



**COVID-19 UPDATE: Worst 3-day stretch of COVID-19 data since late March, but markets take in stride. Updating "trifecta" epicenter stock list +3 names. 28 total.**

**THIS MESSAGE IS BEING SENT SOLELY TO CLIENTS OF FS INSIGHT**

From a healthcare timeline, the past 3 days have been the worst since early March -- we have seen back to back record surge in cases, Texas "pauses" its opening, Disney delays indefinitely opening of Disneyland, and Apple closes more retail stores. I mean, this is just horrific. And we have not seen any news this week on the healthcare side. And 2020 election race is becoming tighter and tighter. In the face of this major setback, we have seen a 4% decline in equities, which reversed today into a 1% rally.

This is quite interesting to us. This is the worst stretch of news since the dark days of March -- a new all-time high in cases. Yet:

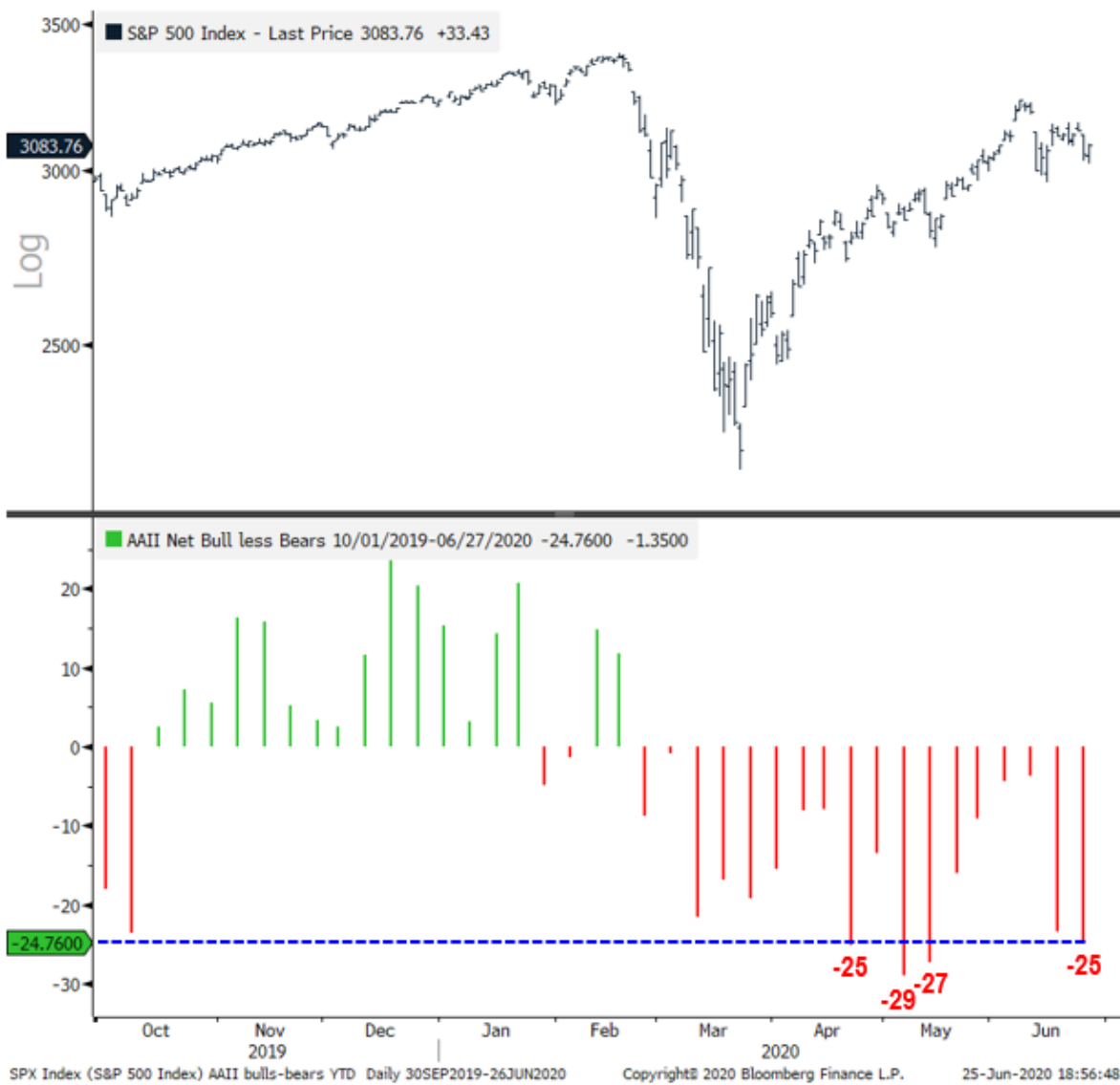
- VIX barely budged
- Stocks fell for 1D
- If this happened two months ago, we would be expecting S&P 500 to be visiting 1,700 or lower



I think this reflects the real positioning of the market. Investors have little need to sell because few investors are "uncomfortably" long. Remember that WSJ article a few weeks ago about how 30% of Fidelity account holders went to 100% cash? Well, the best sentiment metric to track >age 60 is the AAI survey.

- this week, the AAI bulls less bears is -25.
- this is the 3rd worst reading since the great crash of 2020

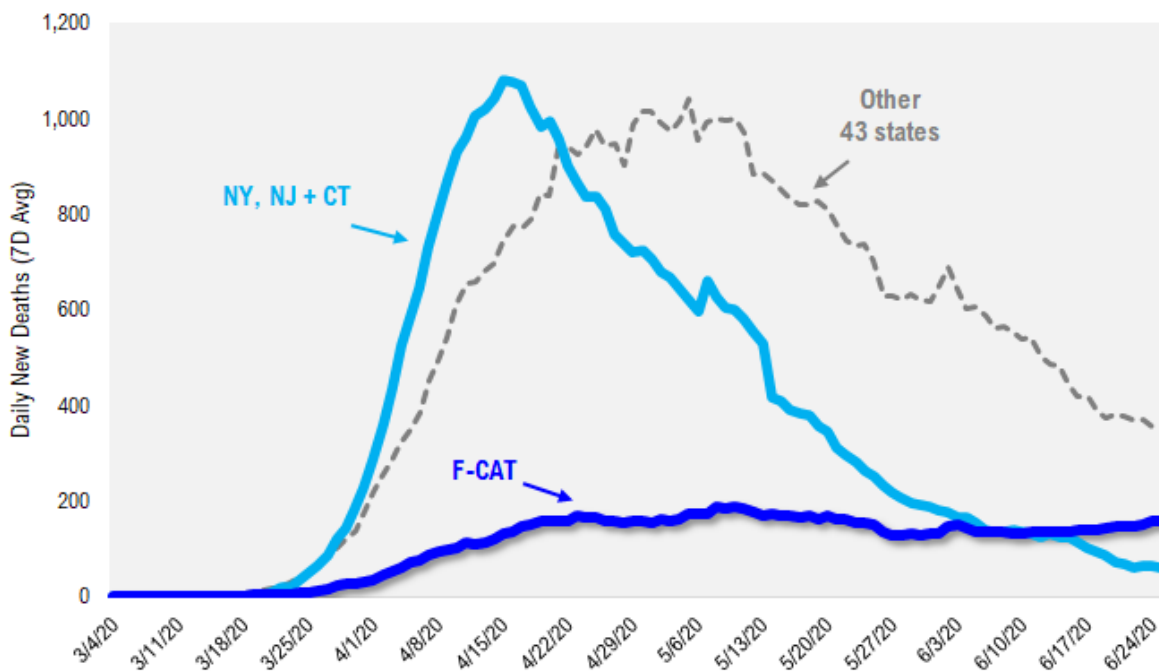
Think about that! Retail investors, age >60, are as bearish now as they were when COVID-19 was burning down NYC. If investors are already bearish and sitting on record cash, downside moves are just not that dynamic. Now, I think a consolidation is healthy. I am not trying to say stock have to surge from here. But, this is not much downside given how the "headlines" have not been great for COVID-19.



Of course, another reason stocks may not be tanking, is that case figures matter less than "death" and hospitalizations. We showed a chart yesterday showing daily case growth for 50 states broken into 3 composites: F-CAT (FI, CA, TX, AZ, border states), NY/NJ/CT and other 43. Below is the same composites, but for daily recorded deaths.

- from this lens, there is not even any resurgence of any kind.
- in other words, cases are exploding but hospitalizations are more benign, and deaths trending lower.

