



**COVID-19 UPDATE: Total USA cases fall to 18,790 (-3,862 past 2D).  
Korea CDC affirms immunity. Before fearing Memorial Day crowds-->  
FACT: 13 states open "prior to 5/1" have seen cases -29% since 5/1.**

THIS MESSAGE IS BEING SENT SOLELY TO CLIENTS OF FS INSIGHT

Americans view Memorial Day weekend as the "start of Summer" and this weekend saw droves of Americans leave their homes and crowd at beaches, parks, streets, highways, restaurants, basically places outside their homes and involving a lot of movement. And naturally, this brings apprehension, because movement = transmission risk. But the past few days has been more a story of positive developments involving the re-opening. Foremost, USA cases are down to 18,719, still not the lowest "official" print (17,653 on 5/11) but testing on 5/25/2020 was a new high at ~495k (up +60% in past month) and positivity rate fell to a new low of 3.8%. Moreover, 13 states have been open >3 weeks now (prior to 5/1) and these states have since seen daily cases fall 29% to 2,497 (see below).

There were also positive developments on the healthcare front. Perhaps the most important is the study by the Korea CDC (below), which shows there is actually no re-infection for any recovered patient in Korea. It has been reported, that 447 Koreans showed "positive" test results after recovering, but their study of 64% of the "re-positive" patients showed that 100% of them did not have the disease--but rather, a non-active (dead?) virus. This is major news, because it supports strongly there is no re-infection (immunity) and changes the dynamics around those recovered (they are the safest and basically not susceptible). The study even prompted Korea to change its testing around recovered patients, as it no longer sees it necessary to test any recovered patient.

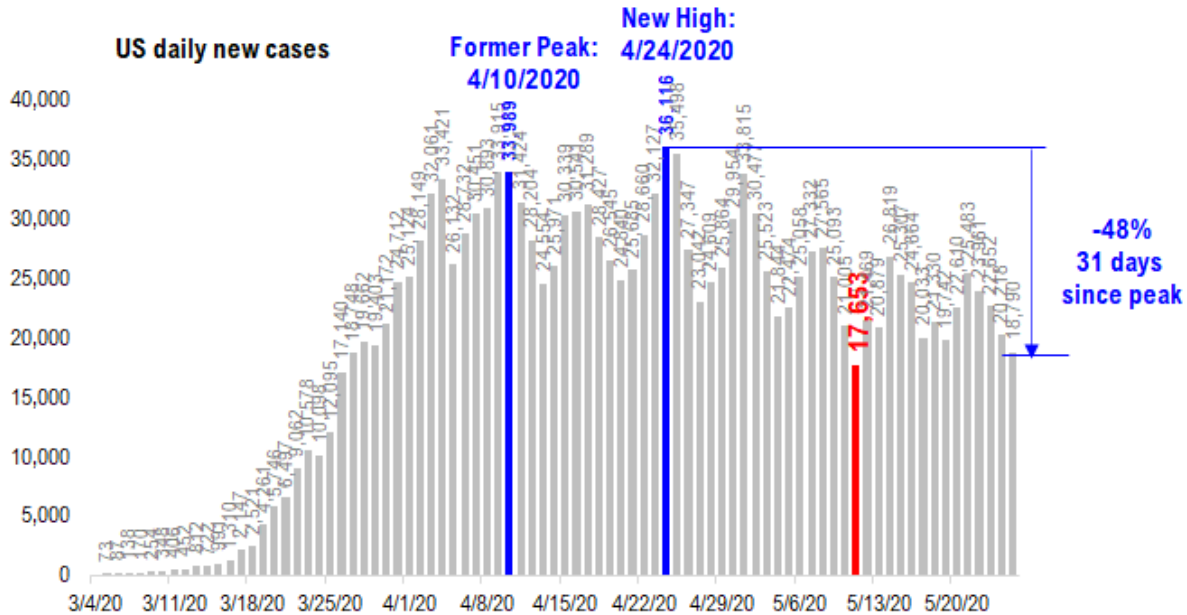
And on the vaccine front, Novavax has entered Phase 1 trials for its vaccine. There are now 10 vaccine candidates in clinical evaluation, +2 in the past week. And now 114 candidates in pre-clinical evaluation (+4 in past week). There are now 124 "shots at goal" up +6 in just the past week. This highlights the enormous global efforts at finding a vaccine and is a sign of positive progress.

**POINT #1: USA daily cases fall to 18,790, -3,862 over past 2D. And despite scary headlines about Memorial Day crowds, states open prior to 5/1 are reported cases down 29% in past 3 weeks...**

Total US reported daily COVID-19 cases fell to 18,790 (Mon) and is down -3,862 over the past 2 days (Sat). Weekends tend to see under-reporting, and this is often resulting in higher case counts mid-week. And the CDC is also going to revise its methodology for tabulating COVID-19 cases, as it has been combining PCR test (COVID-19 cases) with the results from serology (antibody tests). The mixing of the data does not give the complete picture of disease progression and this could potentially be contributing to the lumpiness of the data. By July, the

- CDC plans to provide complete data between the two.
- total tests reported for 5/25 surged to a new high of 495,054 (almost 500,000) so the drop in reported cases is not due to lower tests
  - the % tests positive in the US dropped to a new low of 3.8%

So both are signs of progress.



