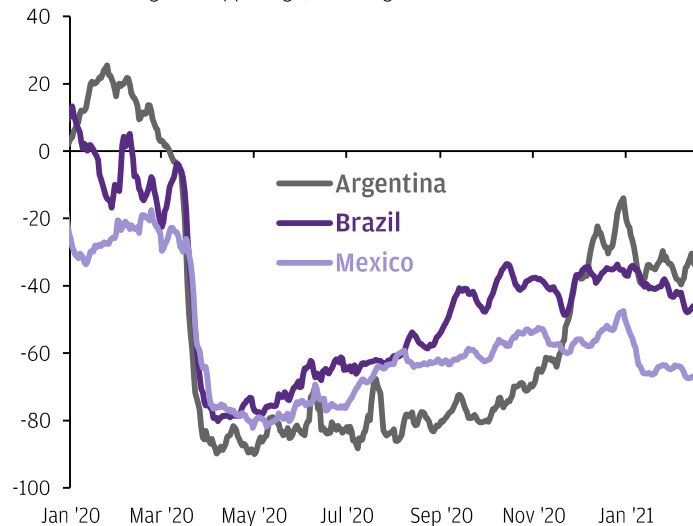
New deaths per million population, 7-day moving average



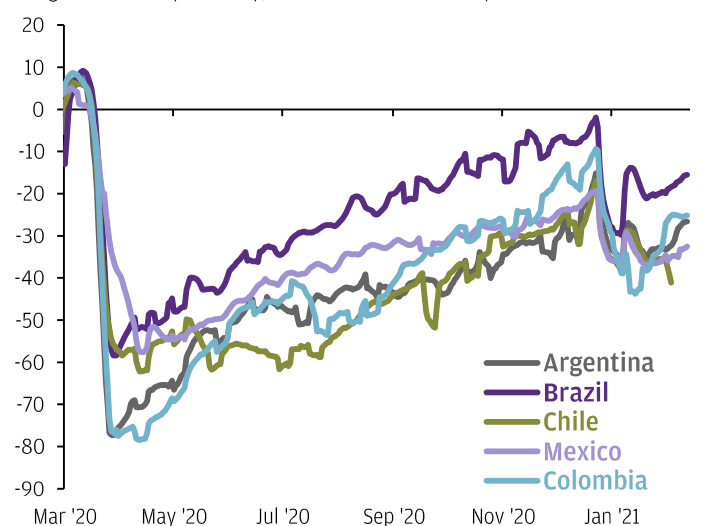
Source: Johns Hopkins CSSE, Our World in Data, J.P. Morgan Asset Management. Cases include both laboratory confirmed and 'presumptive positive' cases. Data as of 17 February 2021.

EXHIBIT 15: LATIN AMERICA TRAVEL AND NAVIGATION APP USAGE AND GOOGLE COMMUNITY MOBILITY

Travel and navigation app usage, % change vs 2019



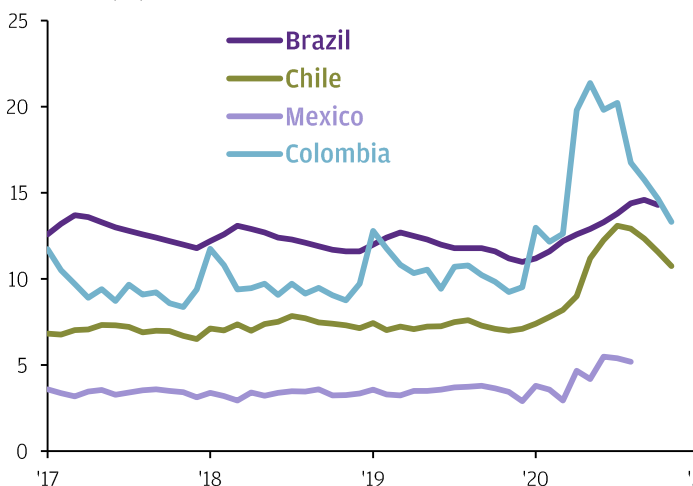
Google community mobility, % from baseline activity