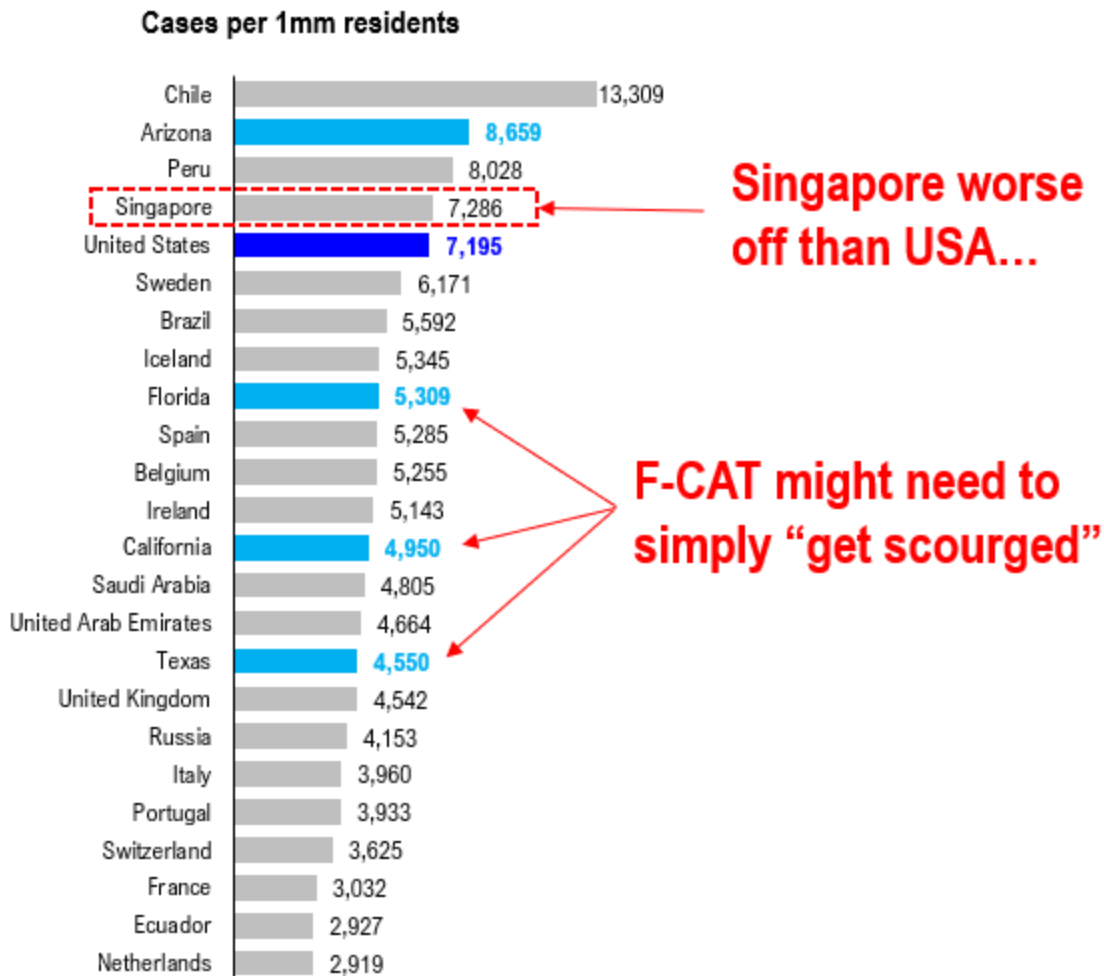
## *Not a second wave in deaths...*



Source: COVID-19 Tracking Project

And the US is not faring too badly overall. Remember how Singapore has been lauded as a model nation because of how well they contained COVID-19? Well, Singapore's case prevalence at 7,286 cases per 1mm is actually higher than the USA at the moment. Yup.

- and we wonder if F-CAT simply need to get case prevalence to a level that could create some level of herd immunity.
- Dr. Scott Gottlieb yesterday on CNBC mentioned he believes NYC prevalence is 30%, which is herd immunity, and likely explains why cases have not surged despite massive protests (superspreader events).



Source: Johns Hopkins, COVID-19 Tracking Project

**STRATEGY: Texas pause = good and very wise. Stick with "epicenter" and 28 trifecta stocks ideas (+3 new names).**

Texas Gov. Greg Abbott today announced the state is pausing its re-opening. Much of the state is already open, so this is a "pause" and not a rollback. I think this is really wise and the best course correction. Texas is experiencing the outbreak that NY/NJ/CT saw in March. And my personal experience was that a lot of my family, friends, colleagues, neighbors took action, much due to fear. And this fear might compel people to social distance, mask, etc. even without government edict. More discussed below.

And markets continue to show impressive resilience. Let's be honest. Given the "case setback" seen in the past few days, ala new highs, investors would have panicked two months ago. But today, markets are taking this in stride. I think it speaks either to the fact many are just not that long, or that markets are focusing on other metrics.

***Stick with "epicenter" even because they are "unkillable"***

In the face of this setback on healthcare data, the natural question is whether we want to be buying "epicenter" stocks. After all, if states pause/rollback, this group is hit the hardest. In short, we think the right strategy is epicenter. Here is a simple observation:

- we get a new high in cases
- Texas is pausing
- Apple is closing store

This is "massacre-level" bad news. And the epicenter got massacred. But will they get pounded even more? They are hardly owned today. And the fact that the NASDAQ made a new all-time high shows "bond proxy" (NASDAQ is the new bond proxy?) is holding up. So, the upside in the S&P 500 is the cyclical, aka epicenter.

***Updating "trifecta stock list" -- now 28 stocks, + 3 new names***

We are updating our "trifecta" epicenter stock lists. These are stocks which:

- DQM ranked top quintile
- Rob Sluymer rates OW technically
- Brian Rauscher OW on his model

***New Long ideas: DRI, EQH, HWM***

Discretionary: **GNTX, BBY, GRMN, TPX, DHI, LEN, EBAY, DRI (New)**

Energy: **CVX, XOM, COP, PXD**

Financials: **GS, MS, SBNY, SIVB, EQH (New)**

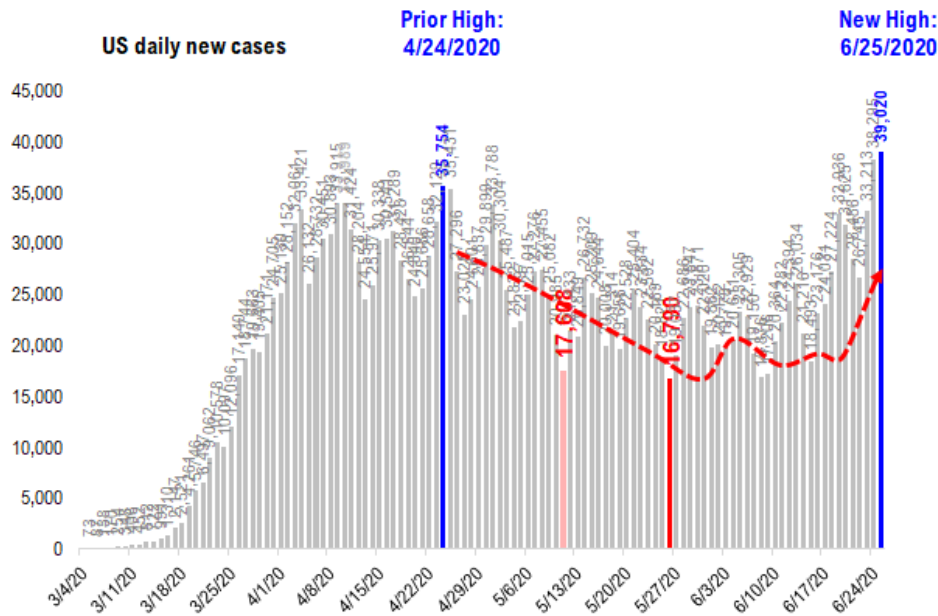
Industrials: **GD, ALK, FBHS, MAS, CMI, OSK, ITT, GWW, MSM, SNDR, HWM (New)**

