



COVID-19 UPDATE: Positivity rates at colleges might be lower than local state. Investors abruptly bearish = good risk/reward

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STRATEGY: The Street has suddenly become very bearish = risk/reward favorable

What happened to the "dip buyer"? In fact, not only has the dip buyer "left the house" but investors have turned outright bearish. According to @hedgopia, NDX futures positioning is the most net short since August 2006 (134k contract in 3 weeks).

- It is an almost overnight reversal of market positioning.



Source: twitter

Granted, the short of NDX futures could be a portfolio hedge (so a fund doesn't have to sell its holdings) but the fact of the matter is, this is a net increase in short positioning. September has been a terrible month for equities, with volatility rising, leadership influx and the worst month for equities since March 2020.

- so a change in views is not surprising.
- but to become the most bearish in 14 years?
- wut?

For those who think there is only bad news ahead from Washington, it seems like there is some hope still for a stimulus package in coming weeks. Nancy Pelosi made these comments on a CNN interview Sunday (as per CNBC below) and she wants to forge ahead. The impetus coming from the moderate Democrats.

- this would be a deal before election day which is 40 days away.

POLITICS

Pelosi believes coronavirus stimulus deal still possible as Democrats prepare new package

PUBLISHED SUN, SEP 27 2020 11:18 AM EDT UPDATED 4 HOURS AGO



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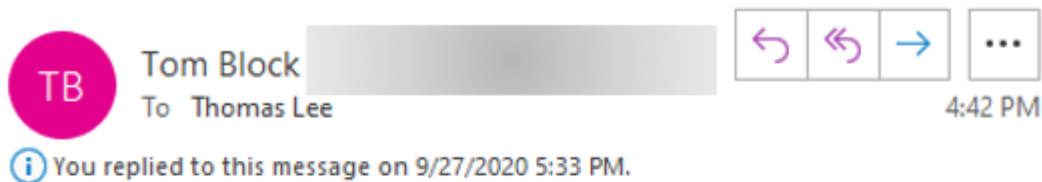
KEY POINTS

- House Speaker Nancy Pelosi on Sunday said another coronavirus stimulus plan is possible as House Democrats try to forge ahead on a smaller aid package costing about \$2.4 trillion.
- The Democrats' smaller plan is roughly \$1 trillion less than their initial proposal but more than what the Trump administration has signaled it will accept.
- Stimulus negotiations between House Democrats and the Trump administration fell apart in early August, though Treasury Secretary Steven Mnuchin said he and Pelosi have agreed to restart talks.

Source: CNBC

I asked our Policy Strategist, Tom Block, for his take on the CNN interview and the chances for a deal within the next few weeks. His take is that a deal is possible, as long as House Democrats focus on the realistic components of their bill.

- a deal, if it comes together, would only "take days to pass a bill"



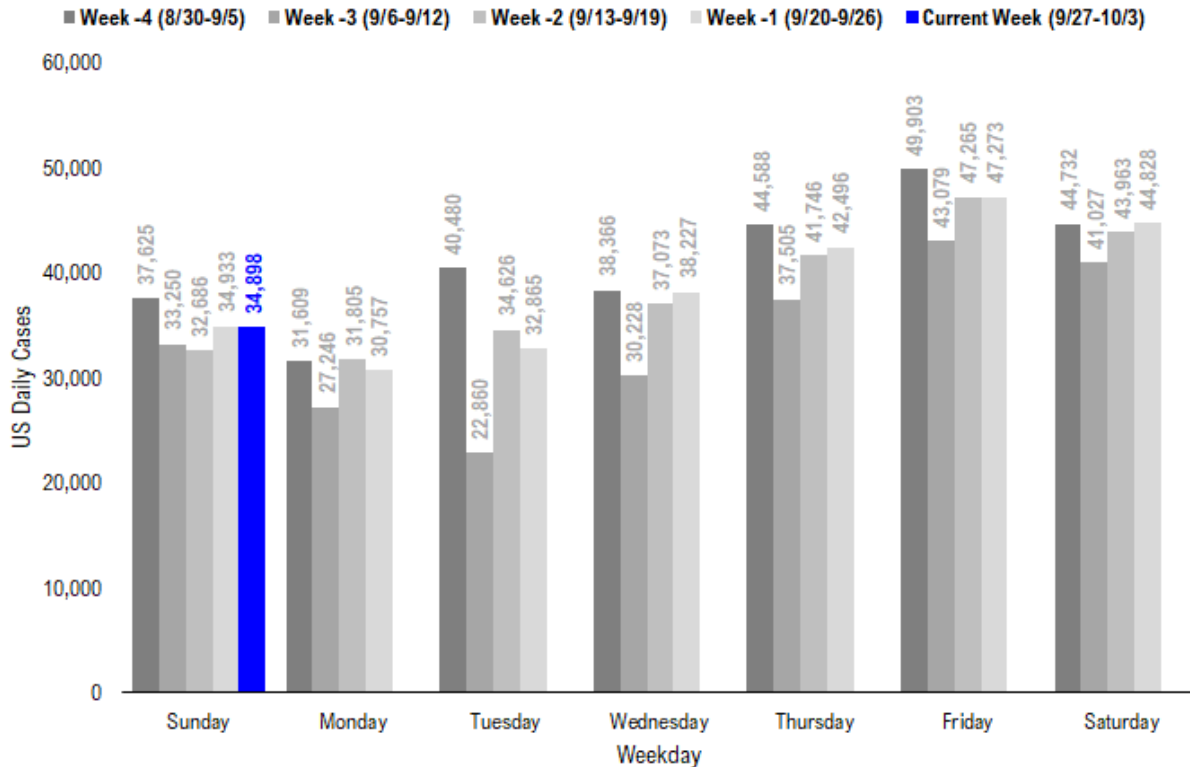
Possibly yes, but Pelosi needs to get a lot more pushback from her members. The bill she is preparing is \$2.4T and is a non-starter. To date she has been unwilling to engage without a commitment on a dollar figure and that just isn't going to happen. In my note for tomorrow I say that maybe the Sept jobs numbers out Friday could jump start the process. It would only take days to pass a bill if they want, and they really are very close to an agreement once you cut way back the money for state and local governments and the ridiculous restoration of SALT deductions,

Tom

This is the key reminder, there are some things that are quite binary for markets and outcomes. A stimulus plan is one of them. Healthcare/therapeutic progress is another. So, we think this is the reason not to get too bearish.

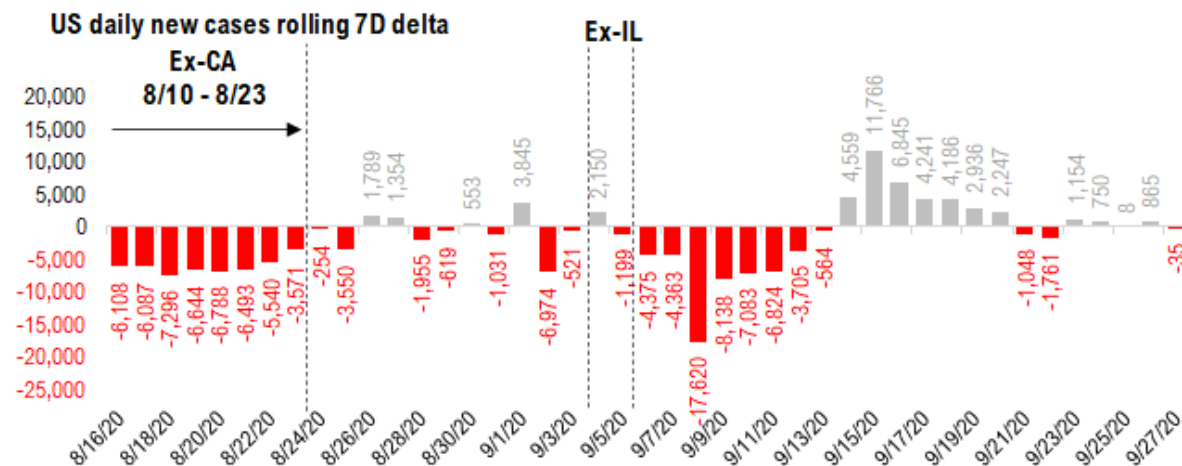
POINT 1: Daily cases flat. Mix shift as 22 states "last set of states" to see COVID-19 prevalence

Daily new COVID-19 cases Sunday came in at 34,898, which is -35 lower vs 7D ago. Daily cases for the past 5 days have been essentially flat (vs. 7D ago).



