



COVID-19 UPDATE: Incrementally positive developments on vaccine from AstraZeneca and Pfizer. Case data solid. Speculation unwound = good

THIS MESSAGE IS BEING SENT SOLELY TO CLIENTS OF FS INSIGHT

STRATEGY: Decent incoming weekend data and speculative excess unwound...

It was a pretty decent weekend for US COVID-19 data, particularly on the vaccine front. AstraZeneca is set to resume its trials (paused last week due to an illness of a participant) and Pfizer CEO, in a CNBC interview, stated that a vaccine might be given to Americans before year-end. Thus, progress continues on the healthcare front.



BUSINESS | HEALTH CARE | HEALTH

AstraZeneca Covid-19 Vaccine Trials Resume in U.K.

The trials were paused after a subject in the U.K. fell ill, but they are restarting after regulators determined it was safe to do so



AstraZeneca said vaccine trials in other countries, including the U.S., remain paused while the company works with national health authorities.

PHOTO: DAN HIMBRECHTS/EPA/SHUTTERSTOCK

By [Peter Loftus](#)

Updated Sept. 13, 2020 1:23 pm ET

Source: WSJ

HEALTH AND SCIENCE

Pfizer coronavirus vaccine could be given to Americans before end of the year, CEO says

PUBLISHED SUN, SEP 13 2020•12:30 PM EDT UPDATED SUN, SEP 13 2020•12:32 PM EDT



Berkeley Lovelace Jr.
@BERKELEYJR

SHARE    



KEY POINTS

- Pfizer CEO Albert Bourla said the drugmaker should have key data from its late-stage trial for the Food and Drug Administration by the end of October.
- If the FDA approves the vaccine, the company is prepared to distribute “hundreds of thousands of doses,” he said.
- On Saturday, Pfizer submitted a proposal to the FDA to expand the late-stage trial to include up to 44,000 participants, a significant increase from its previous target of 30,000.


Source: CNBC

And incoming case data over the weekend was encouraging as well. We expect the headwind of surging college cases to slow/impair progress, but daily cases managed to fall throughout the weekend. In fact, as we discuss below, daily death trends are also accelerating in their improvement, even faster than case trends. The 7D moving average of deaths is now 729, well below the 2,000 levels seen in March/April.

If there was any negative headline, it is this one below. Israel is moving to a full 3-week lockdown to stem the surge in cases there. This, by the way, contrasts with the reaction of Spain and France, both nations have seen new highs in cases, but have not taken a similar step.



Israel heads to a second lockdown as coronavirus cases soar



Israeli Prime Minister Benjamin Netanyahu delivers a statement Sept. 8 as Israel imposed nightly curfews in dozens of localities to stem coronavirus infections. On Sunday, he announced a full second lockdown. (Alex Kolomoisky/Pool/Reuters)

By **Ruth Eglash**

September 13, 2020 at 4:03 p.m. EDT

JERUSALEM — Israel will head into a second coronavirus lockdown, Prime Minister Benjamin Netanyahu announced in a televised news conference Sunday night, following a sharp escalation in the number of new covid-19 infections in the country in recent weeks.

The lockdown, which requires schools, stores, malls and hotels to close and reinstates restrictions on people's movements for at least three weeks starting Friday, marks an attempt to halt the trajectory that saw more than 4,000 new cases in a single day last week in a country of some 9 million.

Data published by the Health Ministry on Sunday showed that since the start of the crisis, 153,759 people in Israel have caught the virus, with 114,635 recovering, 38,008 cases active and 1,108 dead.

Source: Washington Post

Given how much selling we have seen in the past 10 days or so, this vaccine news is a positive development. And along with the improving case data, suggest that the US economy recovery should continue. As JPMorgan's Flows and Liquidity report highlights, much of the excessive long positions are likely unwound as well. Incidentally, JPMorgan attributes the superspike more to CTA and institutional momentum trading, rather than retail investors.

- we don't want to sound like a broken record, but pullbacks need to be bought
- the sentiment, based on our conversations, remains quite negative, which is fuel for a rally

