



## COVID-19 UPDATE: Start of the final month of 3Q2020. COVID-19 receding as positivity rate falls to 4.3%... new cycle low

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### STRATEGY: Start of the final month of 3Q2020

The case data for Monday was overall positive as daily cases came in at 31,108, a new cycle low and down 1,500 vs 7D ago. It would have been better except for 1,100 cases reported by Tennessee attributable largely due to a prison outbreak, and the test positivity rate is 4.3% and near cycle low.

We will write more extensively Tuesday night about how we see case evaluation evolving ---> a case is not a case --> good

- But the 4 epicenter states, FL, CA, AZ, TX, or F-CAT are seeing cases still collapse (AZ has the slowest case growth in the USA now)
- NY tristate is under control and remains so
- so the back to school surge is happening in states with low case prevalence

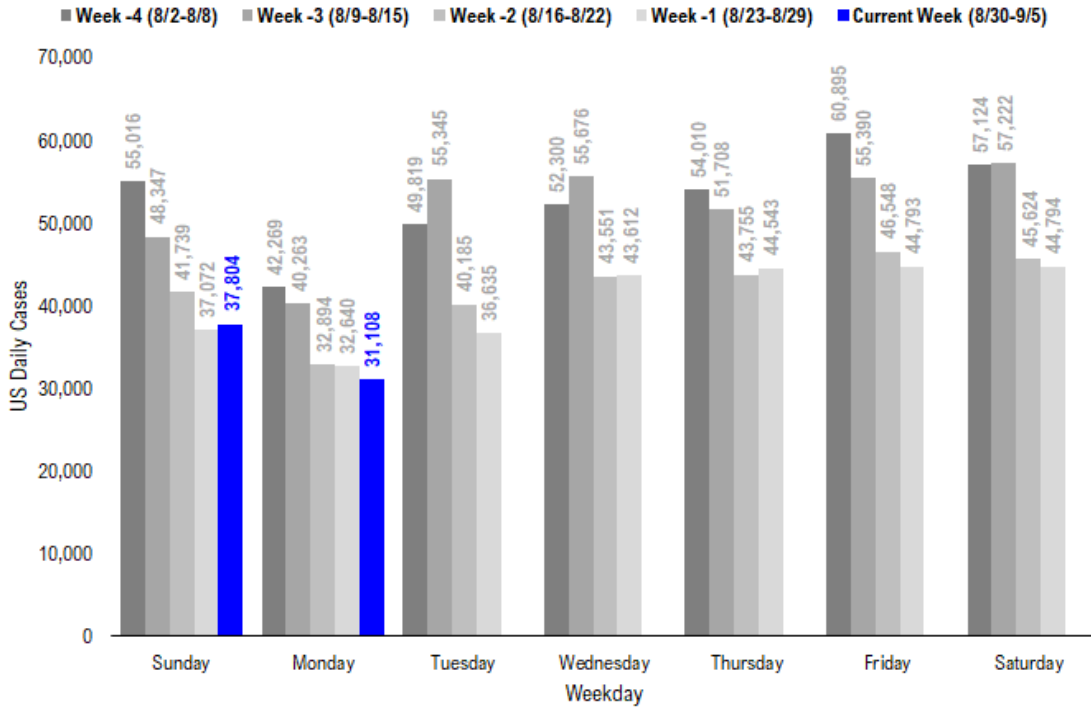
Given stocks have been strong in the first two months of 3Q2020 and now strong for all of 2020, we think there could be a FOMO rather than a "slope of hope" as cash balances remain elevated with nearly \$4.7T of cash on the sidelines. And in the final month of 3Q2020, investors would likely buy any dip.

- COVID-19 trends are improving, even as back to school, particularly colleges is causing another mini-wave
- Global economic data is strengthening, even from China and Europe
- Congress has to vote on a budget in October and our policy strategist, Tom Block, sees stimulus linked to this
- Equities remain healthy and we see upside if economic momentum improves

This latter point needs to bear out this week. So, Friday's payroll report (August) will be important. The Street is looking for 1.4 million jobs added in August.

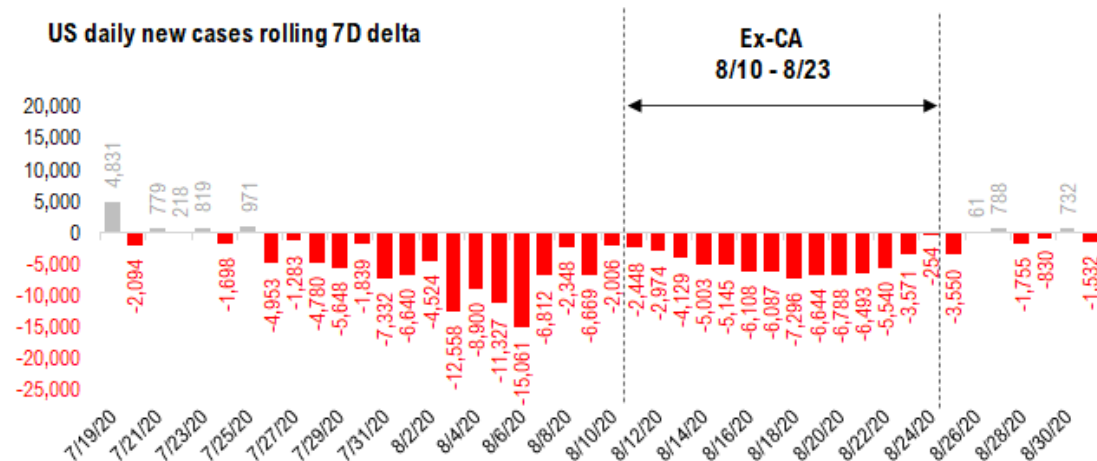
**POINT 1: Daily cases fall to 31,108 and would be sub-30,000 except for TN prison cases...**