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. The daily cases have been flat on 7D delta for the past 5 days.



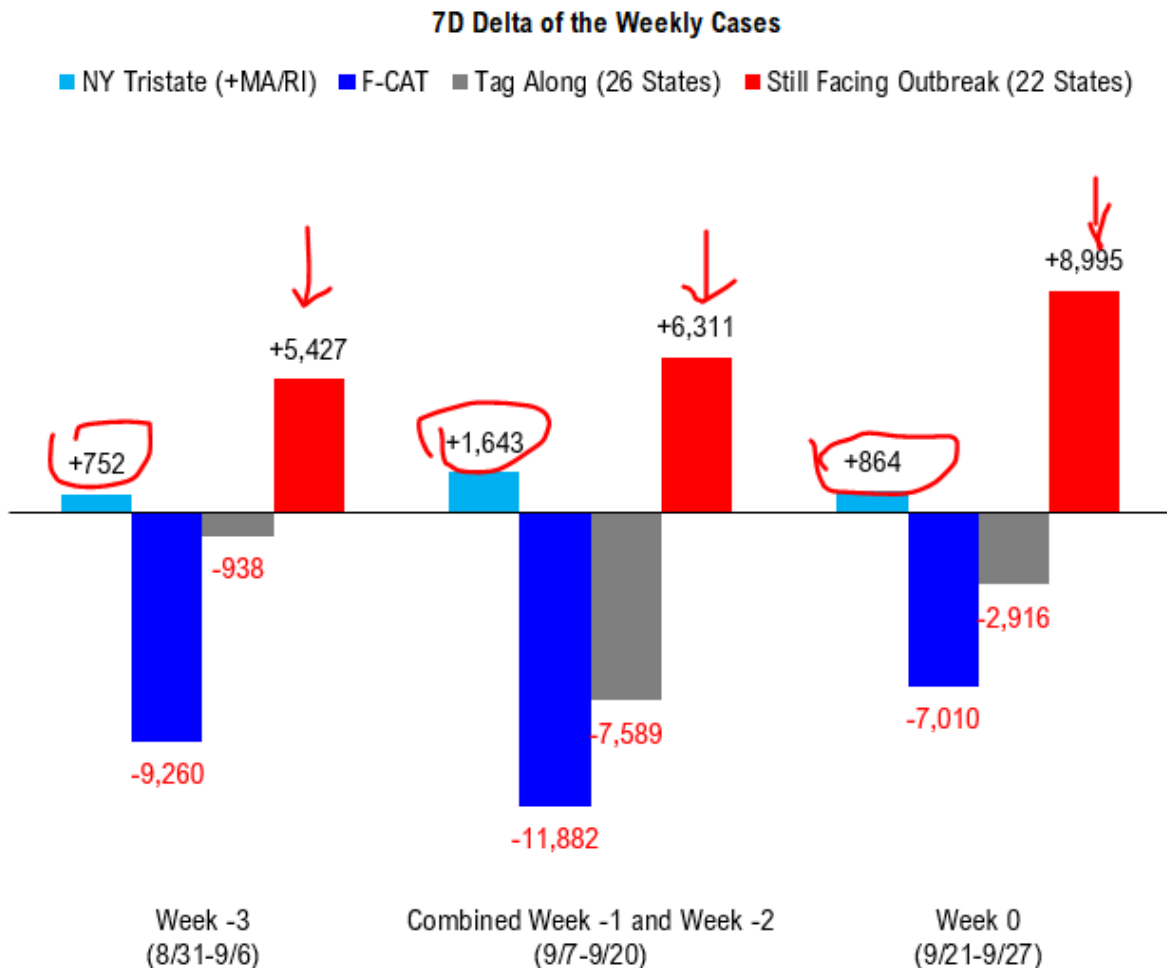
Source: COVID-19 Tracking and Fundstrat

We see US COVID through 4 tiers of US states:

- Wave 1 --> NY tristate areas (inc. RI and MA)
- Wave 2 --> F-CAT (FL, CA, AZ, TX)
- Tag along with Wave 2 -->
- "still facing outbreak" --> 22 states relatively lower COVID prevalence

Below is the 7D delta of the weekly cases for those 4 tiers. And as you can see, the rise in weekly cases vs 7D ago is essentially all in the 4th tier -- states with low case prevalence. And it is these states seeing a rise in cases.

- "Still facing outbreak" states saw +8,995 more weekly cases vs 7D ago
- NY Tristate is also seeing a modest rise (+864)
- F-CAT is -7,010 vs 7D ago



Source: COVID-19 Tracking and Fundstrat

F-CAT, which of these does not look like the other? hint --> CA

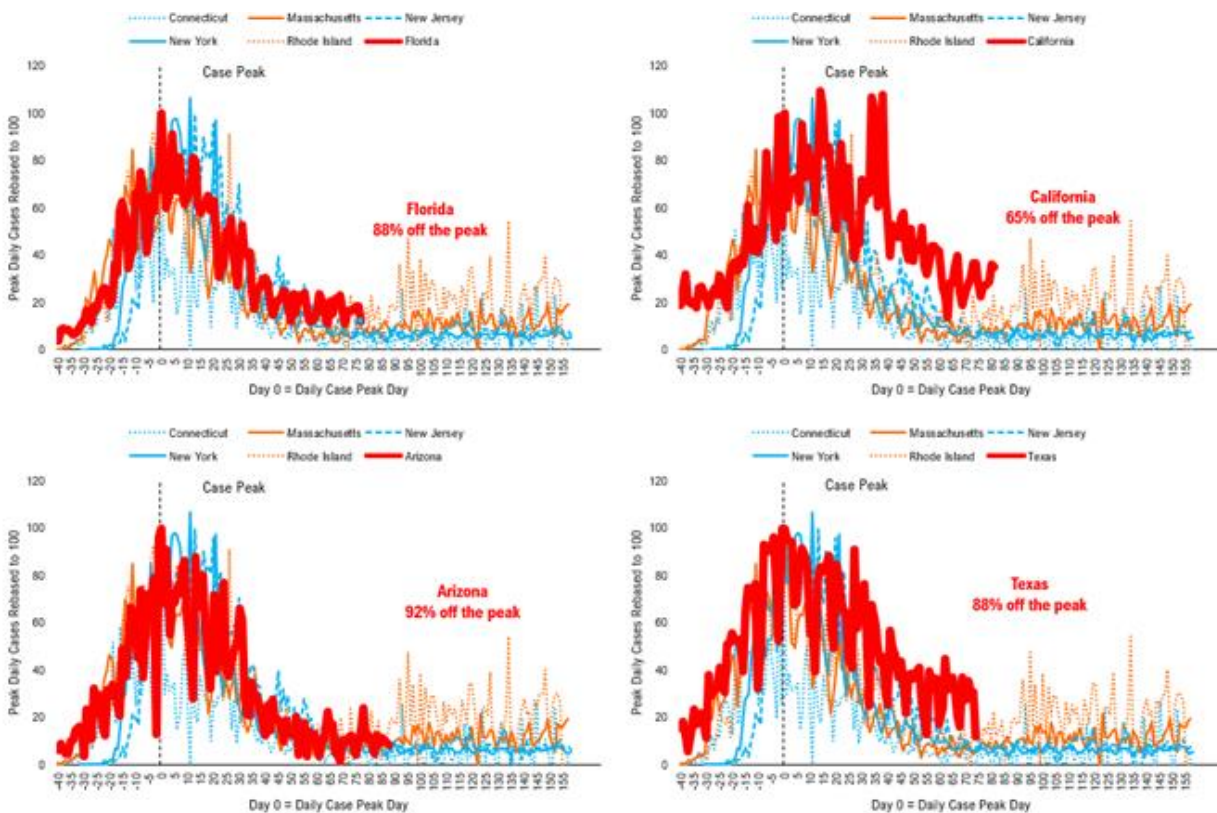
Florida announced Friday, the lifting of all restrictions around COVID-19 (see below). And this is prompted, in part, by the fact that daily cases are so far off their peaks. For the epicenter states of FL, CA, AZ, TX, here is the % off from their peak:

- FL -88%
- CA -65%
- AZ -92%
- TX -88%

Notice how CA is seeing a resurgence?

There are factors specifically hurting CA:

- Wildfires affect ability to social distance and use of PPE
- Back to school
- Still high exposure to the border and imported cases



Source: COVID-19 Tracking and Fundstrat

6 states with largest 7D delta in daily cases

Wisconsin	2,217 vs 1,665 (-7D)	+552
Puerto Rico	533 vs 262	+271
Washington	604 vs 349	+255
New Jersey	698 vs 453	+245
Massachusetts	592 vs 359	+233
Illinois	1,604 vs 1,402	+202
Total		+1,758

6 states with largest 7D delta in daily cases

Texas	1,292 vs 2,241 (-7D)	-949
Florida	1,882 vs 2,521	-639
Georgia	812 vs 1,134	-322
Minnesota	1,075 vs 1,296	-221
California	4,071 vs 4,265	-194
Oklahoma	823 vs 1,003	-180
Total		-2,505

Daily Case Increases (by State) (09/27)

% 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		
		9/20/20	9/25/20	9/26/20	9/27/20	vs 7D ago
United States		34,933	47,273	44,828	34,898	-35
States:						
1	California	4,265	3,400	4,197	4,071	
2	Wisconsin	1,665	2,504	2,817	2,217	<--higher
3	Tennessee	2,075	1,910	1,437	2,104	
4	Florida	2,521	2,847	2,795	1,882	
5	Illinois	1,402	2,805	2,441	1,604	
6	Missouri	1,328	1,987	1,716	1,392	
7	Texas	2,241	3,306	3,283	1,292	
8	North Carolina	1,333	1,579	1,759	1,290	
9	Minnesota	1,296	1,177	1,470	1,075	
10	Utah	920	1,411	1,017	1,068	
11	Louisiana	936	706	0	923	
12	Pennsylvania	733	806	1,029	918	<--higher
13	Indiana	746	1,171	1,142	901	<--higher
14	New York	862	908	1,005	866	
15	Oklahoma	1,003	1,276	990	823	
16	Georgia	1,134	1,468	1,359	812	
17	Ohio	762	1,150	1,115	800	
18	Virginia	856	941	975	736	
19	Alabama	798	798	933	730	
20	New Jersey	453	548	750	698	<--higher
21	Iowa	621	974	899	692	
22	Washington	349	536	988	604	<--higher
23	Massachusetts	359	488	569	592	<--higher
24	South Carolina	522	782	674	585	
25	Colorado	501	709	584	569	
26	Puerto Rico	262	712	296	533	<--higher
27	Arkansas	549	796	788	475	
28	Kentucky	436	908	970	455	
29	Nebraska	410	453	431	434	
30	Maryland	412	559	613	431	
31	Arizona	467	515	459	411	
32	South Dakota	252	457	579	408	<--higher
33	Nevada	385	556	602	373	
34	North Dakota	351	434	495	344	
35	Oregon	202	449	267	239	
36	Idaho	244	523	539	205	
37	Montana	136	322	343	200	<--higher
38	West Virginia	180	247	205	190	
39	Mississippi	277	722	645	182	
40	Wyoming	91	115	45	168	<--higher
41	New Mexico	67	263	205	152	<--higher
42	Alaska	93	122	113	114	<--higher
43	Delaware	117	138	71	104	
44	Hawaii	77	112	127	98	<--higher
45	New Hampshire	27	41	36	51	<--higher
46	District of Columbia	53	57	52	35	
47	Maine	44	20	25	28	
48	U.S. Virgin Islands	27	6	0	21	
49	Vermont	5	7	9	2	
50	Northern Mariana Islands	6	0	0	1	
51	Rhode Island	82	119	0	0	
52	Michigan	0	929	901	0	
53	Kansas	0	1,366	0	0	
54	Guam	0	23	68	0	
55	Connecticut	0	115	0	0	
56	American Samoa	0	0	0	0	

Source: COVID-19 Tracking and Fundstrat

POINT 2: COVID-19 positivity rates at many universities *below* state averages... Yup

There has been a lot of criticism of colleges and universities because of the rise in cases in their campuses. And while some of the criticism is warranted, such as students disregarding restrictions, there seems to be an overly negative view on the results for schools. Last week, we commented how we are now more a month into the school year, and yet, there does not seem to be any sustained outbreaks.

- Sure, there are going to be cases, because COVID-19 is still spreading
- But the key question is whether schools/colleges can limit spread better than cities/counties locally.

We think this answer seems to be "yes" for many schools. In fact, from the data provided by our data science team, led by tireless Ken, it seems as if colleges have actually done a very good job of containing cases. This is because of extensive testing and also because college campuses are somewhat closed loops, relative to a general economy with commuters. Thus, one could argue that returning to campus is a better way to manage young people's movements and of course, preserve their educational experience.

The way to judge this, in our view, is twofold:

- what is trend of daily cases in a college?
- is positivity rate lower or higher than that reported by a state?

Looking at 3 colleges, COVID-19 seems well managed...

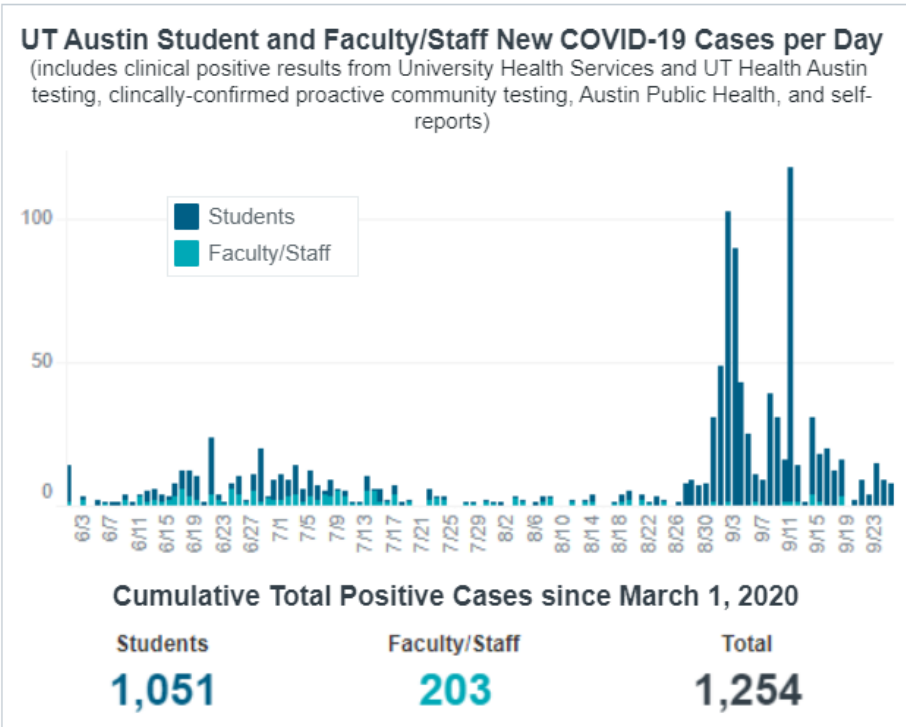
We took two large schools which have a high number of cases and also a college right in the heart of NYC:

- University of Texas, Austin
- University of Georgia
- NYU

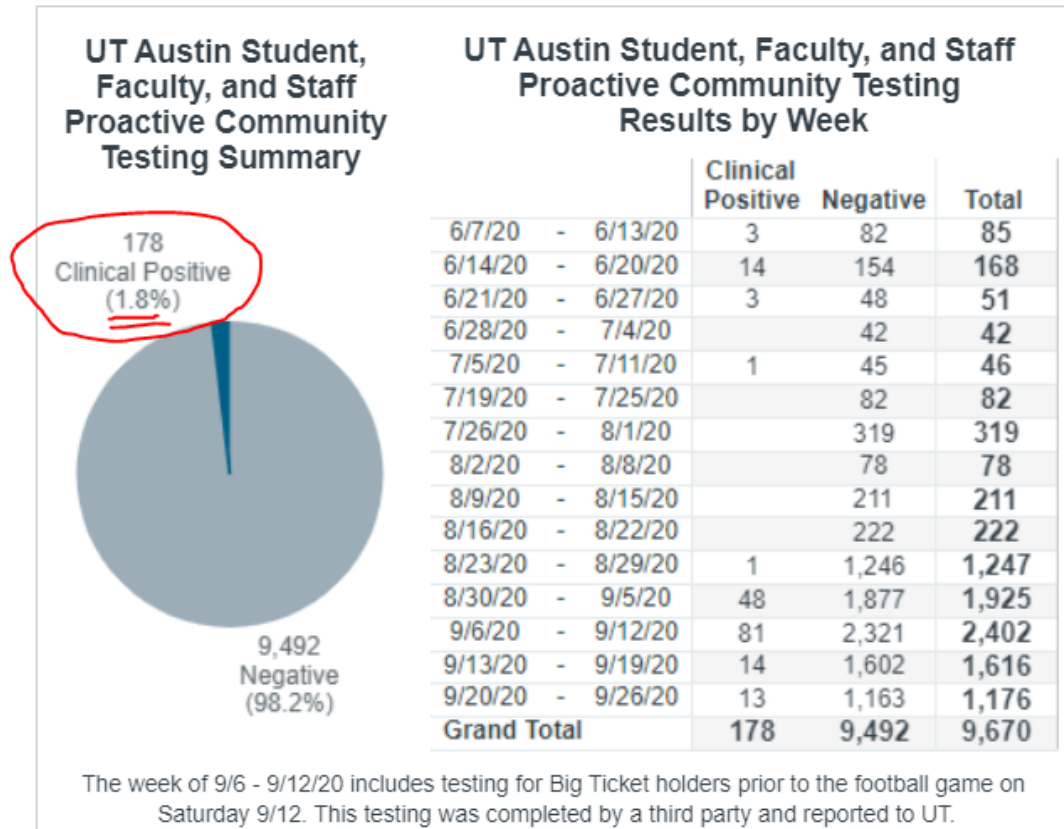
UT Austin positivity rate 1.8% vs 6.0% for state of Texas

UT Austin is one of the largest schools in Texas and is in Travis County, which we know is one of the counties with the highest COVID-19 prevalence. The school has reported about 1,200 cases.

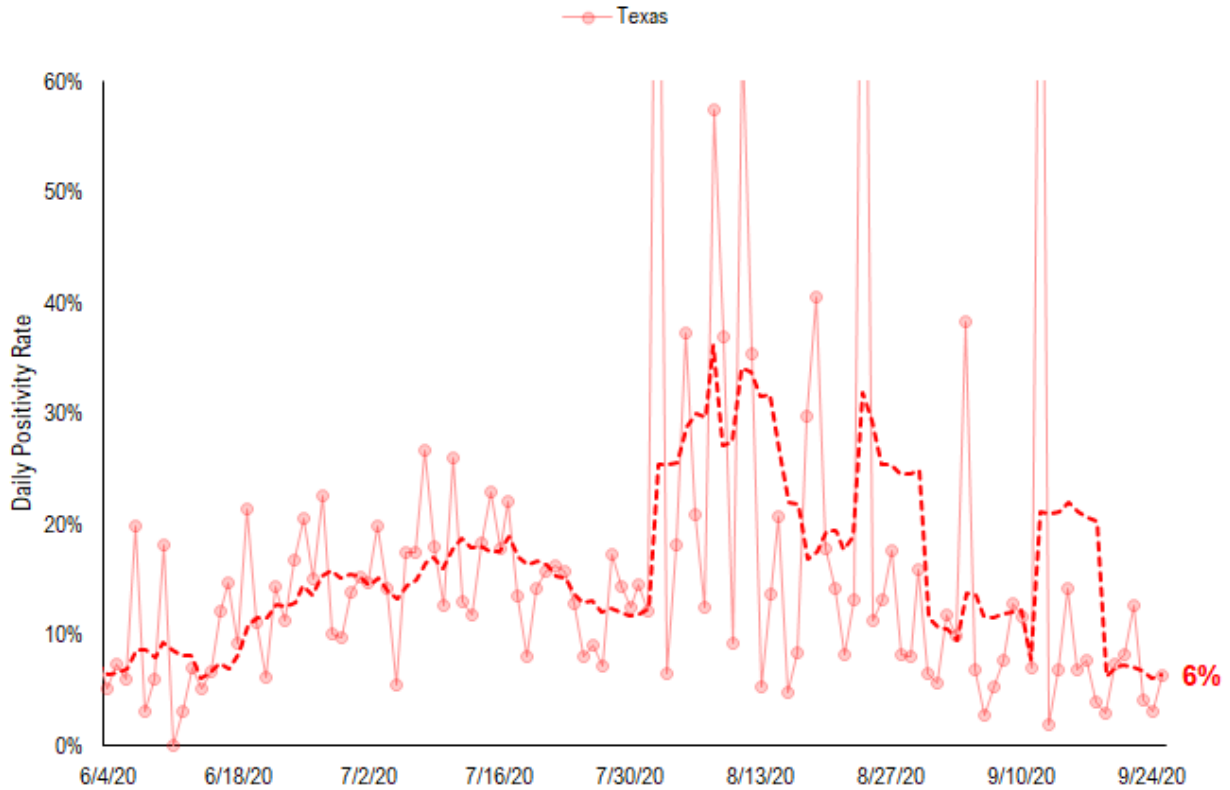
- daily cases have been falling sharply since 9/15
- so despite a surge as the school year started, we have not seen this exponentially grow
- the latest positivity rate is 1.8%, way lower than the overall state of Texas positivity rate of 6.0%



Source: University of Texas Austin



Source: University of Texas Austin



Source: Fundstrat

University of Georgia positivity rate is 3.5% vs 7.4% for state of Georgia

University of Georgia has the largest number of cases in the state of Georgia with about 3,500 cases so far.