Source: COVID-19 Tracking Project + Johns Hopkins

**HEALTH**

# ‘How Could the CDC Make That Mistake?’

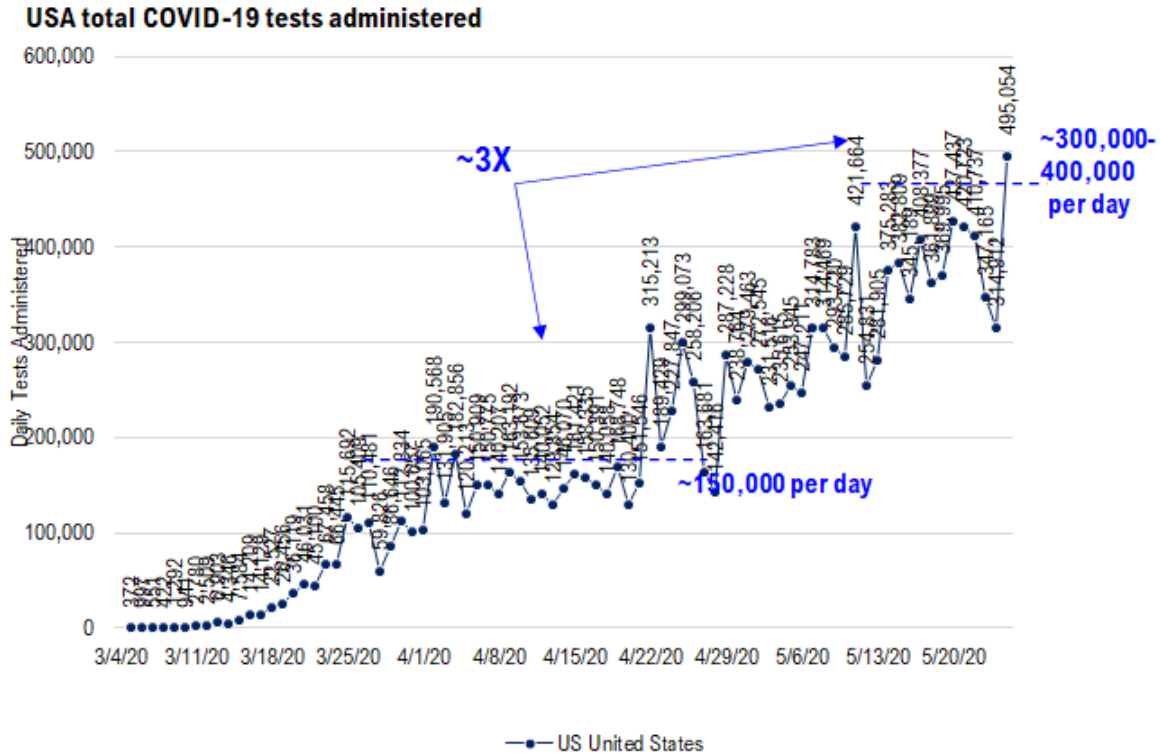
The government’s disease-fighting agency is conflating viral and antibody tests, compromising a few crucial metrics that governors depend on to reopen their economies.

Pennsylvania, Georgia, Texas, and other states are doing the same.

ALEXIS C. MADRIGAL AND ROBINSON MEYER MAY 21, 2020

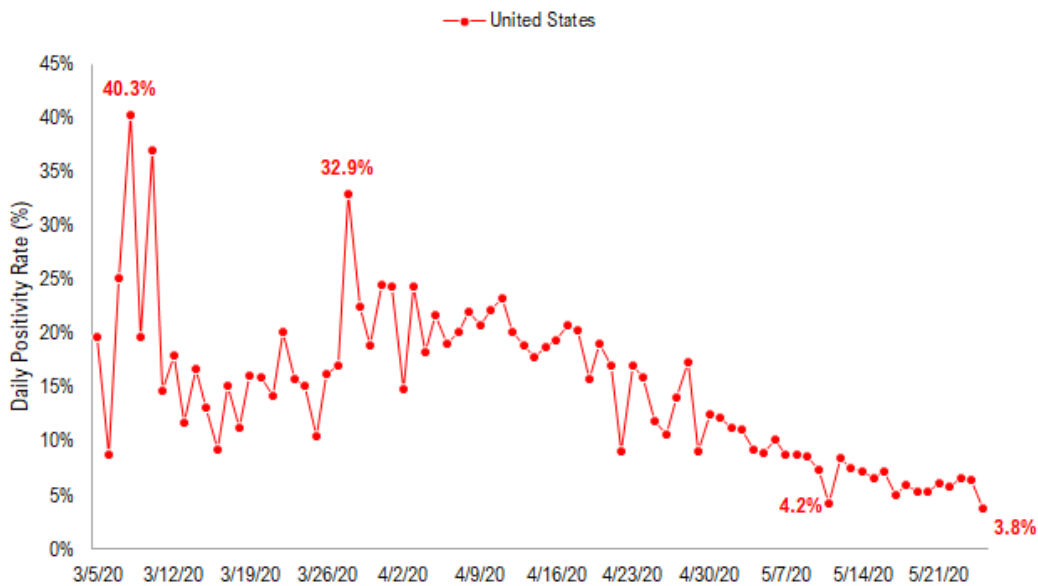
<https://www.theatlantic.com/health/archive/2020/05/cdc-and-states-are-misreporting-covid-19-test-data-pennsylvania-georgia-texas/611935/>

Daily reported tests surged on 5/25 (see below) and the annualized run-rate is now 180 million tests annually. There has been a major ramp in testing capacity and looking at the change over the past month puts this in perspective. The moving average is about 60% higher compared to just 4 weeks ago. And testing capacity is expected to increase further in coming weeks.



Source: COVID-19 Tracking Project + Johns Hopkins

The good news is the "% tests positive" (positivity rate) is falling and is at a new low of 3.8%.



Source: COVID-19 Tracking Project + Johns Hopkins

***A lot of churn in past 2 days... no real signs of new wave... but too early***

There was a lot of churn in the states reporting cases. And we highlight the movers below.

4 states a rise >100 cases in past 2D.

- Virginia	1,483 vs 799 (2D)	+684	
- New Jersey	938 vs 385	+553	
- Louisiana	640 vs 115	+525	<- no commercial lab results on Sat & Sun
- Florida	879 vs 676	+203	
<u>Total 4 state</u>		+1,965	

There were considerably more states reporting a drop in cases. And the 6 below, are 6 states that are fairly important.

