



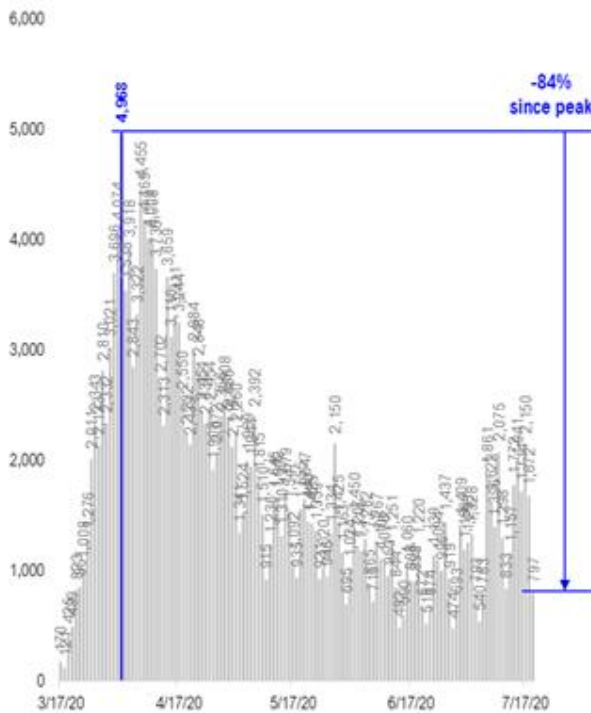
COVID-19 UPDATE: Weekend data was mostly benign = good

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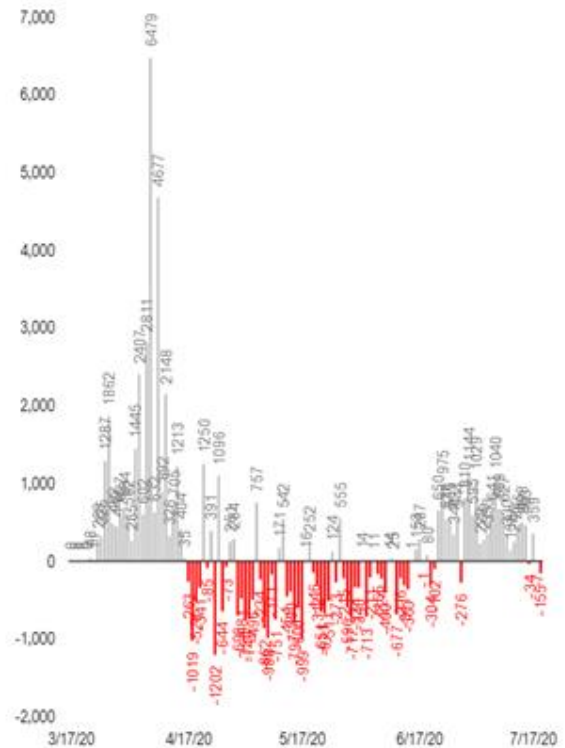
Overall, the trends in COVID-19 data did not materially worsen over the weekend. Daily cases came in at 62,000, flat with last week (it was >73,000 Friday). Daily deaths have started to flatten and even comparing daily deaths vs 7D ago, it looks flat. And hospitalization data did not materially surge over the weekend. In fact, the number of net hospitalized patients (18 states) was down in each of the past 2 days. And gross admissions to hospitals (33 states) was down as well.

- It is too early to be certain, but this 4 week surge in daily cases seems to be flattening, particularly in the 4 hardest hit states, FL, CA, AZ, TX or F-CAT.

US Gross Hospitalizations
(Composite of 33 states that report "gross hospitalizations")



US Net Hospitalizations
(Composite of 18 states that report "net/current hospitalizations")



Source: Fundstrat, COVID-19 Tracking Project, State Department of Health

**STRATEGY: JPMorgan survey shows both Retail and Institutional Investors cautiously positioned...
There is no such thing as a "triple top"...**

The S&P 500 stalled this past week at 3,233. It touched that level on Wednesday and was repelled and then on Friday, it reached 3,233 again and was repelled. This level is key because it marked the intraday high on 6/8/2020 (3,233.13). See how this level is acting as a ceiling?

- Our sage head of Technical Strategy, Rob Sluymmer, once said "there is no such thing as a triple top"
- Meaning, the longer we bump up against 3,233, the greater the odds this will fail.

