



COVID-19 UPDATE: Eyes on Washington as Congress pushes to pass stimulus. 10 states need to increase testing - FL, WI, AL top 3.

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Eyes will be on Washington given renewed pressure to pass another stimulus plan. Earlier this week, our Washington Policy strategist, Tom Block, commented that the ball is in the Democrat's court regarding passing new stimulus. And this impasse has a smaller bid/ask as the Senate Republicans passed a \$500mm bill vs \$2.2T offered by House Democrats.

- As Tom Block notes, the ball is now in Pelosi's court.

Tom Block's Takeaways: Virus relief deadlock, Government Funding must do

- Last week the Senate failed to pass the Republican so-called "skinny" bill with \$300 unemployment, new PPP small business aid, education and vaccine fund, plus liability protection.
- House bill \$3 trillion, House new offer \$2.2 trillion, only bill Republicans could pass was \$500 billion even with White House support for \$1.5 billion.
- Ball in Pelosi's court, can she move off her final offer of \$2.2 trillion and accept bill with supplemental unemployment, \$1,200 stimulus checks, replenished PPP, money for schools, testing and vaccinations, and likely White House demand for liability protection. Signs point to Pelosi holding tough – will Democrats in tight races get Speaker to move? Can House Democrats campaign with no virus relief passed since May?
- Government shutdown threat only two weeks away, can agreement in principle become an agreement that passes?
- Would either side view government shutdown as a political advantage? Sticking point likely to be length of Continuing Resolution (CR) which is the bill that keeps the government up and running.

As this Washington Post article notes, Pelosi is pushing to get a bill passed and announced that the House would remain in session until a new agreement is struck. Similar to what happened earlier this year, this means members need to be on call and ready to return. The path for a deal forward remains unclear but a deal is badly needed, given the dire state of the US economy.



Economic Policy

Frustrated House Democrats push for action on new economic relief bill

Pelosi promises action on bill, but without new gameplan or concessions; some vulnerable lawmakers under attack



U.S. House Speaker Nancy Pelosi (D-Calif.) arrives at the U.S. Capitol in Washington on Tuesday. (Stefani Reynolds/Bloomberg News)

By **Erica Werner**

September 15, 2020 at 6:49 p.m. EDT



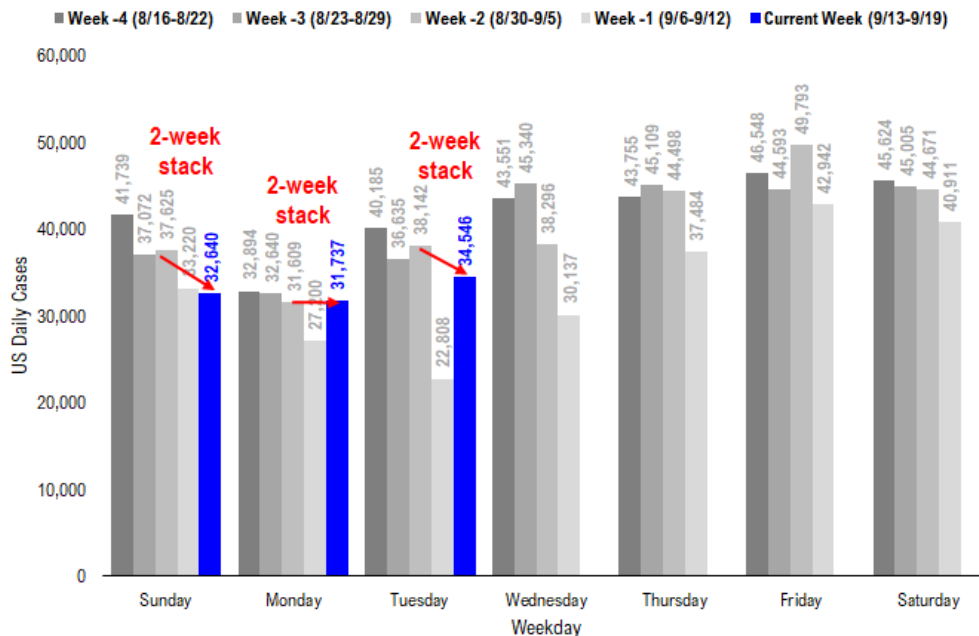
House Speaker Nancy Pelosi (D-Calif.) announced on a conference call with House Democrats on Tuesday morning that the House would remain in session until a new agreement is struck, saying, “We have to stay here until we have a bill,” according to Democratic aides.