- Illinois	1,713 vs 2,352 (2D)	-639	
- New York	1,249 vs 1,772	-523	<- epicenter
- Texas	623 vs 1,060	-437	<-re-open
- Georgia	506 vs 914	-408	<-re-open
- Colorado	95 vs 477	-382	
- North Carolina	742 vs 1,107	-365	<-re-open
<u>Total 6 states</u>		-2,754	

**Daily Case Increases (by State) (05/25)**

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

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

*KY and ID didn't report stats on Sunday and Monday..*

*RI didn't report stats on Monday..*

Sorted

Last 3-day trend growth rates

	5/23/20	5/24/20	5/25/20	
United States	22,652	20,218	18,790	
<b>States:</b>				
1 California	2,187	2,079	1,848	
2 Illinois	2,352	2,508	1,713	
3 Virginia	799	495	1,483	<-higher
4 New York	1,772	1,589	1,249	
5 New Jersey	385	1,050	938	
6 Florida	676	740	879	
7 Maryland	1,071	818	839	
8 North Carolina	1,107	497	742	
9 Minnesota	840	728	742	
10 Louisiana	115	129	640	<-higher
11 Texas	1,060	839	623	
12 Massachusetts	773	1,013	596	
13 Ohio	614	503	566	
14 Georgia	914	706	506	
15 Pennsylvania	725	730	473	
16 Tennessee	395	356	462	
17 Connecticut	382	446	405	
18 Alabama	375	389	403	
19 Indiana	492	475	339	
20 Iowa	390	353	326	
21 Wisconsin	481	400	307	
22 Kansas	0	0	260	
23 Washington	148	320	243	
24 Arizona	431	300	222	
25 Nebraska	327	145	221	
26 Mississippi	381	247	206	
27 Michigan	452	314	202	
28 Missouri	194	236	179	
29 Delaware	161	119	156	
30 Utah	203	132	129	
31 District of Columbia	73	144	115	
32 Nevada	295	74	109	
33 Arkansas	163	147	107	
34 Colorado	477	210	95	
35 New Mexico	170	148	83	
36 South Carolina	257	201	82	
37 Puerto Rico	70	89	71	
38 Oklahoma	111	77	53	
39 New Hampshire	75	60	48	
40 North Dakota	48	53	39	
41 South Dakota	112	95	23	
42 Oregon	24	39	22	
43 Maine	65	42	19	
44 West Virginia	101	42	15	
45 Vermont	2	2	6	
46 Wyoming	10	25	5	
47 Alaska	4	0	1	
48 U.S. Virgin Islands	0	0	0	
49 Rhode Island	216	113	0	
50 Montana	0	0	0	
51 Northern Mariana Islands	0	0	0	
52 Kentucky	145	0	0	
53 Idaho	31	0	0	
54 Hawaii	1	0	0	
55 Guam	0	1	0	
56 American Samoa	0	0	0	

Source: COVID-19 Tracking Project

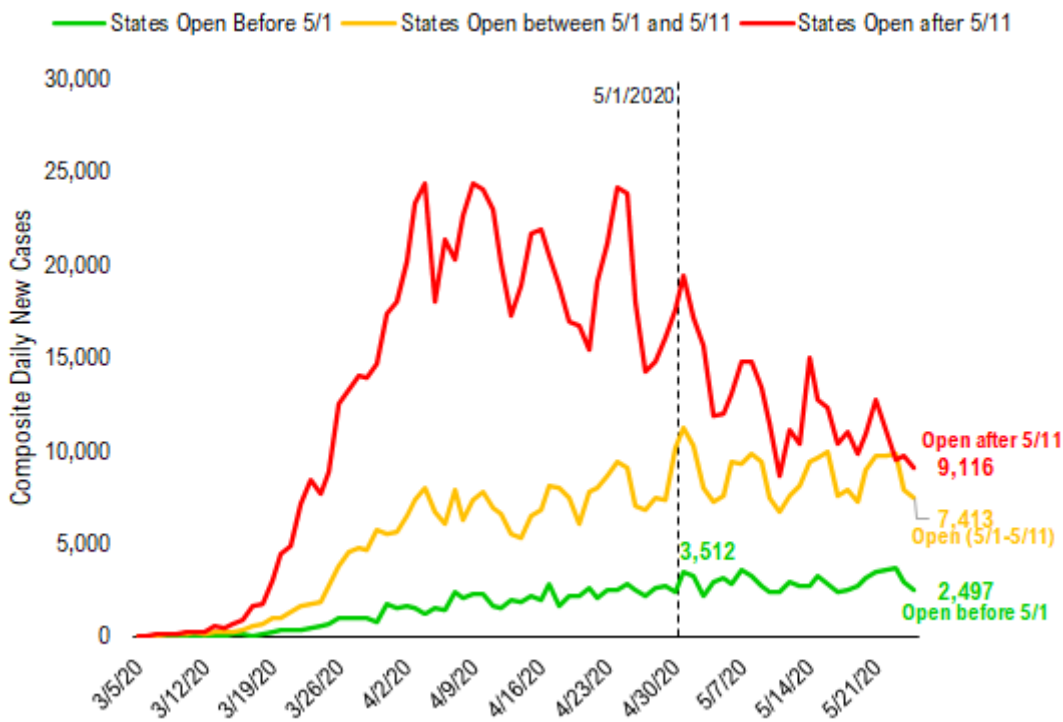
**Memorial Day panic. Keep in mind, the 13 states open since 5/1/2020 have reported daily cases down 29% to 2,497 per day from 3,512...**

There were many media reports about the crowds forming across many states as the Memorial Day weekend holiday is the start of the Summer, and as such, many Americans took the opportunity to leave their homes. This is widely reported. Time will tell if this increase in movement will lead to a second wave in the US.

But so far, the 13 states that have been open since 5/1 are not reporting any sustained rise in cases. The states (2 digit abbreviation): AK, AL, AR, GA, IA, ID, KY, MN, MS, ND, SD, UT, WV.

These states have been open for at least 3 weeks now, so if there was to be a parabolic surge associated with a second wave, we should expect to see it by now. The "green" line is the states open since 5/1/2020.

- the 13 states reported 3,512 cases on 5/1/2020.
- those same 13 states are now reporting 2,497 cases, down -29%



Source: Fundstrat and COVID-19 Tracking Project and various states health dept

**POINT #2: Korean CDC study shows no re-infection, bolstering case for 'herd immunity' and Novavax starts clinical trial of vaccine bringing total to 10 (+2) vaccines now in clinical evaluation and 114 in preclinical evaluation (+4)**

Among the many concerns around COVID-19, one of the more prominent risks was getting re-infected, as the CDC and the WHO had previously stated that no study has shown that a recovered person is immune to catching COVID-19 again. And many concerned pointed to multiple cases in South Korea of a recovered patient again testing positive for COVID-19.