Daily cases came in at 31,108, which is down ~1,500 compared to last week. And US cases would have likely been sub 30,000 today except for a +1,151 surge (vs. 7D ago) reported by Tennessee, which is largely due to ~1,000 cases being reported by one prison.



Source: COVID-19 Tracking Project

Again, the daily change vs 7D ago, in our view, is the leading indicator as it is what influences the 7D moving average. After seeing daily cases essentially flat for the last few days, today saw daily cases fall -1,532 and would have been closer to -2,600 were it not for a surge from TN.



Source: COVID-19 Tracking and Fundstrat

Of the 6 states reporting a large increase vs 7D ago, the largest jump is from Tennessee.

**6 states with largest 7D delta in daily cases**

|              |              |               |
|--------------|--------------|---------------|
| Tennessee    | 1,818 vs 667 | +1,151        |
| Oklahoma     | 713 vs 357   | +356          |
| Iowa         | 608 vs 358   | +250          |
| New York     | 656 vs 408   | +248          |
| Indiana      | 883 vs 688   | +195          |
| Virginia     | 847 vs 664   | +183          |
| <b>Total</b> |              | <b>+2,383</b> |

Tennessee saw a jump associated with tests from its Wayne County correctional facility. This happens periodically, as a prison or some institution will report a large surge in cases. Our clients know this happened in Texas a few months ago.

The screenshot shows a blue navigation bar with the WKRN.COM logo and menu items: NEWS, WEATHER & TRAFFIC, COVID-19 PANDEMIC, WATCH, and SPORTS. Below the bar is the word "CORONAVIRUS" in blue. The main headline reads "TDOC: 965 inmates test positive for COVID-19 at Wayne County correctional facility". Below the headline are social media sharing icons for Facebook, Twitter, WhatsApp, SMS, Email, and a plus sign for more options.

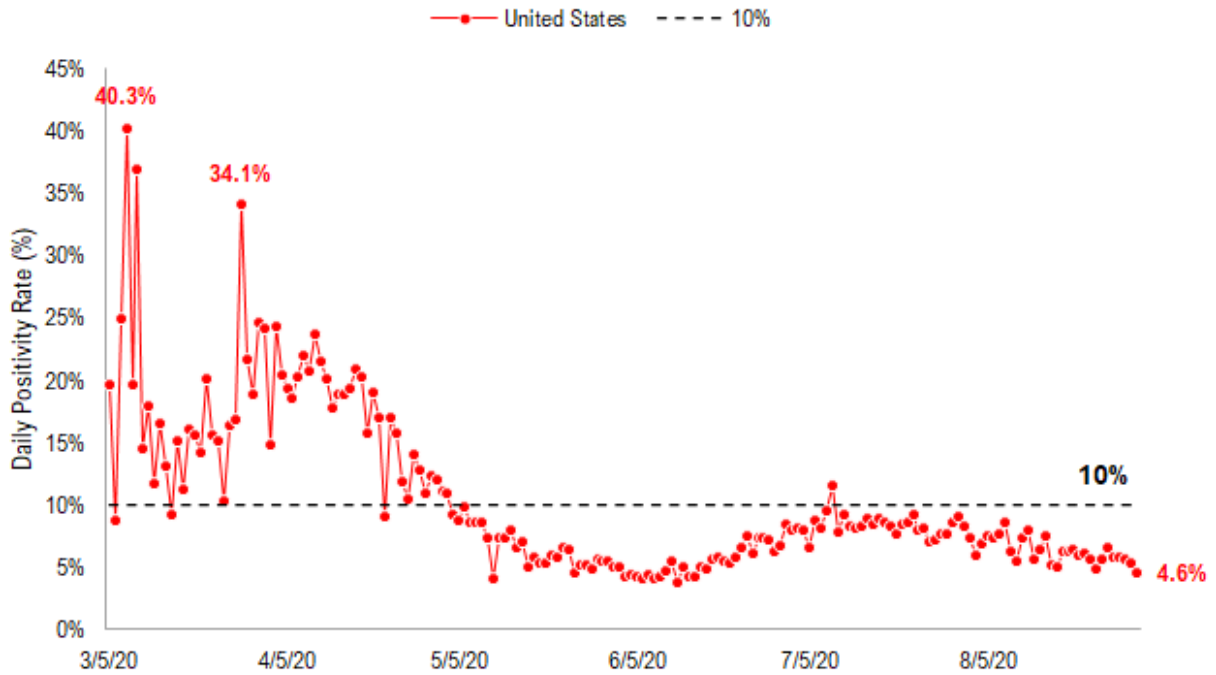
<https://www.wkrn.com/community/health/coronavirus/tdoc-965-inmates-test-positive-for-covid-19-at-wayne-county-correctional-facility/>

