

# State of Play



**18 March 2021**

Our Investment Specialist, Simon Durling, shares his thoughts in our latest update.

**As many European countries decide to halt the use of the Oxford-AstraZeneca vaccine based on concerns about blood clots, how have markets reacted?**

## The latest vaccine news and government response

Since the very beginning of the pandemic those in power have opted to lean on the expertise of science and medical professionals to inform their decision making. However, in trying to balance health risks against economic consequences, regardless of any expert analysis and supporting data, the decision taken has always been, and will remain, a political one.

As the UK enters the second week of phase one of the 'roadmap to normality', mass vaccination continues at pace with nearly 25 million people having received their first dose and second dose administration starting to accelerate. Some experts are now confident that all over 50's could have received their first dose by the end of Easter weekend. The impact of lockdowns and the roll out of vaccines has reduced infection rates, hospital admissions and deaths significantly as demonstrated by Sunday's total deaths which, at 52, is the lowest since 4 October last year.

Despite this success, UK Government and health officials continue to urge caution as they are aware confidence and trust in the vaccination programme, whilst strong in the UK, can be undermined quickly. Officials need not look very far to see how difficult navigating this process can be if public confidence is lost, as several countries across the European Union (EU) decided to suspend

the use of Oxford-AstraZeneca after 37 patients who have received the vaccine developed blood clots.

The European Medicines Agency (EMA), which assessed and signed off the vaccines for use across the EU, has said there is no indication that it is causing blood clots, adding that it believes the vaccine's benefits 'continue to outweigh its risks'. The EMA said last week that it had been alerted to the blood clot cases, including one death, among five million people who had been given the Oxford-AstraZeneca vaccine inside the EU thus far. On 15 March it stressed that 'many thousands of people develop blood clots annually in the EU for different reasons' and the number among vaccinated people 'seems not to be higher than that in the general population'. The EMA has embarked on an urgent review to check the safety concerns to be completed by 18 March. In addition to the EMA, The World Health Organization and the International Society on Thrombosis and Hemostasis have all recommended that countries continue to use the Oxford-AstraZeneca vaccine.

Dr Michael Head, senior research fellow in Global Health at the University of Southampton, said yesterday, 'the decisions by France, Germany and other countries look baffling. The data we have suggests that numbers of adverse events related to blood clots are the same (and possibly, in fact lower) in vaccinated groups compared to unvaccinated populations. Halting a vaccine roll out during a pandemic has consequences. This results in delays in protecting people, and the potential for increased vaccine hesitancy, as a result of people who have seen the headlines and understandably become concerned. There are no signs yet of any data that really justify these decisions'.

AstraZeneca said in a statement that across the EU and UK there had been 15 events of deep vein thrombosis and 22 events of pulmonary embolism reported among those vaccinated. 'This is much lower than would be expected to occur naturally in a general population of this size and is similar across other licensed COVID-19 vaccines'. The UK Government has reassured the public by reaffirming its confidence in the vaccine with the Prime Minister writing an article in the Times explaining why it is so important that the vaccination programme needs to succeed not just in the UK but globally in order to end the pandemic.

At the time of writing the European Commission has urged governments across Europe to stop sitting on vaccine stockpiles and to get jabs in arms as European infection rates rise. Stella Kyriakides, the Health Commissioner, said 'we are racing against time and the rollout of vaccination is more than ever key to decrease the number of infected people as much as possible'. These comments have been made as the data reveals that much of the supply to the EU have not yet been used. Across the EU as a whole there have been almost 15 million AstraZeneca jabs delivered but less than half, 7.3 million, have been used. Any route out of the pandemic is reliant on inoculating the wider population to avoid any return to lockdowns and the economic impacts this brings.

## Market update and reaction to vaccine suspensions

Firstly, against a backdrop of the vaccine suspensions across the EU, AstraZeneca shares rose 3.15% at the close on 16 March. Despite the suspensions, buoyed by additional deals in the US, markets made clear they have full confidence in the drugs giant. The concerns about vaccines has also not fed into any market reaction as investors reacted positively to a number of upbeat company earnings releases, demonstrating the markets ability to cut through the political noise.

Markets more generally remain range bound to a certain extent caused by the ongoing concerns about potential spikes in inflation following economies fully reopening. A recent rise in treasury yields had hampered an otherwise strong start to the year for UK stocks in part reflecting the sector make-up of the leading share index in the UK. Value and cyclical sectors make up the majority of the market and benefit most from ending the pandemic and easing of restrictions.

In the US, the last week has seen the Dow Jones Index reach new highs after the American Financial Rescue Plan was signed off by Congress. The \$1.9tn stimulus package is expected to kick start the US economy leading to wider benefits for the world economy and financial markets. Now attention will turn to the early signs of evidence on how quickly activity picks up and how much of the pent up demand and huge amounts of savings accumulated by the public last year start to be spent.

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Note: Data as at 16 March 2021.



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