On 5/22, however, the Korea CDC published a study of the recovered patients who re-tested positive for COVID-19. This was tweeted by Scott Gottlieb on 5/22 (see below) and the key abstraction is:

- not a single instance of a re-infection for those recovered patients, despite testing "positive"
- virus was dead on PCR test

**Scott Gottlieb, MD** @ScottGottliebMD · May 22  
The bottom line analysis from the Korean CDC demonstrating that those testing positive for SARSCoV2 after recovering from covid WERE NOT infected or contagious. The positive hit on the subsequent PCR test was dead virus and could not replicate in viral cell culture.

**Tatiana Prowell, MD** @tmprowell · May 21  
Korean CDC analysis of 285/447 (64%) who retested #SARSCoV2 positive post #COVID19  
 👉 Viral cell culture (n=108): 0% pos  
 👉 Contacts traced (n=790): only 3 ill, all w/ other exposures  
 👉 These ppl are not re-infected or still contagious. It's old, dead virus.  
[bit.ly/3e9DPlv](https://bit.ly/3e9DPlv)

the total 447 re-positive cases (as of 15 May).  
the 284 cases for which symptoms were investigated, 126  
From the monitoring of contacts, as of now, no case has

On average, it took 14.3 days (range: 9-62 days) from initial symptom onset date to testing positive after discharge (symptomatic at the time of initial confirmation)

Initial symptom onset to testing positive after discharge (N=226)

On average, it took 14.3 days (range: 9-17 days) from discharge to testing positive (based on 305 cases)

Discharge from isolation to testing positive after discharge

PROTOCOLS FOR MANAGEMENT OF CONTACTS AND RE-POSITIVE CASES

	Before	After
Management of confirmed cases after discharge from isolation	14 day self-isolation recommended after discharge from isolation	Not needed
Management of cases that test positive after discharge from isolation	PCR test required if symptoms appear within 14 days of discharge from isolation	Not needed
Management of cases that test positive after discharge from isolation	No positive cases managed similar to management of confirmed cases (isolation)	Not needed
Investigation of re-positive cases	Contacts managed similar to management of contacts of confirmed cases (quarantine)	Not needed
Investigation of re-positive cases	Reporting of re-positive cases and investigation	None as before
Investigation of re-positive cases	Investigation of contacts of re-positive cases	None as before

Source: <https://twitter.com/scottgottliebmd/status/1263989372317294594?s=12>

The Korea CDC study looked at 285 re-positive cases (64% of the total 447) and also traced 790 contacts (those around those re-tested). The results, as described above by Gottlieb, have led to a change in the protocol by Korea. Once a patient is discharged, no further tests are needed.

- That is a huge change.
- They no longer see a discharged patient as a risk for transmitting infection to others.



The screenshot shows the KCDC (Korea Centers for Disease Control and Prevention) website. At the top left is the KCDC logo. At the top right, it says 'KOR' with a menu icon. Below the navigation bar is a green 'News Room' header with a dropdown arrow. The main content area is titled 'Press Release' with a share icon. The title of the press release is 'Findings from investigation and analysis of re-positive cases'. Below the title, it lists: Date 2020-05-19 22:55, Update 2020-05-21 18:57, Division Division of Risk assessment and International cooperation, Tel 043-719-7556, Notice 2020-05-19 ~ 2020-12-31, and a view count of 27,114.

<https://www.cdc.go.kr/board/board.es?mid=a30402000000&bid=0030>

The link to the report is shared below, but the researchers could not find a single instance of re-infection. And they did not find an instance where the 790 contracted COVID-19 from the recovered patient.



FINDINGS FROM INVESTIGATION AND ANALYSIS OF RE-POSITIVE CASES

- Based on active monitoring, epidemiological investigation, and laboratory testing of re-positive cases and their contacts, no evidence was found that indicated infectivity of re-positive cases.
- Of the 447 re-positive cases as of 15 May, epidemiological investigation was conducted on 285 cases and laboratory analysis on 108 cases. (\*473 as of 18 May)
- From monitoring of 790 contacts of the 285 re-positive cases, no case was found that was newly infected solely from contact with re-positive cases during re-positive period.
- Virus isolation in cell culture of respiratory samples of 108 re-positive cases, all result was negative (i.e. virus not isolated).
- Of the 23 re-positive cases from which the first and the second serum samples were obtained, 96% were positive for neutralizing antibodies.

NO  
re-infection

<https://www.cdc.go.kr/board/board.es?mid=a30402000000&bid=0030>

The fact that one is essentially immune to COVID-19 post-recovery is a pretty critical finding. It suggests that herd immunity could be achieved. And moreover, it drastically reduces the risk of transmission and re-infection by those recovered.

- perhaps those "immunity" passports will make sense;
- cities hardest hit like NYC may have the most diminished risks once re-opening is in full force

**2 more vaccines in clinical evaluation (10 total), Novavax and another trial by Institute of Medical Biology, Science Academy of Medical Sciences...**

On 5/25 (Monday), Novavax announced it was starting Phase 1 clinical trials of its vaccine candidate and has already enrolled candidates. The Novavax vaccine candidate, NVX-CoV2373, used with its Matrix-M adjuvant is designed to trigger an enhanced immune response.



HEALTH AND SCIENCE

## Novavax starts clinical trial of its coronavirus vaccine candidate

PUBLISHED MON, MAY 25 2020-6:04 PM EDT UPDATED 2 HOURS AGO



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### KEY POINTS

- Novavax said on Monday it has started the Phase 1 clinical trial of a novel coronavirus vaccine candidate and has enrolled the trial's first participants, with preliminary results slated for July.
- Novavax said it expects preliminary immunogenicity and safety results from the trial in July.

