



COVID-19 UPDATE: US cases rise slightly due to NY, NJ, CT and IL (not newly opened states) and looks like "open" states TX and GA residents are leaving homes

THIS MESSAGE IS BEING SENT SOLELY TO CLIENTS OF FS INSIGHT

While there is no playbook for navigating a pandemic, or at least we do not have a playbook (as we stated several times over past few months), as states begin to ease restrictions, it will be important to track two dynamics: first, what activities states are "easing" and second, the willingness of residents to re-engage. Our data science team, led by tireless Ken, categorized state "easing" into 6 categories (elective surgeries, etc.) and also compiled some high-frequency analytics to track "re-engagement" of some of these. Like we said, there is no playbook, so if you have suggestions or ideas, we welcome them.

So far, 26 states are in some state of "open", representing 58% of US GDP. But state governments have limited what activities are open or set dates for easing into the future. And it seems like states have prioritized "business" and "healthcare" over "retail" -- this is not surprising since the two formers are larger contributors to the tax base (asset owners), even as they are smaller shares of employment.

- 19 states have allowed elective surgeries (34% GDP) -- this might be more as some states like NY are doing phases of easing of this.
- 18 allowed manufacturing (27% GDP) to resume/ or workers who cannot "telecommute" back to the office
- 14 allowed (24%) "dine-in" of some form (outdoor seating, or indoor, like Georgia)

More of this is discussed below. And some of the early results show residents are re-engaging. There is a pronounced drop in "stay at home" in Georgia (open since 4/24/2020) and Texas (open since 5/1), but Texas shows residents started leaving home since 4/1. But more interesting, we can pronounce trends for back to work sites (per Google Analytics) in these states. We will expand our framework and analysis over time. But we are just introducing it today.

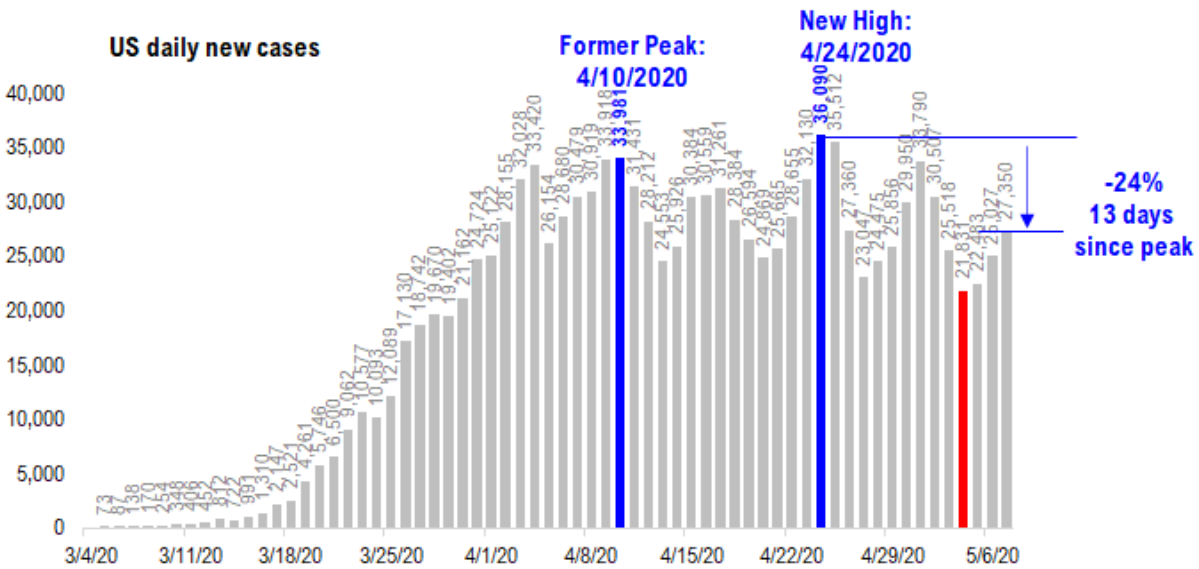
The USA COVID-19 case data today showed +2,323 more cases to 27,350 from 25,027--but do not worry. It is not new infections in open states. It is the chronic 4 -- NY, NJ, CT and IL account for 1,939 of the 2,323 rise.

As for economic data, the April employment report is released Friday 5/8/2020 and it will be the worst employment report in the history of modern civilization and for any country. Consensus is looking for 22 million jobs lost in April, on top of the 700k in March and this is largely foretold by

the 30mm-plus jobless claims. This only underscores how devastating this pandemic has been -- both on lives lost and carnage to the economy.

POINT #1: US COVID-19 cases rise 27,350 vs 25,027 (+2,323) due to "chronic 4" NY, CT, NJ and IL not "open states" like TX, GA...

Total US COVID-19 cases rose today by +2,323 to 27,350 from 25,027. This is a pretty sizable jump but when looking at the composition of states adding to the rise, it is really from 4 states, of which 3 of the 4 have been "chronic" case risers.



Source: COVID-19 Tracking Project + Johns Hopkins

The states reporting increases are "closed" states and with chronic high case counts... NY, NJ, IL and CT

The 4 states are:

- NY 3,491 vs 2,786 +705
- NJ 1,745 vs 1,297 +448
- CT 789 vs 374 +415
- IL 2,641 vs 2,270 +371
- 4 state 1D delta +1,939

In other words, these 4 accounted for almost all of the 1D gain. So, the rise in the past day is not a "re-infection" wave due to open states. The cases for GA and TX were actually flat today (see below). But daily case counts in the US have this cadence of volatility and somewhat stubborn to decline. But at the moment, the rise in the past few days seems more due to testing lags within a state -- rather than a new breakout.

For NY state to see a rise in cases today, it was not even addressed in NY Gov Cuomo's daily press briefing.

Daily Case Increases (by State) (05/07)

% total new cases (state cases/ total US cases)