Ticker	Company name	Sub-industry name	Current Price	Mkt Cap (\$mm)	DQM Quintile1	Brian Rauscher	Robert Sluymer	Performance...		
								2/19-3/23	3/23-6/25	YTD
<b>Consumer Discretionary</b>										
GNTX	Genex Corp	Auto Parts & Equipment	25.68	6,288	OW	OW	OW	-35.2%	27.8%	-11.4%
BBY	Best Buy Co Inc	Computer & Electronics Retail	84.71	21,881	OW	OW	OW	-44.3%	67.1%	-3.5%
GRMN	Garmin Ltd	Consumer Electronics	96.23	18,382	OW	OW	OW	-38.6%	51.2%	-1.4%
TPX	Tempur Sealy International	Home Furnishings	70.24	3,620	OW	OW	OW	-61.6%	94.0%	-19.3%
DHI	Dr Horton Inc	Homebuilding	54.11	19,671	OW	OW	OW	-52.2%	83.1%	2.6%
LEN	Lennar Corp	Homebuilding	59.76	18,085	OW	OW	OW	-58.3%	103.6%	7.1%
EBAY	Ebay Inc	Internet & Direct Marketing Re	49.40	34,712	OW	OW	OW	-29.8%	87.5%	36.8%
DRI	Darden Restaurants Inc	Restaurants	74.59	9,688	OW	OW	OW	-66.0%	81.6%	-31.6%
<b>Energy</b>										
CVX	Chevron Corp	Integrated Oil & Gas	89.21	168,553	OW	OW	OW	-51.0%	64.5%	-26.0%
XOM	Exxon Mobil Corp	Integrated Oil & Gas	45.17	190,988	OW	OW	OW	-47.9%	43.6%	-35.3%
COP	ConocoPhillips	Oil & Gas Exploration & Produc	42.06	45,106	OW	OW	OW	-58.6%	71.3%	-35.3%
PXD	Pioneer Natural Resources	Oil & Gas Exploration & Produc	97.70	16,107	OW	OW	OW	-56.6%	59.4%	-35.5%
<b>Financials</b>										
GS	Goldman Sachs Group Inc	Investment Banking & Brokerage	207.10	74,243	OW	OW	OW	-43.1%	53.4%	-9.9%
MS	Morgan Stanley	Investment Banking & Brokerage	48.79	76,876	OW	OW	OW	-50.6%	75.4%	-4.6%
SBNY	Signature Bank/New York	Regional Banks	105.49	5,695	OW	OW	OW	-50.1%	44.3%	-22.8%
SIVB	Sub Financial Group	Regional Banks	215.00	11,075	OW	OW	OW	-46.4%	50.1%	-14.4%
EQH	Equitable Holdings Inc	Other Diversified Financial Se	19.76	8,903	OW	OW	OW	-61.4%	89.6%	-20.3%
<b>Industrials</b>										
HWM	Howmet Aerospace Inc	Aerospace & Defense	15.20	6,629	OW	OW	OW	-64.8%	57.6%	-38.6%
GD	General Dynamics Corp	Aerospace & Defense	146.96	42,158	OW	OW	OW	-42.9%	37.9%	-16.7%
ALK	Alaska Air Group Inc	Airlines	35.48	4,349	OW	OW	OW	-63.1%	47.6%	-47.6%
FBHS	Fortune Brands Home & S	Building Products	61.65	8,504	OW	OW	OW	-51.8%	77.0%	-5.6%
MAS	Masco Corp	Building Products	48.70	12,845	OW	OW	OW	-38.9%	76.9%	1.5%
CMI	Cummins Inc	Construction Machinery & Heavy	169.71	25,037	OW	OW	OW	-38.8%	65.2%	-5.2%
OSK	Oshkosh Corp	Construction Machinery & Heavy	70.08	4,770	OW	OW	OW	-42.1%	43.7%	-26.0%
ITT	Itt Inc	Industrial Machinery	57.21	4,937	OW	OW	OW	-44.4%	50.6%	-22.6%
GWW	Ww Granger Inc	Trading Companies & Distributo	295.95	15,824	OW	OW	OW	-31.8%	41.3%	-12.6%
MSM	Msc Industrial Direct Co In	Trading Companies & Distributo	70.59	3,922	OW	OW	OW	-34.3%	51.2%	-10.0%
SNDR	Schneider National Inc	Trucking	23.53	4,170	OW	OW	OW	-22.4%	38.1%	7.8%

Source: Fundstrat

**POINT #1: COVID cases 6/25/2020 "less horrifying" as +39,020 is only slight >1D ago**

We are seeing a new level of case rise for COVID-19 as daily cases rose to 39,020, +725 from 1D ago. The renewed rise in daily cases is very evident looking at the chart below.

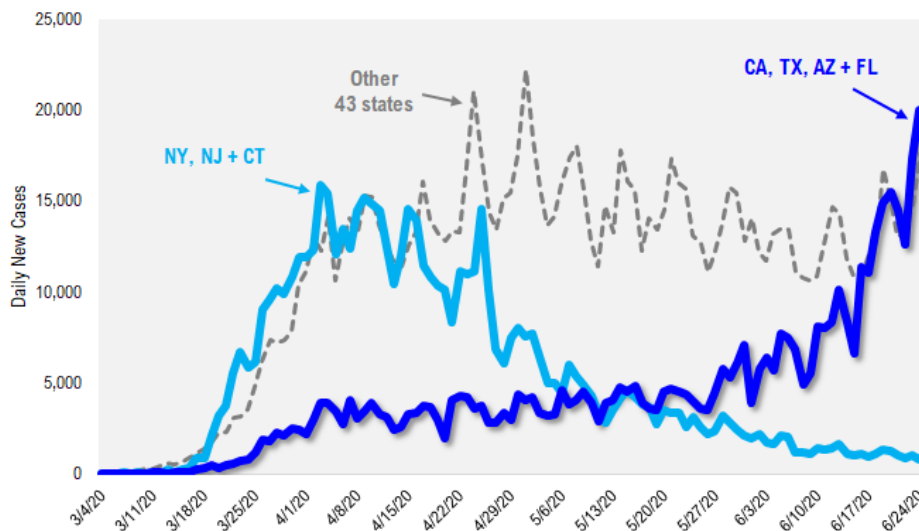


Source: COVID-19 Tracking Project

***F-CAT leading US surge, and imported cases could be a factor...***

And we illustrated yesterday, the US border states, F-CAT (Florida, California, Arizona, Texas) are leading the surge in US cases. So, this is not a second wave, but it is a wave of severity as these cases are driving renewed concerns about the economic recovery. We discuss in a later section how there is pretty hard to ignore anecdotal evidence that a contributor to the surge in F-CAT are imported cases from Latin America.

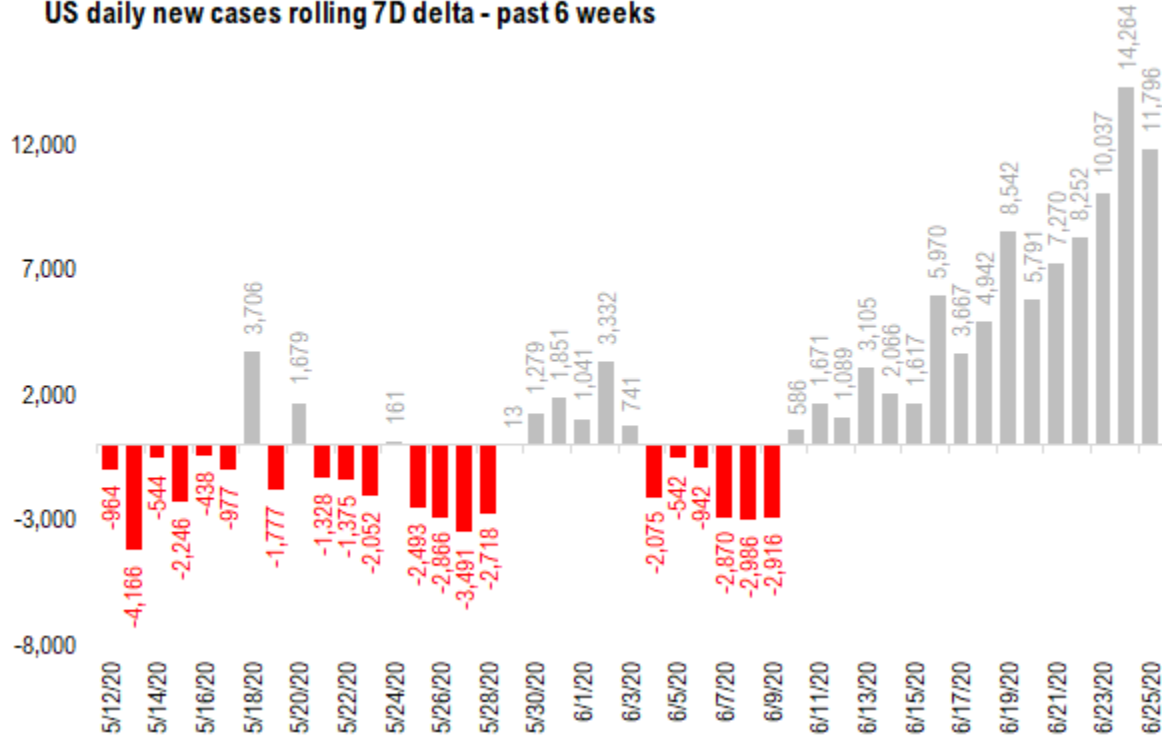
***Not a second wave...***



Source: COVID-19 Tracking Project

To get a sense for the sustained trend, it is helpful to look at the daily cases compared to a week ago and you can see, the surge in case growth. But at least the delta is slightly smaller today compared to Wednesday.