Figure: S&P 500 50% retrace is key



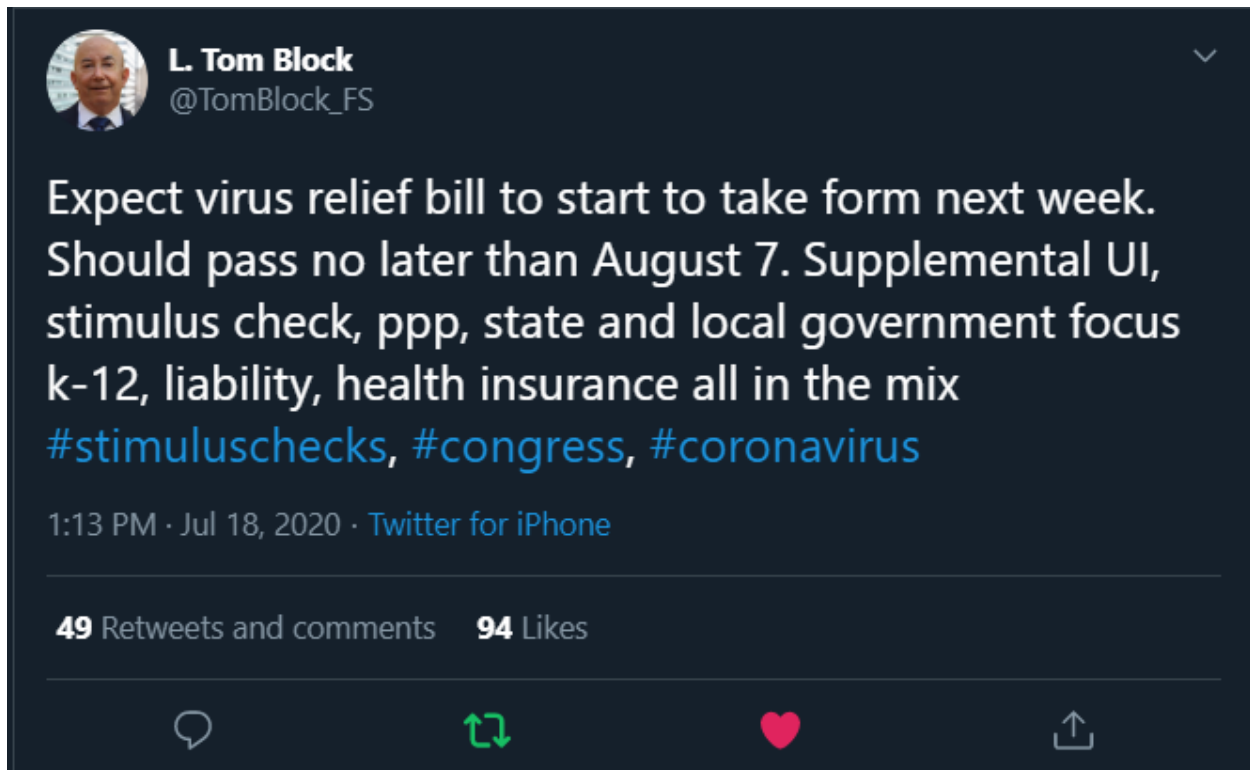
One of the reasons we have remained constructive on equities, even in the midst of the greatest economic contraction in 5 lifetimes (even worse than the Great Depression) is that investors are positioned for downside in markets. Of course, there are multiple reasons stocks could fall to the downside:

- the path of the virus worsens, such as a renewed breakout in NY tristate
- economic recovery relapses and a contraction resumes
- markets lose confidence in central banks and deflation resumes
- financial distress worsens and banks and credit intermediaries are materially weakened

Tom Block, FS Insight Head of Policy Strategy, expects next stimulus bill passed by August 7th...

But at the moment, the trajectory of the economic recovery is still positive. Incidentally, FS Insight's policy strategist, Tom Block, expects a virus relief bill to start to take form next week:

- passage by no later than August 7th --> positive
- supplemental UI + stimulus checks + PPP --> positive
- other items include state and local gov't, K-12, health insurance etc.



https://twitter.com/TomBlock_FS/status/1284536789437501447

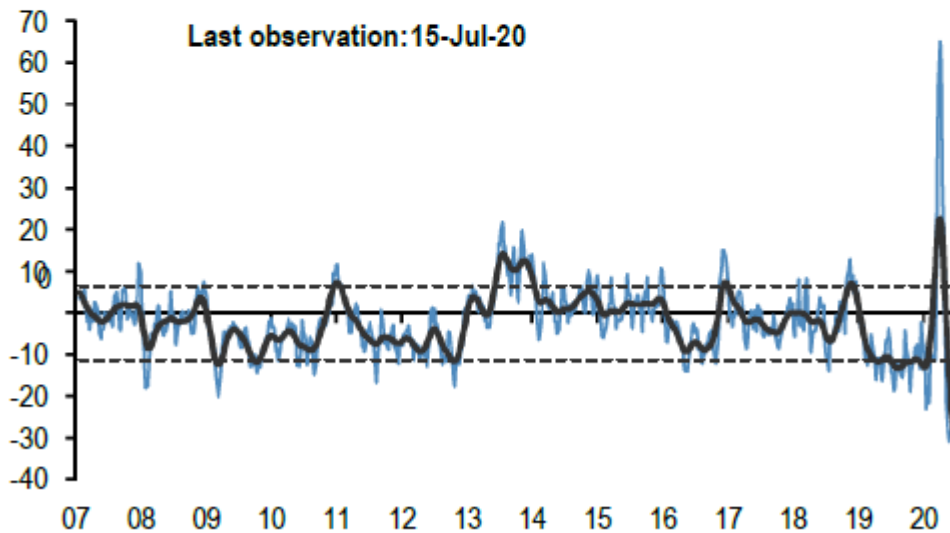
Investors continue to favor bonds over stocks. JPMorgan's latest Flows and Liquidity analysis shows that the spread between equity less bond flows is most extreme since even before 2007.

- in other words, 4-week flows out of equities dwarfs even those seen during the GFC

Chart A1: Fund flow indicator

Difference between flows into Equity and Bond funds: \$bn per week.

Flow includes US domiciled Mutual Fund and globally domiciled ETF flows. We exclude China On-shore funds from our analysis. The thin blue line shows the 4-week average of difference between Equity and Bond fund flows. Dotted lines depict ± 1 StDev of the blue line. The thick black line shows a smoothed version of the same series. The smoothing is done using a Hodrick-Prescott filter with a Lambda parameter of 100.