J.P.Morgan

Flows & Liquidity

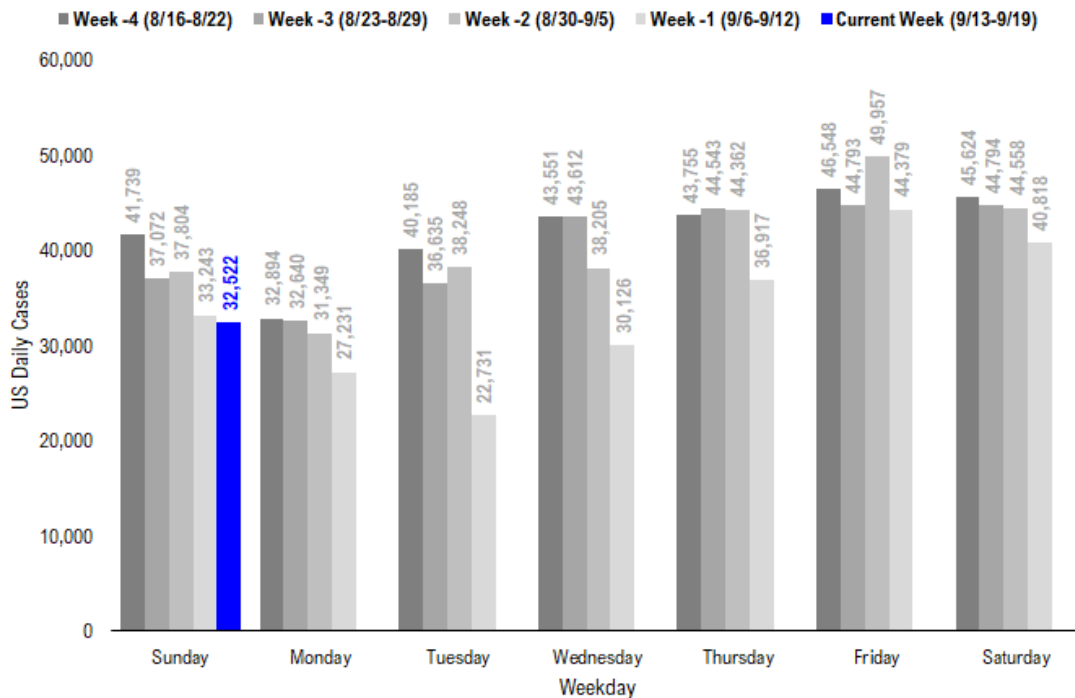
US retail investors likely not the culprits

- We find little evidence to suggest that retail investors have played a big role in this month's equity correction, at least up until last week. If anything, small option traders saw last week's correction as an opportunity to add to their call option buying, especially on individual equities.
- We thus suspect that institutional investors have played a bigger role, in particular momentum traders such as CTAs, which, as we highlighted last week, had reached extremely overbought levels on Nasdaq futures on Wednesday last week, inducing triggering of mean reversion signals.
- In addition, the delta-hedging of call options sold to small traders may have served to amplify the market moves.
- The froth from the previous extreme positions of momentum traders should be largely cleared as the z-score of the momentum signal for Nasdaq fell below 1.5 standard deviations after today's move.
- Foreign and institutional investors likely contributed to last week's sell-off in onshore Chinese equities.

Source: JPMorgan

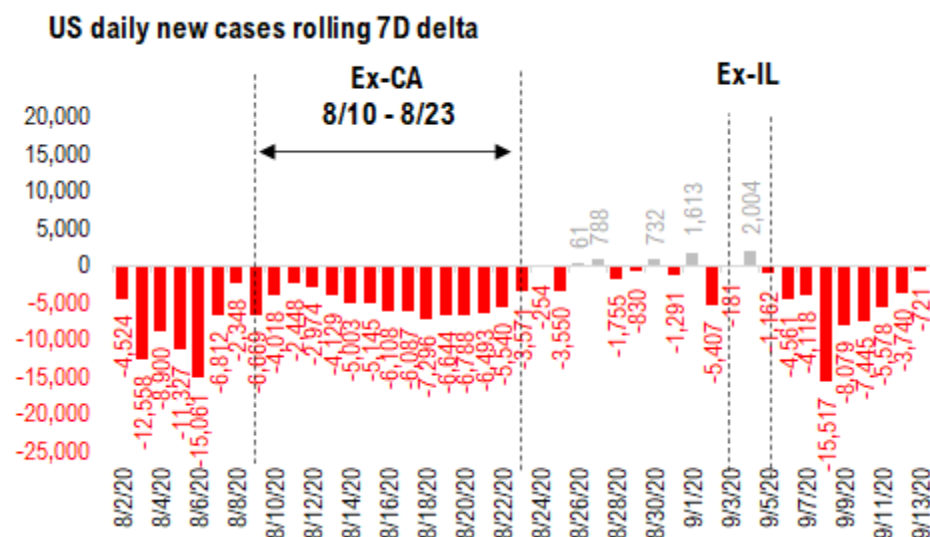
POINT 1: US daily 32,522 vs 33,243 7D ago. Flat is good.

As we start a new week of COVID-19 case data, daily cases came in at 32,522 Sunday, which is -721 vs 7D ago. This is essentially flat and not at the strong pace of declines seen last week. It is too early in the week to draw sweeping conclusions.



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. As shown below, daily cases were down modestly vs 7D ago and is a slowing compared to some of the larger declines last week.



Source: COVID-19 Tracking and Fundstrat

The states accounting for a rise in daily reported results is really 3 states:

- Wisconsin
- Alabama
- Indiana

These 3 states have large universities, so it is possible that the increases seen here are due to the college campus spread. We will be watching these states but at this time it is too early to know.