Source: <https://www.cnbc.com/2020/05/25/novavax-starts-phase-1-clinical-trial-of-coronavirus-vaccine-candidate.html>

There are now 124 "shots at goal" for finding a vaccine for COVID-19, up from 118 a week ago. That is +6 additional candidates for a vaccine in just a week. This is quite a lot of progress and speaks to the enormous global resources, lab power, manpower and ingenuity behind developing a solution to COVID-19. While there is not a known probability of success, we can see measurable progress:

- in 1 week, the number of vaccines in clinical trial rose 25% to 10 from 8.

DRAFT landscape of COVID-19 candidate vaccines –  
22 May 2020

+2

10 candidate vaccines in clinical evaluation

Platform	Type of candidate vaccine	Developer	Coronavirus target	Current stage of clinical evaluation/regulatory status-Coronavirus candidate	Same platform for non-Coronavirus candidates
Non-Replicating Viral Vector	Adenovirus Type 5 Vector	CanSino Biological Inc./Beijing Institute of Biotechnology	SARS-CoV2	Phase 2 <a href="#">ChiCTR2000031781</a> Phase 1 <a href="#">ChiCTR2000030906</a>	Ebola
RNA	LNP-encapsulated mRNA	Moderna/NIAID	SARS-CoV2	Phase 2 (IND accepted) Phase 1 <a href="#">NCT04283461</a>	multiple candidates
Inactivated	Inactivated	Wuhan Institute of Biological Products/Sinopharm	SARS-CoV2	Phase 1/2 <a href="#">ChiCTR2000031809</a>	
Inactivated	Inactivated	Beijing Institute of Biological Products/Sinopharm	SARS-CoV2	Phase 1/2 <a href="#">ChiCTR2000032459</a>	
Inactivated	Inactivated + alum	Sinovac	SARS-CoV2	Phase 1/2 <a href="#">NCT04383574</a> <a href="#">NCT04352608</a>	SARS
<i>new</i> →	Inactivated	Institute of Medical Biology, Chinese Academy of Medical Sciences	SARS-CoV2	Phase 1	
<i>new</i> →	Non-Replicating Viral Vector	University of Oxford/AstraZeneca/Serum Institute of India	SARS-CoV2	Phase 1/2 <a href="#">NCT04324606</a>	MERS, influenza, TB, Chikungunya, Zika, MenB, plague
<i>new</i> →	Protein Subunit	Novavax	SARS-CoV2	Phase 1/2 <a href="#">NCT04368988</a>	RSV; CCHF, HPV, VZV, EBOV
	RNA	BioNTech/Fosun Pharma/Pfizer	SARS-CoV2	Phase 1/2 <a href="#">2020-001038-36</a> <a href="#">NCT04368728</a>	
	DNA	Inovio Pharmaceuticals	SARS-CoV2	Phase 1 <a href="#">NCT04336410</a>	multiple candidates

**POINT #3: As America begins opening, we need to be aware of the "second wave" of economic hit is underway, asset owners taking the hit...**

The speed of the economic crash and the velocity of the re-opening are moving at a pace no economist ever imagined possible for a global economy. The shutdown came nearly overnight and the re-opening is taking place within 8 weeks of a total shutdown. And as the economy opens, this is placing a "bottom" on the GDP print -- that is, the worst of the economic hit is taking place in the second quarter of 2020. This is becoming more widely acknowledged, by the economist and by the media (see WSJ article below).



# For Economy, Worst of Coronavirus Shutdowns May Be Over

Recovering air travel, hotel bookings and mortgage applications are among the early signs the U.S. economy is slowly creeping back to life



The latest hopeful economic signs coincide with the slow reopening of several states, including Pennsylvania.

PHOTO: CHRISTOPHER DOLAN/THE TIMES-TRIBUNE/ASSOCIATED PRESS

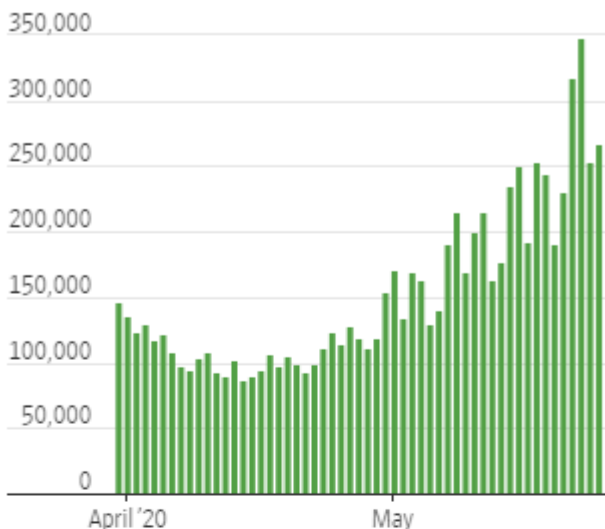
By [Harriet Torry](#) and [Josh Mitchell](#)

