



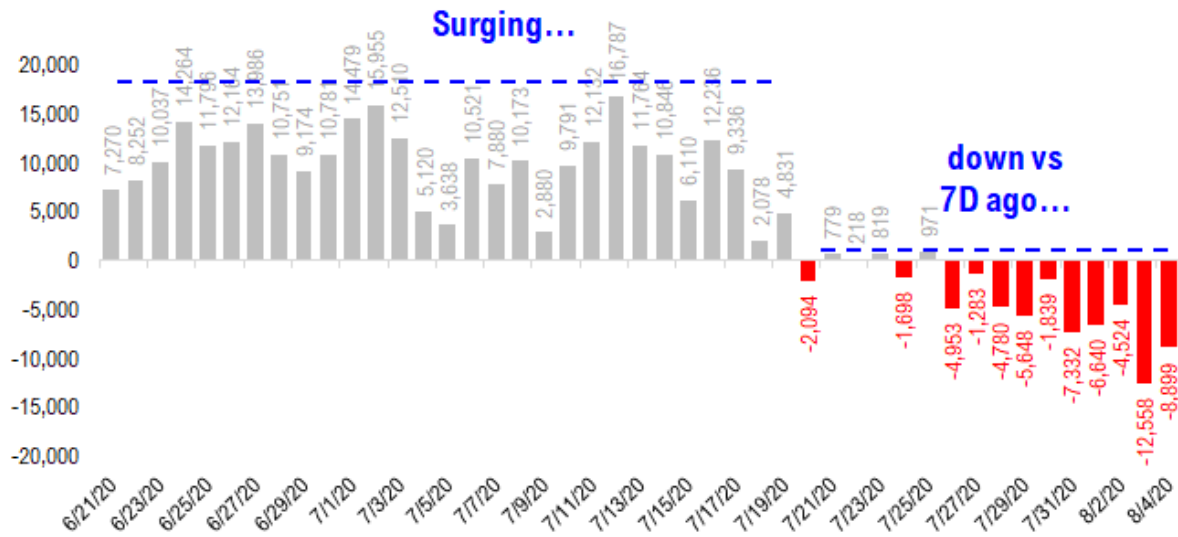
COVID-19 UPDATE: USA COVID-19 cases could be sub 10,000 by end of August. USA > ROW? Singapore case prevalence exceeds Europe

THIS MESSAGE IS BEING SENT SOLELY TO CLIENTS OF FS INSIGHT

Total USA COVID-19 cases came in at 49,820, which is up from 1D ago (typical midweek) but is down ~9,000 from 7D ago. The 7D ago delta is the key and as we mentioned in prior notes, is a proxy for the R0. If R0 < 1.0 is similar to seeing 7D delta negative.

- the most noticeable trend is the 7D delta decline is accelerating
- 5,000 or so last week
- 10,000 this week

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



Source: COVID-19 Tracking Project

Daily cases only 2,000 by the end of August?

We made a simple table below. This is forecast, assuming daily cases are 10,000 lower vs 7D ago.

- By the end of August, USA might have 2,000 cases
- 10,000 7D delta assumes no improvement in R0

Date	Daily cases	7D delta
7/17/20	76,737	
7/18/20	65,141	
7/19/20	64,493	
7/20/20	56,110	
7/21/20	63,499	
7/22/20	69,275	
7/23/20	70,910	
7/24/20	75,039	(1,698)
7/25/20	66,112	971
7/26/20	59,540	(4,953)
7/27/20	54,827	(1,283)
7/28/20	58,719	(4,780)
7/29/20	63,627	(5,648)
7/30/20	69,071	(1,839)
7/31/20	67,707	(7,332)
8/1/20	59,472	(6,640)
8/2/20	55,016	(4,524)
8/3/20	42,269	(12,558)
8/4/20	49,820	(8,899)
8/5/20	53,627	(10,000) forecast
8/6/20	59,071	(10,000)
8/7/20	57,707	(10,000)
8/8/20	49,472	(10,000)
8/9/20	45,016	(10,000)
8/10/20	32,269	(10,000)
8/11/20	39,820	(10,000)
8/12/20	43,627	(10,000)
8/13/20	49,071	(10,000)
8/14/20	47,707	(10,000)
8/15/20	39,472	(10,000)
8/16/20	35,016	(10,000)
8/17/20	22,269	(10,000)
8/18/20	29,820	(10,000)
8/19/20	33,627	(10,000)
8/20/20	39,071	(10,000)
8/21/20	37,707	(10,000)
8/22/20	29,472	(10,000)
8/23/20	25,016	(10,000)
8/24/20	12,269	(10,000)
8/25/20	19,820	(10,000)
8/26/20	23,627	(10,000)
8/27/20	29,071	(10,000)
8/28/20	27,707	(10,000)
8/29/20	19,472	(10,000)
8/30/20	15,016	(10,000)
8/31/20	2,269	(10,000)

Source: Fundstrat

By the way, this would track what we saw in the NY tristate area. As shown below, it took 25 days for cases to fall 75% and 46 to fall 90%. Cases peaked July 17th in the US.

State	Peak date	# days	
		-75%	-90%
New York	Apr 3	30	52
New Jersey	Apr 3	39	50
Connecticut	Apr 22	6	29
Rhode Island	Apr 24	30	52
Massachusetts	Apr 24	18	45
Average		25	46

Source: Fundstrat

STRATEGY: If we see a crushing decline in cases in the next few weeks, the rotation will be violent

THOUGHT: If US follows the above path for cases, we should see a violent rotation in stocks.

I have been finding investors closed to the idea of buying Cyclical, because many have a 1-3 month time horizon and in this period of time, they see few reasons to be confident about the US economic re-opening, or even sufficient progress on a cure. Frankly, that is a reasonable argument.



But my guess is that this argument remains true as long as the trend in US coronavirus is uncertain. Even as US cases are falling, one could dismiss this for multiple reasons:

- Some states are relapsing
- Teens are causing a new spread/new communities to infect
- Europe is resurging
- Schools in the Fall

These are reasonable arguments and the list goes on and on. But what if the US path in cases is a crushing decline? Such high prevalence and cases fall, and we see sub-20,000 cases by late August? I think if that happens, Americans breathe a sigh of relief. The country can handle surges.

And if this plays out, the rotation into epicenter stocks would be violent. An abrupt re-positioning. This could also happen if there is a breakthrough in a vaccine or a cure.

Wynn Resorts (WYNN) reports a 95% drop in revs for June quarter, but stock surges...

Is the bad news baked into the epicenter stocks? That is a good question, but the casinos are certainly a good barometer. For the June quarter, WYNN's total sales declined ~95% to \$86 million compared to \$1.7 billion a year ago. This is a staggering decline, but is it surprising?

Casinos faced mass closures globally and there is simply no offset. There is no such thing as "curbside" gaming or gaming "delivery" or legal online gaming.