6 states with largest 7D delta in daily cases

Wisconsin	1,582 vs 893	+689
Alabama	1,109 vs 511	+598
Indiana	1,243 vs 843	+400
Missouri	1,613 vs 1,232	+381
Oklahoma	695 vs 420	+275
Utah	628 vs 388	+240
Total		+2,583

6 states with largest 7D delta in daily cases

Texas	1,840 vs 2,800	-960
Tennessee	933 vs 1,764	-831
Pennsylvania	76 vs 691	-615
Virginia	874 vs 1,199	-325
California	4,625 vs 4,905	-280
Georgia	1,409 vs 1,651	-242
Total		-3,253

Daily Case Increases (by State) (09/13)

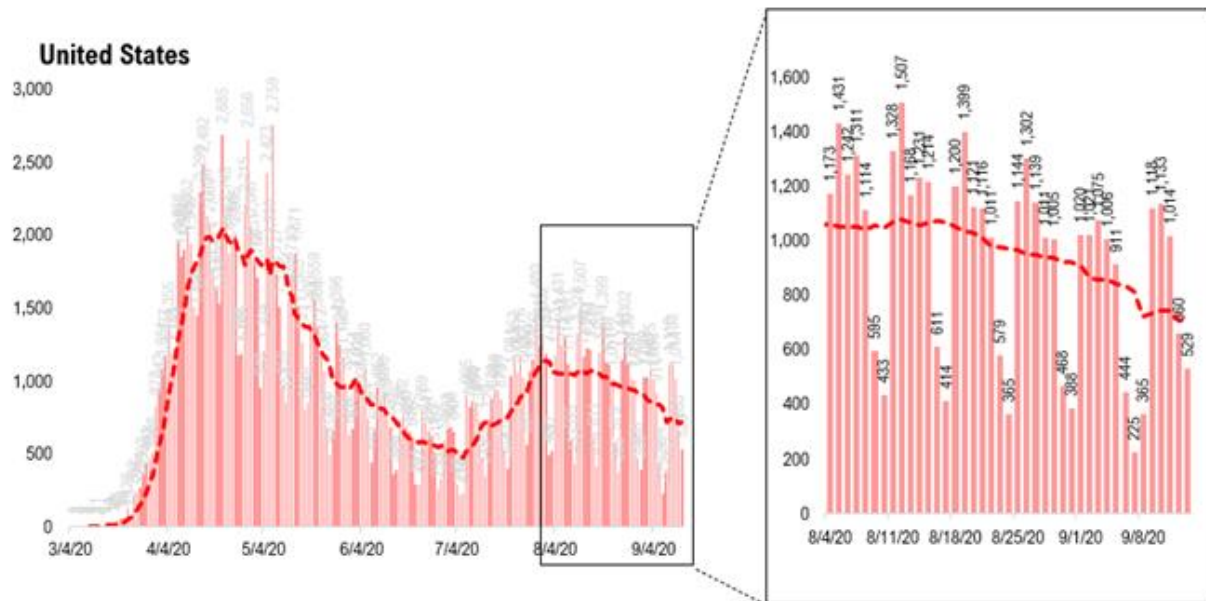
% total new cases (state cases/ total US cases)
% total US pop (state population/ total US population)

		Sorted			
		7D Ago	Last 3-day Trend		
		9/6/20	9/11/20	9/12/20	9/13/20 vs 7D ago
United States		33,243	44,379	40,818	32,522 -721
States:					
1	California	4,905	3,326	4,107	4,625
2	Florida	2,564	3,650	3,190	2,423
3	Texas	2,800	3,397	3,905	1,840
4	Missouri	1,232	1,569	1,974	1,613 <-higher
5	Wisconsin	893	1,369	1,353	1,582 <-higher
6	Illinois	1,403	2,312	2,121	1,462 <-higher
7	Georgia	1,651	1,658	2,124	1,409
8	Louisiana	1,395	755	0	1,281
9	Indiana	843	1,262	1,056	1,243 <-higher
10	North Carolina	1,086	1,532	1,454	1,196 <-higher
11	Alabama	511	1,138	943	1,109 <-higher
12	Tennessee	1,764	1,622	1,032	933
13	Virginia	1,199	1,115	1,300	874
14	Ohio	773	1,240	1,242	837 <-higher
15	Iowa	649	728	573	784 <-higher
16	New York	729	880	849	725
17	Minnesota	707	467	872	723 <-higher
18	Oklahoma	420	942	1,017	695 <-higher
19	Utah	388	656	572	628 <-higher
20	Maryland	512	646	809	577 <-higher
21	Kentucky	310	932	711	530 <-higher
22	South Carolina	663	2,454	932	522
23	Arkansas	687	1,107	631	508
24	North Dakota	297	241	467	426 <-higher
25	Colorado	285	307	415	417 <-higher
26	Arizona	250	521	605	384 <-higher
27	Washington	501	544	465	350
28	Nevada	508	260	414	317
29	New Jersey	311	474	449	297
30	Massachusetts	366	440	554	286
31	Mississippi	410	853	445	254
32	South Dakota	220	283	320	201
33	Oregon	188	211	291	181
34	West Virginia	123	157	347	178 <-higher
35	Puerto Rico	26	109	241	171 <-higher
36	Delaware	151	0	260	123
37	Hawaii	161	167	127	114
38	Idaho	190	333	217	112
39	New Mexico	59	134	98	100 <-higher
40	Montana	100	122	140	96
41	Nebraska	81	468	267	80
42	Pennsylvania	691	1,008	920	76
43	Alaska	86	93	103	62
44	Wyoming	26	64	33	49 <-higher
45	New Hampshire	23	47	32	44 <-higher
46	District of Columbia	41	81	59	40
47	Maine	15	32	42	29 <-higher
48	U.S. Virgin Islands	14	4	10	9
49	Vermont	1	7	9	7 <-higher
50	Rhode Island	35	123	0	0
51	Northern Mariana Islands	0	0	1	0
52	Michigan	0	1,313	692	0
53	Kansas	0	976	0	0
54	Guam	0	17	28	0
55	Connecticut	0	233	0	0
56	American Samoa	0	0	0	0