Updated May 25, 2020 7:29 pm ET

SAVE SHARE TEXT

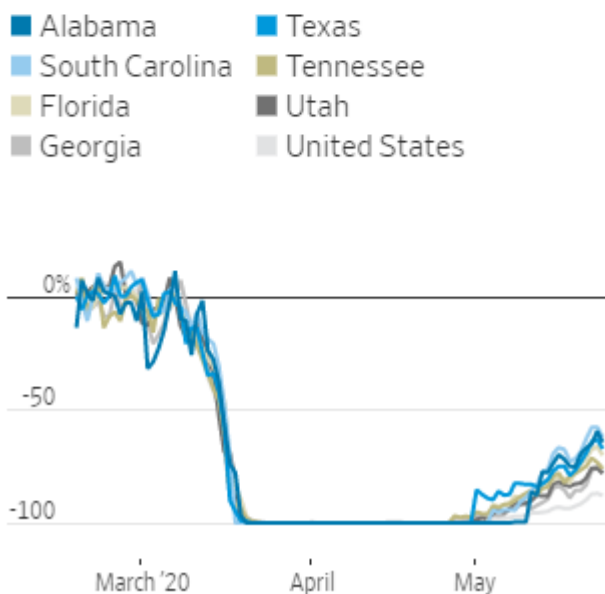
933

**Daily number of passengers screened at U.S. TSA airport checkpoints**



Source: Transportation Security Administration

**Seated diners at restaurants on the OpenTable network, change from one year earlier**

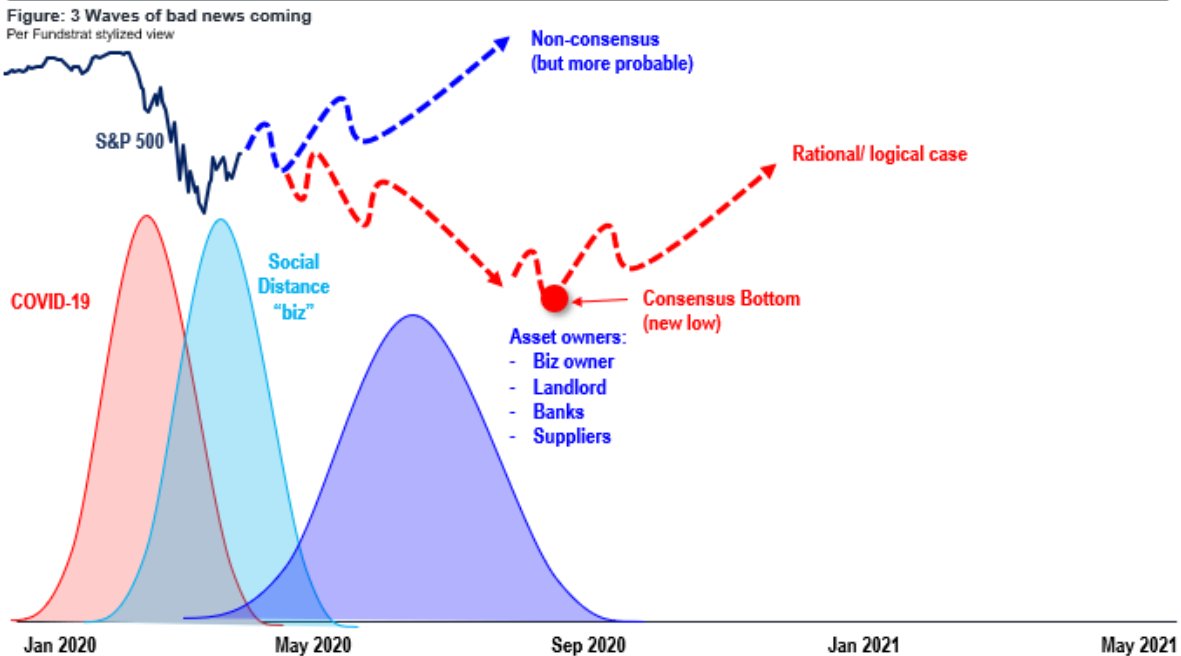


Source: OpenTable

<https://www.wsj.com/articles/for-economy-worst-of-coronavirus-shutdowns-may-be-over-11590408000>

***But as the economy moves past the nadir, we still have a second wave of economic hit -- the asset owners...***

But the nadir of the economy is not a nadir for all parts of the economy. The asset owners, landlords, banks, biz owners are now facing the economic hit, and this is a second wave of carnage. This is one of the reasons we expect the S&P 500 EPS to be much worse in 2Q2020 than consensus is looking for. And in all likelihood, S&P 500 EPS will be negative for 2Q2020, leading to \$50 FY EPS (it was \$32 in 1Q2020).



Source: Johns Hopkins, Fundstrat, Bloomberg, Factset

***Wave 2: Already quite a bit of evidence this tsunami is underway...***

As the headline below shows, 15 million credit card accounts and 3 million auto loans are in "hardship" programs and did not get paid in April. Per the WSJ:

- ~3% of credit cards are in "hardship" compared to 0.03% a year ago
- ~3.5% of auto loans are in "hardship" compared to 0.5% a year ago

The massive rise in unemployment and stoppage of the economy explains this (obviously), but this is going to create a cascade of problems for assets owners (in this case, banks and lenders).



MARKETS

# Millions of Americans Skip Credit-Card and Car Payments

About 15 million credit-card accounts and 3 million auto loans didn't get paid in April as the coronavirus ravaged the economy, data show



Cars waited in line for handouts of surplus potatoes and other free items in Kennewick, Wash., on May 8.

PHOTO: DAVID RYDER/BLOOMBERG NEWS

By [AnnaMaria Andriotis](#)

May 20, 2020 10:36 am ET


Source: <https://www.wsj.com/articles/millions-of-americans-skip-credit-card-and-car-payments-11589985381>

Hertz also filed for bankruptcy protection on Friday evening with greater than \$25 billion in debts outstanding. The list of major bankruptcies is set to grow. But Hertz, along with major retailers, are examples of weak businesses, which are dealt with the "death blow" from COVID-19. The problems with Hertz have been years in the making, a reason its debt traded so poorly prior to 2020. But a bankruptcy still creates losses for asset owners.



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# Hertz files for U.S. bankruptcy protection as car rentals evaporate in pandemic

Mike Spector      4 MIN READ       

<https://www.reuters.com/article/us-hertzglohdg-bankruptcy/hertz-files-for-u-s-bankruptcy-protection-as-car-rentals-evaporate-in-pandemic-idUSKBN22Z03W>

And another example is Mall of America, which as Bloomberg reports, has now missed 2 months of payments on its \$1.4 billion in loans. Tenants for Mall of America are likely delinquent, so it is not a surprise to see mall owners facing a cash crunch. But we want to flag this cascade of economic pain coming.