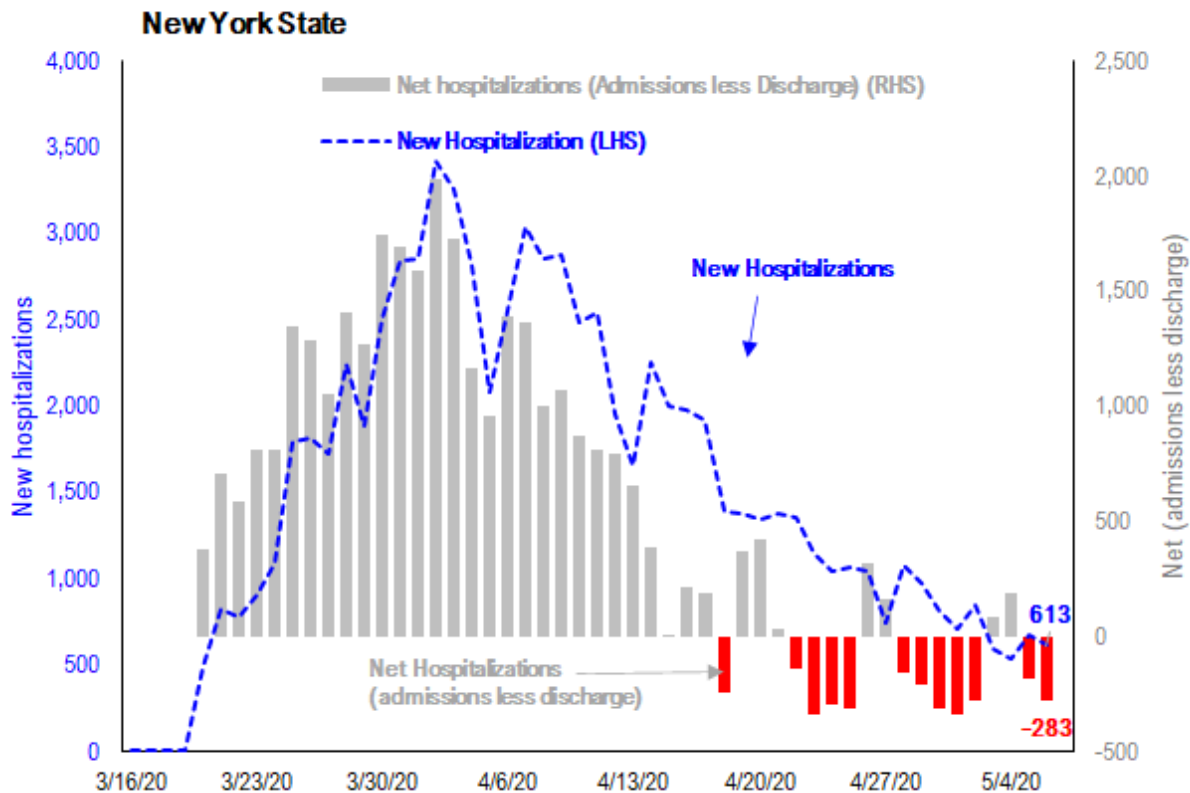
% total US pop (state population/ total US population)

Sorted
Last 3-day trend growth rates

	5/5/20	5/6/20	5/7/20	
United States	22,483	25,027	27,350	
States:				
1 New York	2,239	2,786	3,491	<--higher
2 Illinois	2,122	2,270	2,641	
3 California	1,275	2,603	1,799	
4 New Jersey	2,324	1,297	1,745	
5 Massachusetts	1,184	1,754	1,696	
6 Maryland	709	1,046	1,211	
7 Pennsylvania	865	888	1,070	<--higher
8 Texas	1,037	1,053	968	
9 Georgia	537	833	842	
10 Florida	542	563	826	<--higher
11 Connecticut	448	374	789	<--higher
12 Minnesota	617	728	786	
13 Iowa	408	293	655	<--higher
14 North Carolina	408	502	639	
15 Indiana	526	837	633	
16 Michigan	447	657	592	
17 Virginia	764	729	585	
18 Ohio	495	607	555	
19 Colorado	457	466	541	
20 Nebraska	528	333	419	
21 Kansas	213	276	410	<--higher
22 Alabama	325	254	355	
23 Rhode Island	281	272	325	
24 Wisconsin	330	335	314	
25 Washington	277	132	311	
26 Mississippi	330	217	262	
27 Louisiana	323	403	253	
28 Missouri	162	186	239	<--higher
29 Arizona	386	402	238	
30 South Carolina	84	87	214	<--higher
31 Kentucky	625	99	208	
32 New Mexico	107	153	202	<--higher
33 District of Columbia	152	139	193	<--higher
34 Delaware	83	407	161	
35 Tennessee	119	248	158	
36 Utah	132	146	129	
37 Oklahoma	83	74	129	<--higher

Source: COVID-19 tracking project + Johns Hopkins

NY state, incidentally, continues to see improvements in healthcare resource utilization. Both "new" hospitalizations (dashed line) and "net" hospitalizations (columns, and is net of discharges) have been trending down. At the peak, NY state was seeing +3,500 admissions per day and this figure is now 613 in the latest day. So it is down sharply.



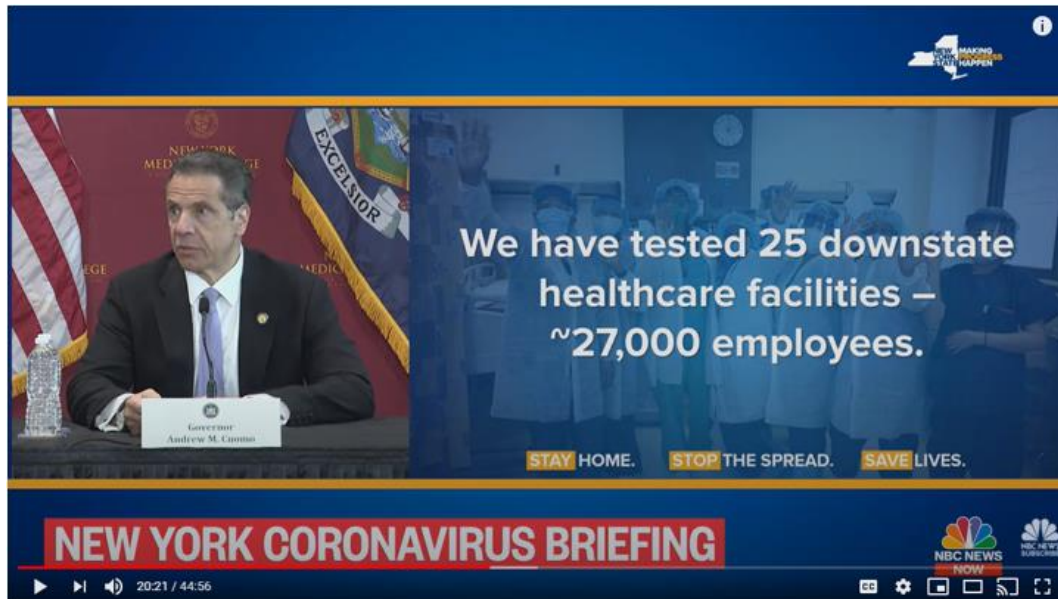
Source: NY Dept of Health

NY tested 27,000 healthcare workers in "downstate" NY (Westchester, NYC) for COVID-19 and surprisingly low prevalence...

NY recently tested 27,000 healthcare workers in 25 "downstate" facilities to see the prevalence of COVID-19 among these workers. This is really useful. The frontline for this crisis is the hospital and healthcare worker. They are not getting enough credit for the risks they take. In fact, I know I have not acknowledged this and there are many doctors in my family among my cousins (my Dad retired many years ago). So this is a personal issue for me as well. These were serological tests.