Source: Bloomberg, ICI, J.P. Morgan.

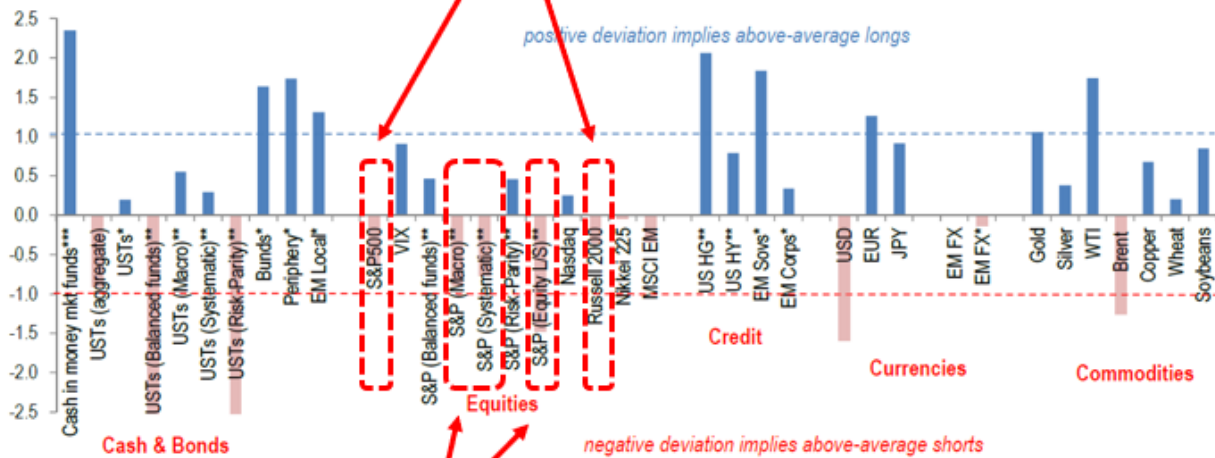
In the meantime, JPMorgan survey of its clients shows that institutional investors remain "net short" equities:

- institutions are overall short S&P 500 and Russell by 0.7 and 0.5 std deviations (1.0 is extreme)
- Macro funds, Systematic Funds and Equity L/S are particularly "short" S&P 500 by 1.0, 0.8 and 1.5 standard deviations.

In fact, the other "short" positions are US Treasuries and USD. So, the short positions are a trifecta of US-related assets.

JPMorgan clients are "short" S&P 500 and Russell 2000

Chart 6: Investor positioning is mixed even after extraordinary market gains since late March – overweights are most prevalent in defensive assets (Cash, Euro government bonds, Gold) and income assets (Diversified Credit, EM Sovereigns, EM duration), but lighter in highly cyclical assets (Equities)
Investor positioning based on futures (no asterisk), JPM surveys (*), hedge/mutual fund betas (**) and money market holdings (***). All indicators expressed as sigmas from 5Y average based