Source: COVID-19 Tracking and Fundstrat

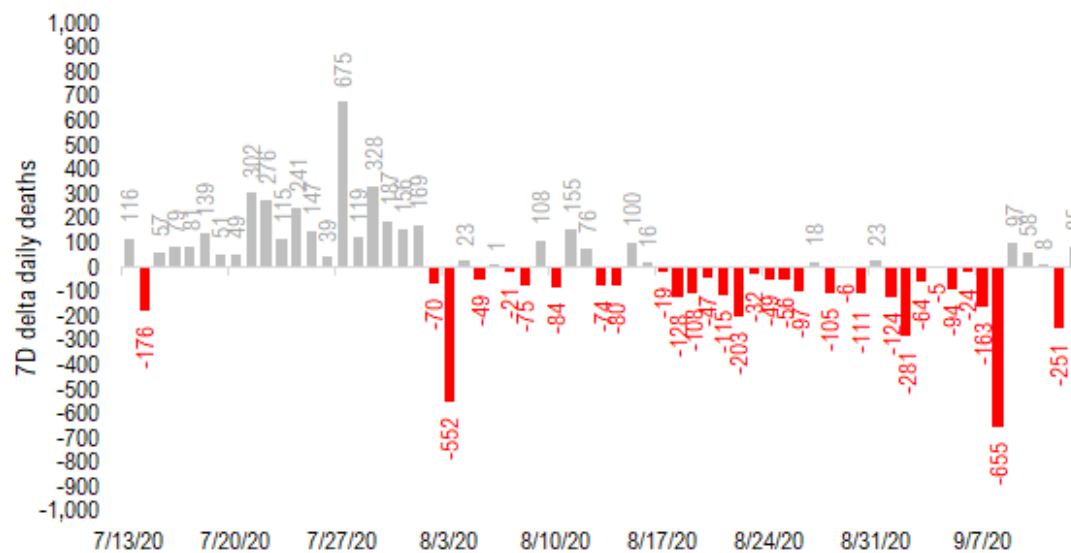
POINT 2: COVID-19 far more deadly for NY/NJ vs rest of USA... re-opening big deal

The 7D moving average of daily deaths is 729 per day. This remains a tragically high figure, but is way down from Feb/March when daily deaths averaged 2,000 per day. The drop in daily deaths is encouraging, particularly since this level of deaths did not track the case surge closely.



Source: COVID-19 Tracking Project

But as shown below, the 7D delta in daily deaths has been dropping in a more sustained fashion than the change in daily cases. Thus, while cases have remained somewhat stubborn, deaths have been falling.



Source: COVID-19 Tracking Project

The deadliest places for COVID-19 were really NY tristate... much less deadly in F-CAT...

In fact, the tragedy of very high death rates from COVID-19 was really seen in the NY tristate area and there was a significantly lower rate of death outside of NY tristate. Below are the 10 states with the highest cumulative death rates (death/cases).

- As you can see, these are all Northeastern states, with the exception of Michigan.