**6 states with largest 7D delta in daily cases**

|               |                |               |
|---------------|----------------|---------------|
| Georgia       | 1,498 vs 2,304 | -806          |
| California    | 4,176 vs 4,946 | -770          |
| Michigan      | 451 vs 868     | -417          |
| Texas         | 2,374 vs 2,754 | -380          |
| Florida       | 1,885 vs 2,258 | -373          |
| Massachusetts | 304 vs 662     | -358          |
| <b>Total</b>  |                | <b>-3,104</b> |

**Positivity rate falls to 4.3%....**

And the positivity rate in the US is still drifting lower, another good sign. It has remained below 10% and even as daily cases are stalling vs 7D ago, the positivity rate seems to be drifting lower = good. And today's 4.3% is the lowest since pre-June surge. So this is a sign of progress.



Source: COVID-19 Tracking and Fundstrat

### Daily Case Increases (by State) (08/31)

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

|                       |                          | <i>Sorted</i> |         |                  |         |          |
|-----------------------|--------------------------|---------------|---------|------------------|---------|----------|
|                       |                          | 7D Ago        |         | Last 3-day Trend |         |          |
|                       |                          | 8/24/20       | 8/29/20 | 8/30/20          | 8/31/20 |          |
| United States         |                          | 32,640        | 44,794  | 37,804           | 31,108  | -6,696   |
| United States (ex-CA) |                          | 27,694        | 39,813  | 31,734           | 26,932  | -4,802   |
| <b>States:</b>        |                          |               |         |                  |         |          |
| 1                     | California               | 4,946         | 4,981   | 6,070            | 4,176   |          |
| 2                     | Texas                    | 2,754         | 4,732   | 3,759            | 2,374   |          |
| 3                     | Florida                  | 2,258         | 3,197   | 2,583            | 1,885   |          |
| 4                     | Tennessee                | 667           | 1,465   | 835              | 1,818   | <-higher |
| 5                     | Illinois                 | 1,612         | 1,880   | 1,992            | 1,668   |          |
| 6                     | Kansas                   | 1,545         | 0       | 0                | 1,564   |          |
| 7                     | Georgia                  | 2,304         | 2,386   | 1,215            | 1,498   |          |
| 8                     | North Carolina           | 1,283         | 2,585   | 1,051            | 1,186   |          |
| 9                     | Missouri                 | 869           | 1,198   | 1,465            | 1,042   |          |
| 10                    | Ohio                     | 849           | 1,216   | 922              | 895     |          |
| 11                    | Indiana                  | 688           | 1,121   | 879              | 883     |          |
| 12                    | Virginia                 | 664           | 1,217   | 938              | 847     |          |
| 13                    | Alabama                  | 718           | 1,704   | 1,346            | 823     |          |
| 14                    | Oklahoma                 | 357           | 1,093   | 667              | 713     |          |
| 15                    | Minnesota                | 714           | 1,017   | 932              | 675     |          |
| 16                    | South Carolina           | 563           | 1,298   | 1,075            | 668     |          |
| 17                    | New York                 | 408           | 635     | 698              | 656     |          |
| 18                    | Iowa                     | 358           | 778     | 971              | 608     |          |
| 19                    | Pennsylvania             | 426           | 843     | 670              | 521     |          |
| 20                    | Maryland                 | 567           | 630     | 497              | 458     |          |
| 21                    | Michigan                 | 868           | 779     | 539              | 451     |          |
| 22                    | Washington               | 417           | 598     | 578              | 441     |          |
| 23                    | Connecticut              | 492           | 0       | 0                | 384     |          |
| 24                    | Arkansas                 | 320           | 795     | 478              | 368     |          |
| 25                    | Kentucky                 | 370           | 820     | 455              | 364     |          |
| 26                    | New Jersey               | 225           | 349     | 291              | 349     |          |
| 27                    | Louisiana                | 623           | 0       | 1,624            | 326     |          |
| 28                    | Nevada                   | 409           | 609     | 447              | 320     |          |
| 29                    | Massachusetts            | 662           | 446     | 199              | 304     |          |
| 30                    | Mississippi              | 511           | 735     | 647              | 274     |          |
| 31                    | Wisconsin                | 392           | 819     | 537              | 266     |          |
| 32                    | Utah                     | 249           | 458     | 448              | 253     |          |
| 33                    | Puerto Rico              | 445           | 260     | 243              | 247     |          |
| 34                    | Idaho                    | 217           | 293     | 190              | 221     |          |
| 35                    | Colorado                 | 198           | 268     | 182              | 201     |          |
| 36                    | South Dakota             | 149           | 425     | 380              | 187     |          |
| 37                    | Arizona                  | 311           | 629     | 374              | 174     |          |
| 38                    | Oregon                   | 220           | 239     | 258              | 162     |          |
| 39                    | West Virginia            | 40            | 143     | 143              | 140     |          |
| 40                    | Hawaii                   | 169           | 309     | 200              | 133     |          |
| 41                    | North Dakota             | 124           | 374     | 218              | 114     |          |
| 42                    | Delaware                 | 47            | 266     | 109              | 86      |          |
| 43                    | Montana                  | 52            | 188     | 88               | 82      |          |
| 44                    | New Mexico               | 73            | 136     | 105              | 69      |          |
| 45                    | Guam                     | 87            | 60      | 0                | 48      |          |
| 46                    | Rhode Island             | 39            | 174     | 46               | 46      |          |
| 47                    | Alaska                   | 69            | 90      | 44               | 37      |          |
| 48                    | District of Columbia     | 49            | 74      | 34               | 33      |          |
| 49                    | Wyoming                  | 24            | 21      | 36               | 22      |          |
| 50                    | New Hampshire            | 27            | 30      | 8                | 21      |          |
| 51                    | Maine                    | 21            | 53      | 23               | 14      |          |
| 52                    | Vermont                  | 9             | 16      | 11               | 8       |          |
| 53                    | U.S. Virgin Islands      | 24            | 43      | 11               | 5       |          |
| 54                    | Nebraska                 | 158           | 317     | 293              | 0       |          |
| 55                    | Northern Mariana Islands | 0             | 2       | 0                | 0       |          |
| 56                    | American Samoa           | 0             | 0       | 0                | 0       |          |