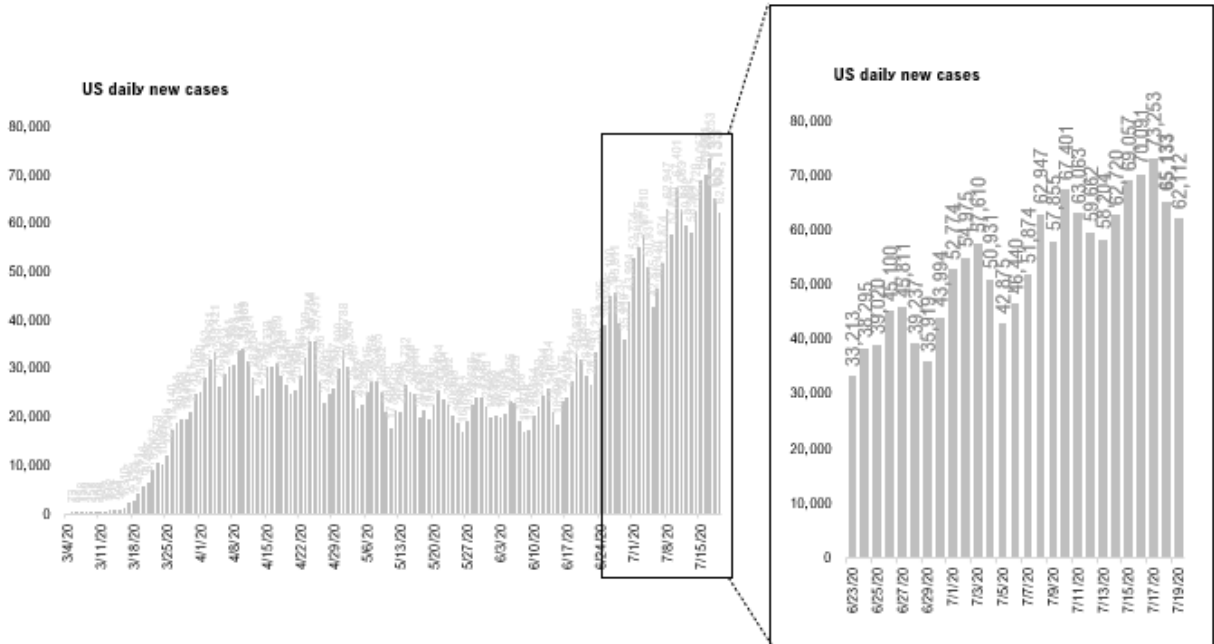
Source: J.P. Morgan, HFR, ICI

Macro + Systematic + Equity L/S are "short" S&P 500

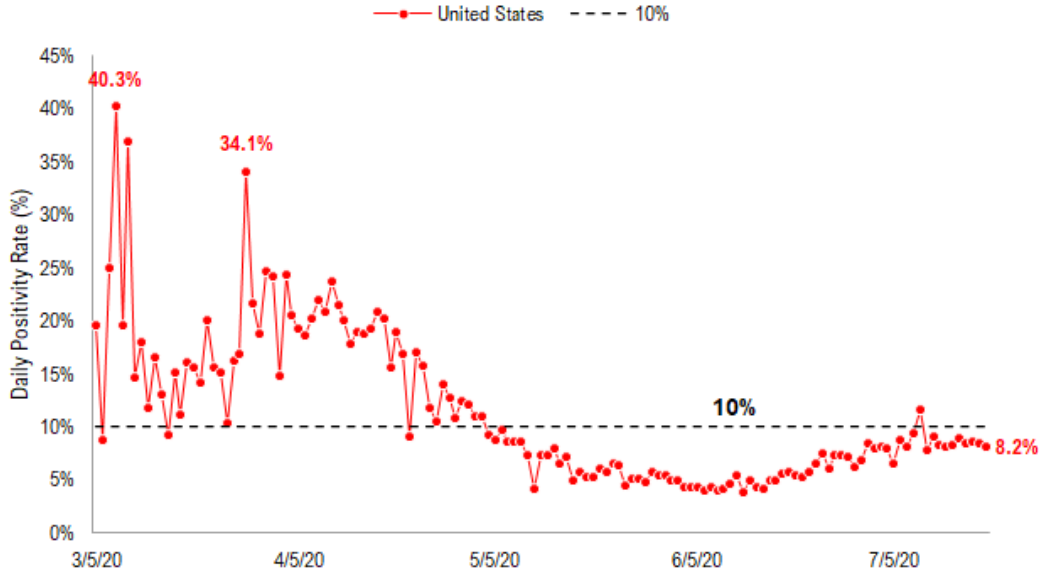
This cautious positioning, in our view, does not reflect market's pricing in a potential binary event from healthcare progress, either a cure or a vaccine. And this cautious positioning likely changes if the US sees any peaking/receding of COVID-19 cases from the new epicenter: FL, CA, AZ and TX, or F-CAT.

POINT #1: Over the weekend, daily cases soar to >73,000 but F-CAT cases start to rollover...

Daily US COVID-19 new cases soared to >73,000 over the weekend but eased to 62,000 by Sunday evening. The spread of COVID-19 remains largely uncontained, but the good news is that the daily cases in the nucleus states, FL, CA, AZ, TX, or F-CAT are beginning to slow. The weekend has a tendency to see slower data reporting, so we cannot read too much into the Sunday cases vs Friday highs of 73,000. But the week over week change in daily cases is down.



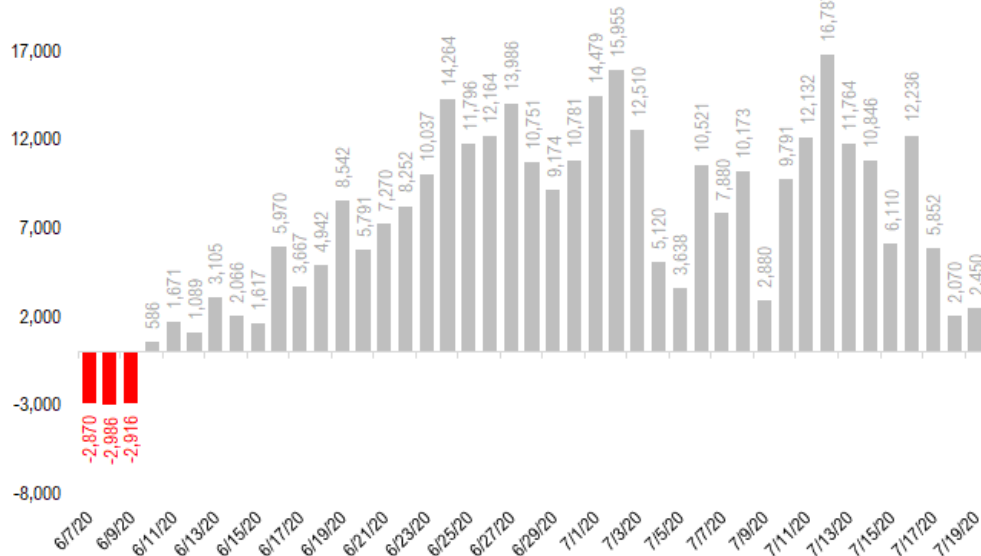
But one of the things within "weekend" datasets that is useful, is to look at the positivity rate. Ideally, the positivity rate is below 10% and in an environment of expanded testing, a falling positivity rate shows that detection is strong, but the level of case spread is slowing. The positivity rate over the past few days has been flattish at 8%. So even thinking about the weekend effect, daily positive rate is flat.