Source: Washington Post

POINT 1: US daily cases 34,546 up +11,738 vs 7D ago. Is this a new wave or more "payback" due to understated Labor Day week data?

Daily cases came in at 34,546 Tuesday, which is +11,738 vs 7D ago. This is a break in the recent pattern, to the extent that instead of seeing daily cases down vs 7D ago, we are seeing a rise for Monday and Tuesday. There are two explanations for why we are seeing such large jumps in the last two days. Either:

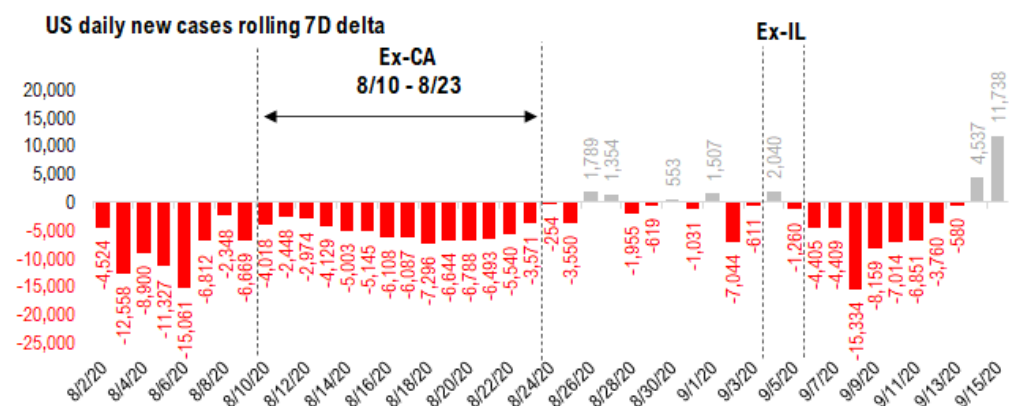
- FL and TX saw particularly large increases vs 7D ago --> TX up 3X and FL up 2X (see below)
- cases are suddenly surging this week, due to back-to-school and Labor Day social gatherings, or
- case data was suppressed throughout last week due to the Labor Day weekend, and we are seeing "payback" this week



Source: COVID-19 Tracking Project

Next week will give us a clearer picture...

I don't know which of the above explanations is correct. So, we will need to wait until next week to see which of these is the correct explanation. 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, Tuesday's rise in daily cases vs 7D ago is a reversal of the steady declines seen over the past few weeks.



Source: COVID-19 Tracking and Fundstrat

The states with the significant increase are TX, FL, PA and WI. As mentioned above, the cases in TX and FL have been up 2-3x. TX and FL accounted for 40% of the increase vs. 7D ago (4,693 of 11,738).

6 states with largest 7D delta in daily cases

Texas	4,816 vs 1,416	+3,400
Florida	3,116 vs 1,823	+1,293
Pennsylvania	1,151 vs 496	+655
Wisconsin	1,348 vs 717	+631
Missouri	1,317 vs 773	+544
Kentucky	718 vs 255	+463
Total		+6,986

6 states with largest 7D delta in daily cases

California	2,235 vs 2,676	-441
Connecticut	136 vs 417	-281
Nebraska	307 vs 502	-195
Iowa	401 vs 455	-54
Georgia	1,496 vs 1,543	-47
Wyoming	46 vs 71	-25
Total		-1,043

Daily Case Increases (by State) (09/15)