There were several reasons Cuomo wanted to conduct this test:

- assess the risk to the resiliency of the healthcare system (if a lot of healthcare workers get sick = disaster)
- assess the value of using PPE, gloves and sanitizers

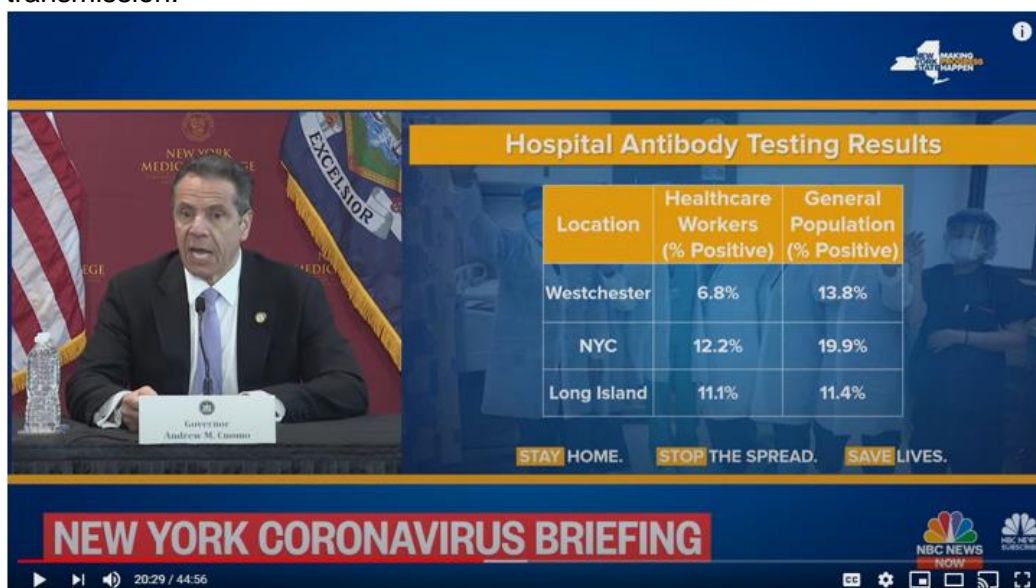


The prevalence (based on antibodies) is ***much lower*** in healthcare workers vs the population of the areas tested.

- Westchester --> 6.8% (HC worker) vs 13.8% population
- NYC --> 12.2% vs 19.9%

We realize this can be interpreted two ways. On an absolute level, it is scary that 12.2% of NYC healthcare workers have COVID-19 antibodies, because it is 1 in 9.

But consider the viral load these healthcare workers are exposed to. These workers spend 100% of their workday in an environment with sick patients and in close contact with COVID-19 positive. The fact that the prevalence is lower is evidence that in 100% interaction with an exposed cohort and in close contact, the PPE, masks, sanitizers and gloves mitigate transmission.



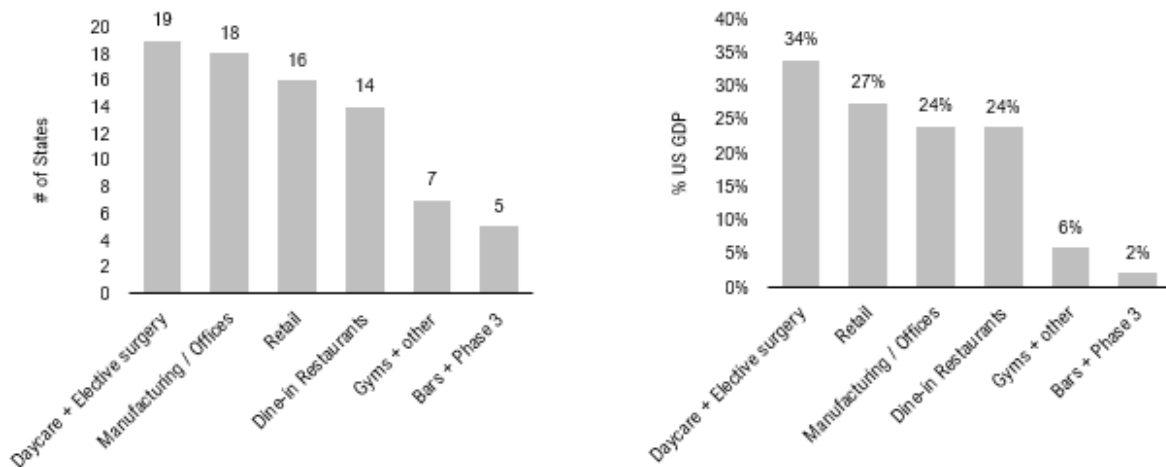
POINT #2: Breaking "phased" openings into 6 categories. Biz > dining. +18 open for manufacturing/offices and +15 restaurants

Our data scientist, tireless Ken, expanded the details of 26 states which announced some sort of phased opening, adding 6 categories. Ken scrapes data from news, state sites and twitter, and if you happen to find an error or are aware of additional information, please send it our way. We appreciate the assistance.

The 6 categories he added are, the date of opening of:

- manufacturing/offices (not always the same, but standardizes "wholesale" / non-retail workforce)
- daycare + elective surgeries (which for most states are treated in same category)
- dine-in restaurants (either outdoor seating, curbside or dine-in)
- retail (broadly defined and includes malls. Some states are treating "malls" separately)
- bars
- gyms and other services (hair salons, tattoo parlors)

Based on number of states easing, it looks like governments are prioritizing elective surgeries (19) and manufacturing (18) over dining (14) and this makes sense. The larger contributors and tax base for these states is from healthcare and offices, rather than restaurants.



Source: State govt websites and Fundstrat

The states are taking very different approaches for the sequence of the 6 above and many have "TBD" (to be determined) for these categories. The summary is below and is sorted by the date of "announced" opening (earliest on top). There are 3 states at the very bottom of the table that never issued "stay at home" orders --> Arkansas, North Dakota and South Dakota. And for the sake of simplicity, we treat their openings as of 3/15/2020.