**US daily new cases rolling 7D delta - past 6 weeks**



Source: COVID-19 Tracking Project

*6 states posted material increases in 1D case rise...*

Arizona	3,056 vs 1,795 (1D)	+1,261
Mississippi	1,092 vs 526	+566
Texas	5,996 vs 5,551	+445
Missouri	553 vs 291	+262
Ohio	892 vs 632	+260
Indiana	515 vs 269	+246
<b>Total 6 states</b>		<b>+3,040</b>

*6 states posted material decreases in 1D case change...*

California	5,349 vs 7,149 (1D)	-1,800
North Carolina	1,009 vs 1,721	-712
Florida	5,004 vs 5,511	-507
South Carolina	1,125 vs 1,284	-159
Tennessee	799 vs 932	-133
Virginia	432 vs 520	-88
<b>Total 6 states</b>		<b>-3,399</b>



**Daily Case Increases (by State) (06/25)**

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

*Sorted*  
Last 3-day trend growth rates

	6/23/20	6/24/20	6/25/20	
United States	33,213	38,295	39,020	+725
<b>States:</b>				
1 Texas	5,489	5,551	5,996	
2 California	5,019	7,149	5,349	
3 Florida	3,286	5,511	5,004	
4 Arizona	3,593	1,795	3,056	
5 Georgia	1,750	1,703	1,714	
6 Alabama	643	967	1,142	
7 South Carolina	912	1,284	1,125	
8 Mississippi	611	526	1,092	<-higher
9 North Carolina	848	1,721	1,009	
10 Louisiana	1,356	882	938	
11 Illinois	601	715	894	<-higher
12 Ohio	590	632	892	<-higher
13 Tennessee	750	932	799	
14 New York	597	581	749	<-higher
15 Arkansas	595	697	687	
16 Utah	394	484	590	<-higher
17 Pennsylvania	510	495	579	
18 Missouri	434	291	553	<-higher
19 Indiana	238	269	515	<-higher
20 Nevada	462	365	497	
21 Iowa	322	332	492	<-higher
22 Washington	190	516	483	
23 Wisconsin	263	432	464	
24 Maryland	404	330	440	
25 Oklahoma	295	482	438	
26 Virginia	529	520	432	
27 Minnesota	242	294	360	<-higher
28 Michigan	221	323	353	
29 Colorado	188	262	324	<-higher
30 New Jersey	319	158	304	
31 Kentucky	302	222	254	
32 Massachusetts	229	172	226	
33 Idaho	148	243	220	
34 New Mexico	144	152	202	<-higher
35 Nebraska	135	129	125	
36 Oregon	191	170	124	
37 Delaware	27	42	91	<-higher
38 Connecticut	117	14	81	
39 South Dakota	27	66	60	
40 Maine	23	23	53	<-higher
41 Wyoming	24	28	44	<-higher
42 New Hampshire	13	27	40	<-higher
43 Montana	3	23	37	<-higher
44 Rhode Island	74	73	34	
45 West Virginia	30	47	32	
46 North Dakota	7	42	31	
47 District of Columbia	36	34	31	
48 Alaska	17	14	24	<-higher
49 Hawaii	3	15	16	
50 Guam	1	6	14	<-higher
51 Vermont	1	20	7	
52 U.S. Virgin Islands	0	2	2	
53 Puerto Rico	10	27	2	
54 Northern Mariana Islands	0	0	0	
55 Kansas	0	505	0	
56 American Samoa	0	0	0	

Source: COVID-19 Tracking Project

**More Healthcare professionals urging a focus on severity of illness, not "case #s"**

There are more doctors and healthcare professionals who are urging that the mindset of case numbers may be less important than severity of illness. Thus, watch hospitalizations and deaths.

Pennsylvania Real-Time News

## UPMC doctor sees too much focus on rising COVID-19 cases, too little on declining severity and hospitalizations

Updated Jun 24, 5:48 PM; Posted Jun 24, 1:28 PM

He suggested the country is focusing too much on rising COVID-19 case counts.

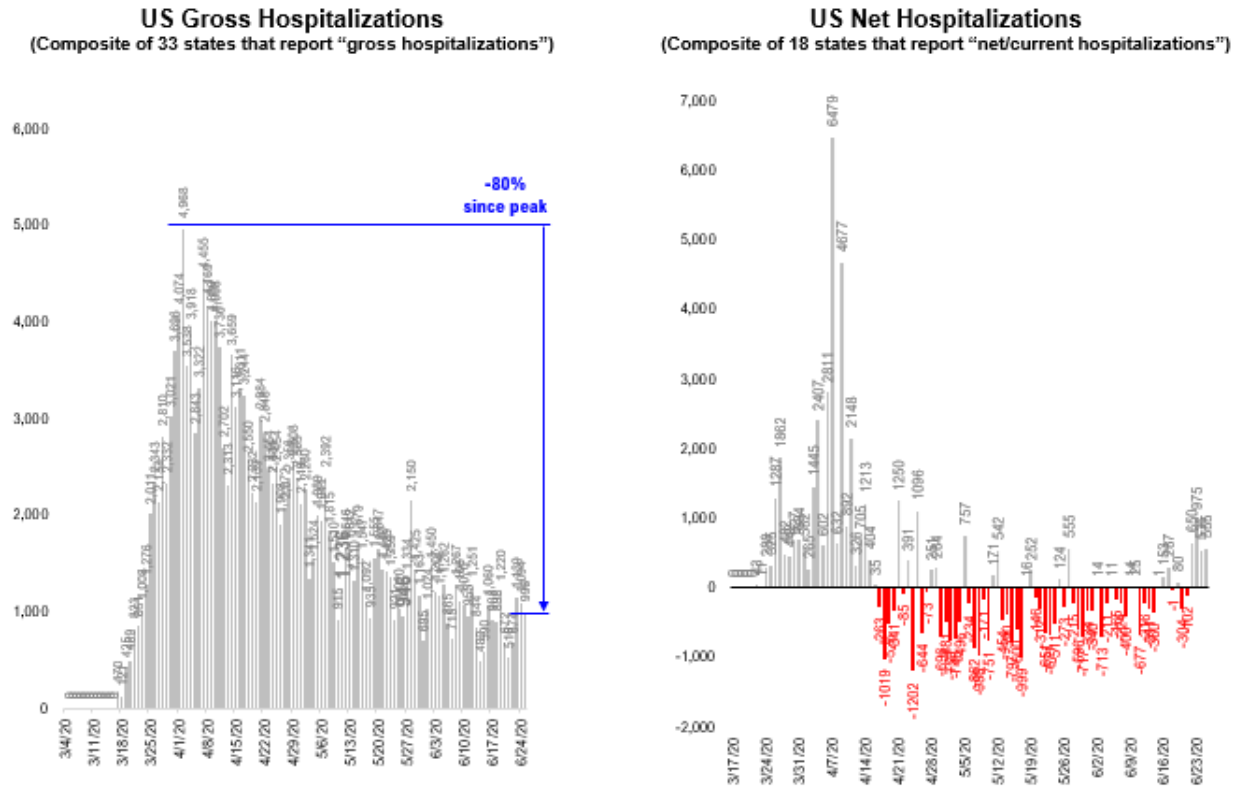
"We need to change our mindset and focus not exclusively on the number of cases, but on the severity of illness. We shouldn't just be counting those who have a diagnosed infection," Yealy said. "For the vast majority of people testing positive, their illness is mild, or they don't even know they have any symptoms of COVID-19 infection."

<https://www.pennlive.com/news/2020/06/upmc-doctor-sees-too-much-focus-on-rising-covid-19-cases-too-little-on-declining-severity-and-hospitalizations.html>

The picture on hospitalizations is not as dire as the case rise. We have provided the two types of data that states report. Some use "ever hospitalized" (we can compute gross admissions) and other use "current hospitalizations" (and we compute net change).

- The trends in both are not "falling" but they are certainly better than what case data is showing

And as we have commented in the past, we think healthcare burden is ultimately going to matter more. The linkage between cases and hospitalizations has changed since May.



Source: COVID-19 Tracking Project

***There are conflicting reports about Texas hospital capacity, but the TMC (Texas Medical Center) says Houston has capacity...***

We received a few inquiries from our clients (yesterday) about Texas medical capacity, particularly since there were some media headlines saying Texas is out of capacity. But the TMC has said their comments were "misinterpreted" and there is sufficient capacity in the state.

## **TMC leaders: COVID-19 surge is not eclipsing Houston hospital capacity**

By **Rebecca Hennes** Published 11:35 am CDT, Thursday, June 25, 2020



Healthcare CEOs of the Texas Medical Center said Thursday that a letter that was sent out to the community Wednesday regarding the hospital system's "increasingly stretched" ICU capacity level was "misinterpreted" and stressed the pandemic is not eclipsing hospital capabilities to care for COVID-19 positive patients as well as other patients.