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

		Sorted				
		7D Ago		Last 3-day Trend		
		9/8/20	9/13/20	9/14/20	9/15/20	vs 7D ago
United States		22,808	32,640	31,737	34,546	+11,738
States:						
1	Texas	1,416	1,840	2,554	4,816	<-higher
2	Florida	1,823	2,423	1,736	3,116	<-higher
3	California	2,676	4,625	2,855	2,235	
4	Georgia	1,543	1,409	1,023	1,496	
5	Illinois	1,392	1,462	1,373	1,466	
6	Wisconsin	717	1,582	771	1,348	<-higher
7	Missouri	773	1,613	1,332	1,317	<-higher
8	Pennsylvania	496	76	1,182	1,151	<-higher
9	North Carolina	716	1,196	845	1,106	<-higher
10	Oklahoma	833	695	869	1,091	<-higher
11	Ohio	656	837	1,079	1,001	<-higher
12	Tennessee	645	933	2,450	957	<-higher
13	Virginia	836	874	757	943	
14	South Carolina	378	542	541	790	<-higher
15	New York	557	725	583	766	<-higher
16	Kentucky	255	530	337	718	<-higher
17	Alabama	633	1,109	704	701	
18	Indiana	386	1,243	736	689	<-higher
19	Arkansas	294	508	399	676	<-higher
20	Maryland	356	577	536	599	<-higher
21	Michigan	441	0	1,088	571	<-higher
22	Utah	326	628	563	562	<-higher
23	Mississippi	249	254	144	505	<-higher
24	Arizona	81	384	213	484	<-higher
25	New Jersey	277	297	334	436	<-higher
26	Minnesota	383	723	638	402	
27	Iowa	455	784	386	401	
28	Colorado	187	417	375	400	<-higher
29	Louisiana	256	1,281	492	371	<-higher
30	Washington	310	350	312	327	
31	Massachusetts	171	286	254	313	<-higher
32	Nebraska	502	80	147	307	
33	Idaho	240	112	253	278	
34	North Dakota	71	426	254	233	<-higher
35	Puerto Rico	96	171	208	229	<-higher
36	Nevada	137	317	277	226	<-higher
37	Delaware	58	123	88	200	<-higher
38	South Dakota	103	201	163	193	<-higher
39	Oregon	165	181	147	178	
40	West Virginia	86	178	121	156	<-higher
41	Montana	65	96	86	137	<-higher
42	Connecticut	417	0	569	136	
43	Rhode Island	20	99	32	120	<-higher
44	New Mexico	37	100	81	81	<-higher
45	Hawaii	64	113	79	66	
46	District of Columbia	47	40	30	65	<-higher
47	Wyoming	71	49	46	46	
48	Alaska	35	62	75	42	
49	Guam	42	0	36	39	
50	New Hampshire	18	44	18	34	<-higher
51	Maine	12	29	40	15	<-higher
52	Vermont	3	7	11	7	<-higher
53	U.S. Virgin Islands	1	9	1	4	<-higher
54	Northern Mariana Islands	1	0	1	0	
55	Kansas	0	0	1,513	0	
56	American Samoa	0	0	0	0	

Source: COVID-19 Tracking and Fundstrat

POINT 2: Malls improved cash flows as surveys show consumers shopping again

In perhaps one of the stronger signs of improving consumer confidence, surveys show consumers are venturing out of their homes again and priming the economy. Yesterday, Tanger Factory Outlet Centers (NYSE-SKT) saw its stock jump >11% on positive news regarding its properties:

- August rent collection was 85% of billed rents, a big jump from 81% in July
- 98% of leased stores now open



Retailers are among the most devastated by the pandemic and these figures reported by SKT are certainly encouraging. In fact, these improvements are the result of increased customer traffic -- consumers are gaining confidence. This is particularly true since there has not been a second stimulus payment made.

Tanger Factory Outlet Centers Says Rent Collections Improved to 85% in August

(MT Newswires)

Tanger Factory Outlet Centers (SKT) said Monday rent collections for August improved to 85% of billed rents, up from 81% in July.

Q2 collections rose to 40% of billed rents from 33% previously reported on July 31, the company said.

The real estate investment trust also said it generated positive cash flow in August and has fully repaid its unsecured lines of credit using its internally generated cash flow.

As of Aug. 31, the company said it had liquidity of about \$606.6 million, including \$6.6 million of cash on hand and \$600 million of unused capacity under its lines of credit. Price: 5.66, Change: +0.15, Percent Change: +2.72

-0- Sep/15/2020 07:37 GMT

Source: Bloomberg

The latest consumer survey from Gordon Haskett seems to confirm that Americans are feeling more comfortable leaving their homes. We like this survey conducted by the Broadlines retail team there, led by Chuck Grom. This most recent survey was conducted in September.



Tracking the Consumer & COVID-19 (Week #26)

Across the Board Drop in Aversion Fears Suggests Consumer Ready to Come Out of "Hunker-Down" Mode. Stimulus Round 2 Thoughts

Summary: On Tuesday/Wednesday (September 1-2), we ran the 12th round of our 300+ household survey - polling consumers across the U.S in regards to spending and behavioral trends in the COVID-19 environment. At a high level, relative to Week 21, we'd characterize the latest survey results (Week 26) as tilting more favorably for the consumer/retail space overall, largely stemming from less aversion to visit high-volume venues in the future, along with our [monthly macro survey](#) featuring some positive developments, and many of the themes that we've discussed in prior weeks that have benefited most of our group seem to be continuing unabated.