Source: COVID-19 Tracking Project

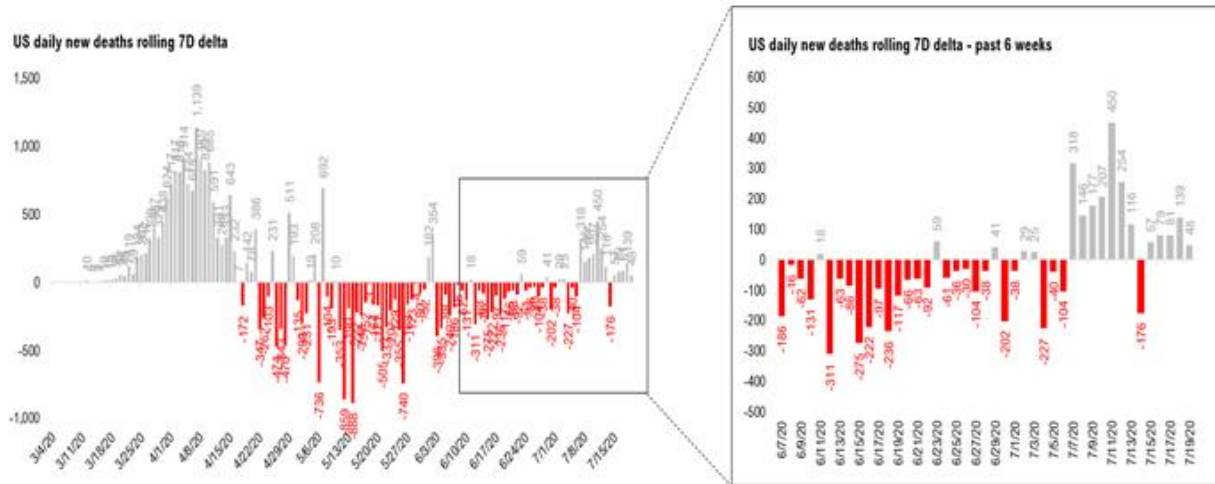
We like to look at daily cases compared to the same day a week ago, as this is the adjustment for the seasonalities of daily cases. This figure dropped for the past two days to +2,000 or so, down from the >15,000 seen in the past few weeks. Thus, this is a bit of a glimpse of how the rate of spread is slowing to an extent. The fact that 7D change in daily cases is not soaring is a good thing.

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



Source: COVID-19 Tracking Project

The pace of daily deaths has slowed as well. This chart is the daily deaths compared to daily deaths 7D ago and as you can see, the pace of daily deaths is beginning to flatten. After a week of this pace rising quickly, this has slowed to a more modest pace.



Source: COVID-19 Tracking Project

6 states saw material 3D increases

Florida	12,478 vs 11,466 (Fri)	+1,012
Louisiana	3,116 vs 2,179	+937
South Carolina	2,374 vs 1,977	+397
Iowa	816 vs 590	+226
Maryland	925 vs 707	+218
Indiana	917 vs 733	+184
Total 6 states		+2,974

6 states saw material 3D declines

Texas	7,300 vs 14,916 (Fri)	-7,616
Arizona	2,359 vs 3,910	-1,551
California	9,329 vs 9,986	-657
Georgia	3,251 vs 3,908	-657
Ohio	1,110 vs 1,679	-569
Tennessee	1,779 vs 2,279	-500
Total 6 states		-11,550

Daily Case Increases (by State) (07/19)

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

Sorted

Last 3-day trend growth rates

AR, KY, ID and NE Sunday stats are not available as of Sunday 6PM
KS, CT and RI do not provide update over the weekend...

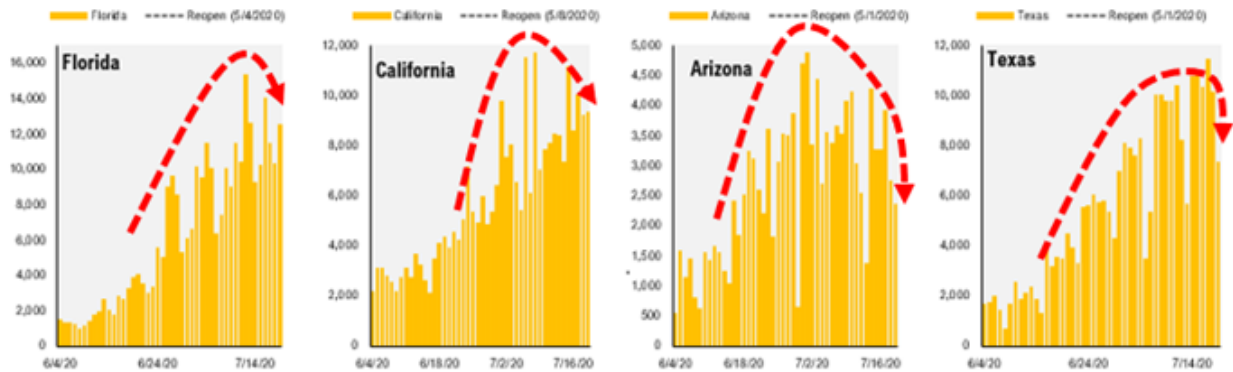
	7/17/20	7/18/20	7/19/20	
United States	73,253	65,133	62,112	-3,021
States:				
1 Florida	11,466	10,328	12,478	
2 California	9,986	9,199	9,329	
3 Texas	11,432	10,158	7,300	
4 Georgia	3,908	4,689	3,251	
5 Louisiana	2,179	0	3,116	<-higher
6 South Carolina	1,977	1,552	2,374	<-higher
7 Arizona	3,910	2,742	2,359	
8 North Carolina	2,051	2,481	1,820	
9 Tennessee	2,279	2,517	1,779	
10 Alabama	2,003	2,143	1,777	
11 Nevada	1,380	1,182	1,288	
12 Ohio	1,679	1,542	1,110	
13 Virginia	1,002	940	1,057	
14 Illinois	1,427	1,276	965	
15 Washington	1,267	754	959	
16 Maryland	707	835	925	
17 Indiana	733	841	917	
18 Missouri	866	960	846	
19 Wisconsin	880	978	830	
20 Iowa	590	185	816	<-higher
21 Mississippi	1,032	1,017	792	
22 Pennsylvania	1,032	763	786	
23 Utah	727	760	785	
24 Minnesota	666	457	734	
25 New York	776	754	502	
26 Michigan	660	678	483	
27 Oregon	293	353	436	<-higher
28 Colorado	618	444	354	
29 Puerto Rico	153	189	330	<-higher
30 Massachusetts	298	359	296	
31 New Mexico	318	280	235	
32 Oklahoma	699	916	209	
33 West Virginia	126	111	148	
34 New Jersey	50	88	144	<-higher
35 North Dakota	124	115	112	
36 Delaware	223	92	90	
37 Alaska	40	62	79	<-higher
38 District of Columbia	39	79	67	
39 Montana	135	105	62	
40 South Dakota	95	73	44	
41 Maine	38	10	41	
42 Hawaii	23	19	28	<-higher
43 Wyoming	43	39	18	
44 New Hampshire	26	23	15	
45 U.S. Virgin Islands	14	20	14	
46 Vermont	9	4	12	<-higher
47 Rhode Island	82	0	0	
48 Nebraska	227	120	0	
49 Northern Mariana Islands	1	0	0	
50 Kentucky	522	579	0	
51 Kansas	1,032	0	0	
52 Idaho	619	550	0	
53 Guam	0	1	0	
54 Connecticut	143	0	0	
55 American Samoa	0	0	0	
56 Arkansas	648	771	0	