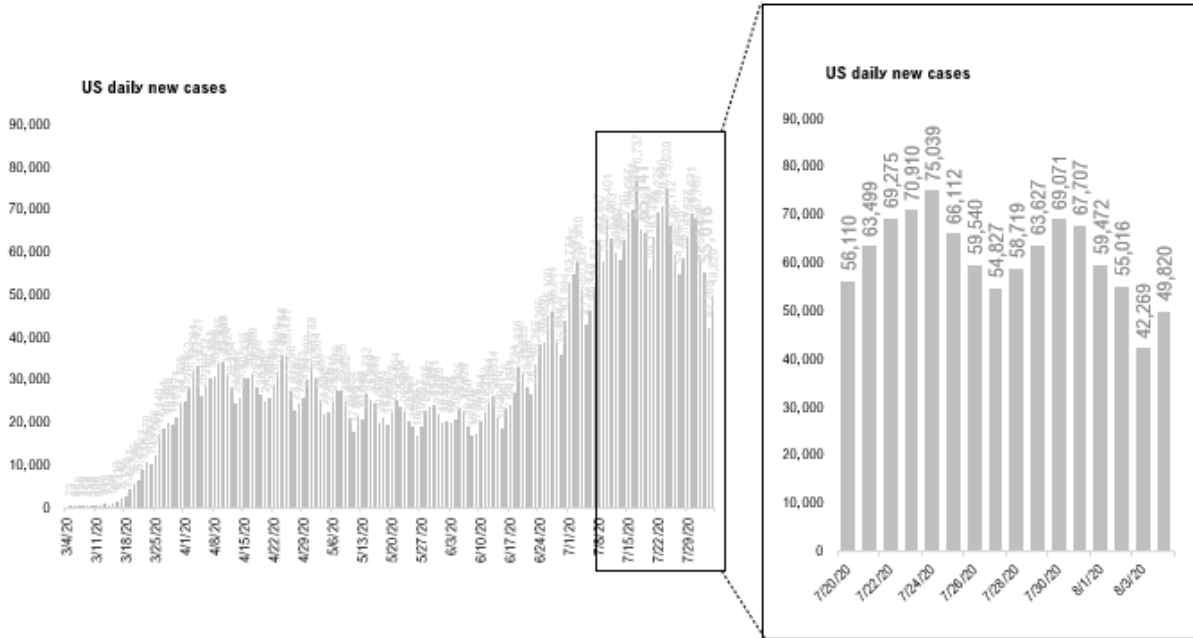
The stock is actually up slightly in the after hours, partly because the earnings from LVS and MGM already signaled what to expect. I think it is too easy for investors to get negative on travel-related businesses, because the current state is horrifying. As long as the virus is perceived to be spreading wildly, Americans will stay cautious, but this is a snapshot of yesterday .



Source: Bloomberg

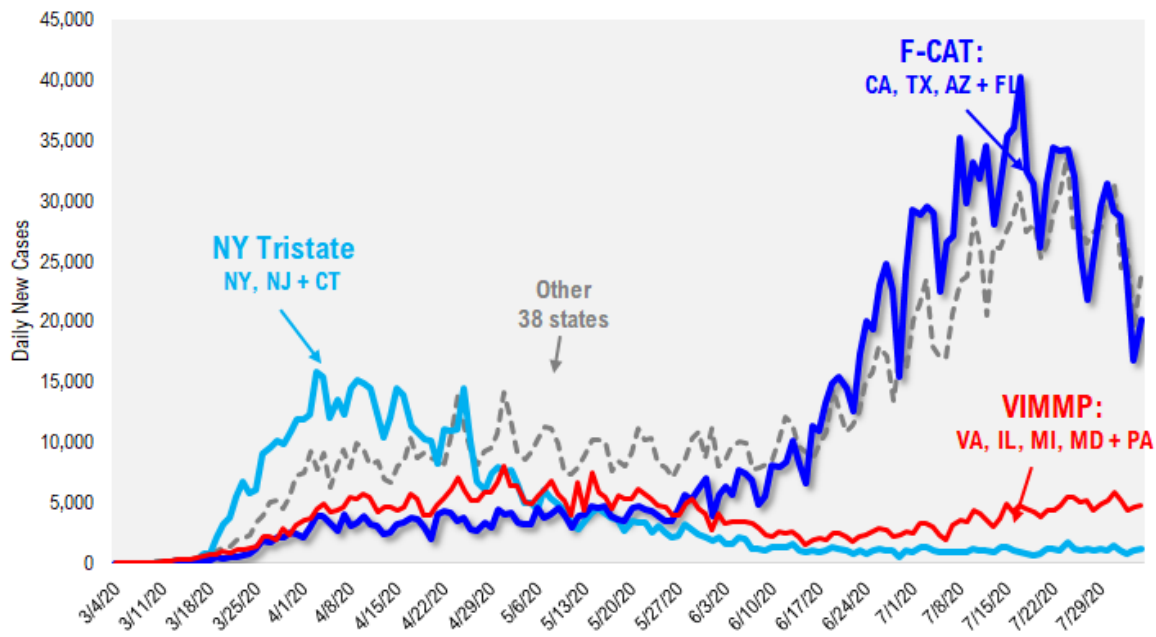
POINT 1: USA daily cases 49,820, +7,551 vs 1D ago but -8,899 vs 7D ago (key)

Daily COVID-19 cases came in at 49,820 which is another sub-50,000 day. This is up from 1D ago but is typical weekday seasonality. In fact, the decline in COVID-19 daily cases is accelerating. That is, we are seeing cases fall faster vs 7D ago. This is a good development.



Source: COVID-19 Tracking Project

Leading this decline in overall cases is a serious decline in reported cases from the epicenter, FL, CA, AZ and TX, or F-CAT. As shown below, since reporting a daily peak in cases of >40,000, it is down >50% to sub-20,000. We discuss this in more detail in the next section.



Source: COVID-19 Tracking Project

There was a rise yesterday in Texas towards 9,000 but Texas cases have been in a plateau. This is not that different from what we saw in NY in April. And other states, FL, CA and AZ are seeing continued declines

6 states reported a sizable 1D increase

Texas	9,167 vs 5,303 (1D)	+3,864
Tennessee	1,805 vs 1,009	+796
Louisiana	1,874 vs 1,099	+775
Florida	5,446 vs 4,752	+694
Mississippi	1,074 vs 572	+502
Oklahoma	861 vs 377	+484
Total		+7,115

6 states reported a sizable 1D decline

California	4,526 vs 5,739 (1D)	-1,213
Connecticut	48 vs 252	-204
Virginia	1,145 vs 1,324	-179
Alabama	1,041 vs 1,217	-176
Maryland	710 vs 870	-160
Iowa	201 vs 349	-148
Total		-2,080

Daily Case Increases (by State) (08/04)