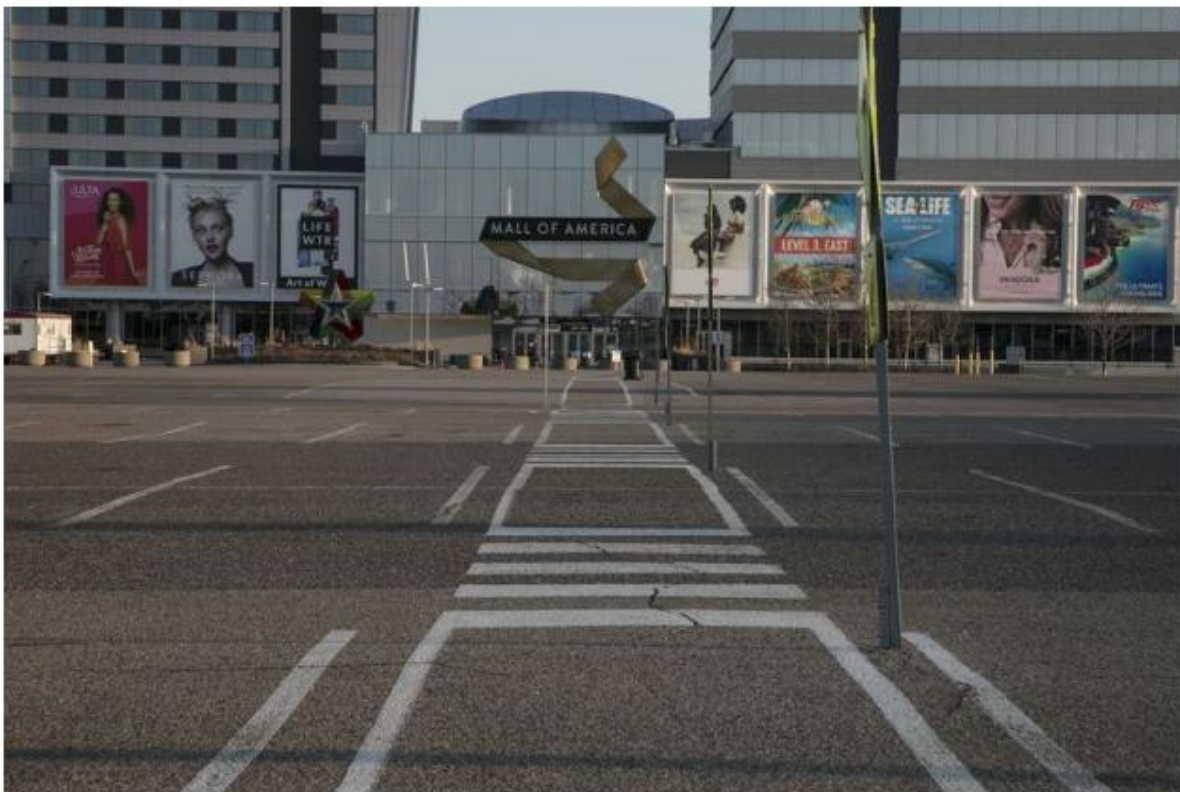
Markets

# Biggest U.S. Mall Is Two Months Delinquent on \$1.4 Billion Loan

By [John Gittelsohn](#)

May 21, 2020, 9:44 AM EDT

- ▶ Mall of America missed making April and May payments
- ▶ Mega-mall in Bloomington, Minnesota, closed since March 17



The Mall of America parking lot sits empty in Bloomington, Minnesota on April 18. *Photographer: Ariana Lindquist/Bloomberg*

Source: <https://www.bloomberg.com/news/articles/2020-05-21/biggest-u-s-mall-is-two-months-delinquent-on-1-4-billion-loan>

**...even Healthcare workers (higher income) will take a big hit...**

And even Doctors are not being spared. The healthcare system suffered from a drop in profitable elective surgeries and visits. And as CNBC reports, this is causing many hospital systems to look at major pay cuts. This is part of the second wave of pain coming.



HEALTH AND SCIENCE

## Doctors face pay cuts, furloughs and supply shortages as coronavirus pushes primary care to the brink

PUBLISHED MON, MAY 25 2020 2:13 PM EDT  
UPDATED 4 HOURS AGO

Spencer Kimball  
[@SPENCEKIMBALL](#)

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### KEY POINTS

- In 2016, primary-care physicians fielded 54% of all patient visits to doctors' offices.
- Primary care receives less than 7% of total U.S. health-care expenditures.
- The coronavirus pandemic is now threatening to push already tight budgets into the red.

Source: [https://www.cnbc.com/amp/2020/05/25/coronavirus-family-doctors-face-pay-cuts-furloughs-and-supply-shortages.html?\\_twitter\\_impression=true](https://www.cnbc.com/amp/2020/05/25/coronavirus-family-doctors-face-pay-cuts-furloughs-and-supply-shortages.html?_twitter_impression=true)

**JPMorgan forecasts 2Q2020 Global GDP to decline 24% with a 42% hit to Developed economies... only 9% to EM (yup)**

We are not trying to case the world in a dark light. We just want to flag the massive potholes coming in 2Q2020, despite the positives of a re-opening. In fact, a good way to see the level of damage in 2Q2020 is to look at the global economic forecasts of JPMorgan for 2Q2020:

- Global GDP is set to fall 24%
- Developed markets is crashing 42% (yup)
- Emerging economies will see a milder 9% (yup)

**Table 1: Real GDP**

%q/q, saar. Underline indicates J.P. Morgan forecast.