State	Date	GDP impact		COVID-19 data			State Opening Schedule							
		State GDP	as % US	Cases/ 1m	3D avg cases	% off peak	Days past peak	Initial stage	Manu/Building / Offices	Daycare + Educ/ie sub/ty	Dine-in/Restaurants	Retail	Bar + Phase 3	Gym + other
Composite States opening up			58.4%											
1. Idaho	4/17/2020	\$77	0.4%	1,192	26	-84%	33	4/30/2020	4/30/2020	5/1/2020	5/16/2020	5/16/2020	TBD	TBD
2. Vermont	4/20/2020	\$33	0.2%	1,451	4	-94%	31	4/20/2020	5/4/2020	TBD	TBD	TBD	TBD	TBD
3. Alaska	4/20/2020	\$55	0.3%	507	1	-91%	37	4/20/2020	4/27/2020	4/27/2020	5/1/2020	5/1/2020	5/1/2020	5/1/2020
4. Oklahoma	4/24/2020	\$203	1.0%	1,042	76	-48%	32	4/24/2020	5/1/2020	5/1/2020	5/1/2020	5/1/2020	5/15/2020	5/1/2020
5. Montana	4/24/2020	\$50	0.2%	427	0	-99%	38	4/24/2020	TBD	TBD	5/4/2020	5/4/2020	TBD	TBD
6. Georgia	4/24/2020	\$562	2.9%	2,826	712	-34%	28	4/24/2020	4/24/2020	4/24/2020	4/27/2020	4/27/2020	TBD	4/24/2020
7. Colorado	4/26/2020	\$372	1.8%	3,016	398	-45%	10	4/26/2020	5/4/2020	5/1/2020	TBD	5/1/2020	TBD	TBD
8. Kentucky	4/27/2020	\$208	1.0%	1,265	300	-5%	1	4/27/2020	5/11/2020	4/27/2020	TBD	5/20/2020	TBD	TBD
9. Mississippi	4/27/2020	\$115	0.6%	2,745	291	-	-	4/27/2020	4/27/2020	4/27/2020	5/6/2020	4/27/2020	TBD	TBD
10. Minnesota	4/27/2020	\$369	1.8%	1,399	639	-	-	4/27/2020	4/30/2020	5/5/2020	TBD	TBD	TBD	TBD
11. Texas	5/1/2020	\$1,803	8.8%	1,151	958	-17%	4	5/1/2020	5/18/2020	5/1/2020	5/1/2020	5/1/2020	TBD	5/18/2020
12. Michigan	5/1/2020	\$527	2.6%	4,453	433	-65%	12	5/1/2020	TBD	TBD	TBD	TBD	TBD	TBD
13. Ohio	5/1/2020	\$676	3.3%	1,797	554	-55%	16	5/1/2020	5/4/2020	5/4/2020	TBD	5/12/2020	TBD	TBD
14. Tennessee	5/1/2020	\$364	1.8%	2,011	254	-89%	3	5/1/2020	5/1/2020	5/6/2020	5/4/2020	5/6/2020	TBD	5/8/2020
15. Indiana	5/4/2020	\$367	1.8%	3,140	646	-15%	9	5/4/2020	5/4/2020	TBD	5/11/2020	5/4/2020	6/14/2020	5/24/2020
16. South Carolina	5/4/2020	\$234	1.1%	1,329	103	-58%	27	5/4/2020	5/4/2020	5/4/2020	5/4/2020	5/4/2020	TBD	TBD
17. Florida	5/4/2020	\$1,039	5.0%	1,743	641	-54%	32	5/4/2020	5/4/2020	5/4/2020	5/4/2020	5/4/2020	TBD	TBD
18. Nebraska	5/4/2020	\$124	0.6%	3,296	371	-28%	4	5/4/2020	5/4/2020	5/4/2020	5/4/2020	5/4/2020	5/4/2020	5/4/2020
19. California	5/8/2020	\$2,998	14.6%	1,434	1733	-19%	13	5/8/2020	5/8/2020	5/8/2020	TBD	5/8/2020	TBD	TBD
20. North Carolina	5/8/2020	\$564	2.7%	1,172	365	-30%	4	5/8/2020	5/8/2020	5/8/2020	5/22/2020	5/8/2020	5/22/2020	5/22/2020
21. Virginia	5/15/2020	\$533	2.6%	2,343	528	-44%	3	5/15/2020	TBD	TBD	TBD	TBD	TBD	TBD
22. Maryland	5/9/2020	\$413	2.0%	4,504	900	-27%	3	5/9/2020	TBD	5/7/2020	TBD	TBD	TBD	TBD
23. West Virginia	4/20/2020	\$77	0.4%	687	18	-70%	27	4/20/2020	4/20/2020	4/27/2020	5/4/2020	5/4/2020	5/11/2020	TBD
24. Arkansas	No Stay-at-Home	\$128	0.6%	1,162	46	-75%	11	3/15/2020	3/15/2020	3/15/2020	3/15/2020	3/15/2020	3/15/2020	3/15/2020
25. North Dakota	No Stay-at-Home	\$56	0.3%	1,668	44	-32%	9	3/15/2020	3/15/2020	3/15/2020	3/15/2020	3/15/2020	3/15/2020	3/15/2020
26. South Dakota	No Stay-at-Home	\$52	0.3%	3,078	49	-67%	20	3/15/2020	3/15/2020	3/15/2020	3/15/2020	3/15/2020	3/15/2020	3/15/2020

Source: State govt websites and Fundstrat

Looking at aggregate share that "dine-in restaurant" and "office/manufacturing" is re-started...

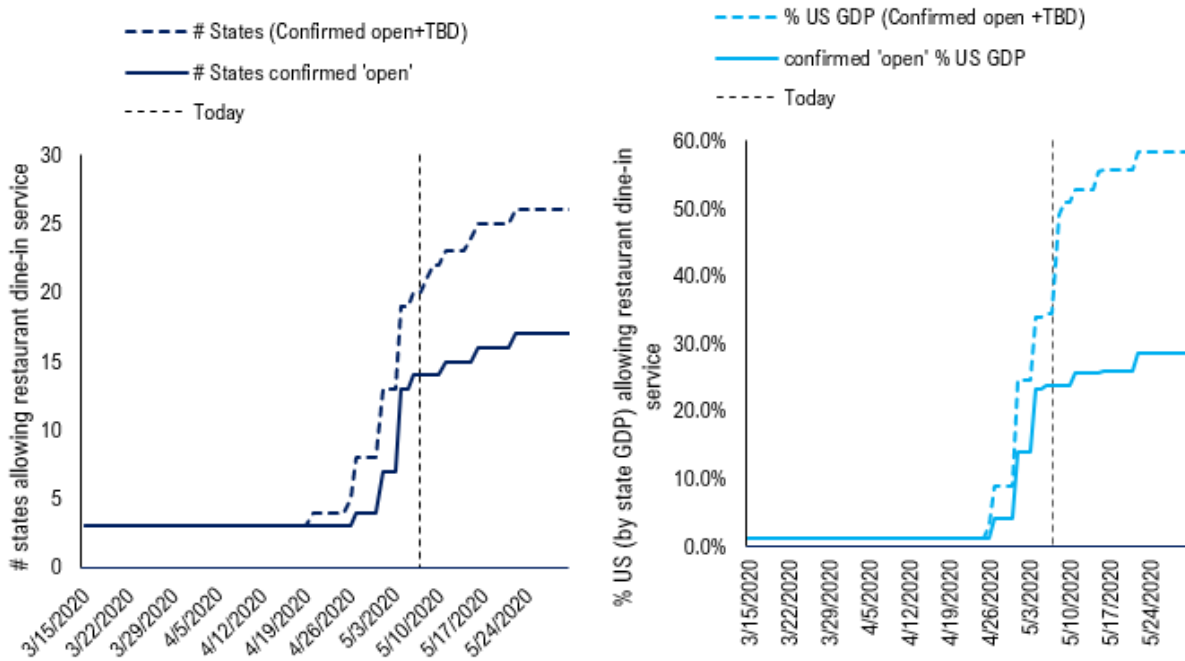
One way to use the above table is to look at what percent of each category is re-started/open both in number of states and percent of US GDP. These are what Alan Greenspan would call "blunt instruments" because we are not able to be precise in what overall share of each activity is indeed open and it is simply estimated by the state's GDP share.

But we believe this framework will give a situational awareness to the extent lockdown restrictions are loosened.

Restaurants: "Confirmed open" in 11 states and 22% of GDP as of today... but set to rise in coming days

We included future dates, to the extent a state has announced the easing of restrictions. And for restaurants, we show # states and the % of US GDP (as a proxy for US overall).

- 14 (including 3 that never issued stay at home) states are easing "dine-in" restrictions
- this is 22% of US GDP, or roughly 22% of US restaurants are dine-in.



Source: State govt websites and Fundstrat

The sorting of the data by state is shown below. And in the next 2 weeks, another 3 states will be adding "dine-in" easing.