Source: COVID-19 Tracking and Fundstrat

**POINT 2: Arizona cases are growing the slowest in the entire USA... wow**

The growth rate of cases has slowed so much in Arizona that its daily case growth is now the lowest in the entire USA:

- Daily cases in AZ grew at 0.1%, half of NY state
- At this pace, it will take 802 days for cases to double
- Even TX daily cases have slowed to 0.4% per day

**Growth Rate of Cases (by State)**

**Daily growth rates <10%**

**# states**

**53**

*Sorted*

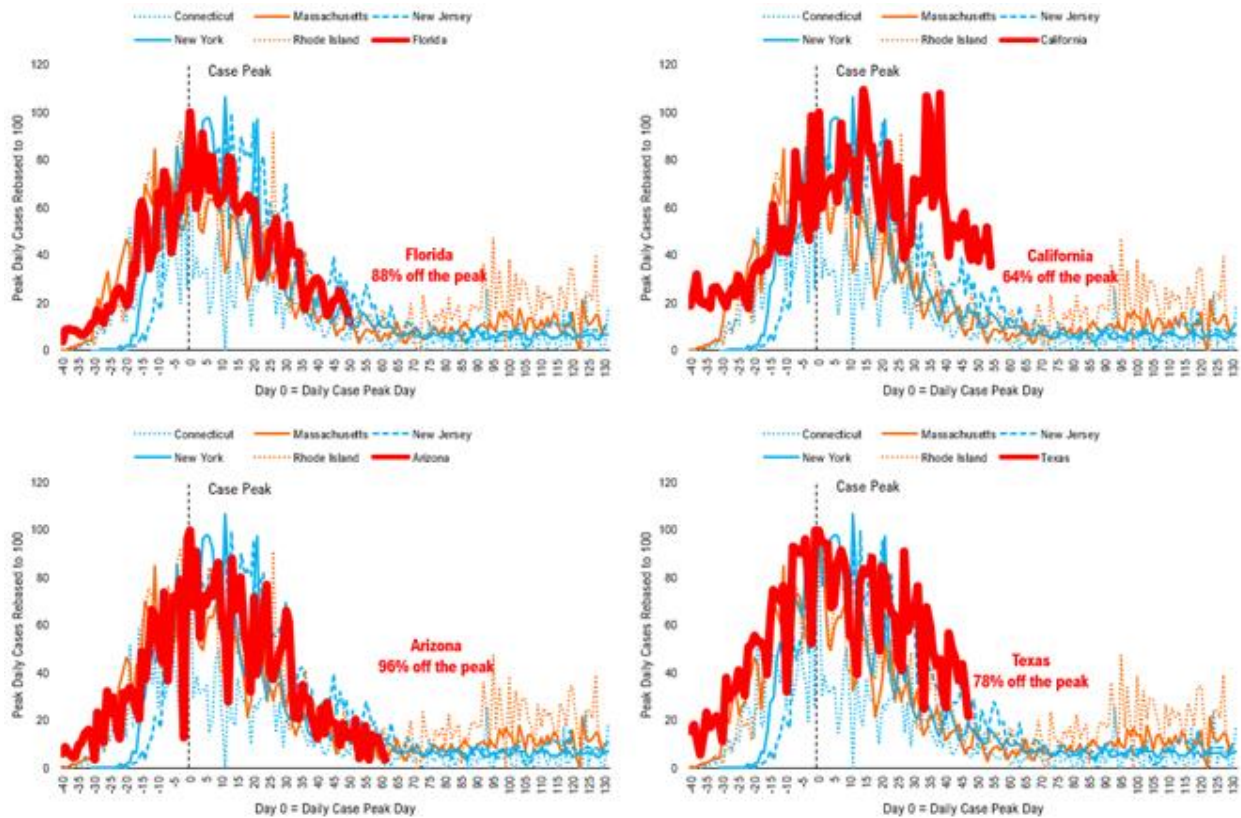
**Last 3-day trend growth rates**

|    |                      | 8/29/20 | 8/30/20 | 8/31/20 | # days 2X |
|----|----------------------|---------|---------|---------|-----------|
|    | United States        | 0.8%    | 0.6%    | 0.5%    | 134.1     |
|    | <b>States:</b>       |         |         |         |           |
| 1  | Arizona              | 0.3%    | 0.2%    | 0.1%    | 812.0     |
| 2  | New York             | 0.1%    | 0.2%    | 0.2%    | 463.9     |
| 3  | New Jersey           | 0.2%    | 0.2%    | 0.2%    | 385.0     |
| 4  | Rhode Island         | 0.8%    | 0.2%    | 0.2%    | 334.0     |
| 5  | Louisiana            | —       | 1.1%    | 0.2%    | 318.1     |
| 6  | District of Columbia | 0.5%    | 0.2%    | 0.2%    | 296.8     |