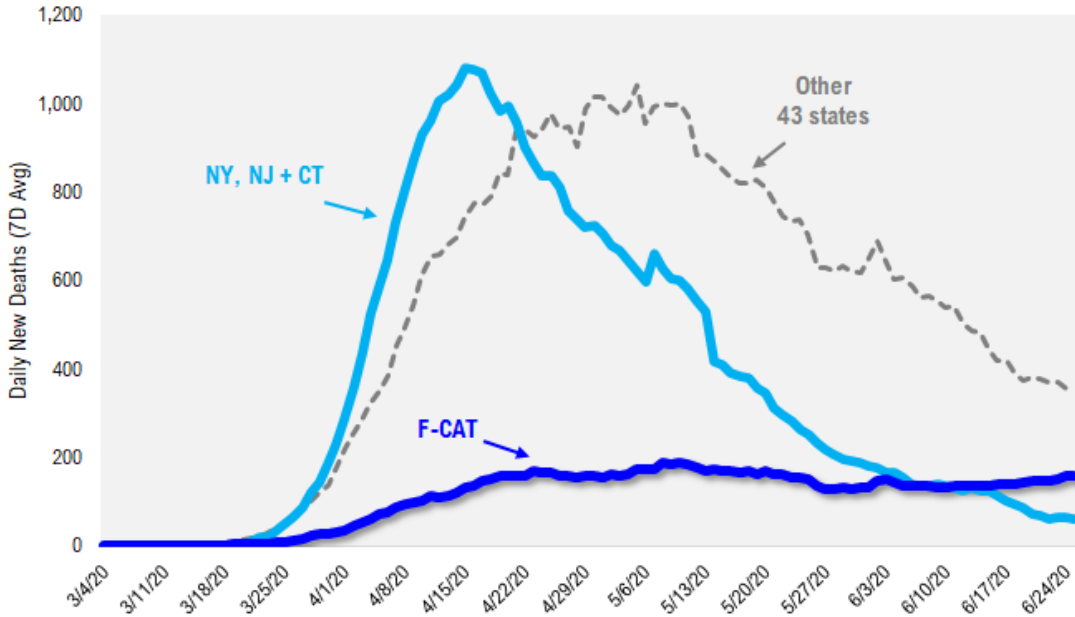
Following reports that TMC had reached 97 percent capacity, Dr. Marc Boom, Houston Methodist president and CEO, said ICU capacity percentages in the 80s or 90s is "completely normal."

Boom said overall, hospitals are seeing younger COVID-19 patients, who stay for a shorter period of time, and fewer deaths. Thanks to active surveillance programs and quick turnaround testing times, Boom and Mark

<https://www.chron.com/houston/article/TMC-leaders-Despite-rising-COVID-19-cases-15366132.php>

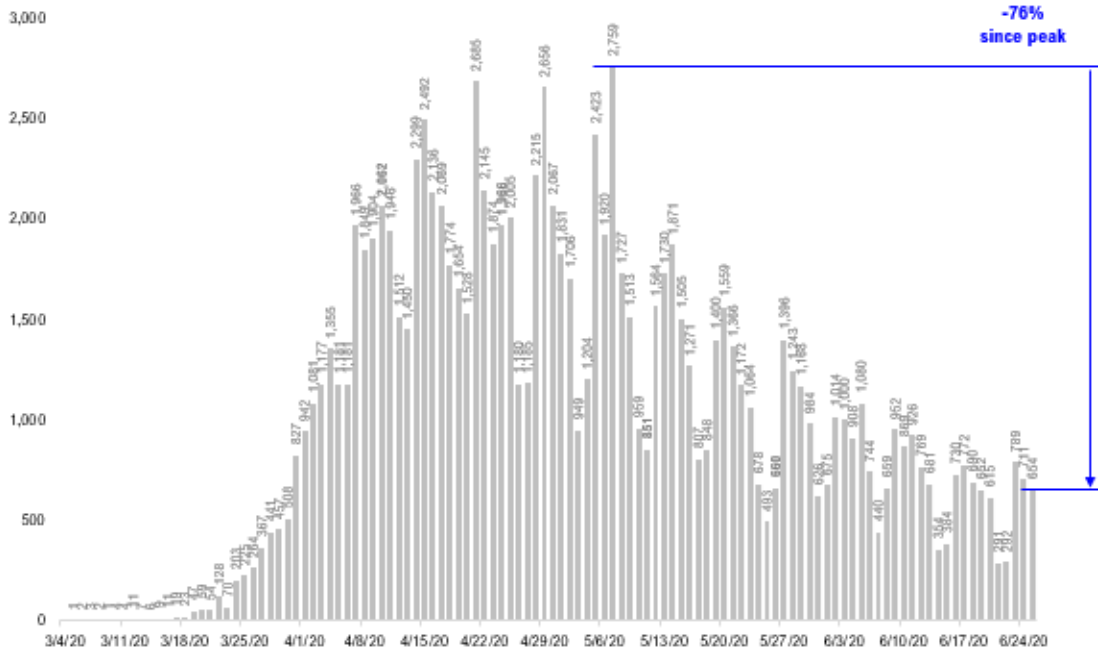
**No second wave in Deaths either... deaths even in F-CAT are not parabolically rising...**  
Daily death trends have also been encouraging, generally drifting lower. And we can see that even daily deaths in F-CAT have not been rising as quickly as cases have.

## Not a second wave in deaths...



Source: COVID-19 Tracking Project

### US daily COVID-19 Fatalities



Source: COVID-19 Tracking Project

**POINT #2: Texas course correcting by "pause" encouraging and not a shutdown...**

Texas Governor Greg Abbott announced the state is "pausing" its re-opening. This is a very healthy and needed course correction.



<https://www.nbcdfw.com/news/coronavirus/gov-abbott-pauses-texas-reopening-plan-as-coronavirus-cases-soar/2395493/>

The state is largely open and, in fact, the pause essentially does two things:

- limit capacity on what is open at restaurants, bars and amusement parks
- freezes elective surgery.

**Effective June 3:**

All businesses currently operating at 25% capacity can expand their occupancy to 50% with certain exceptions.

Bars and similar establishments may increase their capacity to 50% as long as patrons are seated.

Amusement parks and carnivals in counties with less than 1,000 confirmed positive cases may open at 50% capacity.

Restaurants may expand their maximum table size from 6 to 10 persons.

**Effective June 12:**

Restaurants may expand their occupancy levels to 75%.

Counties with 10 or less active COVID-19 cases may expand their occupancy limits to 75%. Counties that fit this category but have not previously filed an attestation with DSHS will need to do so.

**Effective June 19:**

Amusement parks and carnivals in counties with more than 1,000 confirmed positive cases of COVID-19 may open at 50% capacity.

**Additional Openings:**

Special provisions have been made for outdoor gatherings, such as Fourth of July celebrations, but it is imperative that local officials and public health officials collaborate on safe standards. These provisions are included in the Governor's Executive Order and are also available on the [Open Texas webpage](#).

<https://gov.texas.gov/news/post/governor-abbott-announces-phase-iii-to-open-texas>

The state is making a necessary and wise course correction. For whatever reason for the surge in case growth, Texas needs its citizens and policymakers to mitigate transmission. I think too many people are critical of the state. Texas did not experience the carnage that NY/NJ/CT saw. And thus, saw less need for masks, social distance, etc.

- Now that the state is taking serious action + fact more cases are seen, we think "survival instincts" should kick in

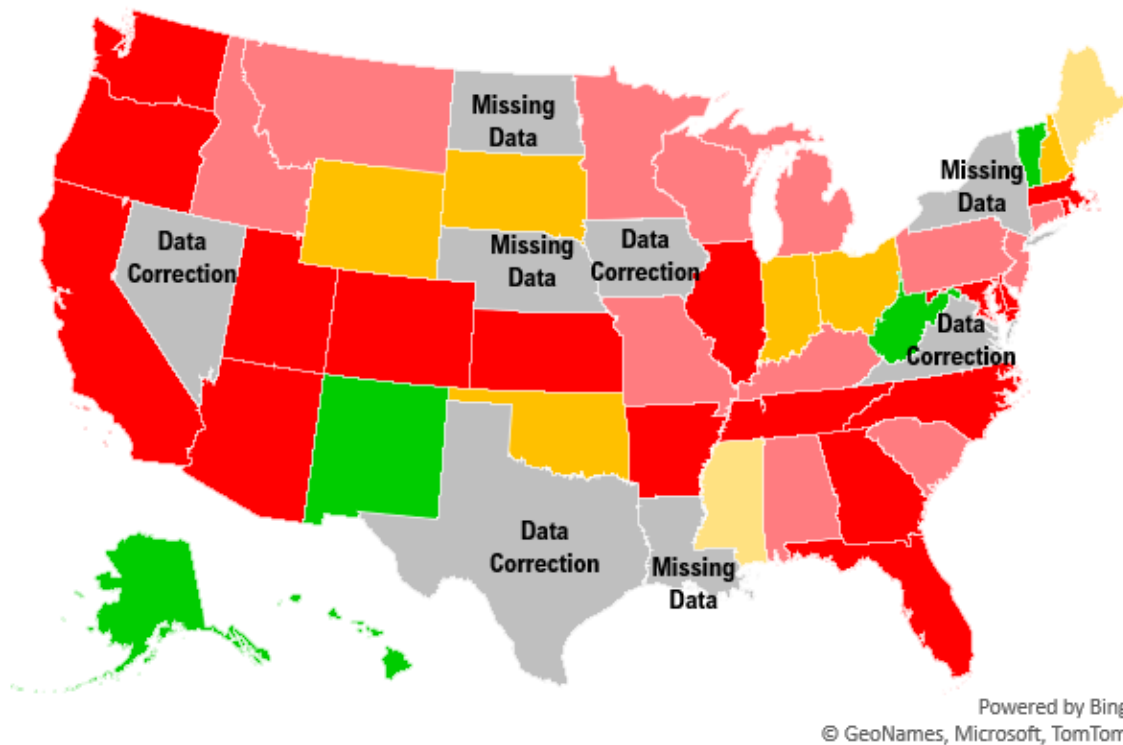
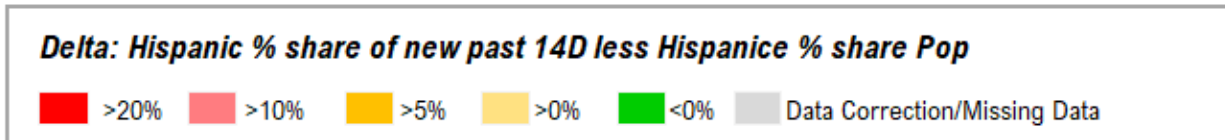
**POINT #3: Latino share of cases surging**

We have written about the surprisingly high share of COVID-19 cases that are Latino/Hispanic in the US. The overall share of the Latino/Hispanic population is 17%, but data gathered by our data science team, led by tireless Ken, shows that Latinos are 42% share of cases.