Source: Gordon Haskett

The most interesting insights, for us, are the changes in consumer willingness to engage in certain activities. Throughout this pandemic, consumers seemed most willing to visit "off-mall stores" and in the most recent survey, ~51% feel this way, even without a vaccine.

- Notably, look at how this willingness tanked during week 21, when the media was focused on the second wave in F-CAT
- And while this off-mall figure has moved up sharply since then, it is lower than it was 10 weeks earlier.

In other words, the hysteria around case surveys caused the respondents to bunker and, while case trends have since improved, this has not led to a full recovery in behavior. One can look at this in multiple ways, but we see this as a half-full / positive situation, as we believe COVID-19 is more contained than it is perceived. The best evidence of this is the fact that more and more companies are seeing employees return to the offices.

Figure 1: Willingness To Visits Venues A Month From Now

	Without Vaccine				With Vaccine			
	Week 16	Week 21	Week 26	Change	Week 16	Week 21	Week 26	Change
Malls	40.9%	36.8%	45.9%	9.1%	55.7%	53.8%	61.4%	7.6%
Off-Mall Stores	53.6%	41.4%	50.6%	9.2%	62.5%	52.5%	62.0%	9.5%
Planes	30.4%	27.5%	33.3%	5.9%	45.6%	44.4%	47.2%	2.8%
Cruise Ships	21.0%	17.3%	24.4%	7.1%	36.8%	34.4%	39.6%	5.2%
Restaurants	58.6%	44.4%	56.3%	11.9%	68.1%	58.8%	63.0%	4.2%
Sports Stadium/Arenas	26.1%	22.3%	27.4%	5.1%	44.0%	38.8%	41.5%	2.7%
Gym/Fitness Class	39.5%	30.4%	33.9%	3.5%	51.5%	44.7%	48.7%	4.0%
Bar/Club	30.8%	23.1%	30.9%	7.8%	47.2%	37.8%	44.3%	6.5%

Source: GHRA

Source: Gordon Haskett

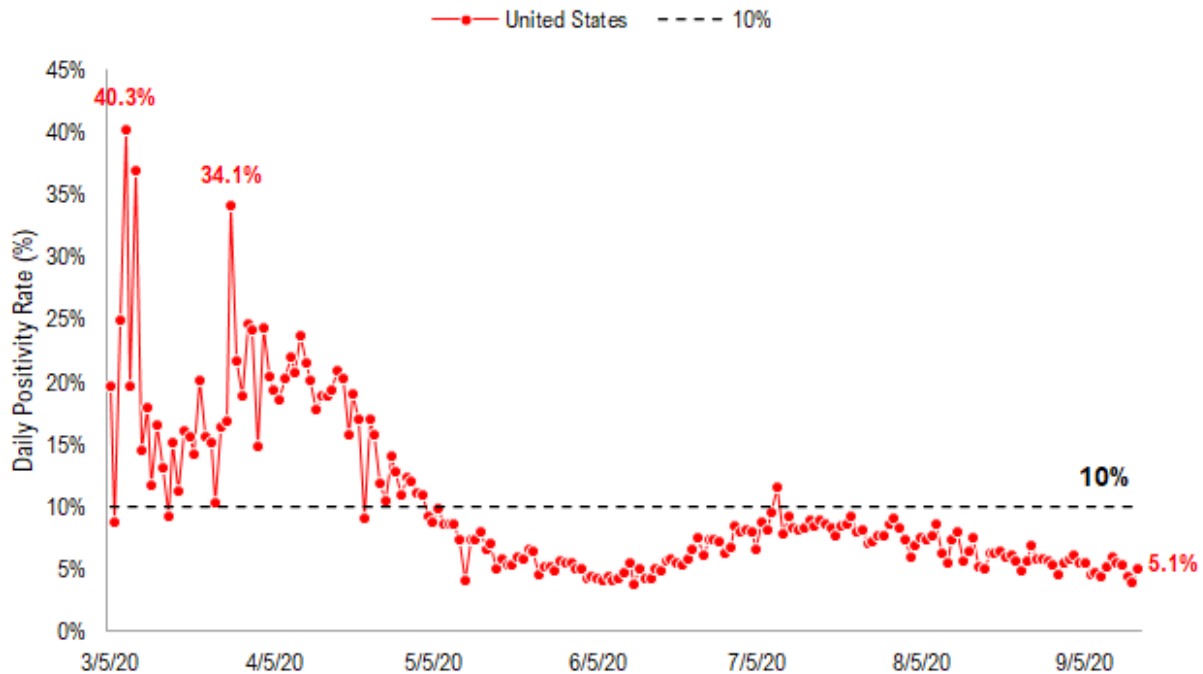
And if this return for consumers plays out, mall operators like SKT could see upside in their shares. As you can see, the all-time high for SKT was \$42.20 -- although that was 2017.