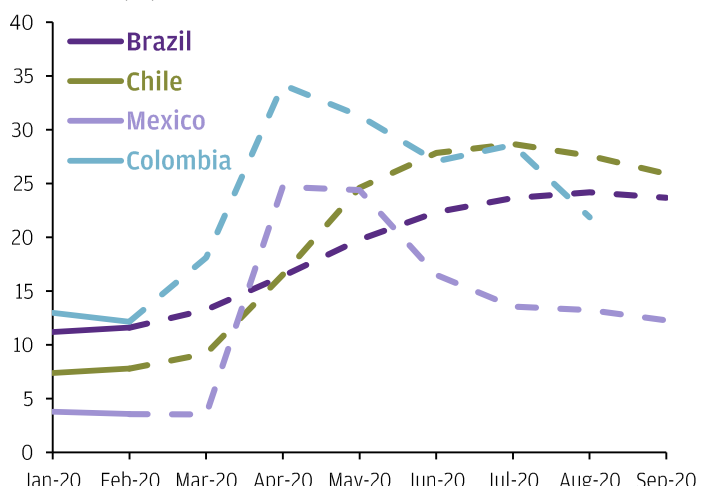
Source: App Annie, Google, J.P. Morgan Asset Management. Google community mobility data is an average of scores for workplaces, transit stations and retail and recreation. Travel app usage data as of 16 February 2021 and Google community mobility data as of 12 February 2021.

EXHIBIT 16: LATIN AMERICA OFFICIAL AND SHADOW UNEMPLOYMENT RATES

Official unemployment rates, %



Shadow unemployment rates, %



Source: DANE, FactSet, IBGE, INEGI, INE, Central Bank of Colombia, J.P. Morgan Asset Management. Shadow unemployment rates are calculated based on the assumption that participation rates are kept constant since February 2020. Data as of 31 December 2020.

The tracker explained

Market performance

In the face of the biggest economic crisis since the Great Depression, the market reaction has been highly differentiated between asset classes. Some asset classes have clearly benefitted more from the nature of the policy announcements, while other asset classes have been more challenged by the new economic environment.

We show the extent to which different equity, credit, commodity and FX markets have recovered from their maximum drawdowns in 2020. For equity markets we show the proportion of the maximum total return drawdown last year that has been recovered. For credit markets we show the proportion of the maximum spread widening last year that has been recovered. For Brent crude oil and emerging markets FX we show the proportion of the maximum decline in the price last year that has been recovered.

Virus statistics

Following how the health crisis is evolving in each country is a key component in understanding an economy's ability to recover. Since the outbreak of the Covid-19 crisis, it has become clear that a country's ability to reopen its economy can be significantly affected by the state of the health crisis. This is because a higher prevalence of the virus in a country can lead to governments implementing more containment measures, such as travel restrictions or the shutting of bars and restaurants, in order to limit the health impact of the virus. A higher prevalence of the virus can also cause businesses and individuals to exercise more caution, which can limit the extent to which activity can normalise.

We are therefore closely watching the evolution of new cases and Covid-related deaths for each country, in order to understand how the prevalence of the virus is evolving. We are also tracking the procurement and distribution of vaccinations across countries to the extent that data availability allows, with a view to understanding when and where the level of vaccinations may be sufficient to permit higher levels of economic activity.

High-frequency activity data

The unique nature of the Covid-19 crisis has meant that economic activity is significantly influenced by how much people are physically going out and about. In order to understand this we need to follow alternative data sources to the historical economic releases, and so we use high-frequency activity data that can help us understand in real time the extent to which economies are getting back to normal.

We show travel and navigation app usage, which looks at data from over 600 travel and navigation apps globally, including Google Maps, Uber, Airbnb and Booking.com, and helps us to understand the extent to which consumers are getting back to normal. The charts compare app usage relative to the same period in 2019.

We also show Google community mobility data which uses consumers' anonymised location data to see how much consumers are visiting different places. We use an average of the scores for visits to workplaces, transit stations, and retail and recreation places as a gauge of economic normality. The charts show activity level relative to a baseline calculated from a five-week period at the beginning of 2020.

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