| 7  | Massachusetts        | 0.3%    | 0.2%    | 0.2%    | 296.0     |
| 8  | New Mexico           | 0.5%    | 0.4%    | 0.3%    | 257.2     |
| 9  | New Hampshire        | 0.4%    | 0.1%    | 0.3%    | 242.5     |
| 10 | Florida              | 0.5%    | 0.4%    | 0.3%    | 231.5     |
| 11 | Maine                | 1.2%    | 0.5%    | 0.3%    | 226.3     |
| 12 | Mississippi          | 0.9%    | 0.8%    | 0.3%    | 211.9     |
| 13 | Colorado             | 0.5%    | 0.3%    | 0.4%    | 200.0     |
| 14 | Wisconsin            | 1.1%    | 0.7%    | 0.4%    | 199.0     |
| 15 | Pennsylvania         | 0.6%    | 0.5%    | 0.4%    | 180.1     |
| 16 | Texas                | 0.8%    | 0.6%    | 0.4%    | 179.0     |

Source: COVID-19 Tracking Project

The dramatic slowdown in case growth for the 4 epicenter states continues, FL, CA, AZ, TX, or F-CAT. Daily cases are now 96% off the highs for AZ, 88% for FL and even TX is now 78%

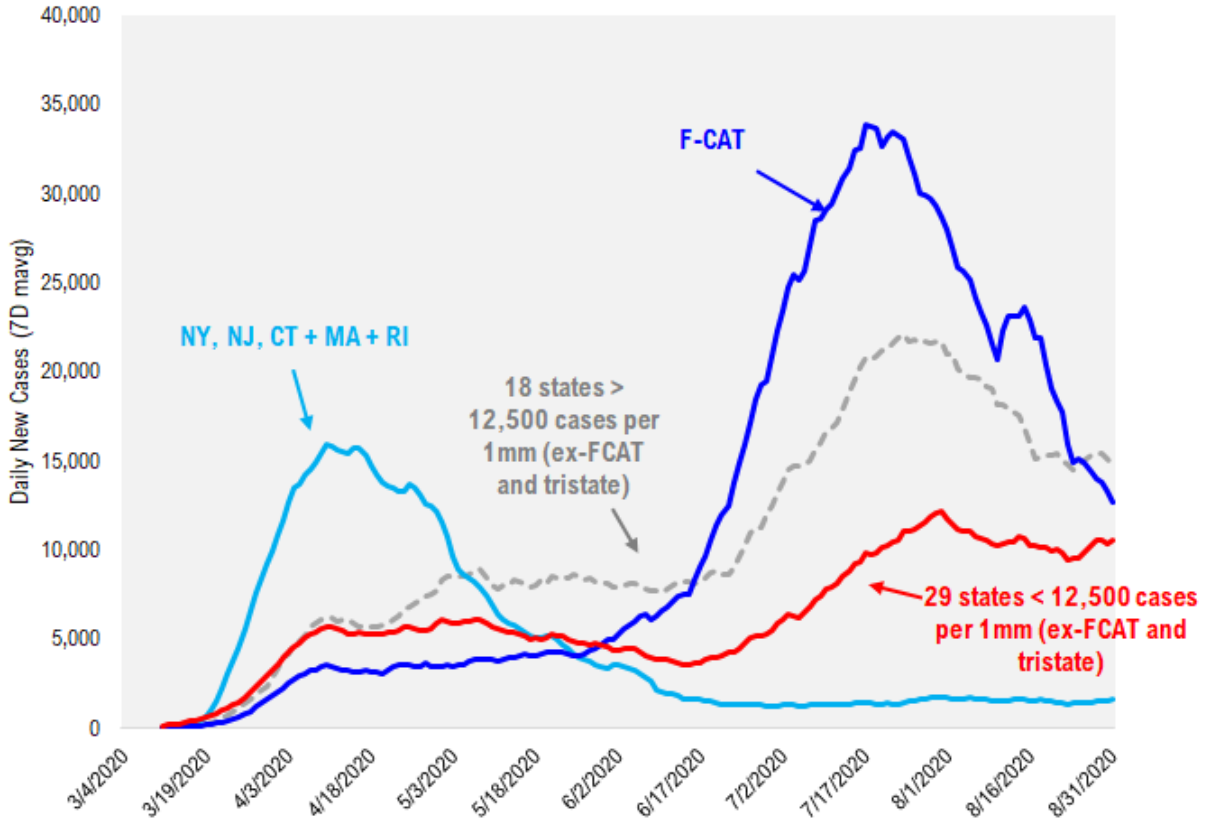
- this is tremendous organic progress
- and except for CA, the other F-CAT states are tracking NY tristate pretty closely



Source: COVID-19 Tracking Project



This matters because the stalling in daily case growth can be attributed to those states with low case prevalence. As shown below, these states (red line) are the ones behind the rise in daily cases.