POINT 3: Testing adequacy by states --> 10 states need to increase testing --> FL, WI, AL top the list

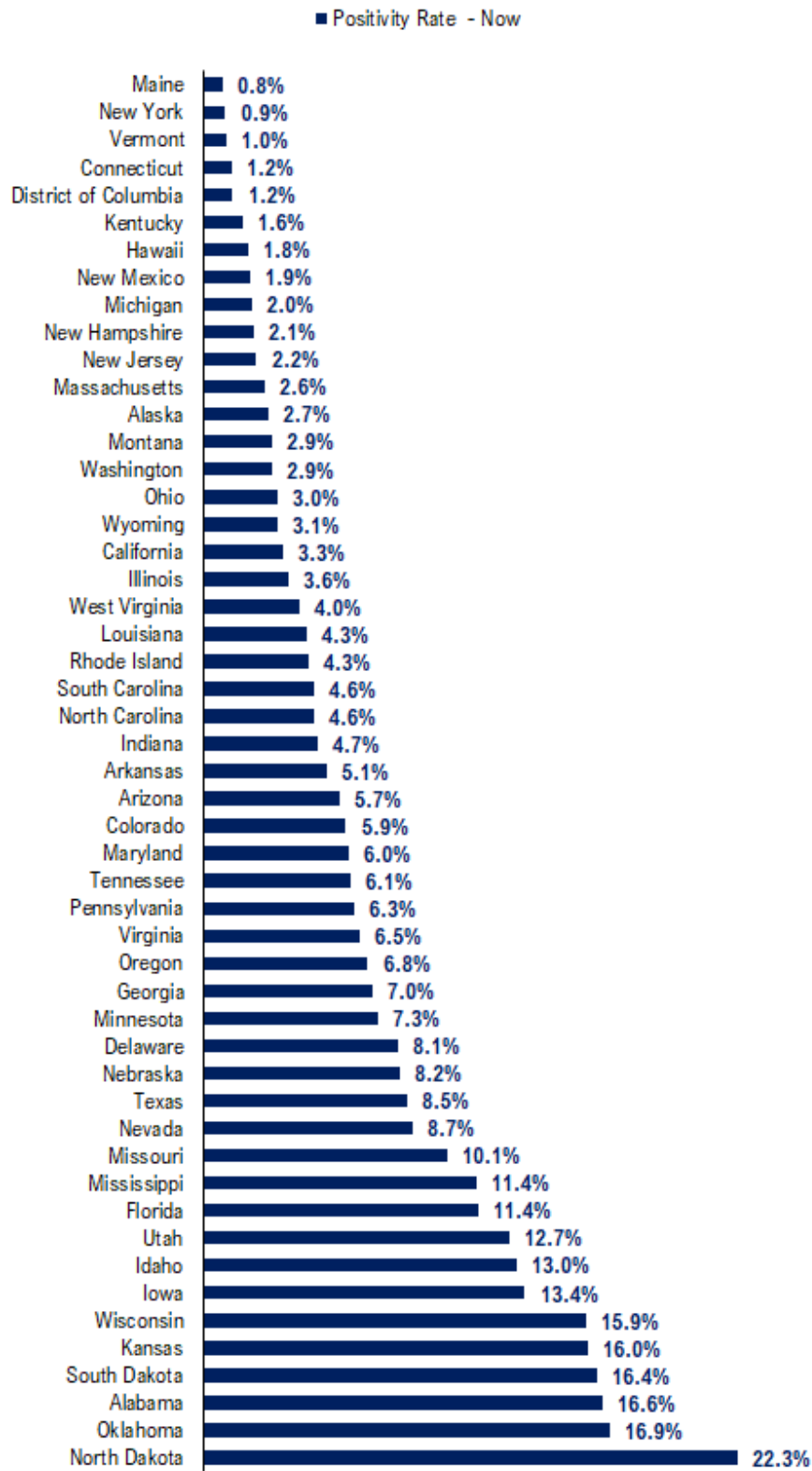
We have not spent a lot of time recently talking about positivity rates. And a number of our clients have forwarded us some work suggesting there may be quite a lot of "false" positives in the data. We are not writing about that today, but we are gathering information and we have a number of thoughts on this. But we thought it better to focus on the bigger picture, for now, of the overall levels of testing in the US.