Source: COVID-19 Tracking Project

POINT #2: F-CAT daily cases did not make new highs over the weekend = good

Daily cases in F-CAT seem to be rolling over. Texas reported a pretty big number Friday of >15,000 cases but it was due to a big backlog in San Antonio. So the charts below are a more accurate picture of the daily case trends in F-CAT.

- fortunately, the surge seen in F-CAT seems to be slowing.



Source: COVID-19 Tracking Project

In case you did not see this, the Texas DSHS noted that there was 5,000 cases reported on Friday that were due to a backlog. So that 15,000 figure was distorted by this.

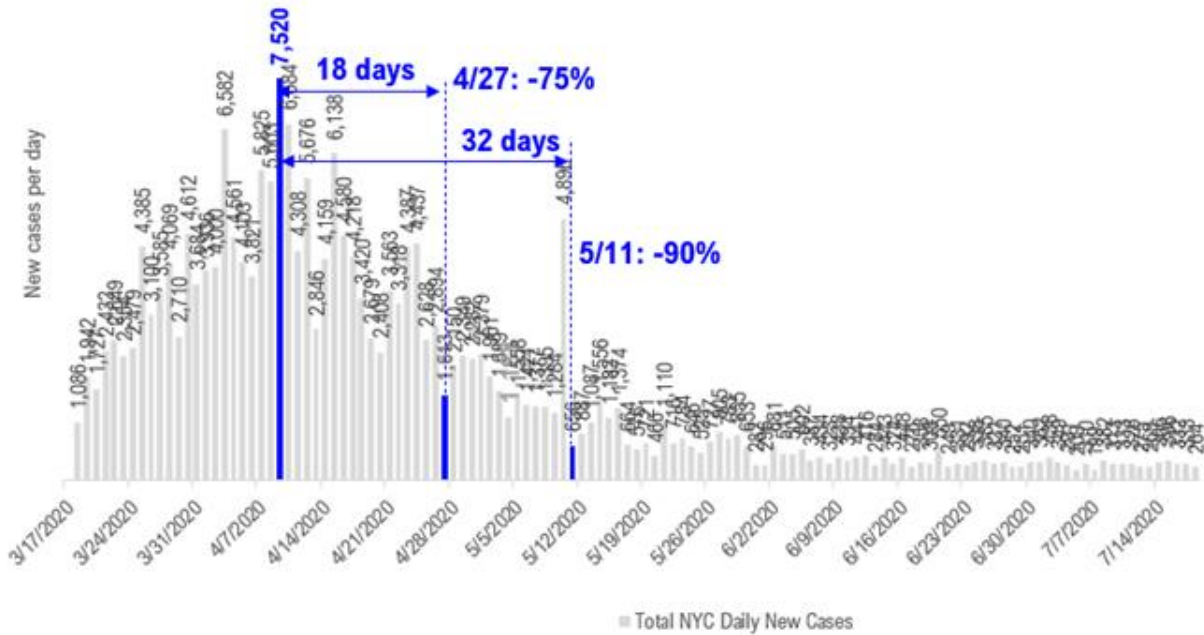


<https://twitter.com/TexasDSHS/status/1284242708262002696>

If F-CAT is peaking, the pace of improvement for NYC might serve as a template. Recall, NYC had a stubbornly high number of cases and it took several weeks for its case figures to peak. But once it peaked:

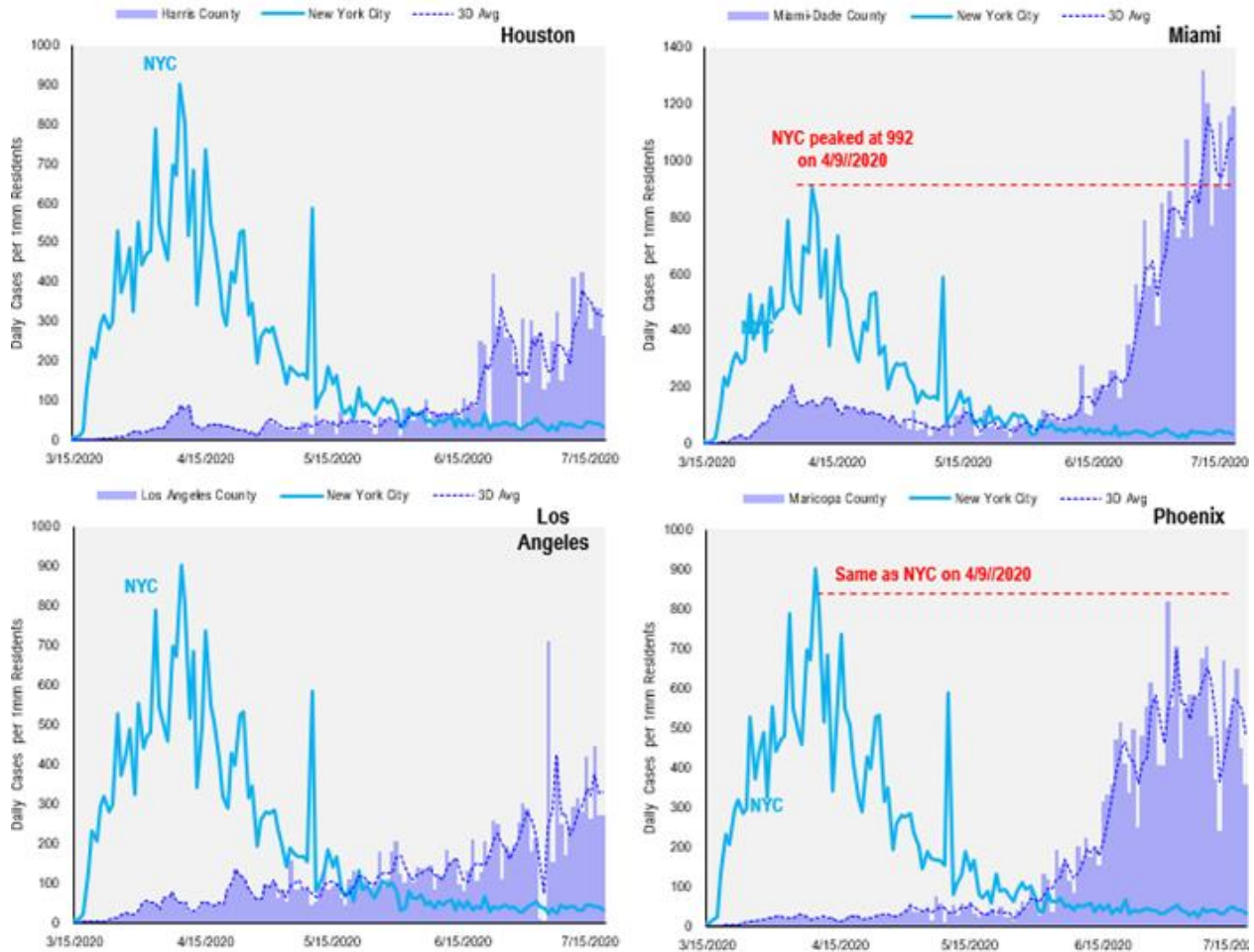
- daily cases fell -75% from its highs in 18 days
- daily cases fell -90% from its highs in 32 days.

So if F-CAT has peaked, we should see a significant improvement in the next few weeks.



Source: NYC.Gov

The 4 nucleus cities within F-CAT posted mostly good case trends over the weekend. Perhaps only Miami seems to be still bumping up against new highs. And Miami's daily cases reported of >1,200 per 1mm residents is well above NYC on its single worst day.



Source: Johns Hopkins

POINT #3: Recent research suggests "superspreaders" are 10%-20% of infected and 80% of cases...

There have been a few recent research papers talking about the role of superspreaders. These are infected who are causing an unusually high number of cases. This is one of the mysteries of COVID-19. There are many cases where a person in a household is infected and nobody else catches COVID. And then there are just as many stories of a single infected person leading to hundreds of infections.

This Washington Post story talks about a growing consensus among scientists that a small portion of individuals is responsible for the majority of infections.



Health

‘Superspreading’ events, triggered by people who may not even know they are infected, propel coronavirus pandemic

Most spread the virus to only a few people — or none at all. But studies show a small percentage transmit it with alarming efficiency.



The novel coronavirus uses a number of tools to infect our cells and replicate. What we've learned from SARS and MERS can help fight covid-19. (Video: Brian Monroe/Photo: Brian Monroe/The Washington Post)

By **Ariana Eunjung Cha**

July 18, 2020 at 1:58 p.m. EDT

The East Lansing case is what's known as a superspreading event — possibly the largest so far in the United States among the general public. Many scientists say such infection bursts — probably sparked by a single, highly infectious individual who may show no signs of illness and unwittingly share an enclosed space with many others — are driving the pandemic. They worry these cases, rather than routine transmission between one infected person and, say, two or three close contacts, are propelling case counts out of control.

