

Back to the future

Over the past few months, we, alongside many others, have tried to imagine what the world will look like after the successful rollout of a vaccination programme. There are inevitably some changes that we have made to our lifestyles which will stay, but also many which we will all be pleased to get rid of. There will be some activities that we gladly and quickly return to and others where it will take longer to build the confidence around safety, such as visiting enclosed spaces like cinemas.

As analysts, we are always looking for data points which will give us an indication of the direction of future events, either drawing on examples from history or current trends. During the past year, there have been limited chances to use such data sets in order to help us navigate. The word “unprecedented” has perhaps been overused in recent times; nevertheless, there really are few other words which truly encapsulate just how little information there has been to help guide decision making over the period. However, this may be about to change.

Israel's vaccine program should give us a window into what the future looks like for many developed market economies. Having started in mid-December, the latest data (at the time of writing) shows that around 30% of the population has already received at least one dose of the vaccine. This includes around 75% of the over 60 population. In the USA, the overall number is only about 3% of the population. Israel has secured enough doses to vaccinate the whole of its population and expect to have attained around 75% vaccination rates by March, at which point herd immunity should be achieved.

One of the main characteristics of Covid-19 is how inconsistently the disease affects various parts of the population, with older people much more negatively impacted in general than younger people. The vast majority of hospitalisations and deaths can be attributed to the over 60s and so targeting this age group, those who are clinically vulnerable, and medical workers should significantly reduce the pressure on the country's health services. One academic study conducted at the Weizmann Institute of Science, has projected that in Israel, the vaccine driven declines in illness in the over 60s should imply roughly a 50% fall in critical illness and a 70% fall in deaths by the end of January, highlighting the importance of protecting this cohort first.

There is a delay between being given the vaccine and achieving full immunity and so hospitalisations are still occurring for people who have had their first dose but have not had time to achieve full immunity before being infected. However, early data from Israel suggests that rates of infection and hospitalisations have begun to decrease by around 60% in a group of over 60's recipients vaccinated between the 19th and 24th of December and this information should help other countries plan their vaccine rollout more effectively.

Aside from reducing the hospitalisations in the population over 60, the vaccine also impacts on infection transmission rates. Early data on the reduction in transmission rates is positive, and the head of the Israeli Health Ministry told a TV news channel that the Pfizer vaccine appears to curb infections by as much as 50%. Separately, two other pieces of research conducted by large healthcare providers Maccabi and Clalit showed a 60% and 33% drop in the rates of infection respectively (although it must be stressed the full results have not yet been released or peer reviewed).

Currently, in the latest of three national lockdowns and with rapidly rising cases and fatality rates, the results of the vaccination campaign should enable lockdown restrictions to be eased in advance of achieving herd immunity. In a recent radio interview, the Finance Minister Israel Katz suggested that the economy will be able to begin re-opening from February with most parts being active by March.

The extent of the success of the vaccination program and the subsequent re-opening of the economy should finally give us a leading indicator as to how other developed market economies may evolve over the coming months. It will give an indication as to how quickly certain sectors can be reopened and restrictions eased without causing an increase in case rates. It will also give an indication of where there may be areas of pent-up demand and where consumer tastes have changed. And we should get the results very quickly.

There are of course questions as to what extent Israel's results will be applicable to the rest of the world. It is a small, densely populated and relatively wealthy state where over 60s make up a much smaller proportion of the population as compared to other developed markets. In addition, a centralised and digitised health care system run by four main providers has enabled efficient matching of vaccines to people.

However, in a time of scarce information and rapidly evolving events, the results of this test case for a vaccine roll-out will likely be widely examined and analysed. We, alongside most of the rest of the human race, hope that this will pave the way for a rapid return to normal.

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