The overall trends for testing in the US have been positive, with positivity rate remaining below 10% for much of the last 5 months. And it has trended below 5% in the past 8 weeks, which is a good sign.



Source: COVID-19 Tracking Project

And if we look at this by state, we can see about half of the US has a positivity rate below 5% and a number are in the 1% range, including NY state, which has virtually the lowest positivity rate in the nation.

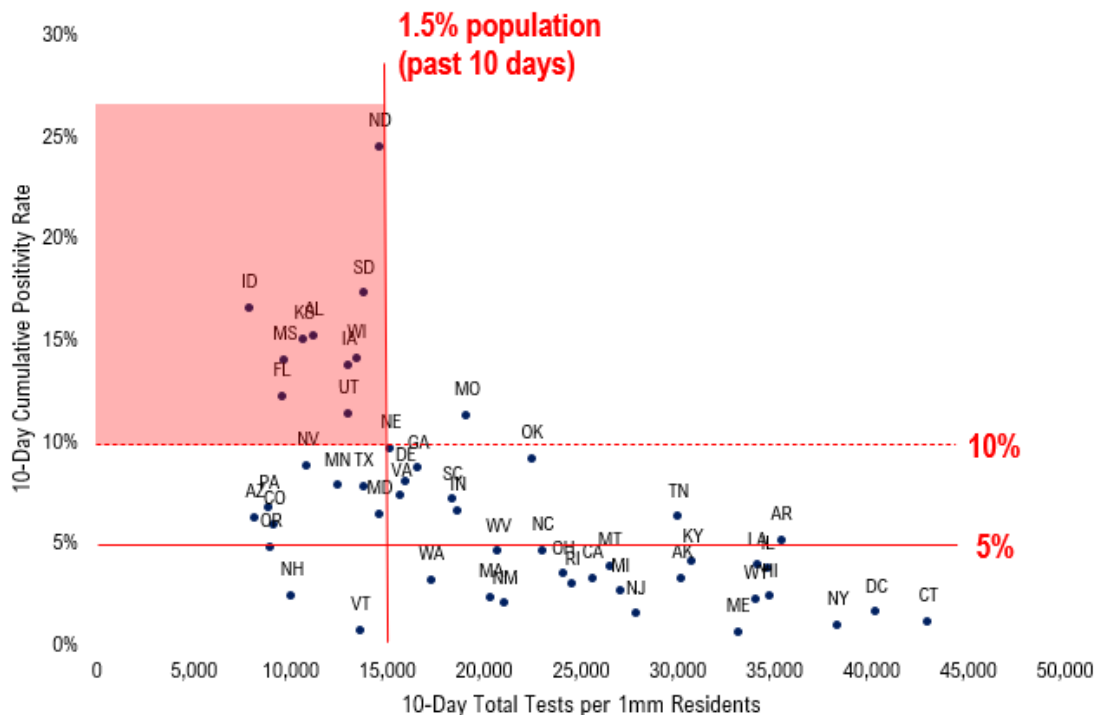


Source: COVID-19 Tracking Project

But to get a fuller sense for the testing adequacy of a state, we should look at both the level of testing (higher the better) and the associated positivity. We look at the last 10 days, or 10-day cumulative below:

- Total tests past 10 days (per 1mm) and above 15,000 is good, ~1.5% population
- Positivity rate below 10% is good, 5% even better

The red box below is where states are probably not doing enough testing. The positivity rate is high, and the level of testing is low. This is where outbreaks could be "uncontained" because they are not properly tracked.



Source: COVID-19 Tracking Project

There are 10 states in this red box. The largest is Florida and the remaining are quite small.

States	Population	% US Pop	10D Total Tests per 1mm Residents	Positivity Rate
United States	328,239,523	100%	20,556	4.9%
Florida	21,477,737	6.5%	9,555	12.2%
Wisconsin	5,822,434	1.8%	13,440	14.1%
Alabama	4,903,185	1.5%	11,217	15.2%
Utah	3,205,958	1.0%	12,991	11.4%
Iowa	3,155,070	1.0%	13,027	13.7%
Mississippi	2,976,149	0.9%	9,715	14.0%
Kansas	2,913,314	0.9%	10,701	15.0%
Idaho	1,787,065	0.5%	7,882	16.6%
South Dakota	884,659	0.3%	13,778	17.3%
North Dakota	762,062	0.2%	14,626	24.5%

Source: COVID-19 Tracking Project

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