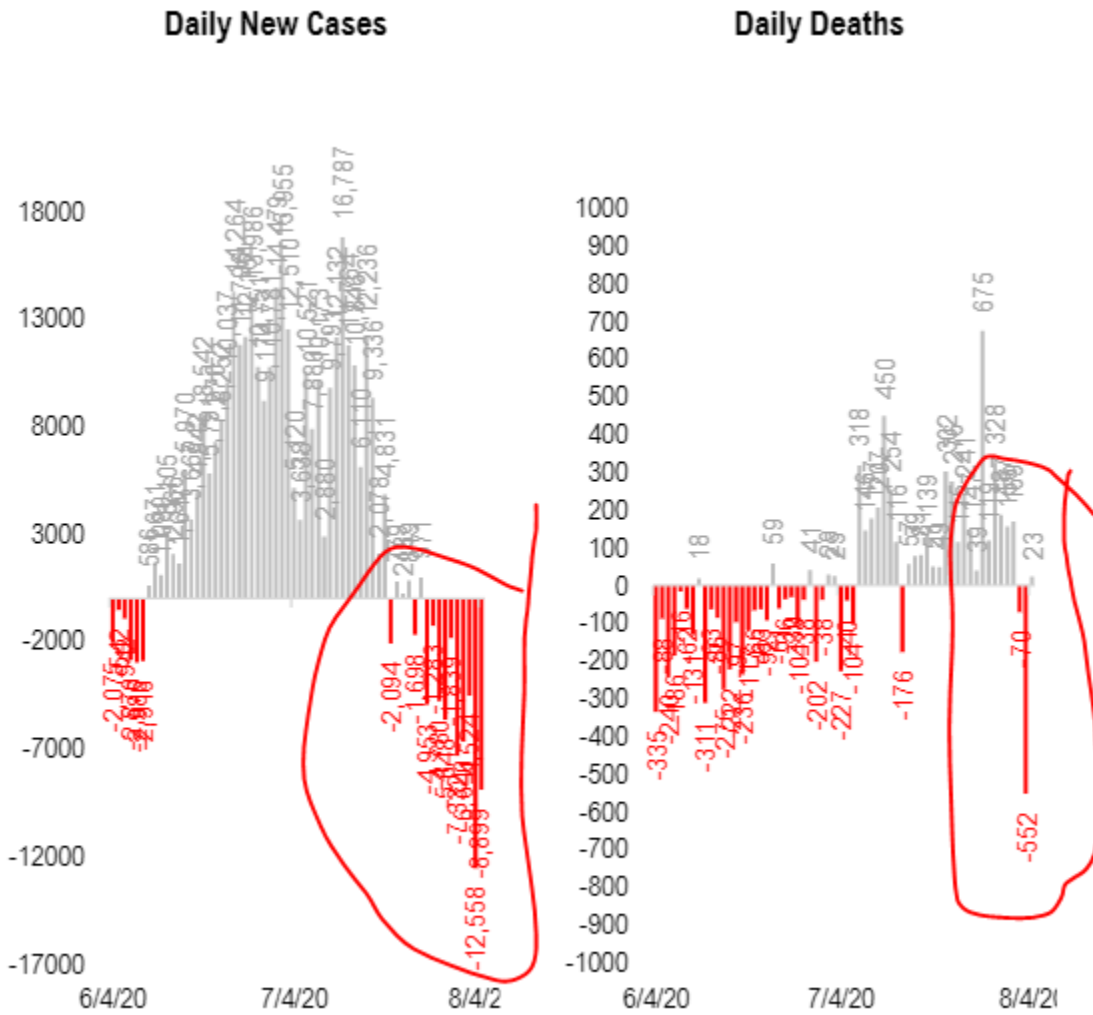
% total new cases (state cases/ total US cases)
% total US pop (state population/ total US population)

Sorted
Last 3-day trend growth rates

	8/2/20	8/3/20	8/4/20	
United States	55,016	42,269	49,820	+7,551
States:				
1 Texas	6,226	5,303	9,167	<-higher
2 Florida	7,104	4,752	5,446	
3 California	9,032	5,739	4,526	
4 Georgia	3,165	2,258	2,513	
5 Louisiana	3,467	1,099	1,874	
6 Tennessee	1,443	1,009	1,805	<-higher
7 North Carolina	1,341	1,313	1,629	<-higher
8 Illinois	1,467	1,298	1,471	
9 South Carolina	1,189	1,163	1,239	
10 Missouri	582	1,047	1,193	
11 Virginia	981	1,324	1,145	
12 Ohio	944	932	1,143	<-higher
13 Mississippi	672	572	1,074	<-higher
14 Alabama	2,095	1,217	1,041	
15 Arizona	1,465	1,030	1,008	
16 Nevada	1,131	994	980	
17 Oklahoma	494	377	861	<-higher
18 Pennsylvania	654	565	854	<-higher
19 Indiana	735	576	822	
20 Arkansas	637	787	784	
21 New York	531	545	746	<-higher
22 Wisconsin	922	404	728	
23 Maryland	909	870	710	
24 Kentucky	462	323	689	<-higher
25 Michigan	426	604	664	
26 Minnesota	750	622	602	
27 Idaho	230	331	559	<-higher
28 Massachusetts	418	199	546	<-higher
29 Washington	1,738	632	542	
30 Colorado	449	252	426	
31 Utah	473	354	378	
32 New Jersey	321	264	356	
33 Oregon	277	272	333	<-higher
34 Puerto Rico	292	278	300	
35 Nebraska	311	254	222	
36 New Mexico	220	114	210	
37 Iowa	516	349	201	
38 North Dakota	58	125	148	
39 Rhode Island	171	53	144	
40 Hawaii	45	205	144	
41 District of Columbia	69	39	85	<-higher
42 Montana	92	60	82	
43 Delaware	72	106	82	
44 West Virginia	119	119	78	
45 South Dakota	88	65	59	
46 Alaska	144	61	53	
47 Connecticut	0	252	48	
48 Wyoming	39	40	36	
49 New Hampshire	21	26	33	<-higher
50 U.S. Virgin Islands	0	18	24	
51 Guam	0	1	7	
52 Vermont	5	0	5	
53 Maine	21	12	5	
54 Northern Mariana Islands	3	1	0	
55 Kansas	0	1,064	0	
56 American Samoa	0	0	0	

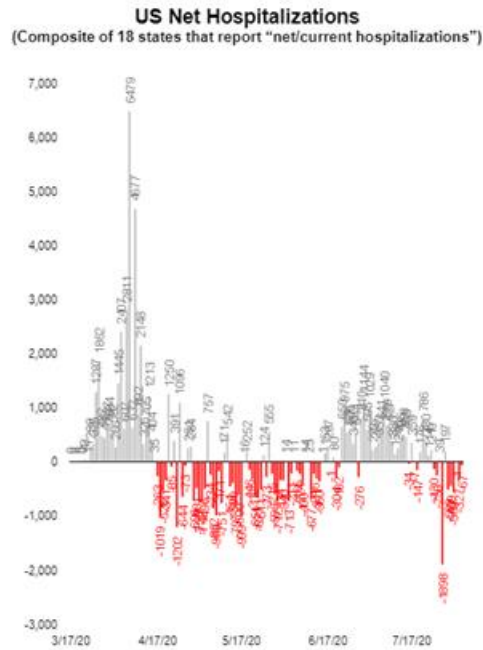
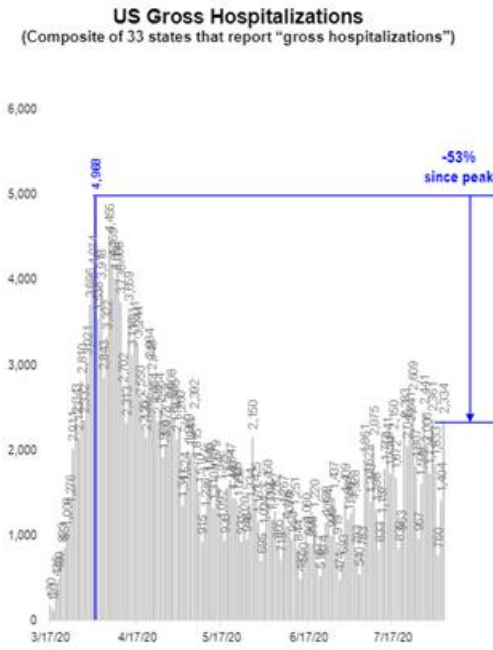
Source: COVID-19 Tracking Project

The trend in deaths is equally encouraging (daily deaths vs 7D ago) as we are seeing this flatten.