You might be tempted to think this is concentrated in just a handful states. But that is not the case. This heatmap below shows the Latino share of new cases in the past 14D relative to their population representation:

- Red if cases share less population exceeds >20% -- this is huge excess share
- Green is where the share is below 0%

As you can see, there are many states where this figure is solid red (>20% share) and by our count is 17 states. Overall, 39 of the 50 states have "excess shares" of cases by Hispanics vs population.



Source: COVID-19 Tracking Project



**39 of 50 states in the US have seen Hispanic share of cases (past 7D) > population share...**

We have listed the 50 states below and Hispanic share of overall cases in the past week. The overall share in the US is 42% of cases in the past 7D are Hispanic/Latino vs 17% of the overall population:

- Texas is not included here because the state made a big reclassification in the past week, so this will be "clean" by next week

- Tennessee            39% cases vs 6% of pops
- Arkansas            30%            vs 8%
- North Carolina    42%            vs 10%
- Georgia            30%            vs 10%
- South Carolina    20%            vs 6%

	Hispanic share of...		Sorted by...
	% Cases (7D)...	% Pop	Delta
United States	42%	17%	25%
Washington	55%	13%	42%
Rhode Island	56%	16%	40%
Utah	52%	14%	38%
California	74%	39%	35%
Tennessee	39%	6%	34%
North Carolina	42%	10%	32%
Michigan	34%	5%	29%
Colorado	47%	22%	25%
Connecticut	41%	17%	25%
Maryland	33%	10%	23%
Kansas	35%	12%	22%
Arkansas	30%	8%	22%
Florida	47%	26%	21%
Illinois	38%	17%	21%
Delaware	30%	10%	21%
Arizona	52%	32%	21%
New Jersey	41%	21%	20%
Massachusetts	32%	12%	20%
Georgia	30%	10%	20%
Minnesota	25%	6%	20%
Oregon	32%	13%	19%
New Hampshire	22%	4%	18%
Wisconsin	24%	7%	17%
Idaho	30%	13%	17%
Kentucky	19%	4%	15%
District of Columbia	26%	11%	15%
South Carolina	20%	6%	14%
Alabama	17%	4%	13%
Missouri	17%	4%	12%
Ohio	14%	4%	10%
Indiana	16%	7%	9%
South Dakota	12%	4%	7%
Pennsylvania	14%	8%	7%
Oklahoma	17%	11%	6%
Maine	7%	2%	6%
Wyoming	15%	10%	5%
Mississippi	8%	3%	4%
Montana	7%	4%	3%
Vermont	3%	2%	1%
Alaska	5%	7%	-2%
New Mexico	45%	49%	-4%
West Virginia	0%	2%	-2%
Hawaii	0%	11%	-11%

Source: COVID-19 Tracking Project

**Why is there excess share? Multiple explanations but we are not sure...**

The NY Times carried a story about this about two months ago, with their noting that this may be a function of two factors:

- Multi-generational living
- Less accessibility to healthcare, and hence, more compelled to work while sick

But a third factor, we have written about is the low Vitamin D levels among Latino/Hispanics (see abstract from NIH below).



Dr. Eva Galvez, a family physician, tested patients for the coronavirus at a clinic in Hillsboro, Ore. Ruth Fremson/The New York Times

## ***For Latinos and Covid-19, Doctors Are Seeing an 'Alarming' Disparity***

The outsized infection rate among Hispanics in some states could hobble efforts to quash the spread of Covid-19, prompting states like Oregon to step up testing and take emergency measures.

By **Miriam Jordan** and **Richard A. Oppel Jr.**

Published May 7, 2020 Updated May 9, 2020



They live in close quarters, often multiple families to a house or with several farmworkers crowded into a barracks-style room, where social distancing and self-isolation are impossible. They perform jobs that require interaction with the general public, in food service, transportation and delivery; and some also work in [meatpacking plants](#) that have emerged as major hot spots.

If they are undocumented, they cannot collect unemployment, which may [compel them to work even when they feel unwell, facilitating the spread to their co-workers.](#)

<https://www.nytimes.com/2020/05/07/us/coronavirus-latinos-disparity.html>

## The Role of Vitamin D in the Health of Hispanic Adults With Diabetes

Judith Priscilla Castro <sup>1</sup>, Sue Penckofer

Affiliations + expand

PMID: 24871915 DOI: 10.1891/1540-4153.12.2.90

### Abstract

The highest prevalence of low vitamin D levels are among Hispanics and non-Hispanic Blacks. Evidence suggests that low vitamin D levels may contribute to increased risk for diabetes and its complications. Hispanics are at greater risk for vitamin D deficiency. To address the relationship between vitamin D, diabetes, and Hispanics, this research is described. Evidence supports an association between low vitamin D and risk for diabetes, but there remains insufficient evidence to suggest whether treatment of low vitamin D can prevent or improve diabetes. In addition, there is limited research regarding vitamin D deficiency in the Hispanic population. Factors such as obesity, dark skin pigmentation, northern geographical latitude, and prevalence of renal insufficiency may place Hispanics at greater risk for low vitamin D levels. Nurses need to understand the signs and symptoms of vitamin D deficiency and treatment recommendation guidelines, which are also described. This information will allow nurses to improve the health outcomes and decrease the disparities amongst adult Hispanics with diabetes.

<https://pubmed.ncbi.nlm.nih.gov/24871915/#:~:text=The%20highest%20prevalence%20of%20low,risk%20for%20vitamin%20D%20deficiency.>

**Another factor for the high Latino share is potentially the overflow from Latin America...**  
There have been a few articles about this, including this one from the Washington Post. This notes that many dual-citizen Americans who are getting sick in Mexico are coming to the US to get treated.