<https://www.washingtonpost.com/health/2020/07/18/coronavirus-superspreading-events-drive-pandemic/>

This is interesting, because the article talks about how an infected is generally contagious for 3-4 days. In fact, the well-known study of a Chinese infected in Hunan, who rode two buses and infected 9 passengers on two buses during a 4-hour period. The authorities tracked his movements using video surveillance. And surprisingly, outside of that 4-hour window, he did not infect any other person. This is the mystery of COVID-19.

In a detailed analysis of outbreaks in Hong Kong, for example, researchers found three distinct groups of incidents. The superspreading individuals, representing 20 percent of the total, were responsible for 80 percent of transmissions. A second group, involving about 10 percent of cases, transmitted the virus to one or two others. The final group, 70 percent, did not infect anyone else at all.

<https://www.washingtonpost.com/health/2020/07/18/coronavirus-superspreading-events-drive-pandemic/>

And as noted above, when researchers look at the cases in Hong Kong, the spread is largely due to superspreader individuals, who account for 80% of infections.

The George Floyd protests were 10,000X chances for a superspreader event... yet, in NYC, contact tracers are not asking about it...

This leads us to the potential for superspreader events in the US. We have viewed the nationwide protests, in >350 cities, ongoing for nearly 8 weeks now, as potential super spreader events, akin to the Champions League match in Italy that is now considered the ground zero event for Spain and Italy's outbreak.

Interestingly, NYC contact tracers are not asking infected if they were involved in a BLM protest. As the NY Post article below highlights, they are inquiring about whether the infected were at an "outdoor" dining event.

- But if "outdoor" dining is considered a risk, why wouldn't being at a protest be a risk factor?

Contact tracing in NYC has been challenged and as we commented ~4 weeks ago, less than 37% of infected are even "contact traced." So 2/3 of infected has no contact tracing performed.

The image is a screenshot of a New York Post article. At the top, there is a red navigation bar with 'SECTIONS' and 'SEARCH' icons, and the 'NEW YORK POST' logo. Below this is a 'RECOMMENDED' section with three article thumbnails: 'Hamptons eatery burns famed table where Jeffrey Epstein and Harvey...', 'Ghislaine Maxwell had to find three girls a day for Jeffrey Epstein to abuse, says victim', and 'Queen Elizabeth reaches milestone: beats record of Queen Victoria'. To the right of the recommended section are social media sharing icons for Facebook, Twitter, Reddit, Email, and Print. The main article title is 'NYC's COVID-19 contact tracing will ask about outdoor dining, not protests', with a 'METRO EXCLUSIVE' tag. The byline reads 'By Julia Marsh and Nolan Hicks' and the date is 'July 19, 2020 | 11:44am | Updated'. The main image shows a medical worker in a white protective suit and face shield administering a nasal swab test to a man wearing a mask and a backpack. A yellow caution tape is visible in the foreground. Below the image is a caption: 'A medical worker administers a nasal swab test at a free coronavirus testing location outside Washington Square Park' and the credit 'Alexi Rosenfeld/Getty Images'.

The city's coronavirus tracing program will start asking people if they've been at outdoor bars and restaurants to help understand the spike in cases among those between the ages of 20 and 29 — even though health officials never asked if people attended the George Floyd protests, The Post has learned.

"Patients are asked who they spent close time with socially. To ensure we're adapting our program to New Yorkers' changing routes, patients will explicitly be asked if they spent time with their close contact at a bar or restaurant as the city continues to reopen," said City Hall spokeswoman Avery Cohen said, while **reaffirming they won't be asked about demonstrations.**

https://nypost.com/2020/07/19/nyc-contact-tracers-will-ask-about-dining-not-protests/?utm_campaign=iphone_nyp

RANDOM: NYC MTA sees violence over mask requirement. It is not just the Southern states facing mask compliance

There is a tendency for the media and public to see mask compliance as a "Red state" issue. That is, only states that lean Republican see compliance with mask mandates. And while it may be true (we don't have any data to verify this), NYC apparently has a problem with mask compliance.

- The MTA (Metropolitan Transit Authority) has noted a surge in attacks on MTA bus drivers due to lack of mask compliance.
- MTA has reported more attacks on bus drivers in 2020 despite ridership down 80%, that is like a 5X increase in violence per rider.
- 20% of the attacks on bus drivers are due to social distance requirements or mask compliance.

Let's face it, Americans just like to make their own personal choices. And one of the unfortunate consequences, is the backlash against masks.



METRO

Violent bus riders refusing to wear masks drive surge in attacks on MTA workers

By David Meyer

July 19, 2020 | 2:18pm | Updated



Christopher Sadowski

The one percent jump comes despite **ridership drops** of nearly 80 percent on subways and 50 percent on buses during the coronavirus pandemic.

Over one-fifth of the incidents stemmed from the MTA's social distancing or **face covering requirements**; all but two of those attacks occurred on buses, the MTA said.

https://nypost.com/2020/07/19/violent-bus-riders-refusing-to-wear-masks-drive-surge-in-mta-attacks/?utm_campaign=iphone_nyp

This was sent to me from one of my friends via WhatsApp. This is funny but so true

health experts: please wear protective suits in space

americans:



@shitheadsteve

Hahahaha

Source: friend BC from Monmouth Beach, NJ

Disclosures

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