Source: COVID-19 Tracking Project

But the trends in hospitalizations have been good. The number of patients in hospitals is actually going down. So, the surge in cases is not leading to a surge past hospital capacity limits. This remains one of the better outcomes.

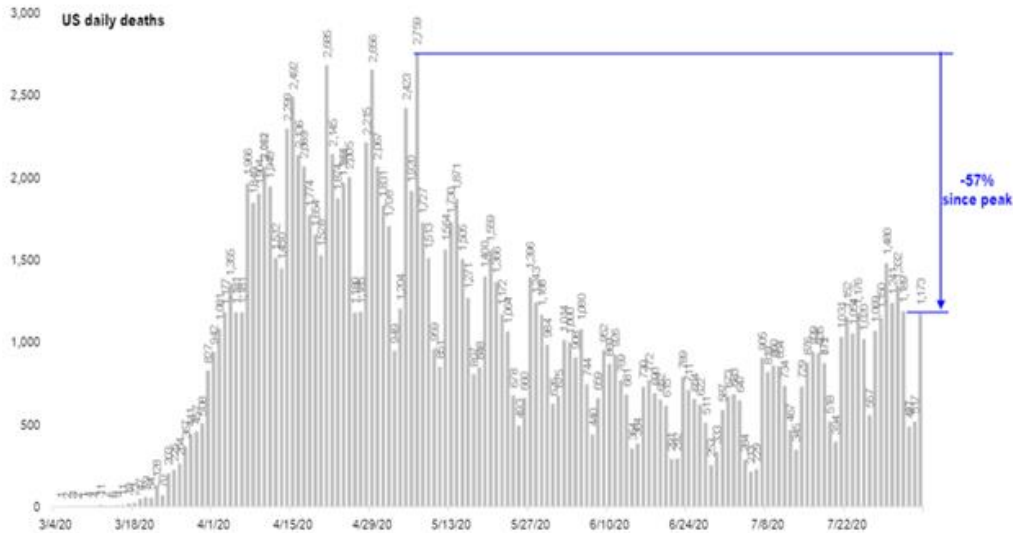


Source: Fundstrat, COVID-19 Tracking Project, State Department of Health

8/4/2020

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US daily COVID-19 Fatalities



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

8/4/2020

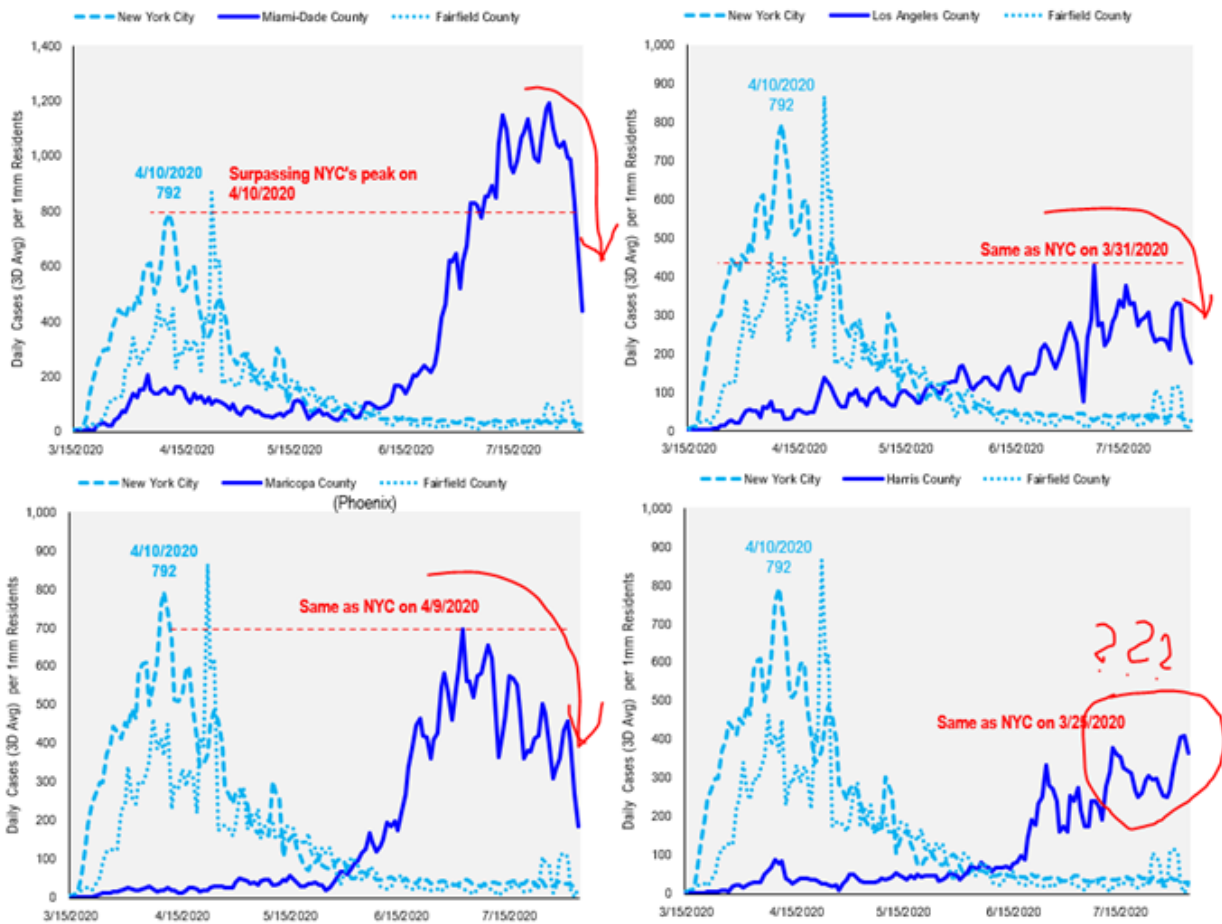
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POINT 2: COVID-19 case growth slowed in F-CAT as prevalence matched NYC...

The slowing of COVID-19 cases in the epicenter states, FL, CA, AZ, TX, or F-CAT, is becoming more evident with each passing day. The exception might be Texas where cases have been stubbornly high, but this is not that different from NY state, which had a long plateau, before cases collapsed.

Within F-CAT, the 4 major cities within each state, or the nucleus, have been the place to watch as a leading indicator. The 4 major cities are shown below Miami (FL), Los Angeles (CA), Phoenix (AZ), Houston (TX).

- the trend in these 4 cities is decisive for 3 of the 4 (TX not).
- Miami and Phoenix are seeing a crushing collapse in cases.