	1Q20		2Q20	
	Fcst/Actual	Now-cast	Fore-cast	Now-cast
<b>Global</b>	<u>-12.2</u>	1.5	<u>-24.1</u>	-2.1
<b>Weighted Avg*</b>	<u>-12.8</u>	-8.5	<u>-23.7</u>	-6.9
<b>Developed*</b>	<u>-8.0</u>	-4.0	<u>-42.3</u>	-19.1
US	-4.8	-4.2	<u>-40.0</u>	-25.0
EMU	-14.2	-5.7	<u>-45.0</u>	-17.5
UK	-7.7	0.4	<u>-56.7</u>	-2.9
Canada	<u>-10.0</u>	-1.4	<u>-45.0</u>	-13.5
Japan	-3.4	-1.6	<u>-35.0</u>	-9.8
<b>Emerging*</b>	<u>-21.2</u>	-16.6	<u>9.3</u>	14.7
<b>EM Asia*</b>	<u>-30.0</u>	-27.0	<u>35.8</u>	32.4
China	-34.7	-31.8	<u>43.8</u>	40.8
Korea	-5.5	-2.5	<u>-1.0</u>	-11.4
Taiwan	-5.9	-2.4	<u>-6.0</u>	-4.6
Singapore	<u>-10.6</u>	-2.4	<u>-20.0</u>	-14.8
<b>Latam*</b>	<u>-5.7</u>	-7.8	<u>-44.9</u>	-27.3
Brazil	<u>-6.0</u>	-4.9	<u>-51.0</u>	-34.2
Mexico	<u>-6.1</u>	-8.4	<u>-40.0</u>	-13.9
Argentina	<u>-9.8</u>	-23.0	<u>-41.0</u>	-37.3
Chile	<u>12.7</u>	11.5	<u>-35.0</u>	-11.2
Colombia	<u>-9.2</u>	-7.9	<u>-40.0</u>	-23.7
Peru	<u>-10.0</u>	-18.8	<u>-50.0</u>	-46.1
<b>EMEA EM*</b>	<u>-2.9</u>	15.6	<u>-38.4</u>	-10.7
Poland	-2.0	1.2	<u>-45.0</u>	-5.9
Hungary	-1.6	2.5	<u>-50.0</u>	2.9
Czech Rep.	-13.6	-3.6	<u>-40.0</u>	-11.3
Romania	1.2	4.0	<u>-40.0</u>	-8.4
Russia	-0.3	0.3	<u>-39.5</u>	-17.7
Turkey	<u>-3.9</u>	80.9	<u>-26.8</u>	-6.9
South Africa	<u>-10.1</u>	-2.3	<u>-40.4</u>	-1.7

\* Aggregates are GDP weighted averages of constituents. Source: J.P. Morgan. Please note the long-form nomenclature for China and Taiwan is Mainland China and Taiwan, China

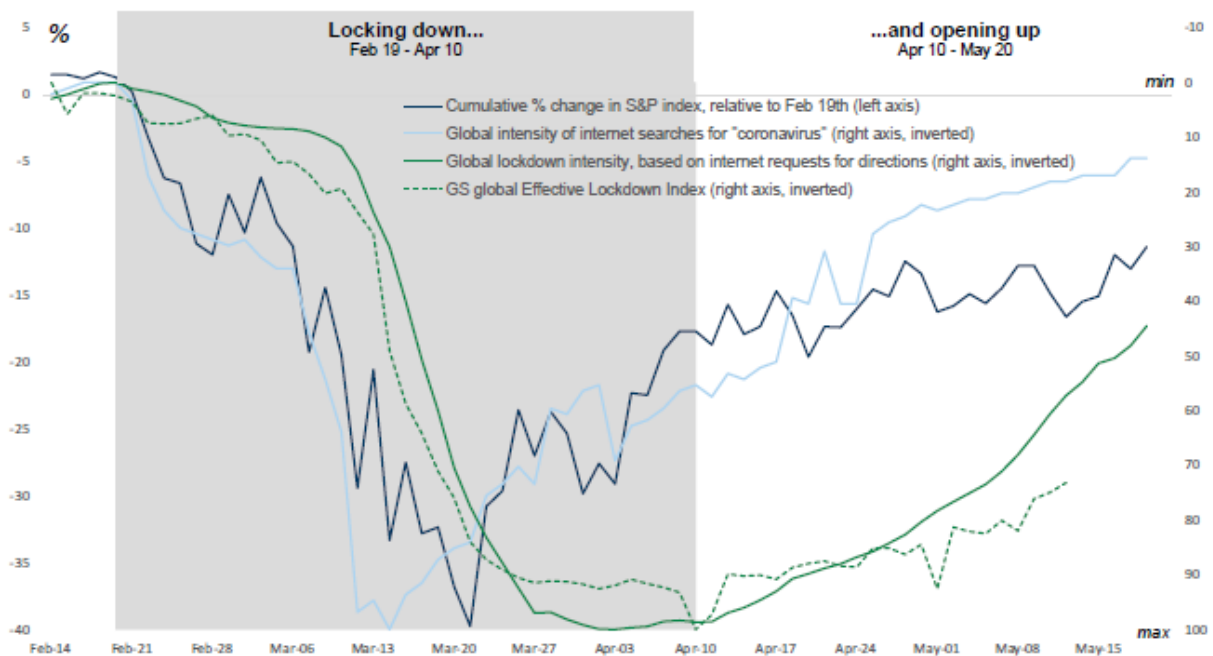
Source: JPMorgan Economic Research

**STRATEGY: Markets are still in the hands of buyers, as everybody else sold in Feb/March...**

We have a shortened trading week ahead of us and S&P 500 futures are strong (+1.3%). The improvement in case data plus the healthcare news is positive. And the fact is, sellers are done selling. Last week, we highlighted many charts from BofA Fund Manager survey, to the AAll sentiment, to the record money market balances. There are just more people on the sidelines.

And Goldman Sachs' Global Markets team put together a near chart below showing the path of S&P 500 compared to panic measures like Corona virus searches and some movement data (Apple).

**Exhibit 1: A continued recovery in global markets depends on whether the world can reopen successfully**  
Right axis variables are transformed so that their min. is 0 and their max. is 100 during this sample window



Source: Goldman Sachs Global Investment Research, Google LLC Google COVID-19 Community Mobility Reports. Accessed: May 15, Apple

As for investment strategy, we still think one wants to own Growth but there is a lot beta in "epicenter" stocks. Energy is already one we discussed last week, but the real epicenter is Energy, Financials and Discretionary.

Figure: Representative styles and themes  
Per Fundstrat

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

Source: Fundstrat

Figure: Way forward → What changes after COVID-19  
Per Fundstrat best guess

Structural Change	Rationale	Investment Impact	Winners
1. <b>Supply chain moves back to USA</b>	From China → USA	US infrastructure boom	US leadership: - Technology - Healthcare - Financials
2. <b>De-urbanization</b>	Cities → suburbs	Residential housing boom + Millennials buy homes not rent	US housing stocks US Consumer Discretionary US banks US autos
3. <b>Work from home</b>	Office → home	Buy a house and get a write-off	US housing US home furnishing US banks
4. <b>Buy USA</b>	Global → USA	USA gathers assets	S&P 500 Small-caps

Source: Fundstrat, Bloomberg, Factset

Source: Fundstrat



## Disclosures

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