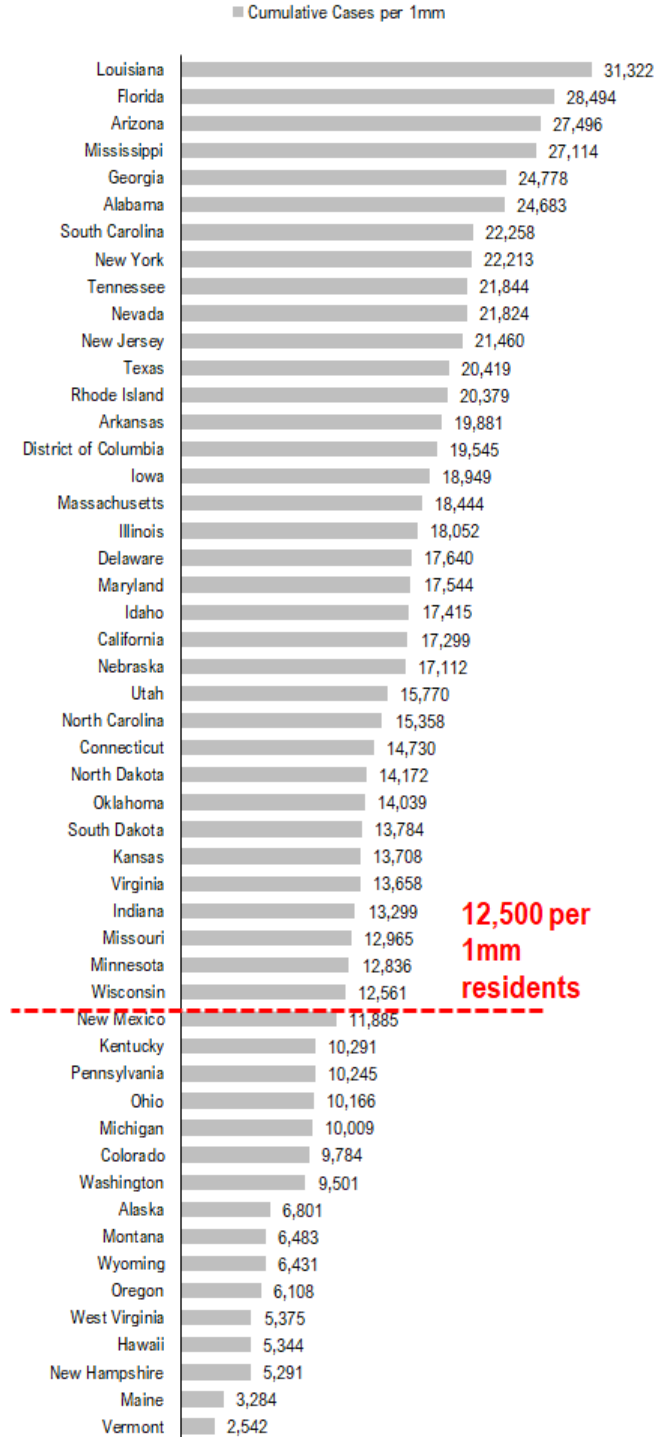
Source: COVID-19 Tracking Project

So we will still expect these states to have a continued rise in cases, reflecting additional infections associated with back to school.