State	Date	GDP impact...		Days since 'open'
		\$ GDP	% US GDP	
Georgia	4/27/2020	\$592	2.9%	10
Texas	5/1/2020	\$1,803	8.8%	6
Oklahoma	5/1/2020	\$203	1.0%	6
Alaska	5/1/2020	\$55	0.3%	6
Florida	5/4/2020	\$1,039	5.0%	3
Tennessee	5/4/2020	\$364	1.8%	3
South Carolina	5/4/2020	\$234	1.1%	3
Nebraska	5/4/2020	\$124	0.6%	3
West Virginia	5/4/2020	\$77	0.4%	3
Montana	5/4/2020	\$50	0.2%	3
Mississippi	5/6/2020	\$115	0.6%	1
Indiana	5/11/2020	\$367	1.8%	-4
Idaho	5/16/2020	\$77	0.4%	-9
North Carolina	5/22/2020	\$564	2.7%	-15
Maryland	TBD	\$413	2.0%	
Virginia	TBD	\$533	2.6%	
California	TBD	\$2,998	14.6%	
Ohio	TBD	\$676	3.3%	
Michigan	TBD	\$527	2.6%	
Minnesota	TBD	\$369	1.8%	
Kentucky	TBD	\$208	1.0%	
Colorado	TBD	\$372	1.8%	
Vermont	TBD	\$33	0.2%	

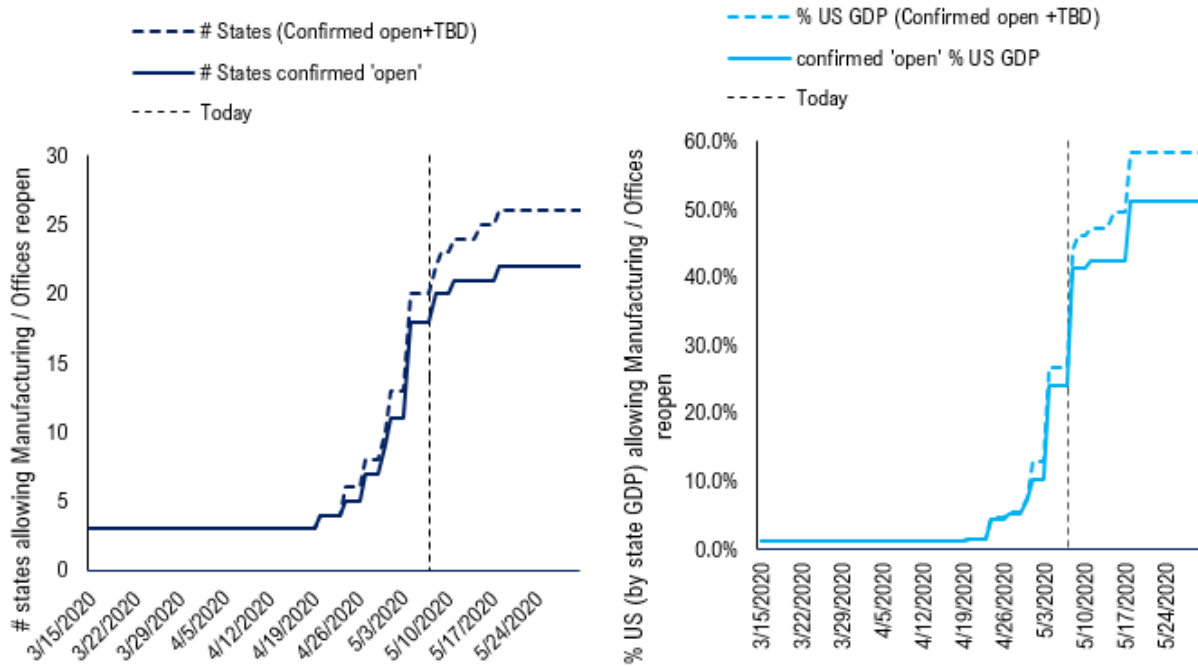
Source: State govt websites and Fundstrat

Manufacturing/ Offices: Confirmed "resume" in 18 states and 24% of GDP -- prioritizing manufacturing over restaurants

The manufacturing facilities/ offices open is shown below. As we noted already, some states eased manufacturing and some eased "office" workers who cannot "telecommute" -- thus, this is a gross oversimplification. But too much detail and we lose sight of the larger picture. But again, we welcome suggestions so we can calibrate our analytics.

- 18 (including 3 that never issued stay at home) have eased restrictions
- this is 24% of US, based on the state GDP share.

This is slightly higher than the "dine-in" states (by +3) and shows states are prioritizing manufacturing over restaurants.



Source: State govt websites and Fundstrat

The sorting of the data by state is shown below. And in the next 2 weeks, another 4 states will be adding "manufacturing" easing.

Manufacturing / Offices phased open

GDP impact...

State	Date	\$ GDP	% US GDP	Days since 'open'
West Virginia	4/20/2020	\$77	0.4%	17
Georgia	4/24/2020	\$592	2.9%	13
Mississippi	4/27/2020	\$115	0.6%	10
Alaska	4/27/2020	\$55	0.3%	10
Minnesota	4/30/2020	\$369	1.8%	7
Idaho	4/30/2020	\$77	0.4%	7
Tennessee	5/1/2020	\$364	1.8%	6
Oklahoma	5/1/2020	\$203	1.0%	6
Florida	5/4/2020	\$1,039	5.0%	3
Ohio	5/4/2020	\$676	3.3%	3
Colorado	5/4/2020	\$372	1.8%	3
Indiana	5/4/2020	\$367	1.8%	3
South Carolina	5/4/2020	\$234	1.1%	3
Nebraska	5/4/2020	\$124	0.6%	3
Vermont	5/4/2020	\$33	0.2%	3
California	5/8/2020	\$2,998	14.6%	-1
North Carolina	5/8/2020	\$564	2.7%	-1
Kentucky	5/11/2020	\$208	1.0%	-4
Texas	5/18/2020	\$1,803	8.8%	-11
Maryland	TBD	\$413	2.0%	
Virginia	TBD	\$533	2.6%	
Michigan	TBD	\$527	2.6%	
Montana	TBD	\$50	0.2%	

Source: State govt websites and Fundstrat

POINT #3: As States ease restrictions, are people venturing out? Big data --> Open Table, MTI traffic, Google/location tracking.

Using Georgia (2 weeks) and Texas (1 week) as examples...