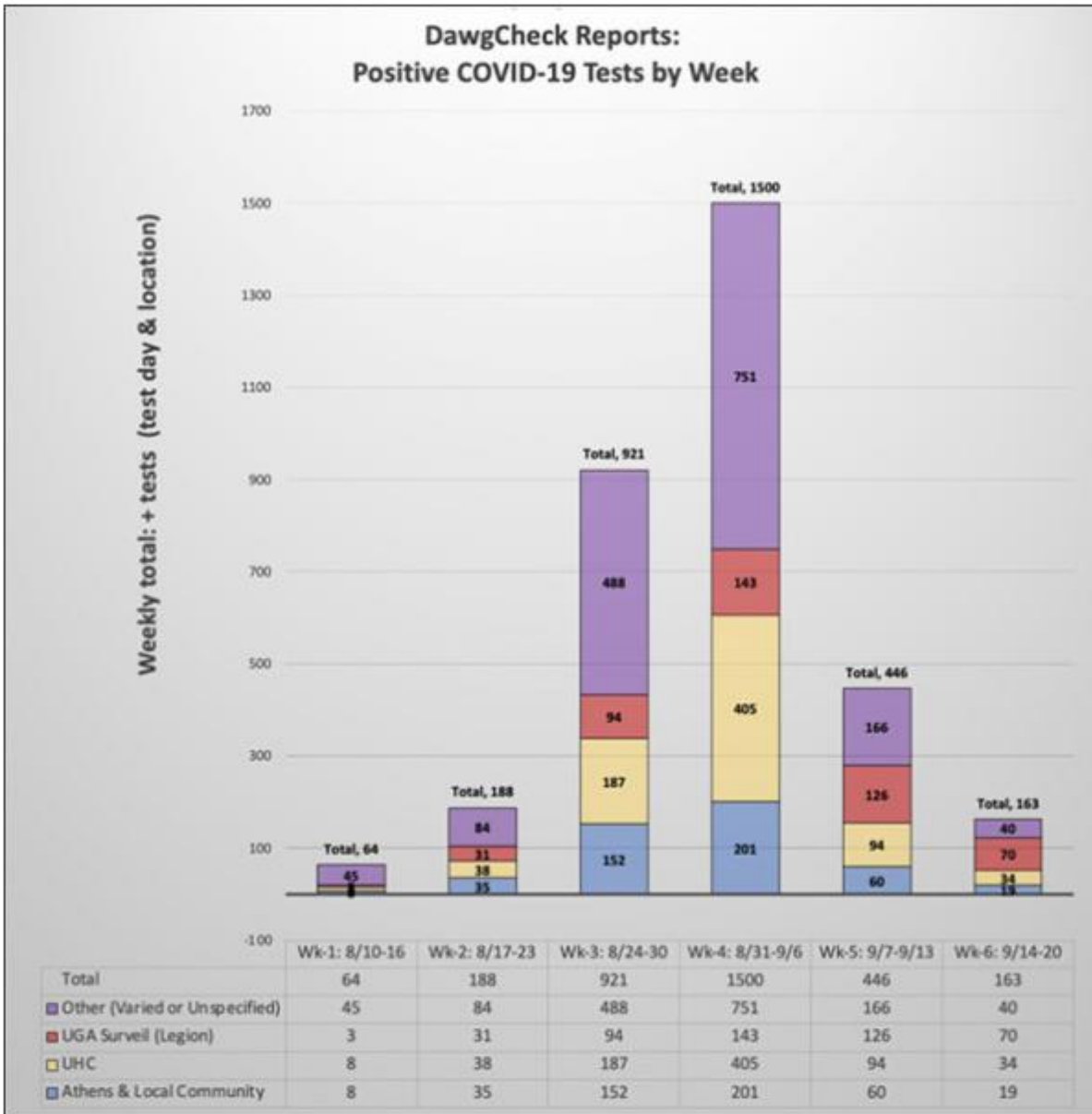


Source: NY Times

But as the University of Georgia data shows, daily cases peaked in the first week of September and since then, daily cases have been steadily falling.

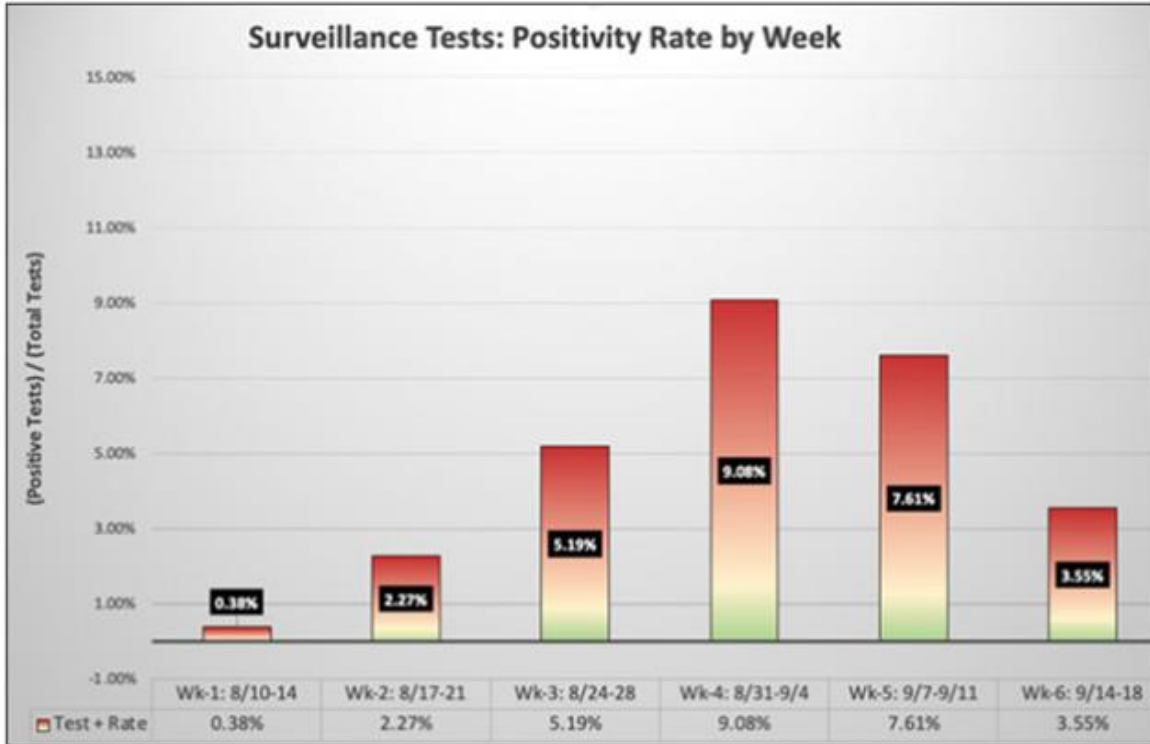
- Weekly cases peaked at 1,500 first week of September
- Recent weekly cases 163

So you can see, there has not been a sustained outbreak lasting more than a week at the University of GA.



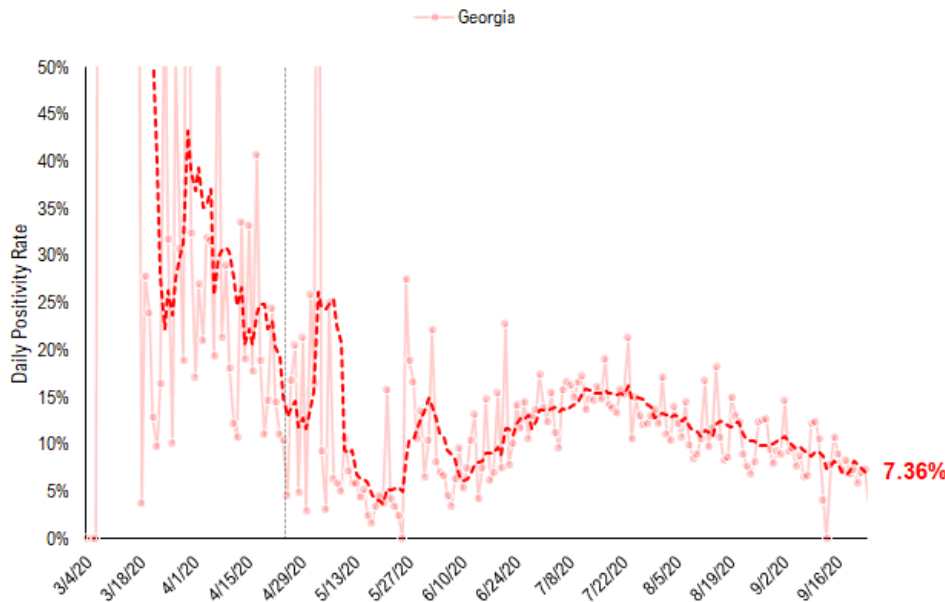
Source: University of Georgia

In fact, positivity rates have fallen from 9% in early Sept to 3.5% in the most recent reported week. This is still somewhat high, but 1/3 from its peak.