Cumulative Death Rate (by State) (09/13)

% cumulative deaths/ cumulative cases

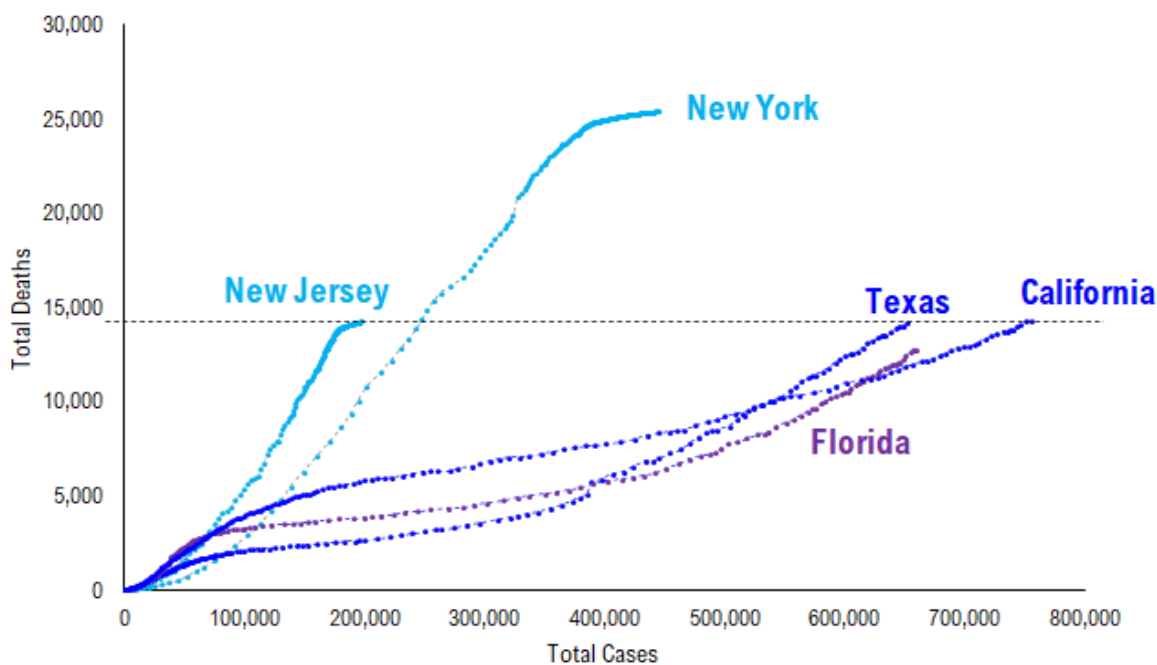
Sorted

	9/13/20
United States	2.9%
States:	
1 Connecticut	8.2%
2 New Jersey	7.2%
3 Massachusetts	6.9%
4 Michigan	6.2%
5 New York	5.7%
6 New Hampshire	5.7%
7 Pennsylvania	5.4%
8 Rhode Island	4.7%
9 District of Columbia	4.2%
10 Vermont	3.4%

Source: COVID-19 Tracking Project

In fact, take a look at the scatter chart below comparing total cases and total deaths by state. As you can see, NY and NJ saw a steep curve with high mortality.

- In fact, total deaths in CA and TX are similar to NJ
- But cases in CA and TX are 3.5X-4X that of NJ