Once a state is open, the next obvious question is whether demand has resumed. Most states are only in the earliest stages of re-start. So we picked 2 states (of the 26) to highlight some ways to track the progress of the state of consumer activity. Additionally, there are many ways to track progress of consumer/resident re-engagement, but we selected 3 metrics to provide some framework:

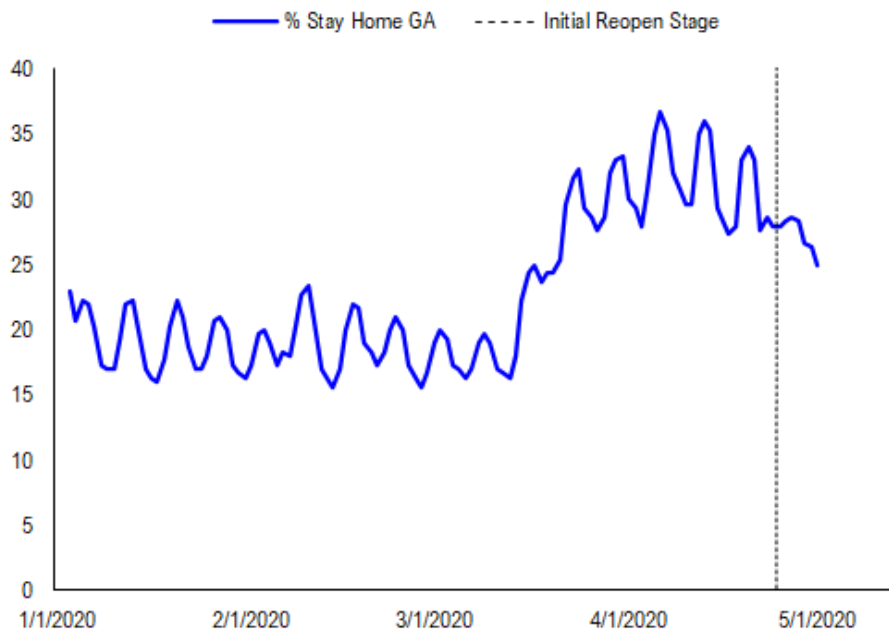
- % users staying at home, based on data from the MTI (Maryland Transportations Institute)
- Dine-in reservations based on data from Open Table
- % residents heading to work based on Google mobility data

Georgia -- open since 4/24/2020... dining since 4/27/2020

Georgia is one of the first states to ease restrictions (#6 by our count, see above) and eased dining on 4/27/2020. So it has been a few weeks. With 14-plus days of easing, we can see how patterns have changed.

To track "% staying at home" we use data from University of Maryland (Maryland Transportation Institute (2020). University of Maryland COVID-19 Impact Analysis Platform, <https://data.covid.umd.edu>, accessed on 5/7/2020, University of Maryland, College Park, USA.) and they have pretty detailed information.

As shown, since the re-open date, the percent staying at home has fallen further. These figures show less than 30% were exclusive stay at home already, but has since fallen by another 500bp to under 25%.



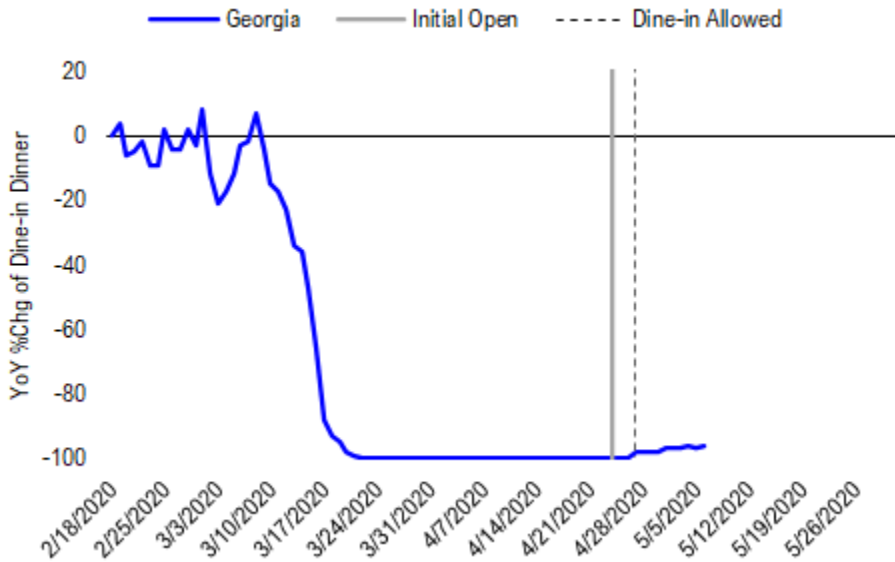
Source: Maryland Transportation Institute (2020). University of Maryland COVID-19 Impact Analysis Platform, <https://data.covid.umd.edu>, accessed on 5/7/20, University of Maryland, College Park, USA

Georgia dining is real "in house" dining. Sitting at a table. One of our clients is based in Atlanta and he sent us this email (see below). In Atlanta, one sits down without a mask. The wait staff

is wearing PPE. And it sounds like restaurants are quite busy!

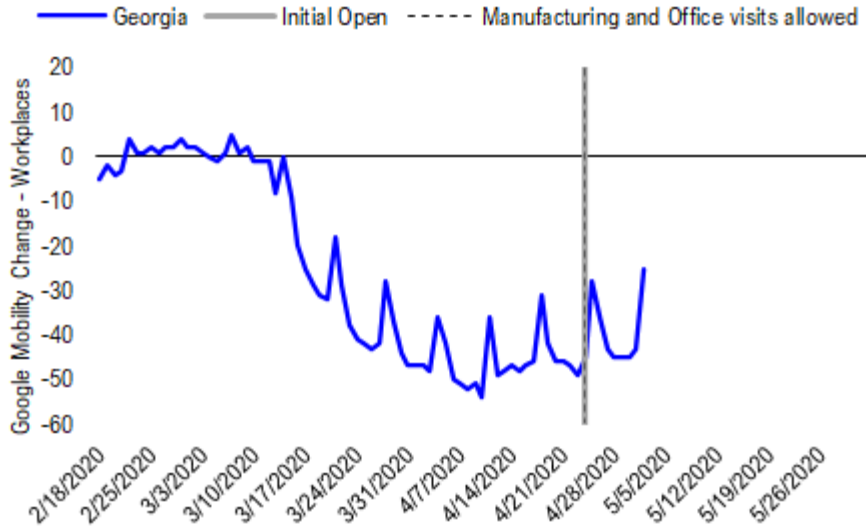
We've been going to restaurants for 2 weeks in Georgia.. It's no big deal! While it's every other table and staff wear masks, patrons don't! They are mostly full too...

Data from Open Table shows a rise in dine-in reservations since the easing of dining restrictions. From -100%, this figure is up less than 10%, but as you can see, it is an uptick nonetheless.



Source: OpenTable

For movement back to the office, we used Google analytics and we can see a more pronounced uptrend in visits to manufacturing and offices below. Thus, it looks like residents are heading to offices and leaving home. And dining is recovering but more modestly.

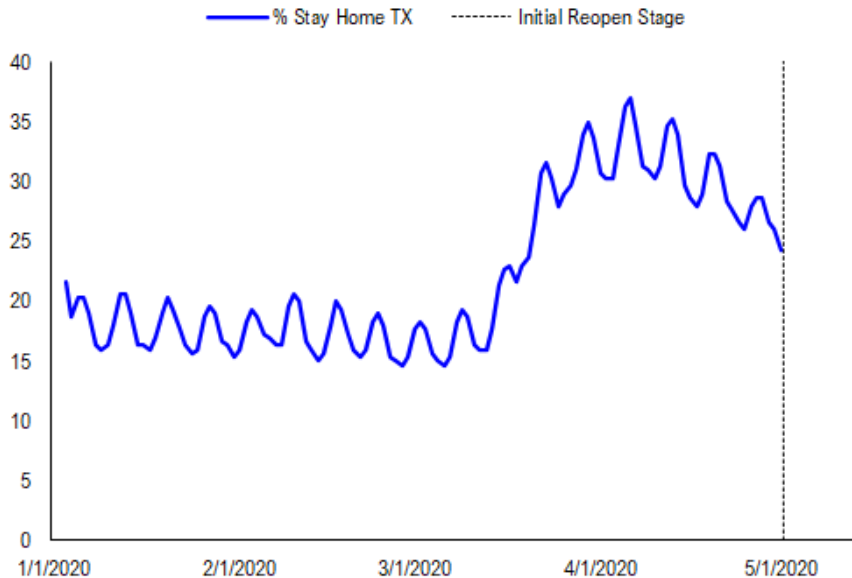


Source: Google

Texas shows residents were already easing restrictions before the state "officially eased"...