Source: University of Georgia

And this 3.5% is less than half of the state of GA overall. Thus, one can argue U of GA campus is safer than the state overall.



Source: Fundstrat

And also so far, there has been virtually no hospitalizations in GA. As shown below, there is few if any.

Reporting Week	Total Number of Positive Student Tests*	Total Number of Follow-up Survey Responses by Students	Student Response Rate to Follow-up Survey	Hospitalization Rate among Student Respondents	Asymptomatic Rate among Student Respondents	Recovery Rate among Student Respondents who Exhibited Symptoms
8/17 - 8/23	176	67	38%	0%	21%	92%
8/24 - 8/30	901	357	40%	1%	13%	93%
8/31-9/6	1490	422	28%*	0%	14%	92%

*Students included in these figures are those who reported to have received a positive test during the designated reporting week. These figures may vary slightly from week to week as data are continually updated. In addition, because of timing, these figures may not always match the totals reported in the graphs above.

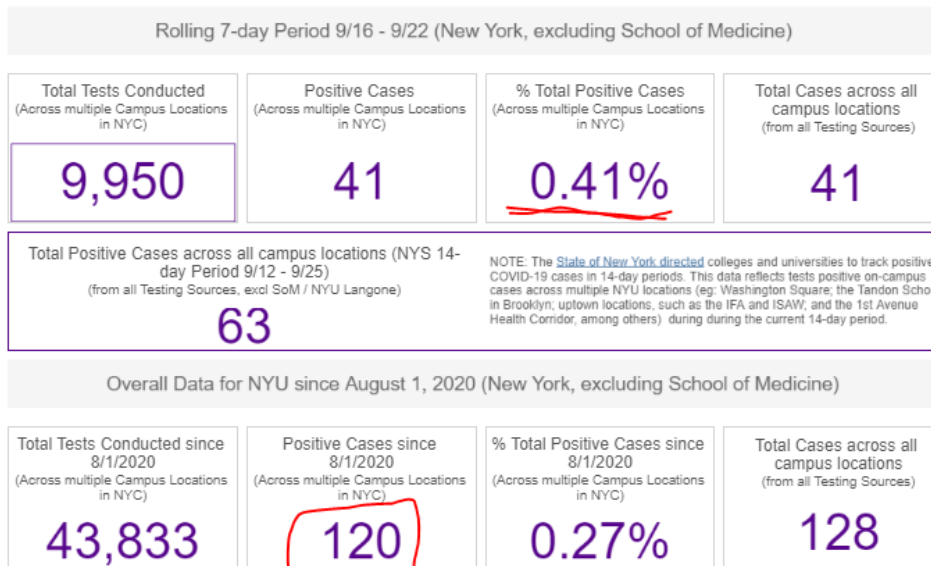
Source: University of Georgia

NYU positivity rate is 0.41% vs 0.96% for the state of New York

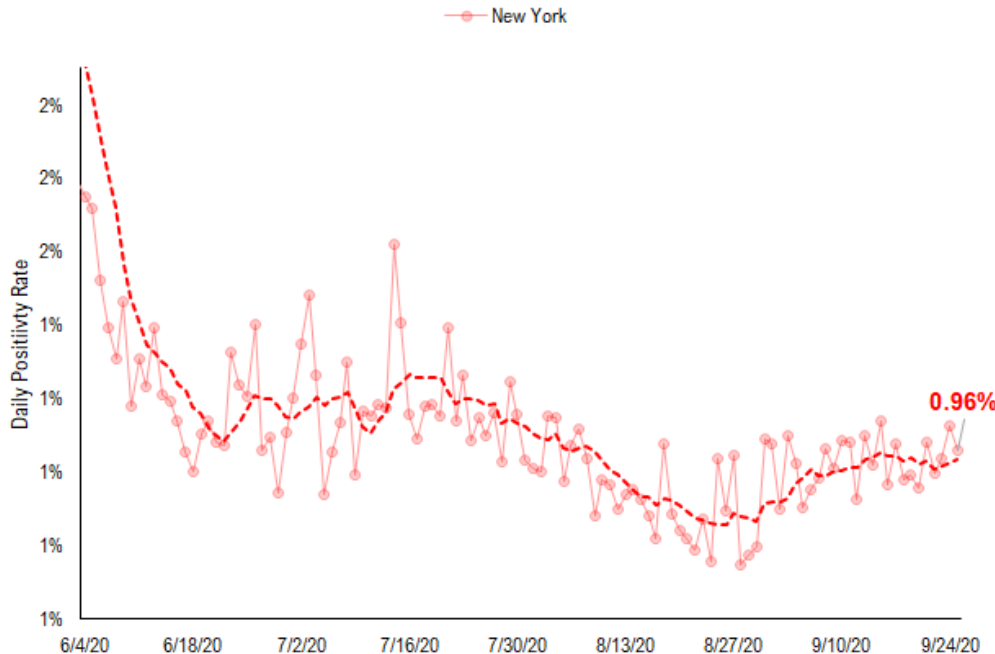
Even NYU, a school right in the heart of Manhattan has seen startlingly few cases. The University has about 15,000 students on campus and total case since opening is ~100. And as shown below, the daily positivity rate is 0.41% on ~10,000 tests.

- by comparison, the state of New York has a most recent positivity rate of 0.96%

So bottom line, colleges seem safer than the corresponding city/state.



Source: NYU



Source: NYU

POINT 3: Florida is the first "epicenter" state to lift all restrictions

Florida is the first major state in the US to lift all restrictions on COVID-19. FL Governor Ron DeSantis signed an executive order on 9/25 (20-244) effectively rescinding all executive orders on COVID-19 and eliminating associated penalties. This is a big deal, because Florida is one of the largest states in the US and among the top 5 most impacted by COVID-19.



THE CORONAVIRUS CRISIS

Florida's Governor Lifts All COVID-19 Restrictions On Businesses Statewide

September 25, 2020 - 2:37 PM ET

GREG ALLEN



Florida Gov. Ron DeSantis, here during a news conference last month, says his state is ready to respond if a surge of coronavirus infections emerges.

Chris O'Meara/AP

Source: NPR.org

The motivation for this executive order seems to be both a realization of the catastrophic economic consequences of the prior restrictions, and also a recognition that COVID-19 cases have been flattening within the state. The executive order is 3 pages but the two pages of details are shown below.

- apparently, this means no masks required
- no fines for non-compliance with social distance
- no limits on groups

STATE OF FLORIDA

OFFICE OF THE GOVERNOR EXECUTIVE ORDER NUMBER 20-244 (Phase 3; Right to Work; Business Certainty; Suspension of Fines.)

WHEREAS, on March 9, 2020, I issued Executive Order 20-52 declaring a state of emergency for the entire State of Florida as a result of COVID-19; and

WHEREAS, on April 29, 2020, I issued Executive Order 20-112 initiating Phase 1 of the Safe. Smart. Step-by-Step. Plan for Florida's Recovery; and

WHEREAS, on May 14, 2020, I issued Executive Order 20-123 for Full Phase 1; and

WHEREAS, on June 3, 2020, I issued Executive Order 20-139 initiating Phase 2 of the Safe. Smart. Step-by-Step. Plan for Florida's Recovery.