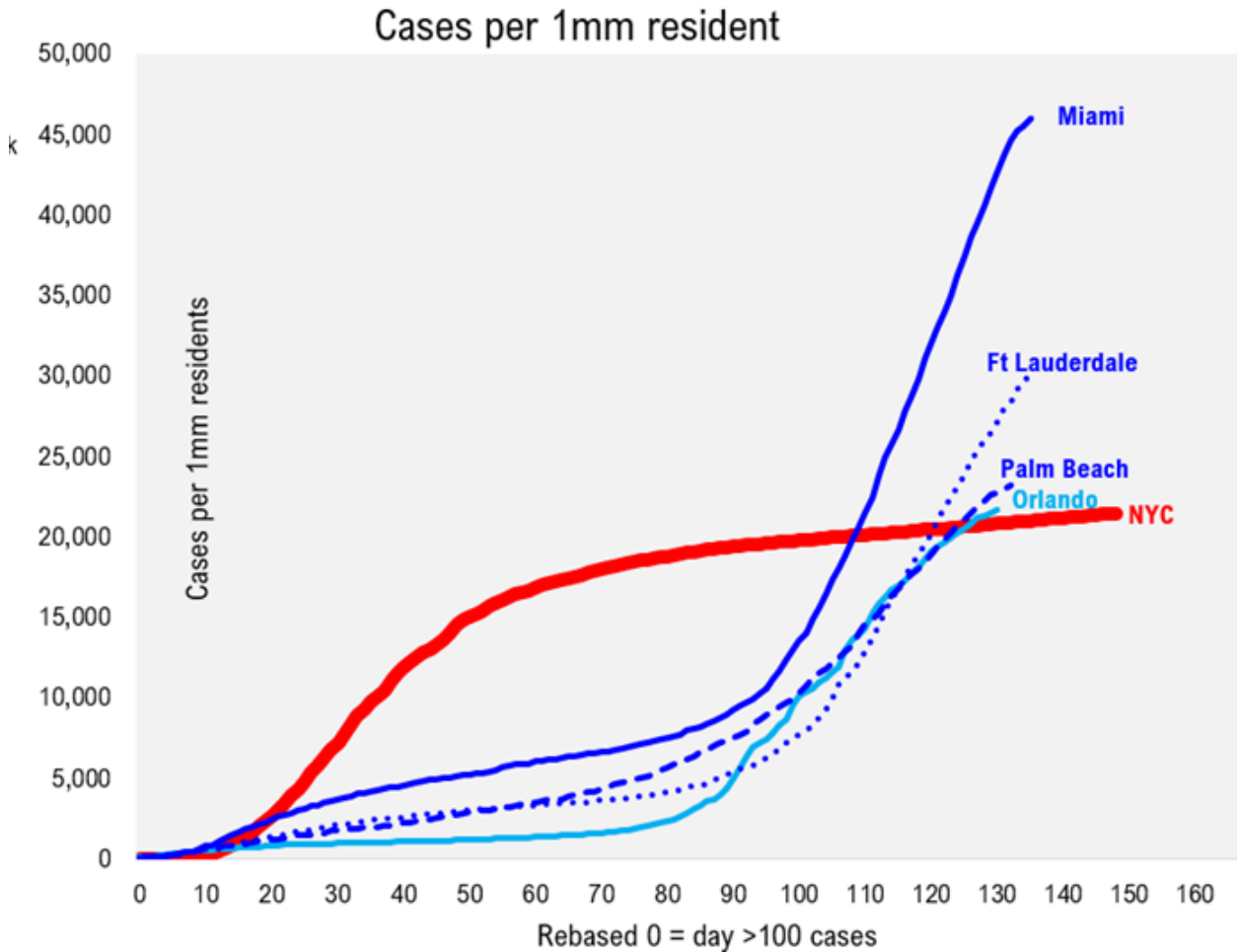
Source: Johns Hopkins

We believe this is what we should expect to see throughout the state. Is this herd immunity or just simply the lagged effect of better mitigation? We are not sure, but these are very encouraging signs.

Every major East coast city in Florida has higher cases per 1mm residents than NYC...
In terms of cumulative cases per 1mm residents (to improve comparability), notice how every major city in Florida has higher cases per 1mm residents than NYC?

- at 47,000 cases per 1mm residents, Miami has a confirmed case penetration of 4.7%.
- if serology estimates are correct that 3X-10X above detected rates, this implies 15% to 50% of Miami was infected

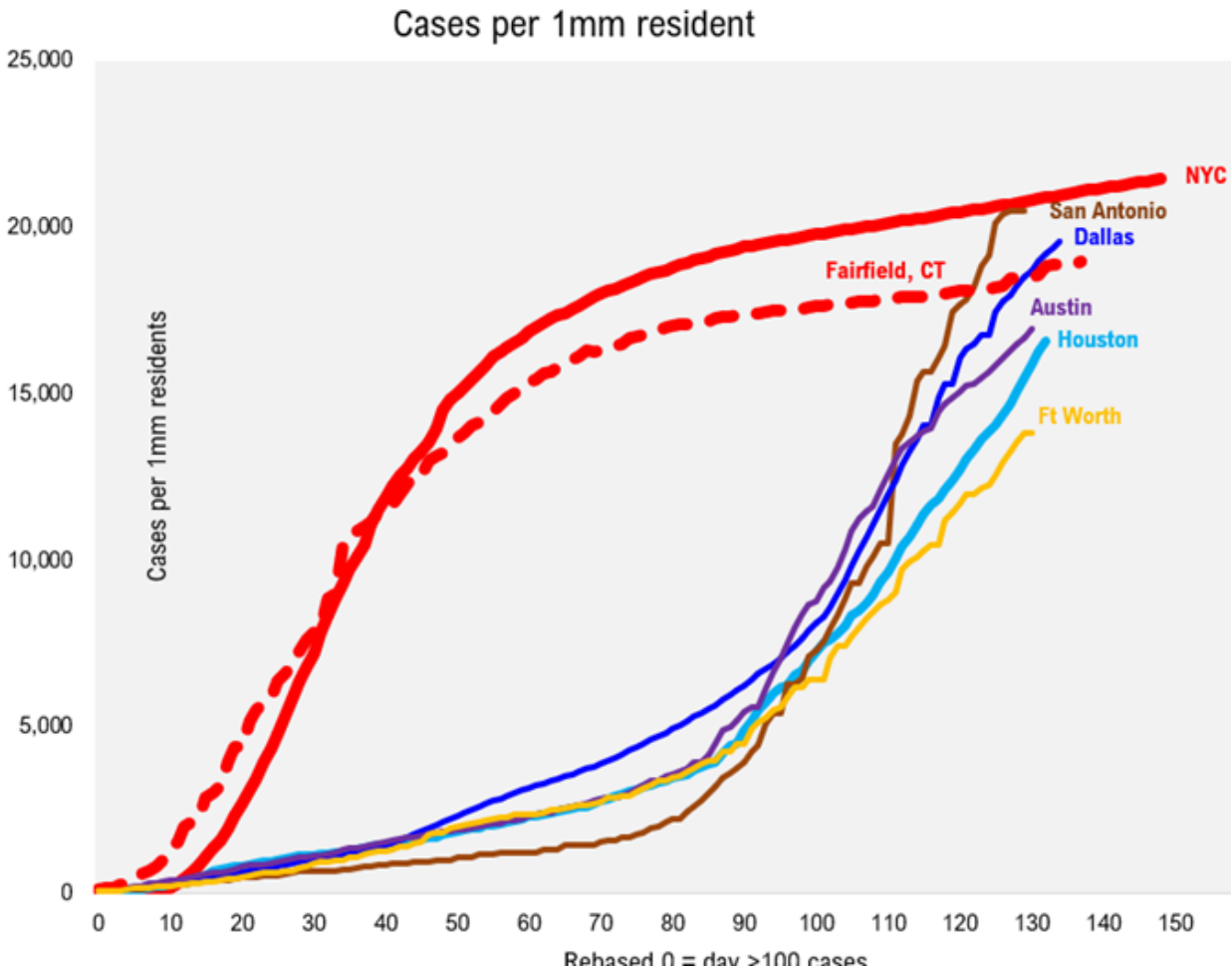
At these high levels, we think COVID-19 has a vastly diminished second wave risk.