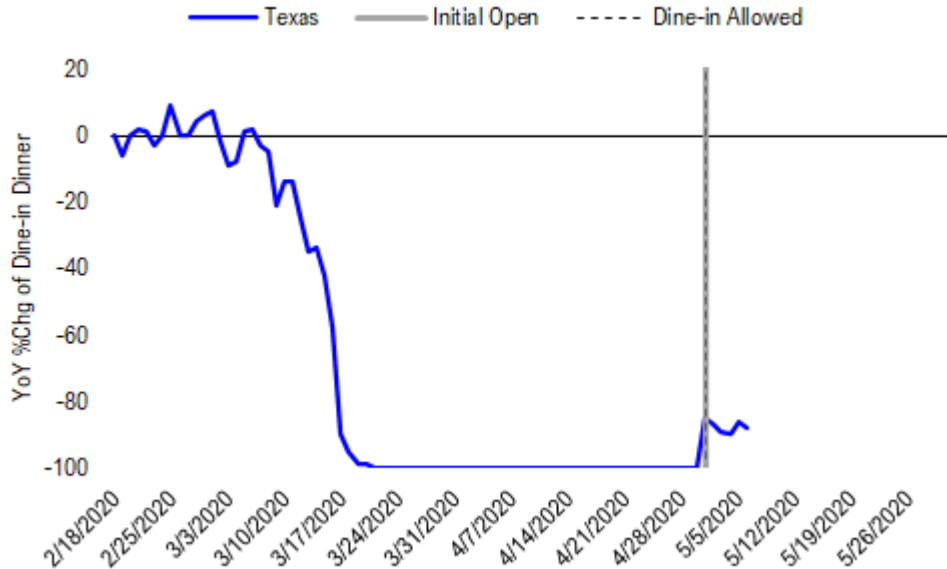
Texas has been open for the past week so there are basically no plots past "vertical" line. Yet, the percent of Texans staying at home peaked a month earlier. This is a case where it seems the residents were ahead of the state.

And as we noted above, Texas has seen daily cases FALL in April. So, the state's residents have been a lot more mobile (over 70% in the past month) and yet cases were falling.



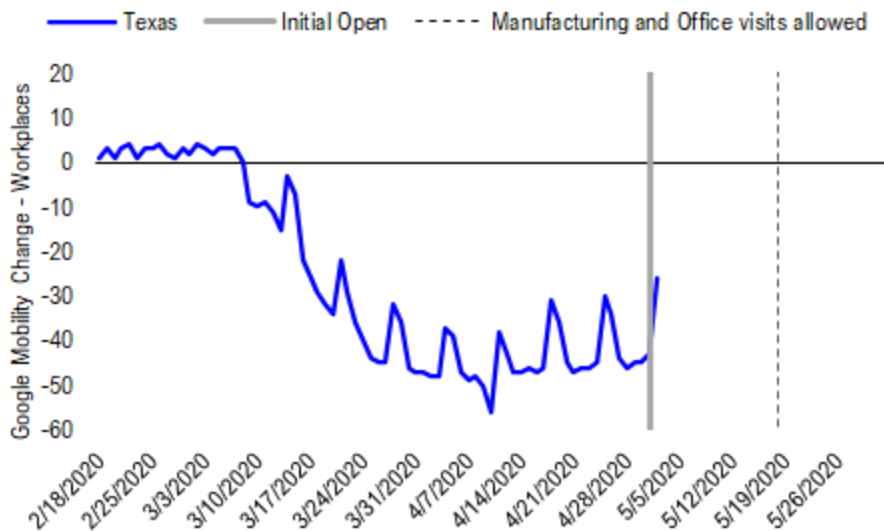
Source: Maryland Transportation Institute (2020). University of Maryland COVID-19 Impact Analysis Platform, <https://data.covid.umd.edu>, accessed on 5/7/2020, University of Maryland, College Park, USA.

But since the restrictions were lifted, we see a very pronounced rise in dining reservations. Much more so than what we saw in Atlanta. For our clients based in Texas, please share with us any anecdotes you have. It looks like Texans have embraced easing of restrictions more readily.



Source: OpenTable

And like "stay at home" it looks like Texas jumped right back to work. The trend has been pronounced higher since the easing of restrictions.



Source: Google

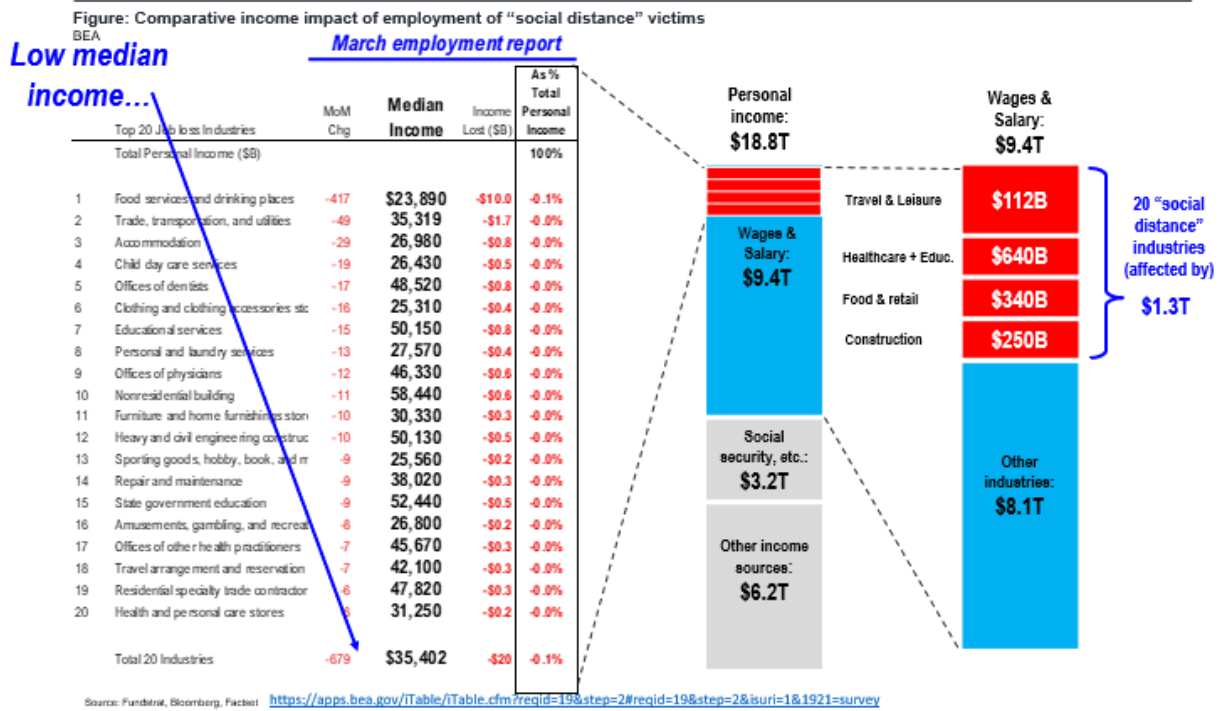
STRATEGY: April jobs report to be the "worst" in the entire history of the United States. If stocks survive this, this gives new meaning to markets bottom on "bad news" Friday (today) will be the April US employment report and Street consensus is -22 million jobs lost. This will be the single worst monthly job loss in the history of the entire World and in the entire history of modern civilization.