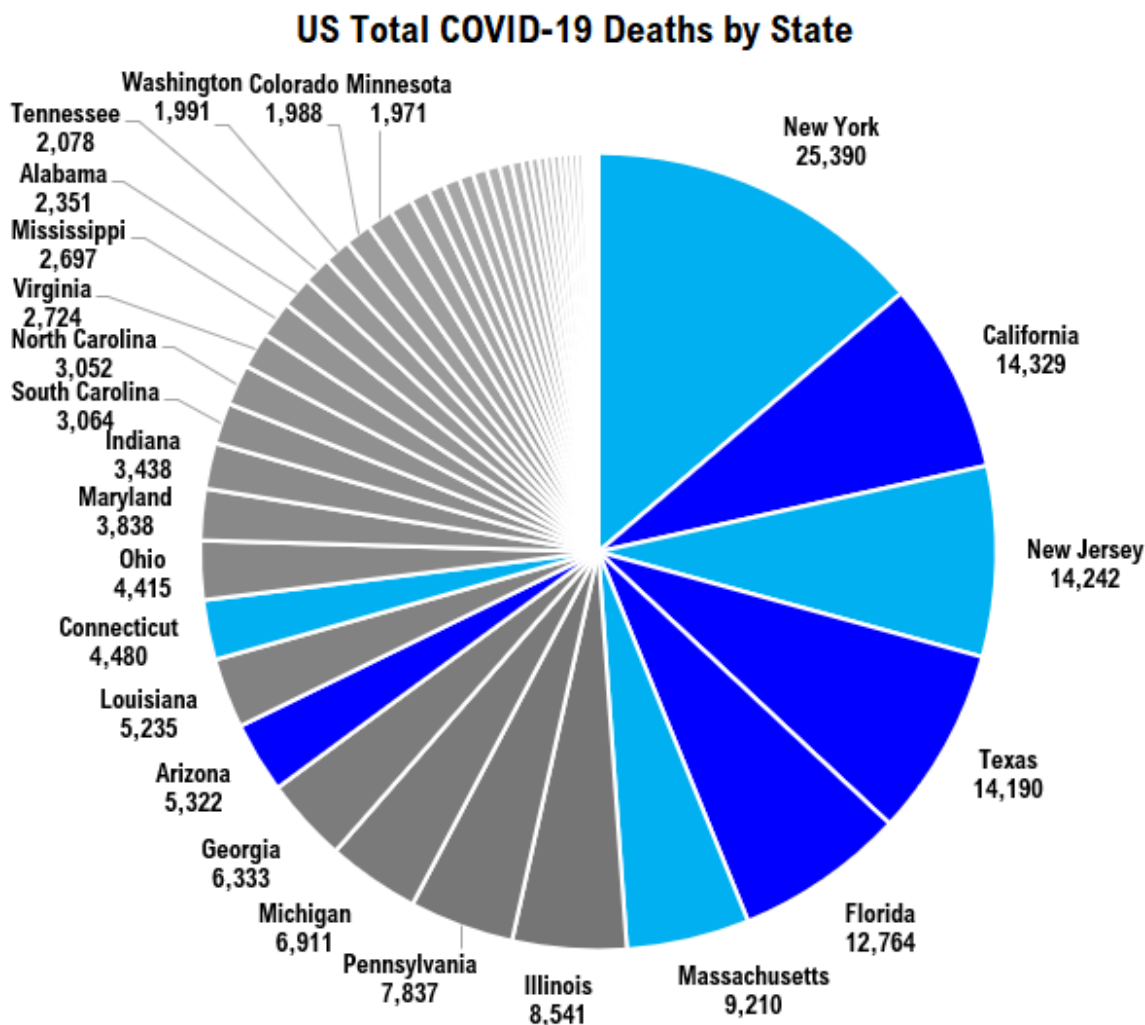


Source: COVID-19 Tracking Project

This is why NY and NYC re-opening is more important than many appreciate...

This is why we believe the re-opening of NYC indoor dining and a return to the office is very significant. Arguably, COVID-19 was the deadliest in the NY tristate area (based on death rates), and this return to normalcy potentially positively benefits the financial markets more than we realize -- that is, because so many professional investors are based in the NY tristate area.

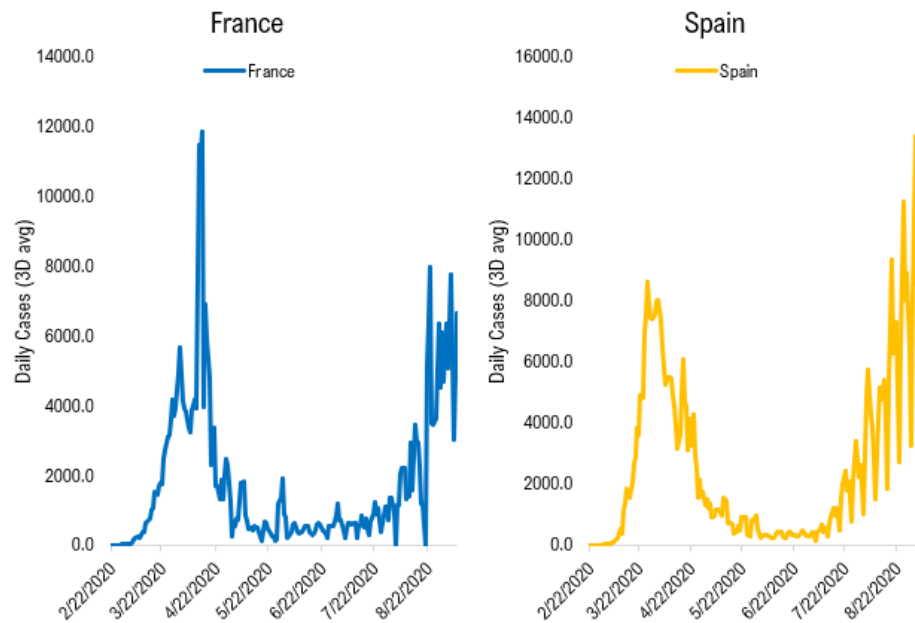
- as you can see, in total deaths, NY and NJ are among the highest anywhere else in the nation.