Source: Johns Hopkins

Even most cities in Texas are closing in on the high case prevalence seen in the NY tristate area. We added Fairfield, CT (Greenwich, etc.) as a comparison as well.

- San Antonio and Dallas have nearly matched NYC. And notice San Antonio cases basically hit a wall at that point.
- Austin and Houston are nearly matching Fairfield.



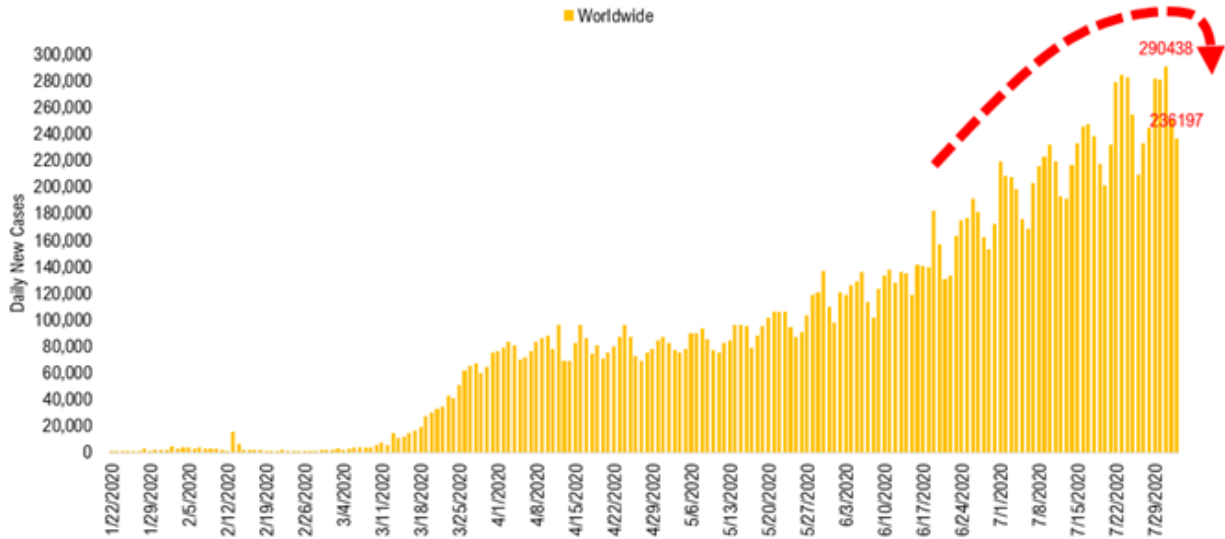
Source: Johns Hopkins

So we think it is only a matter of time before we see a collapse in cases in the F-CAT states.

POINT 3: Young people causing rise globally... USA/Brazil "safest" places this Fall?

Along with the slowdown in the US, the trend in global COVID-19 cases is falling as well. After surging to >290,000 daily cases globally, this figure is down about 20% in the past week. But the slowing of global cases is masking emerging hotspots/sources of case growth:

- India/Asia still rising cases
- Western Europe is seeing a rise in cases in France, Spain and the Netherlands, among many
- Youth/teen parties seem to be fueling surges throughout the US and Europe.



Source: Johns Hopkins

In fact, this WSJ article caught my eye, as this looks like a European version of what is happening in the US in many states (even NJ, as highlighted yesterday). Can we blame younger adults/teens for wanting to be themselves? The disease is considerably less risky for them. And their leisure time tends to be more social and involve dense gatherings.



WORLD | EUROPE

Coronavirus Cases Rise in Europe as Youth Hit Beaches and Bars

Young adults, tired of social distancing after spring lockdown, fuel Covid-19 surge across Continent



European authorities have reprimanded young adults for showing what they consider disregard for public-health rules. A beach in Posillipo, Naples, on Sunday.

PHOTO: CIRO FUSCO/EPA/SHUTTERSTOCK

By [Noemie Bisserbe](#) and [Bojan Pancevski](#)

Aug. 2, 2020 6:30 am ET

SAVE SHARE TEXT

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Young people are letting loose across Europe, fueling [a surge in coronavirus infections](#) that is imperiling the [Continent's hard-won gains against the pathogen](#).

<https://www.wsj.com/articles/coronavirus-cases-rise-in-europe-as-youth-hit-beach-and-bars-11596364200>

I ended up sending this article to one of my good friends who was heading to Europe with a bunch of his friends (he is based out of London). I was curious whether or not he was hearing about the rise in cases in Europe.

His response is below.



Source: messaging app

Daily cases in Spain, France and Singapore now exceed the daily cases in NY state...

Daily cases have begun to creep up in Western Europe. We have plotted the daily cases (per 1mm residents, to make comparable) for:

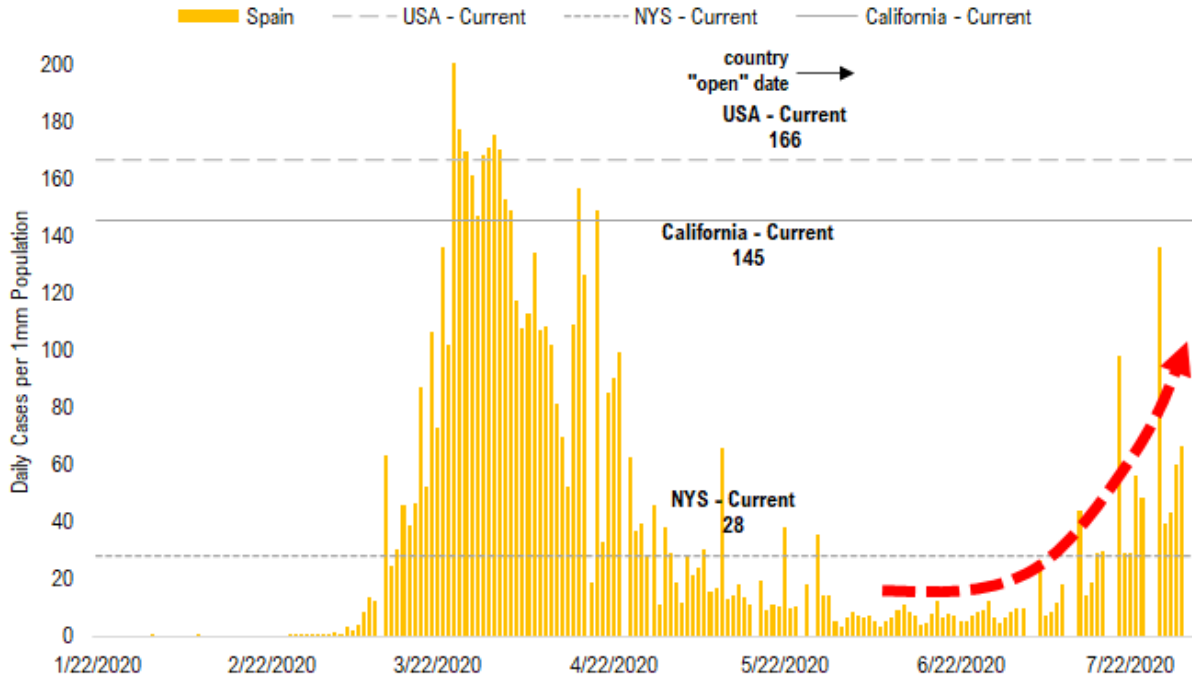
- Spain
- France
- Singapore

And for comparison purposes, also highlight the current daily cases per 1mm residents for:

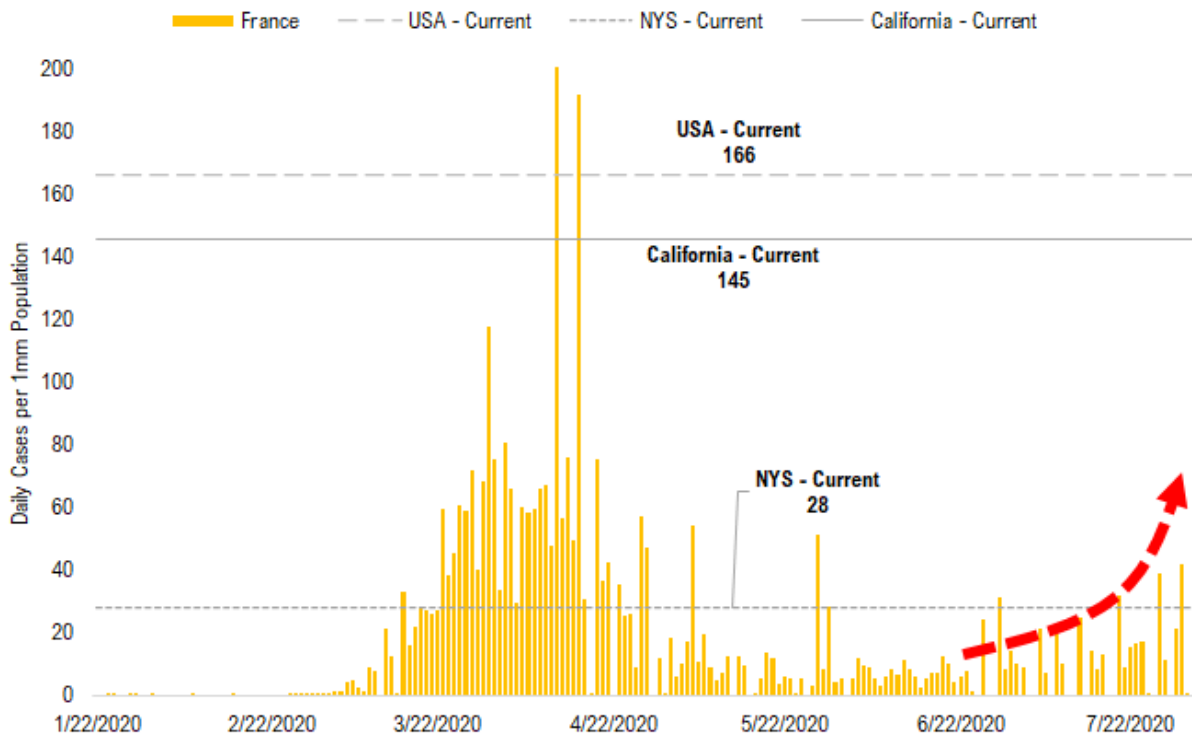
- USA
- NY
- CA

Here is what might surprise some.

- Daily cases in Spain, France and Singapore exceed that of NY
- Spain's daily cases are nearing that of CA, which is currently one of the USA's COVID-19 epicenters.