WHEREAS, the State of Florida has suffered economic harm as a result of COVID-19-related closures, exacerbating the impacts of the State of Emergency, and Floridians should not be prohibited by local governments from working or operating a business.

NOW, THEREFORE, I, RON DESANTIS, as Governor of Florida, by virtue of the authority vested in me by Article IV, Section (1)(a) of the Florida Constitution and Chapter 252, Florida Statutes, and all other applicable laws, promulgate the following Executive Order:

Section 1. Phase 3

This order supersedes and eliminates any and all restrictions of Executive Orders 20-112, 20-123 and 20-139, as well as Executive Orders 20-192, 20-214 and 20-223, except as modified herein.

<https://www.flgov.com/2020-executive-orders/>

Section 2. Right to Work and Operate a Business

No COVID-19 emergency ordinance may prevent an individual from working or from operating a business. This preemption is consistent with Executive Order 20-92.

Section 3. Restaurants

Pursuant to Chapter 252, including sections 252.36(5)(b), (g) and (h), Florida Statutes, and in order to safeguard the economic vitality of this state, any restaurant may operate as set forth below.

A. Restaurants, including any establishment with a food service license, may not be limited by a COVID-19 emergency order by any local government to less than fifty percent (50%) of their indoor capacity. If a restaurant is limited to less than one hundred percent (100%) of its indoor capacity, such COVID-19 emergency order must on its face satisfy the following:

- i. quantify the economic impact of each limitation or requirement on those restaurants; and
- ii. explain why each limitation or requirement is necessary for public health.

B. Nothing in this order preempts or supersedes a non-COVID-19 municipal or county order.

Section 4. Suspension of COVID-19-related Individual Fines and Penalties

This order, consistent with Executive Order 20-92, suspends the collection of fines and penalties associated with COVID-19 enforced upon individuals.

<https://www.flgov.com/2020-executive-orders/>

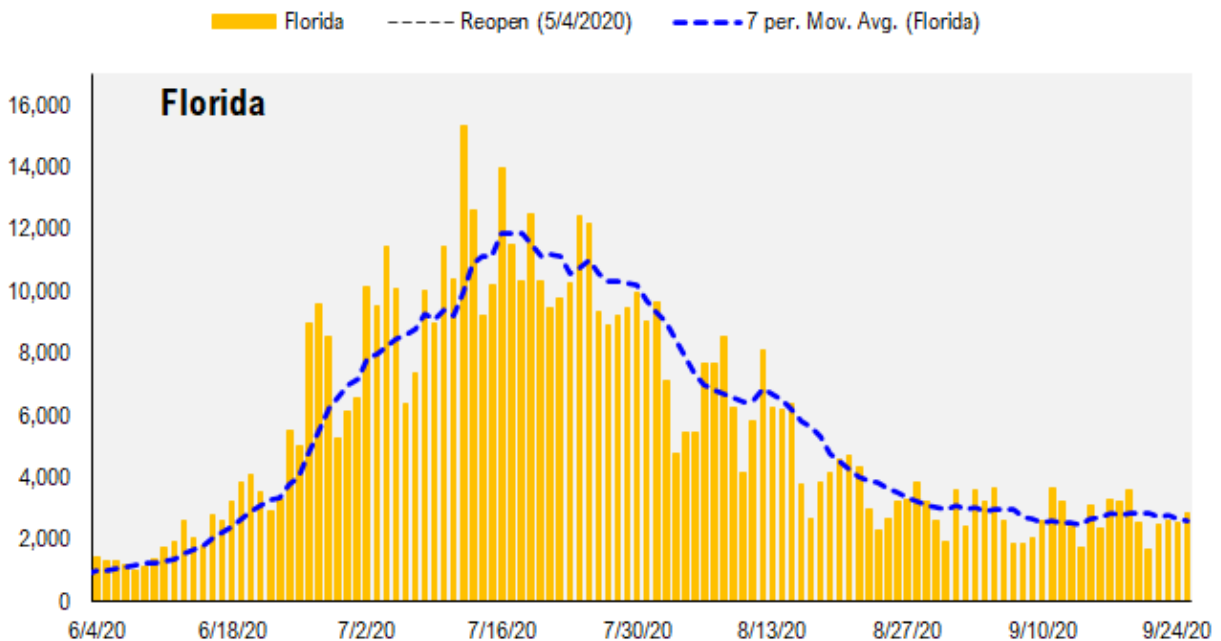
How cities and counties deal with their own restrictions is still not known at this time. For instance, Broward County Mayor Dale Holness (Fort Lauderdale) commented that they hope the governor can allow the county to have deeper restrictions.

Broward County Mayor Dale Holness told NPR member station WLRN on Friday, "We're hoping that the governor will allow us to have deeper restrictions than the rest of the state. We have a greater spread of the virus in South Florida than other parts of the state."

Miami-Dade officials said they were still assessing what the order means for the county. Mayor Carlos Giménez told *The Miami Herald* that he believed the county would still be able to enforce its face covering mandate but "will have to speak to our attorneys about [our] ability to enforce individual fines."

Source: NPR.org

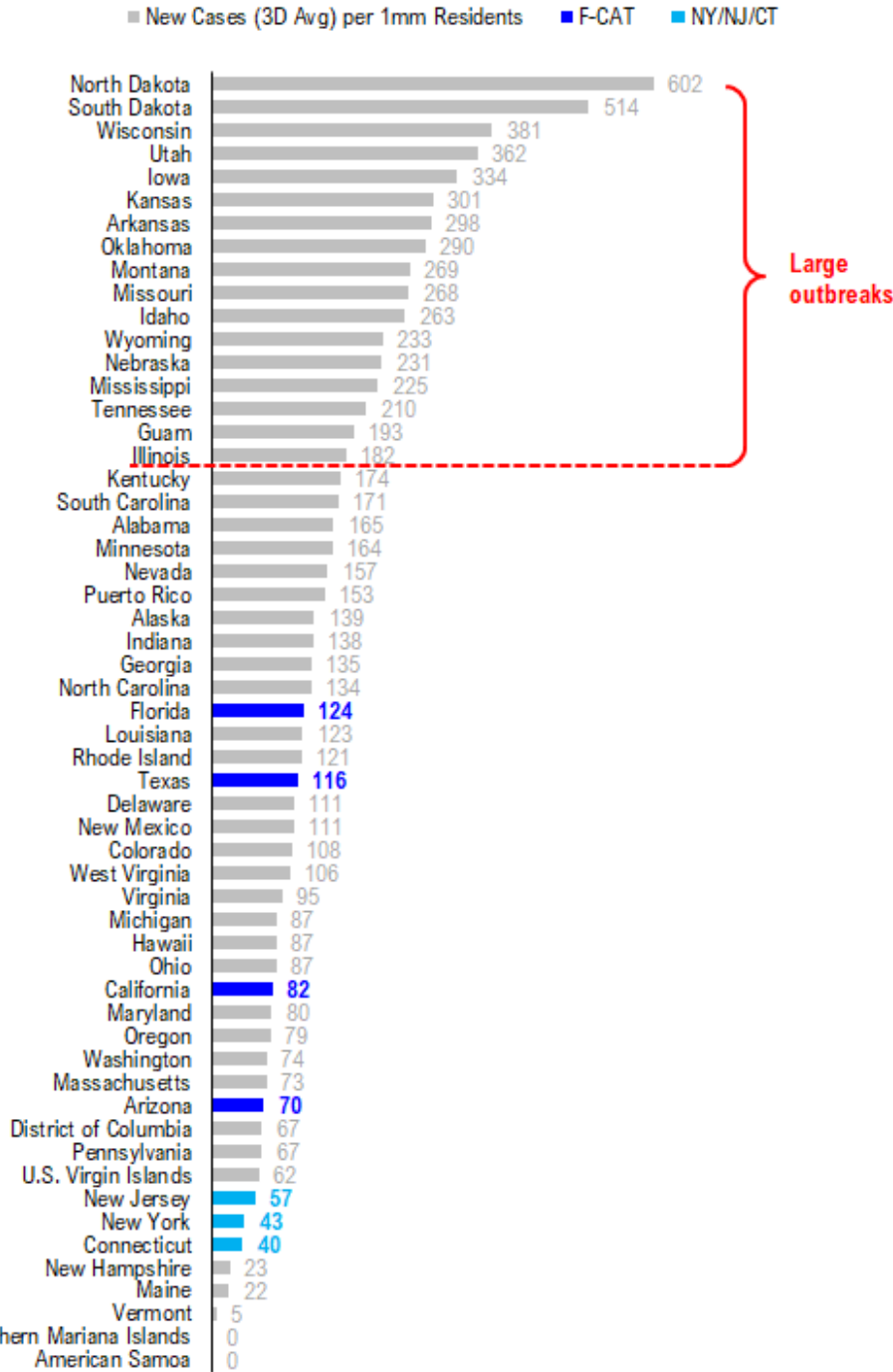
Florida has seen daily cases slow sharply in the past month versus the prior waves, but the state still has ~2,700 daily cases of COVID-19. This works out to about 124 daily cases per 1mm residents. The state is about 3X the state of NY but is actually better than most states.