Source: COVID-19 Tracking

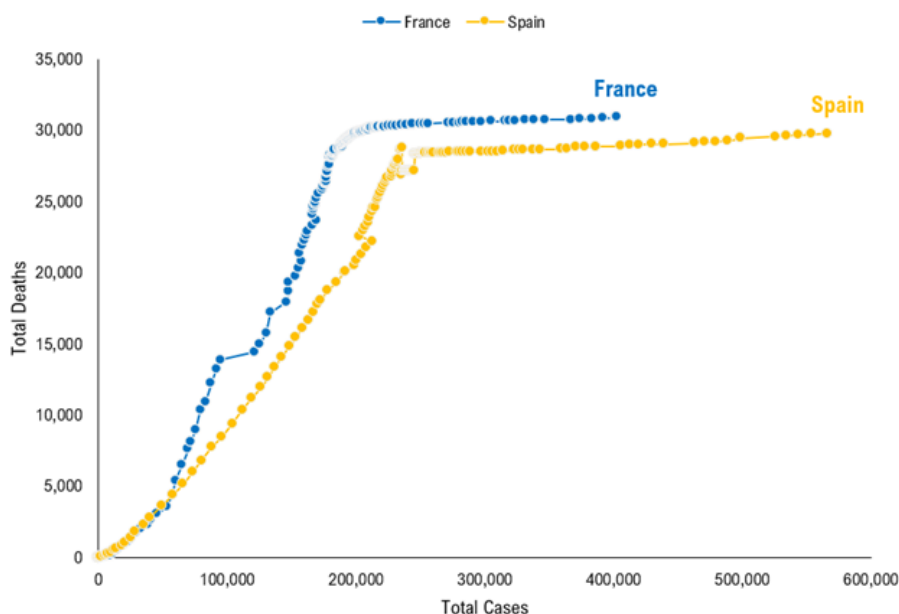
Spain and France -- new highs in daily cases and basically no deaths...

By the way, while France and Spain have seen a new all-time high in daily cases. We have written about this for some time, so it is not really something new for us. The lack of panic in those nations has been notable. There are some alarm and consternation, but little panic.



Source: Johns Hopkins

This is very likely due to the fact that daily deaths have not followed the surge in cases. As shown below, the slope of deaths vs cases in both nations has nearly flat-lined. Thus, while cases are soaring, there is not a commensurate rise in deaths.



Source: Johns Hopkins

POINT 3: Colleges are increasingly asking students to quarantine...

Below is one of the many headlines over the past few weeks. MSU is asking all of its students to quarantine, due to a surge in cases reported at that university. Every college needs to establish rules that make sense for students, professors, administrators and parents. And I don't personally know what solution works best.

- but I think MSU's approach is less disruptive, that shutting its campus down entirely and going full "remote"



All Michigan State students asked to quarantine due to 'exponential growth' of COVID-19

Cases rose once students returned to the area for the fall, officials said.

By Meredith Deliso

September 12, 2020, 8:15 PM • 5 min read



COVID-19 updates: HHS interfered with CDC data on COVID-19, says new report

Plus, study reveals new challenges for parents and students already grappling with the start of th...Read More

All local Michigan State University students have been asked to self-quarantine immediately for the next two weeks to contain the "exponential growth" of COVID-19 cases, county [health](#) officials said.