Americas

## By **Kevin Sieff** **Coronavirus on the border**

Photos by **Melina Mara**

MAY 27, 2020

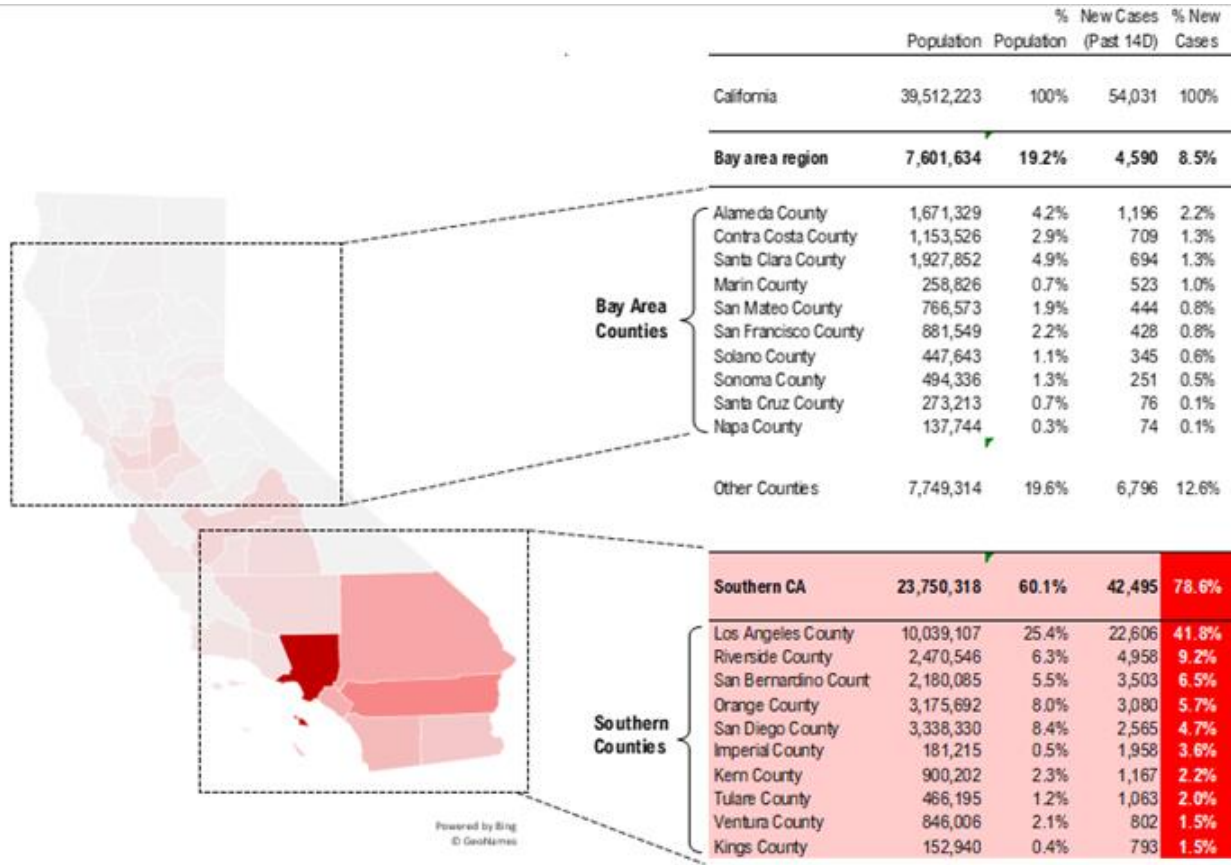


As Mexico's health-care system has strained under the coronavirus, small community hospitals in Southern California, some of the poorest in the state, have been flooded with Americans who have fallen ill and crossed the border. They are retirees and dual citizens, Americans working in Mexico or visiting family there.

<https://www.washingtonpost.com/world/2020/05/27/coronavirus-mexico-border/?arc404=true>



This partially explains why 79% of the new COVID-19 cases are in Southern California, as this chart below highlights. The share of the population is 60% but is nearly 80% of cases.



Source: California Department of Public Health

But the US has significant inbound travel from Latin America and Mexico. As this data from International Trade Association shows, 18.7 million Mexicans have visited the US in the past year (2016 data) and there is substantial inbound travel from other Latin America countries during April to July (see second chart).



Source: <https://travel.trade.gov/>

### When Do Latin Travelers Visit? (Top 4 months for visits \*)

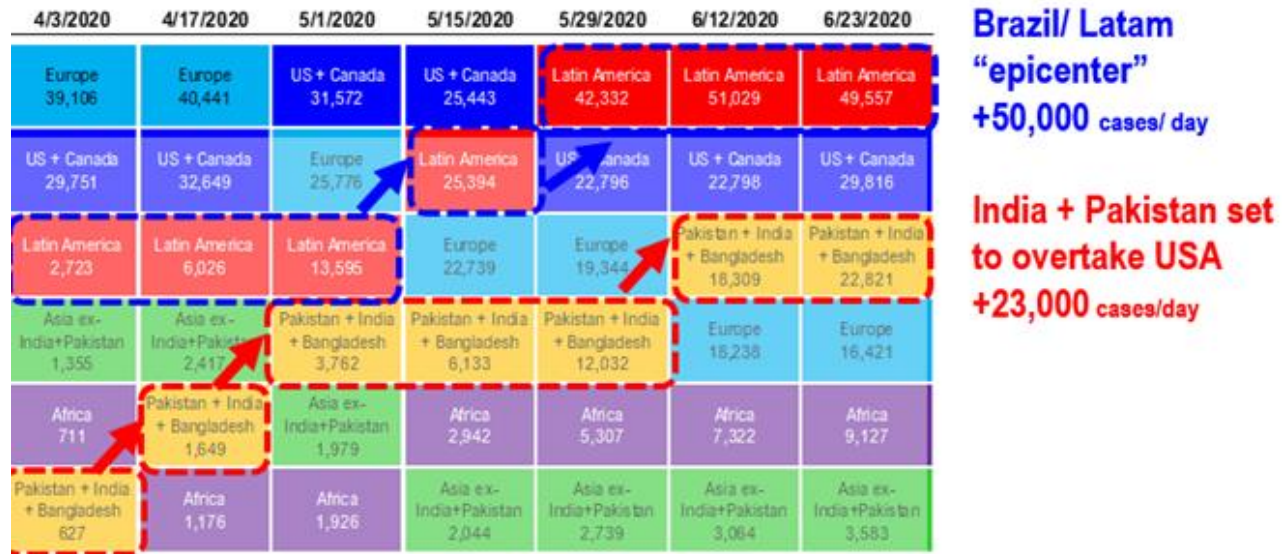
Month	Overseas	Mexico	Brazil	Argentina	Colombia	Venezuela
January			10.6%	8.7%		
April						8.3%
May				9.4%		8.3%
June					11.9%	
July	10.4%		8.7%	10.1%	9.7%	
August	10.4%	9.4%				
September	9.1%			9.5%		10.4%
October	9.0%	8.8%	8.7%		8.8%	
November		9.3%				
December		10.0%	10.6%		12.2%	12.4%
<b>Top 4 Months</b>	<b>38.9%</b>	<b>37.6%</b>	<b>38.6%</b>	<b>37.7%</b>	<b>42.6%</b>	<b>39.4%</b>

**July usually sees uptick**

Industry & Analysis

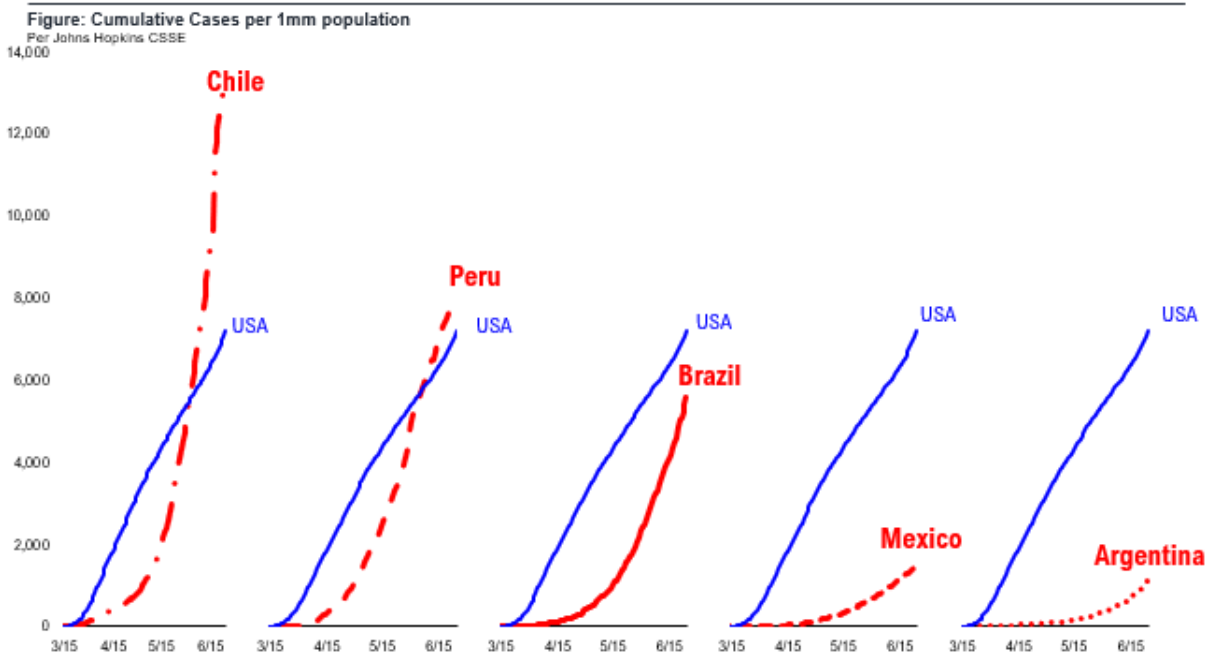
Source: <https://travel.trade.gov/>

The reason this impacts US COVID-19 cases is that Latin America is now the epicenter of the COVID-19 crisis, with more cases from here than anywhere else in the World. India + Pakistan + Bangladesh is seeing a surge in cases and could overtake the US in regional share soon.