**Since 8/18/2020, there are now only 16 states with cases <12,500 per 1mm....**

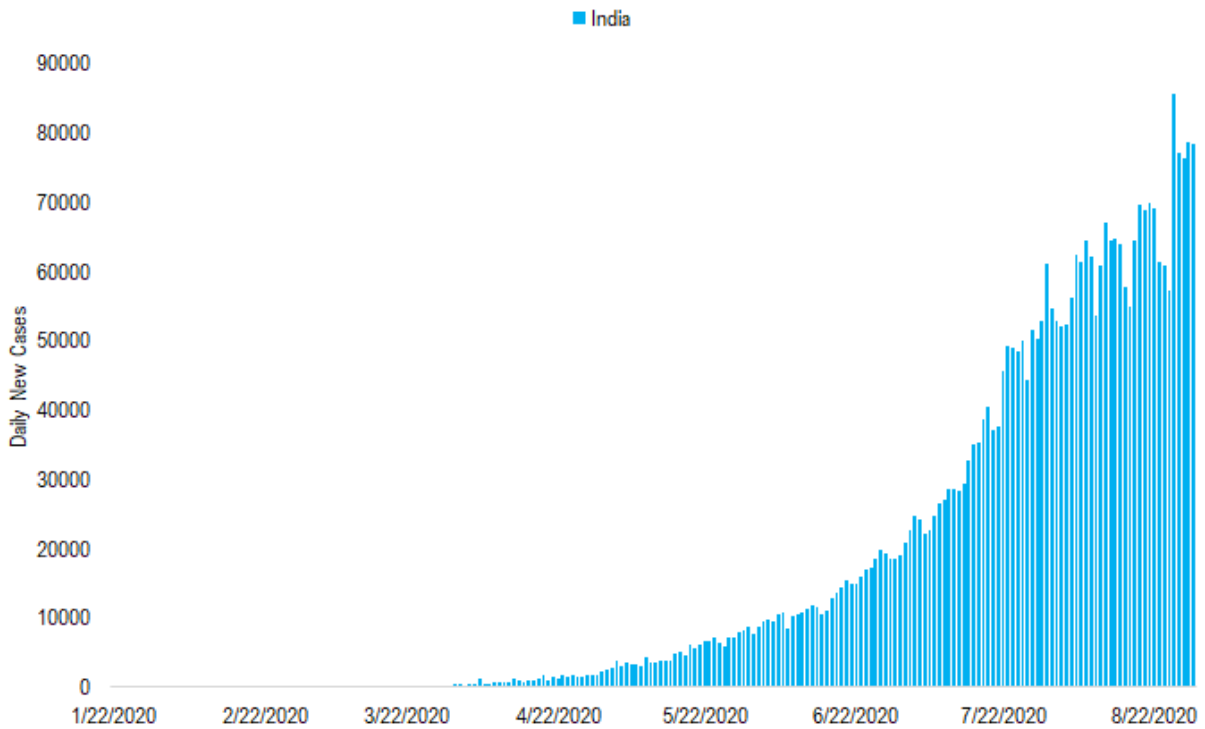
There now only 16 states, vs 29 on 8/18, with cases <12,500 per 1mm. So, this is good news, in a sense. After all, we are not seeing a surge in cases in Florida or Arizona, even as these states have many colleges and universities.



Source: COVID-19 Tracking Project

**POINT 3: India blasts to >85,000 cases per day...**

India is the nation with the highest absolute number of daily COVID-19 cases. As shown below on the daily cases, India exceeded 85,000 cases in a day.

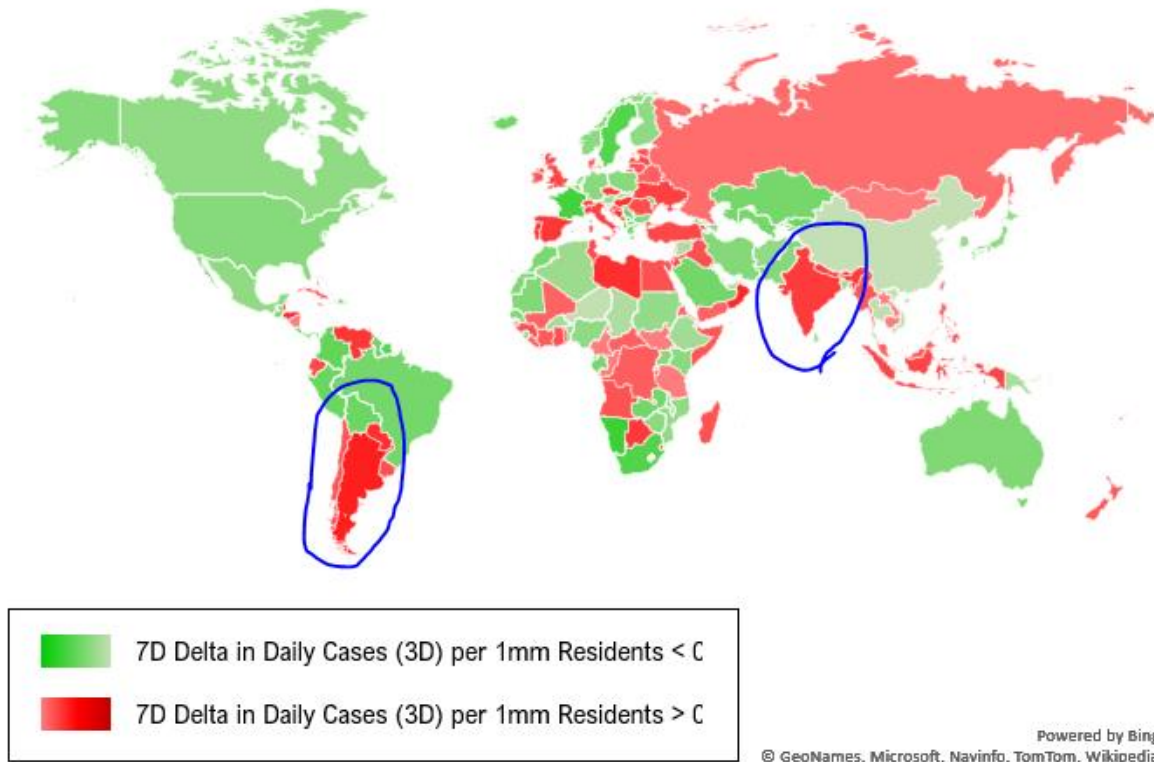


Source: Johns Hopkins

The heat map, which shows 7D delta in daily cases, show that the two major hotspots in the world are:

- India
- Argentina

Both nations are seeing the greatest 7D increase in daily cases (more red = bad).