Source: COVID-19 Tracking Project

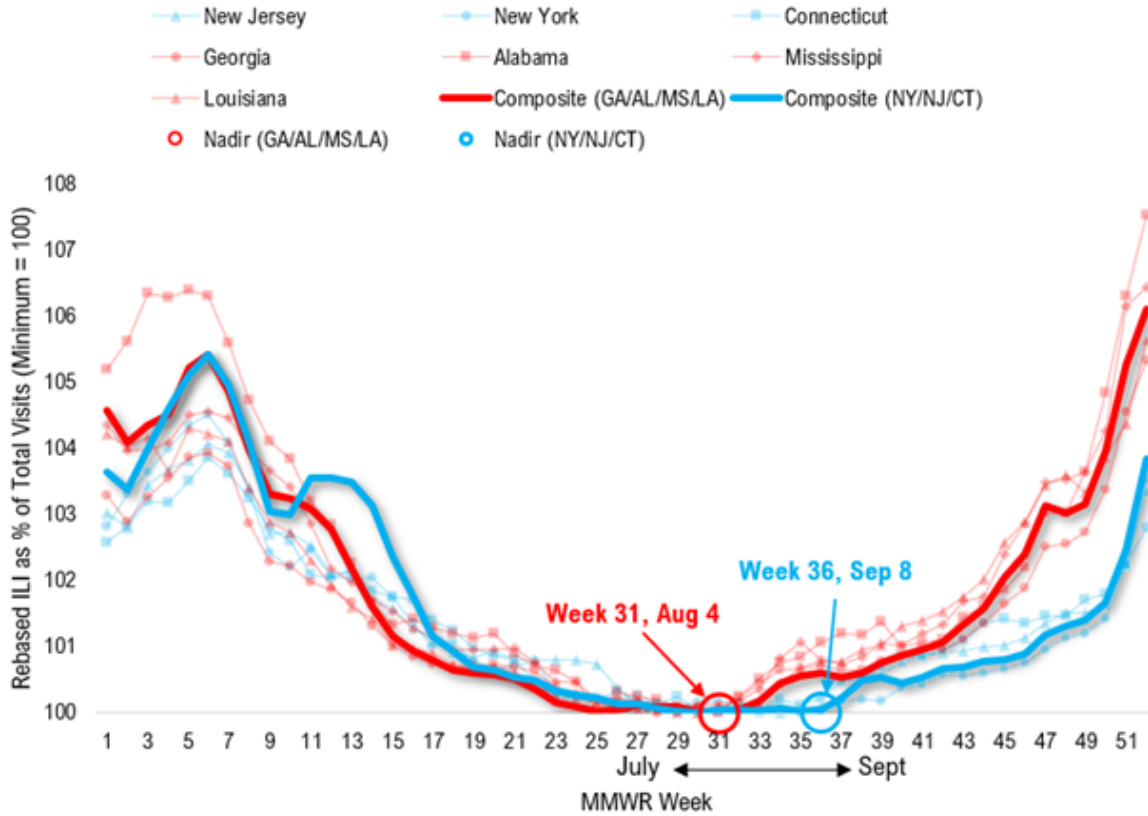
The chart below shows daily cases per 1mm residents (3D avg) by state. And as you can see, FL and the major states such as NY tristate, and "epicenter" states like FL, CA, AZ, TX, or F-CAT, are at the lower end of daily cases per 1mm residents.

- FL and Rhode Island have similar daily case figures.



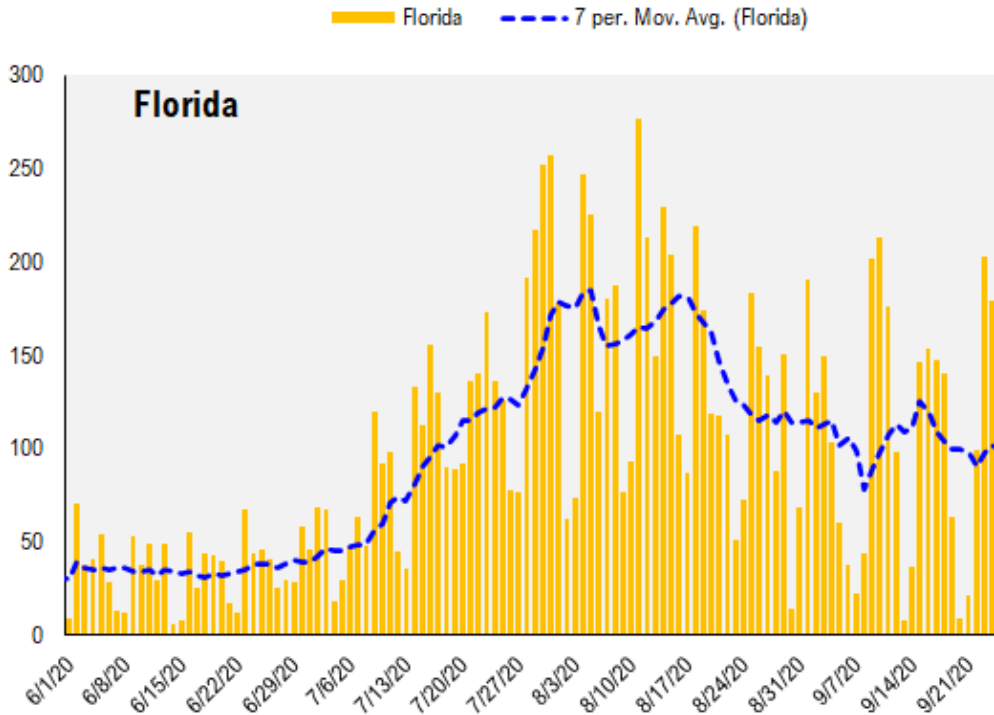
Source: COVID-19 Tracking Project

Florida is already nearly two months into flu season (see below) and the fact that daily cases has been muted is a good thing, considering we are already in flu season.



Source: CDC and Fundstrat

Lastly, Florida still records about 100 deaths per day from COVID-19. So, there is still a daily tragedy and toll from this disease in the state. But the trend in daily deaths looks to be trending lower, even as flu season is underway.



Source: COVID-19 Tracking Project

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