Source: Johns Hopkins

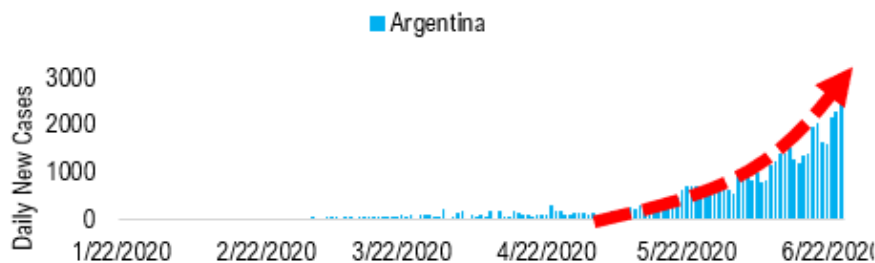
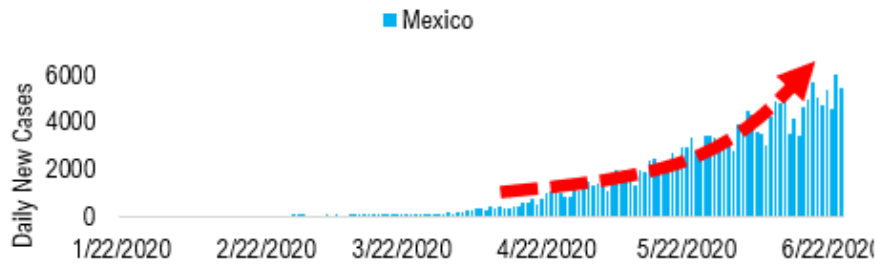
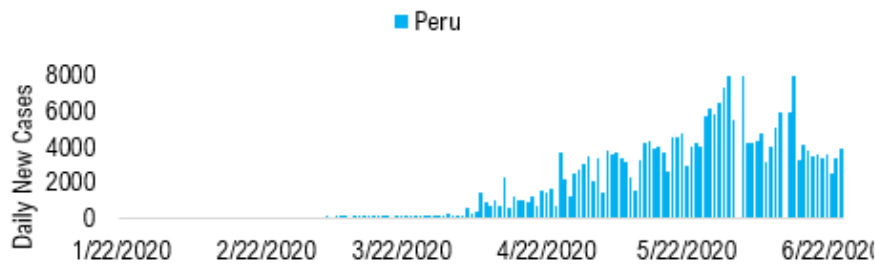
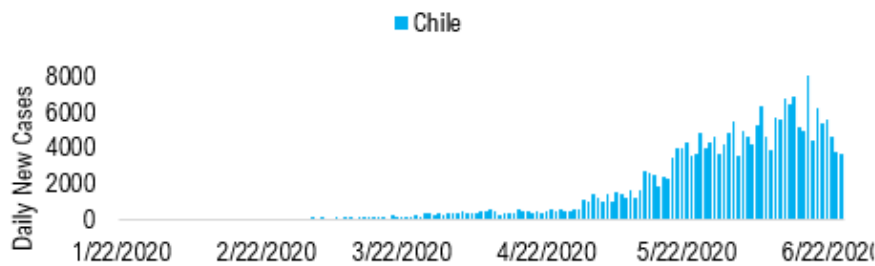
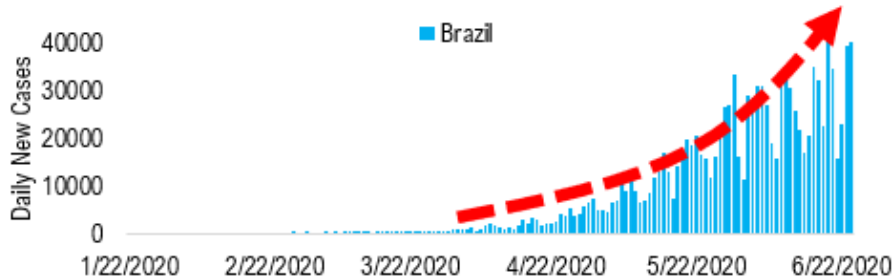
The case prevalence, or cases per 1mm residents in Chile, Peru and potentially Brazil is set to exceed that of the US.



Source: Johns Hopkins

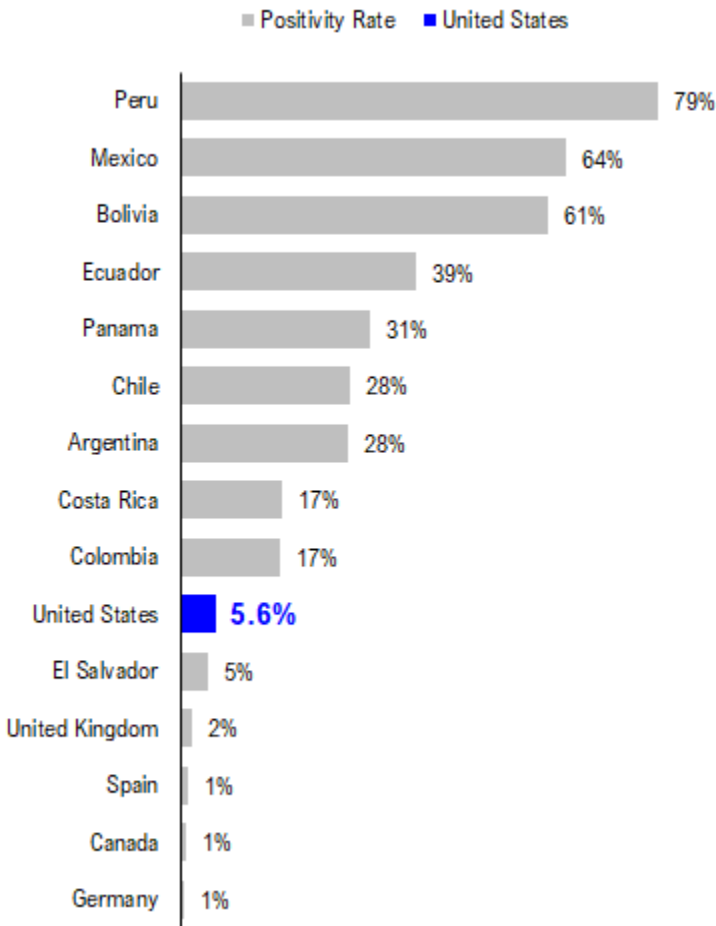


And daily cases figures in these countries continues to soar and looks particularly parabolic in Mexico, Argentina and Brazil. Incidentally, these 3 nations have many visitors to the US. So, there is a heightened risk of overflow or spillover of cases from Latin America to the US. But we do not know the exact share of cases stemming from this overflow.



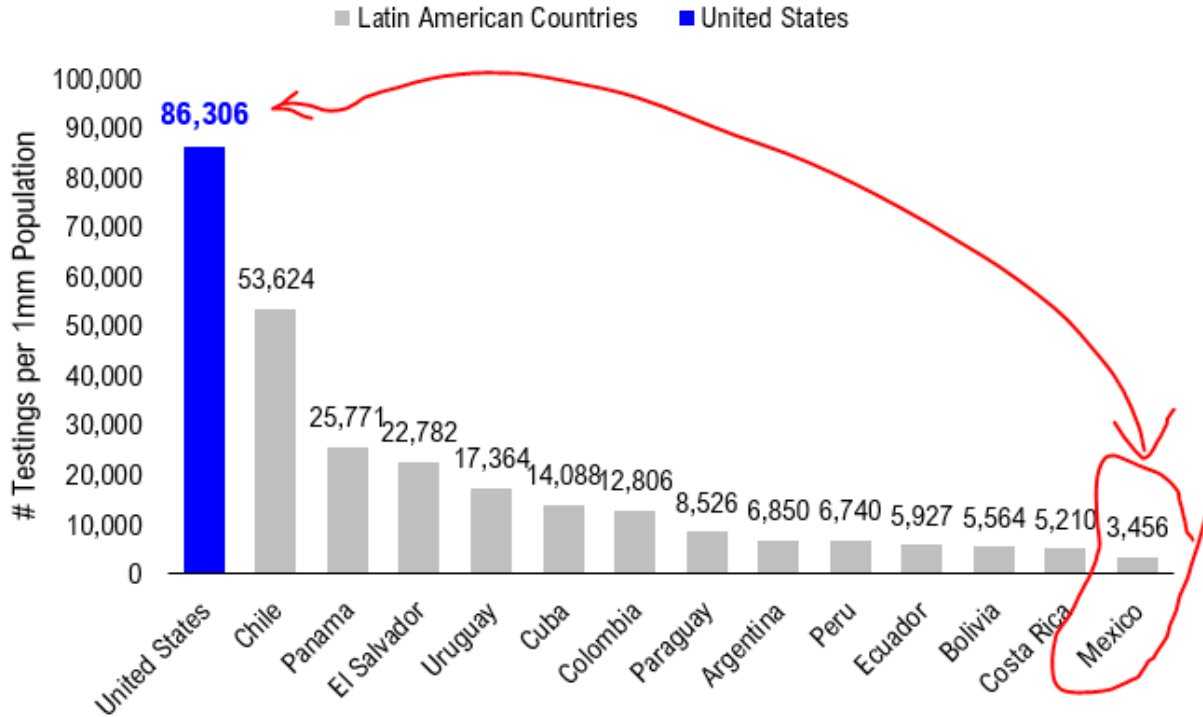
Source: Johns Hopkins  
Positivity rate, or % tests positive is staggeringly high in Latin America. This reflects the

insufficiency of testing there.



Source: Johns Hopkins, Our World in Data

In case you are wondering, Latin America is woefully behind on testing. Mexico is conducting 3,456 tests per 1mm residents vs 86,306 for USA. The US is 30X higher. So, good chance case prevalence is multiples higher in Latin America.



Source: Our World in Data

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