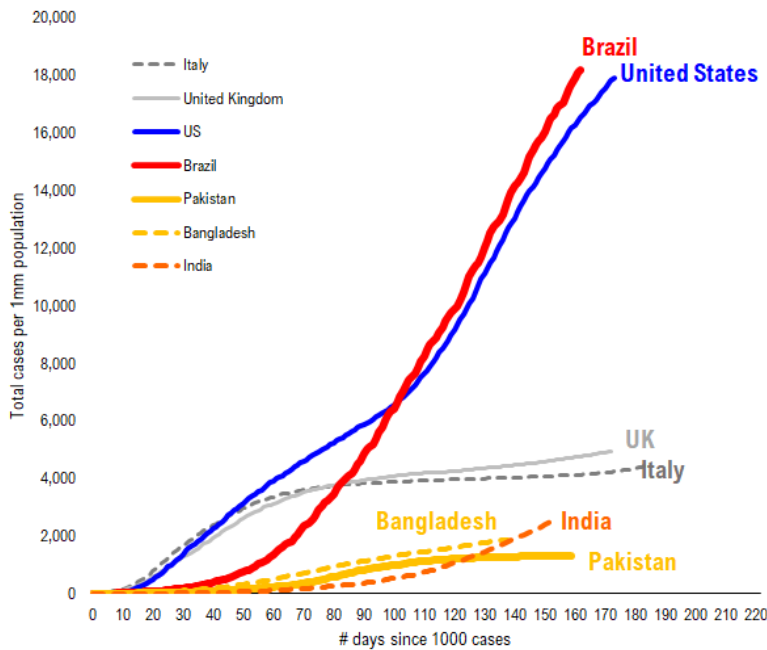
Source: Johns Hopkins

And as shown below in the quilt, India and Latin America remain the two hotspots in the World. In fact, US cases are trending lower and we think there is a possibility that US cases potentially even fall below Europe.

| 5/1/2020                               | 5/15/2020                              | 5/29/2020                               | 6/12/2020                               | 6/26/2020                               | 7/10/2020                               | 7/24/2020                               | 8/7/2020                                | 8/21/2020                               | 8/30/2020                               |
|--|--|---|---|---|---|---|---|---|---|
| US + Canada<br>31,572                  | US + Canada<br>25,443                  | Latin America<br>42,759                 | Latin America<br>51,123                 | Latin America<br>68,227                 | Latin America<br>73,176                 | Latin America<br>97,008                 | Latin America<br>97,310                 | Latin America<br>85,471                 | Pakistan + India + Bangladesh<br>80,327 |
| Europe<br>25,405                       | Latin America<br>25,394                | US + Canada<br>22,796                   | US + Canada<br>22,798                   | US + Canada<br>41,092                   | US + Canada<br>63,055                   | US + Canada<br>72,289                   | Pakistan + India + Bangladesh<br>63,674 | Pakistan + India + Bangladesh<br>72,740 | Latin America<br>75,149                 |
| Latin America<br>13,595                | Europe<br>22,177                       | Europe<br>19,130                        | Pakistan + India + Bangladesh<br>18,309 | Pakistan + India + Bangladesh<br>24,668 | Pakistan + India + Bangladesh<br>32,386 | Pakistan + India + Bangladesh<br>52,184 | US + Canada<br>56,150                   | US + Canada<br>45,030                   | US + Canada<br>42,742                   |
| Pakistan + India + Bangladesh<br>3,762 | Pakistan + India + Bangladesh<br>6,133 | Pakistan + India + Bangladesh<br>12,032 | Europe<br>18,149                        | Europe<br>17,889                        | Africa<br>17,127                        | Africa<br>20,063                        | Europe<br>23,878                        | Europe<br>32,513                        | Europe<br>29,079                        |
| Asia ex-India+Pakistan<br>2,022        | Africa<br>2,942                        | Africa<br>5,307                         | Africa<br>7,322                         | Africa<br>11,684                        | Europe<br>16,204                        | Europe<br>18,765                        | Africa<br>14,390                        | Africa<br>10,566                        | Asia ex-India+Pakistan<br>9,954         |
| Africa<br>1,926                        | Asia ex-India+Pakistan<br>2,033        | Asia ex-India+Pakistan<br>2,762         | Asia ex-India+Pakistan<br>3,064         | Asia ex-India+Pakistan<br>3,866         | Asia ex-India+Pakistan<br>7,373         | Asia ex-India+Pakistan<br>8,636         | Asia ex-India+Pakistan<br>10,424        | Asia ex-India+Pakistan<br>10,047        | Africa<br>8,313                         |

Source: Johns Hopkins

India's daily cases have the potential to worsen even more dramatically. The reason being that India's case prevalence remains quite low. The nation has about 2,500 cases per 1mm residents compared to 18,000 for the US. Thus, India's daily cases could rise as much as 10X from its current levels.



Source: Johns Hopkins

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