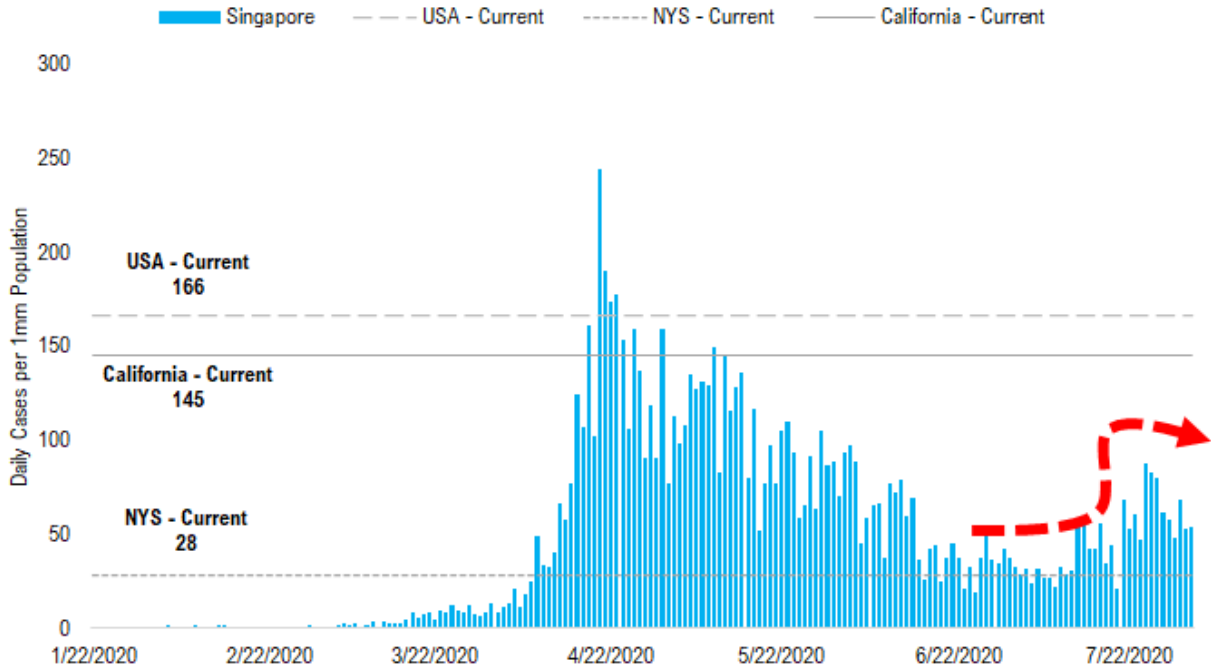


Source: Johns Hopkins



Source: Johns Hopkins

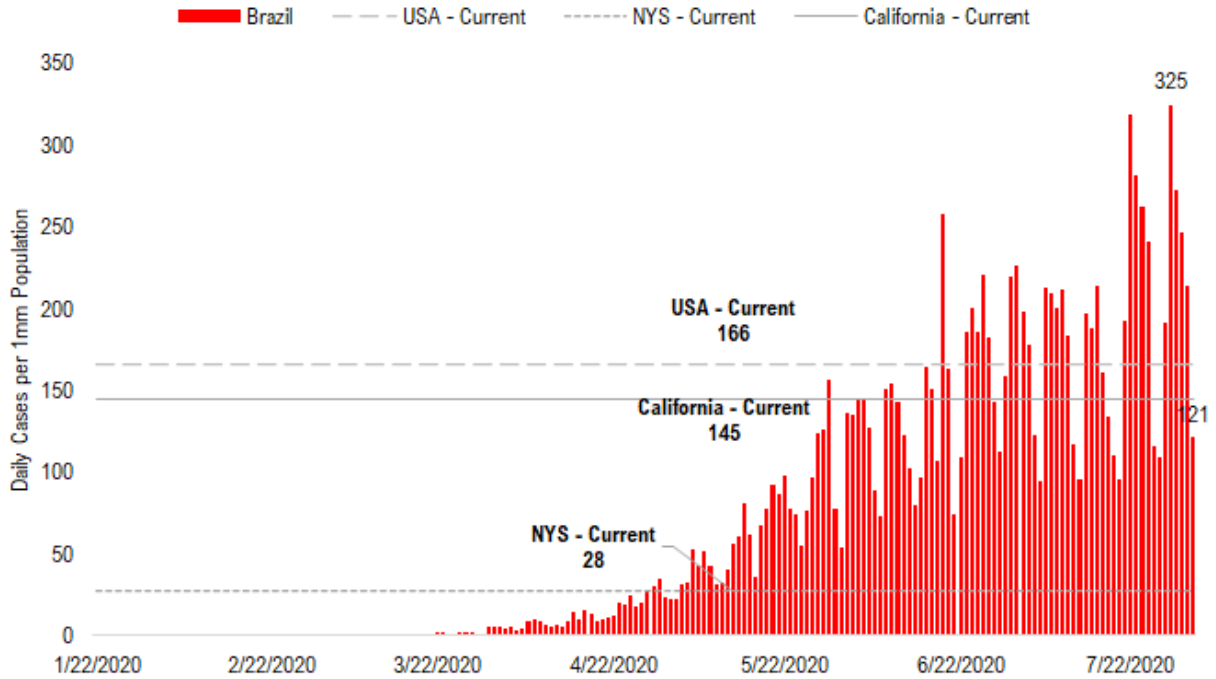
The surge in Singapore might surprise many, because this country has been viewed as largely spared from this outbreak. And the country conducts extensive contact tracing and has many mitigation measures in place. Much of this outbreak is from this worker/immigrant population, who live in multi-person dormitories and where superspreader events can take place. But as shown below, daily cases per 1mm residents is well past what NY state is seeing.



Source: Johns Hopkins

Same question about whether there is a natural "infection break point" that is reached at 12,500 cases per 1mm residents...

In Latin America, Brazil seems to be seeing a dramatic slowing of COVID-19 cases with daily cases (per 1mm) down >60% in the past few days. There seems to be some lumpiness/seasonality to their data, so this could easily worsen, but as this chart below highlights, the same plateau we saw in the US seems to be taking place in Brazil.



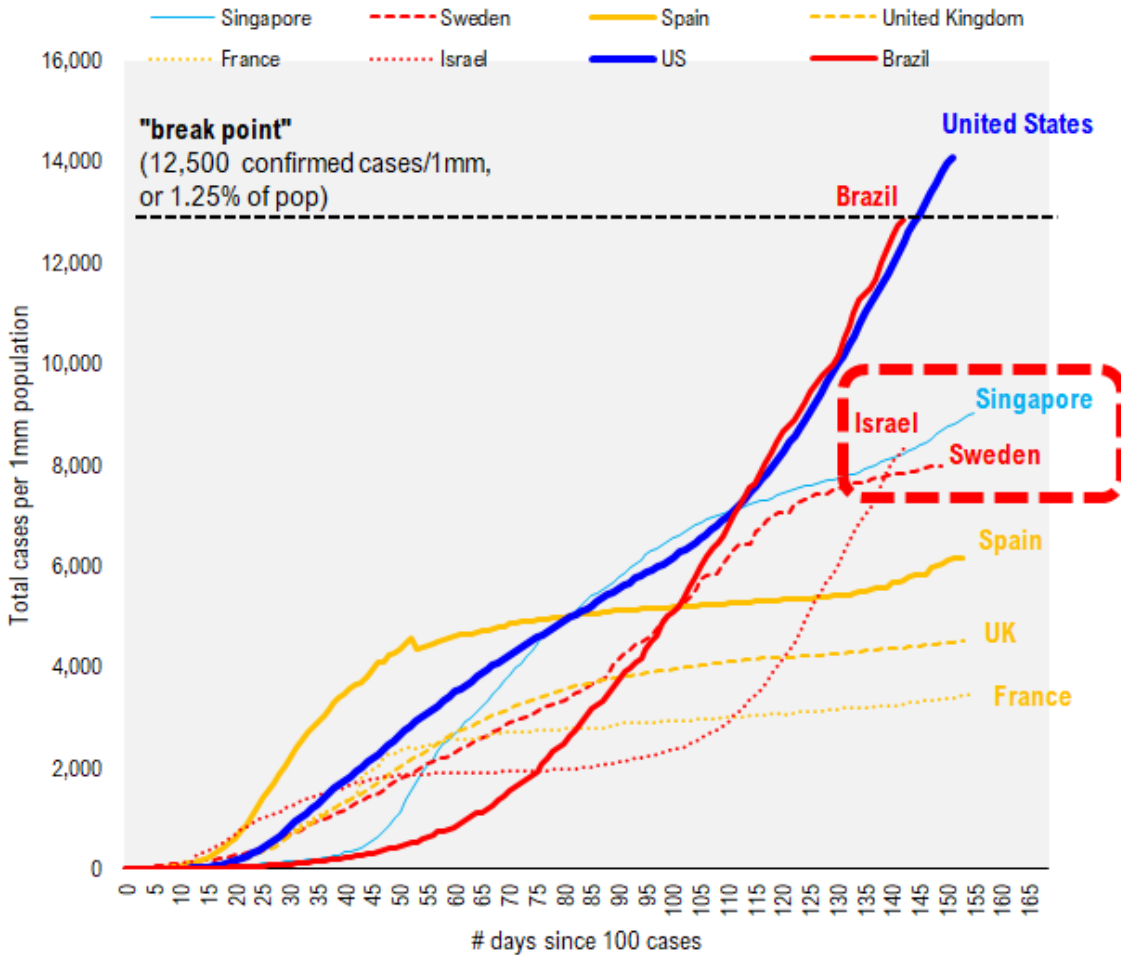
Source: Johns Hopkins

Brazil case prevalence is just about hitting 12,500 per 1mm residents. As many of our clients know, we have used this as informal break point for COVID-19 cases as it seems like many states had begun to see a slowing as cases hit this threshold.

Open countries Israel and Sweden have lower case prevalence than Singapore...

What is also interesting is highlighted below. The case prevalence in the open nations, Israel and Sweden, have lower case prevalence than Singapore. Singapore, to my surprise, has exceeded both. And as we commented above, this even as the nation exercised extensive mitigation measures and contact tracing.

- But given the low prevalence in Western Europe (see France/Spain), we think these nations are at greater risk for a surge compared to the US.



Source: Johns Hopkins

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