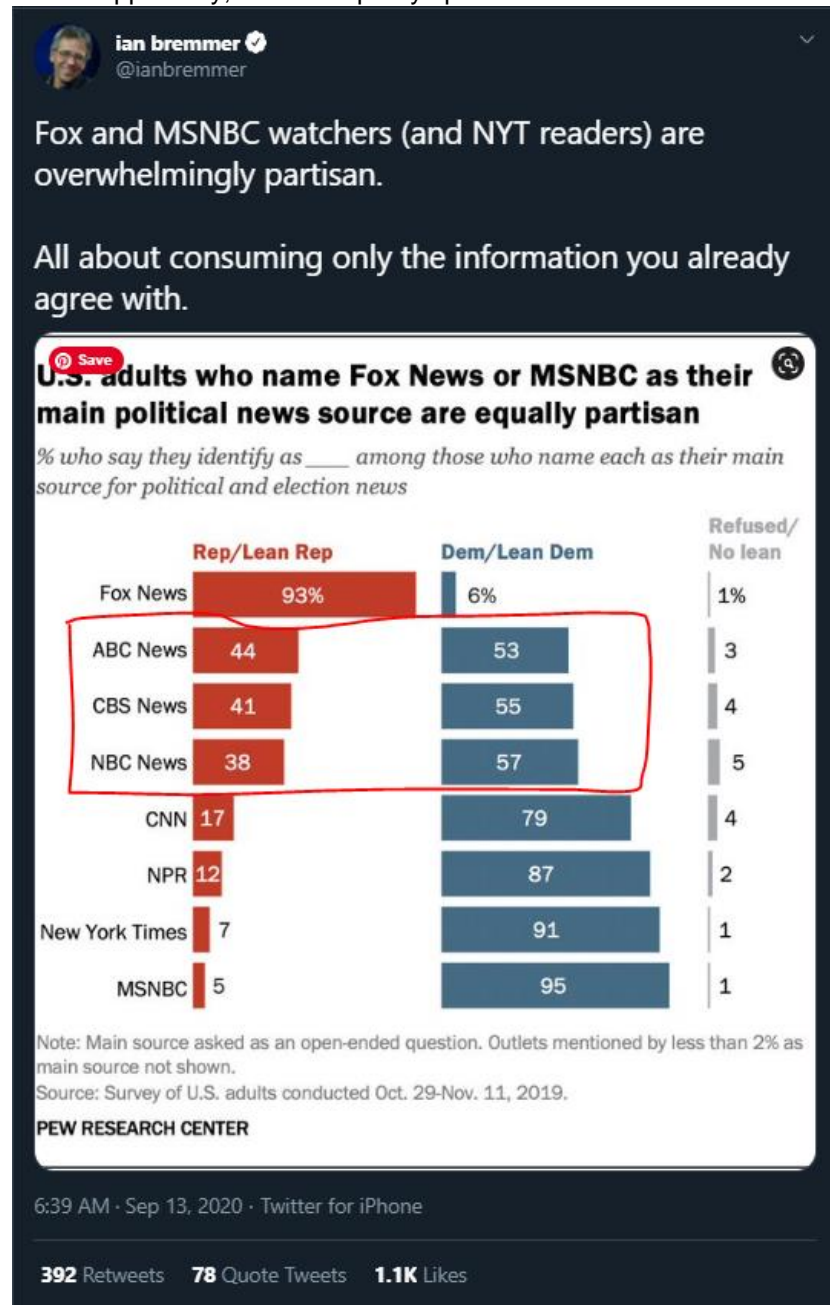
Source: ABC

RANDOM: Only network news considered "balanced" based on viewership...

This highlight from a Pew Research survey highlights why we cannot trust most news today. The survey looked at the political leanings of viewers:

- 93% of Fox News leans Republican
- 79% of CNN leans Dem
- 95% of MSNBC leans Dem

Is it any wonder we cannot trust most media to avoid political bias? The surprise is the network news. Apparently, those are pretty split down the middle.



Source: twitter.com

Disclosures

This research is for the clients of FS Insight only. For additional information, please contact your sales representative or FS Insight at <http://www.fsinsight.com/>.

Conflicts of Interest

This research contains the views, opinions and recommendations of FS Insight. At the time of publication of this report, FS Insight does not know of, or have reason to know of any material conflicts of interest.

General Disclosures

FS Insight is an independent research company and is not a registered investment advisor and is not acting as a broker dealer under any federal or state securities laws.

FS Insight is a member of IRC Securities' Research Prime Services Platform. IRC Securities is a FINRA registered broker-dealer that is focused on supporting the independent research industry. Certain personnel of FS Insight (i.e. Research Analysts) are registered representatives of IRC Securities, a FINRA member firm registered as a broker-dealer with the Securities and Exchange Commission and certain state securities regulators. As registered representatives and independent contractors of IRC Securities, such personnel may receive commissions paid to or shared with IRC Securities for transactions placed by FS Insight clients directly with IRC Securities or with securities firms that may share commissions with IRC Securities in accordance with applicable SEC and FINRA requirements. IRC Securities does not distribute the research of FS Insight, which is available to select institutional clients that have engaged FS Insight.

As registered representatives of IRC Securities our analysts must follow IRC Securities' Written Supervisory Procedures. Notable compliance policies include (1) prohibition of insider trading or the facilitation thereof, (2) maintaining client confidentiality, (3) archival of electronic communications, and (4) appropriate use of electronic communications, amongst other compliance related policies.

FS Insight does not have the same conflicts that traditional sell-side research organizations have because FS Insight (1) does not conduct any investment banking activities, (2) does not manage any investment funds, and (3) our clients are only institutional investors.

This research is for the clients of FS Insight only. Additional information is available upon request. Information has been obtained from sources believed to be reliable, but FS Insight does not warrant its completeness or accuracy except with respect to any disclosures relative to FS Insight and the analyst's involvement (if any) with any of the subject companies of the research. All pricing is as of the market close for the securities discussed, unless otherwise stated. Opinions and estimates constitute our judgment as of the date of this material and are subject to change without notice. Past performance is not indicative of future results. This material is not intended as an offer or solicitation for the purchase or sale of any financial instrument. The opinions and recommendations herein do not take into account individual client circumstances, risk tolerance, objectives, or needs and are not intended as recommendations of particular securities, financial instruments or strategies. The recipient of this report must make its own independent decision regarding any securities or financial instruments mentioned herein. Except in circumstances where FS Insight expressly agrees otherwise in writing, FS Insight is not acting as a municipal advisor and the opinions or views contained herein are not intended to be, and do not constitute, advice, including within the meaning of Section 15B of the Securities Exchange Act of 1934. All research reports are disseminated and available to all clients simultaneously through electronic publication to our internal client **website, fsinsight.com**. Not all research content is redistributed to our clients or made available to third-party aggregators or the media. Please **contact your sales representative** if you would like to receive any of our research publications.

The Yellow Thunderlight over the "BLAST" logo is designed by rawpixel.com / cited from Freepik.

Copyright 2020 FS Insight LLC. All rights reserved. No part of this material may be reprinted, sold or redistributed without the prior written consent of FS Insight LLC.