That is how utterly devastating this pandemic has been, to both the healthcare crisis (4mm cases worldwide) and to the global economy. So it is nothing to be taken lightly. But the fact this jobs report will be this terrible has been well telegraphed. Every US weekly jobless claims report has shown this and those have totaled 30 million since early February.

Employment losses > income losses...

The March employment report was already a catastrophic loss of 713,000 jobs. But what the March report highlighted was the employment losses were much greater than the "personal income" losses as the median income of the jobs lost was \$35,000 vs \$63,000 US median overall. And the St Louis Fed consumption study showed the 30% UE would lead to a 3.5% personal consumption loss, so it came to a similar conclusion.

- the key for the April jobs report is tracking the median income hit based on the industries impacted.



We are moving into the 2nd and 3rd wave of this crisis (they overlap) which is the economic channels. First, is the "social distance" victims and the second order-plus are the asset owners. The asset owners are going to be taking a hit as well. In fact, Gov Cuomo extended the rent moratorium until August. So landlords in NY state are facing a serious cash flow mismatch.



Source: Johns Hopkins, Fundstrat, Bloomberg, Factset

From a strategy perspective, we continue to believe the market is now in the hands of "buyers" as the entire universe became sellers in March. The future is uncertain, so we are not certain of anything. And as such, our framework is as follows:

- Stock recoveries are symmetric to their decline, 2.5X time to make a new high vs decline
- Stocks follow bonds and HY/IG markets are essentially functioning normally
- EPS recovers faster than GDP due to companies' ability to engineer costs aka operating leverage
- Two largest costs for biz today are --> employees and real estate and WFH is letting biz realize how to engineer costs
- Policy reaction of White House and Fed providing cushion

This framework above makes us buyers of the market. And our Head of Global Portfolio Strategy, Brian Rauscher, expects markets to make new highs before YE (one of his 2H2020 surprises).

We continue to recommend investors barbell this market. Own "secular growth" (FANG, Tech, Cloud) and "epicenter" stocks like Consumer Discretionary.

Figure: Representative styles and themes
Per Fundstrat

	Rationale	Representative Groups	Fundamental: Rauscher	Technical: Sluymer
Style	Defensive Low rates for a long time L- or I-shaped economy	<ul style="list-style-type: none"> Steady growers: Healthcare, Staples Bond proxies: REITs, Utes 	⊘	⊘
	Secular Growth "good stocks at a any price" L- or U-shaped recovery	<ul style="list-style-type: none"> FANG, Cloud, Technology + "Work from home" 		
	Cyclical Growth Faster re-start V-shaped recovery	<ul style="list-style-type: none"> Industrials Materials + Energy Small-caps 		
Cyclical Growth Hardest hit but market "over-reacted" In GFC, best cost cutters Stocks way under-owned	<ul style="list-style-type: none"> Consumer Discretionary Epicenter ("social distance") 			
Thematic	Operating leverage Business will re-engineer costs during this global shutdown. WFH exposes efficiency of operations.	<ul style="list-style-type: none"> Technology GFC op. leverage stories High employee cost + real estate 	✓	✓
	De-urbanization Millennials leave cities for the 'burbs Mini baby boom – "Corona"-ials	<ul style="list-style-type: none"> Homebuilders, home improvement, furnishings Autos, Auto parts, Retailers Financials 	✓	✓
	Supply chain → US De-globalization Less "China" Stay local	<ul style="list-style-type: none"> US infrastructure suppliers Financials 	✓	✓

Source: Fundstrat

Figure: Sector absolute since 3/23/2020
Absolute % change peak to trough

GICS 4 S Sub-Industry	Sorted by			GICS 4 S Sub-Industry	Sorted by		
	% Change from 3/23/2020	2/19/2020	YTD		% Change from 3/23/2020	2/19/2020	YTD
S&P 500	23.4	-18.4	-14.5	S&P 500	23.4	-18.4	-14.5
1 Household Appliances	56.7	-31.6	-31.8	21 Specialized REITs	34.6	-3.7	5.6
2 Copper	54.0	-31.4	-36.7	22 Footwear	34.5	-17.6	-16.6
3 Diversified Chemicals	50.9	-20.8	-26.9	23 Electrical Components & Equipment	34.2	-25.0	-24.3
4 Oil & Gas Refining & Marketing	48.8	-42.1	-49.5	24 Financial Exchanges & Dcb	34.1	-12.1	-4.0
5 Life & Health Insurance	46.2	-35.2	-35.0	25 Homebuilding	33.9	-38.8	-28.3
6 Distributors	46.1	-32.0	-35.9	26 Health Care Facilities	33.4	-30.2	-29.9
7 Real Estate Services	45.7	-31.5	-29.1	27 Apparel Retail	33.4	-28.0	-23.9
8 Integrated Oil & Gas	45.4	-29.3	-36.6	28 Multi-Utilities	33.3	-13.6	-8.8
9 Department Stores	44.3	-53.8	-57.3	29 Automotive Retail	32.7	-17.9	-23.4
10 Oil & Gas Storage & Transportation	43.7	-38.7	-38.8	30 Investment Banking & Brokerage	32.6	-26.6	-23.1
11 Gold	43.5	29.5	37.6	31 Residential REITs	32.1	-25.1	-19.8
12 Leisure Products	43.1	-24.0	-29.7	32 Industrial Machinery	32.0	-26.6	-24.6
13 Distillers & Vintners	42.4	-21.8	-15.5	33 Oil & Gas Drilling	32.0	-59.0	-58.9
14 Managed Health Care	39.1	-13.4	-10.3	34 Asset Management & Custody Banks	32.0	-24.8	-21.7
15 Oil & Gas Exploration & Production	37.0	-44.5	-49.7	35 Aerospace & Defense	31.7	-33.2	-29.5
16 Steel	36.5	-18.7	-31.1	36 Health Care Equipment	31.6	-12.7	-10.1
17 Commodity Chemicals	36.3	-27.1	-36.7	37 Oil & Gas Equipment & Services	31.4	-52.7	-59.3
18 Industrial REITs	35.1	-11.6	-2.9	38 Consumer Finance	31.3	-41.3	-39.8
19 Construction Materials	35.1	-21.3	-26.6	39 Water Utilities	31.1	-8.3	3.6
20 Computer & Electronics Retail	34.8	-24.9	-22.2	40 Specialty Chemicals	31.0	-20.4	-22.6

Source: Fundstrat, Bloomberg, Factset

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