



COVID-19 UPDATE: Europe COVID-19 daily cases collectively 3X US, improving standing of US handling of COVID-19. Hawaii opens borders.

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STRATEGY: Stimulus still a big deal, and the market wants visibility more than anything

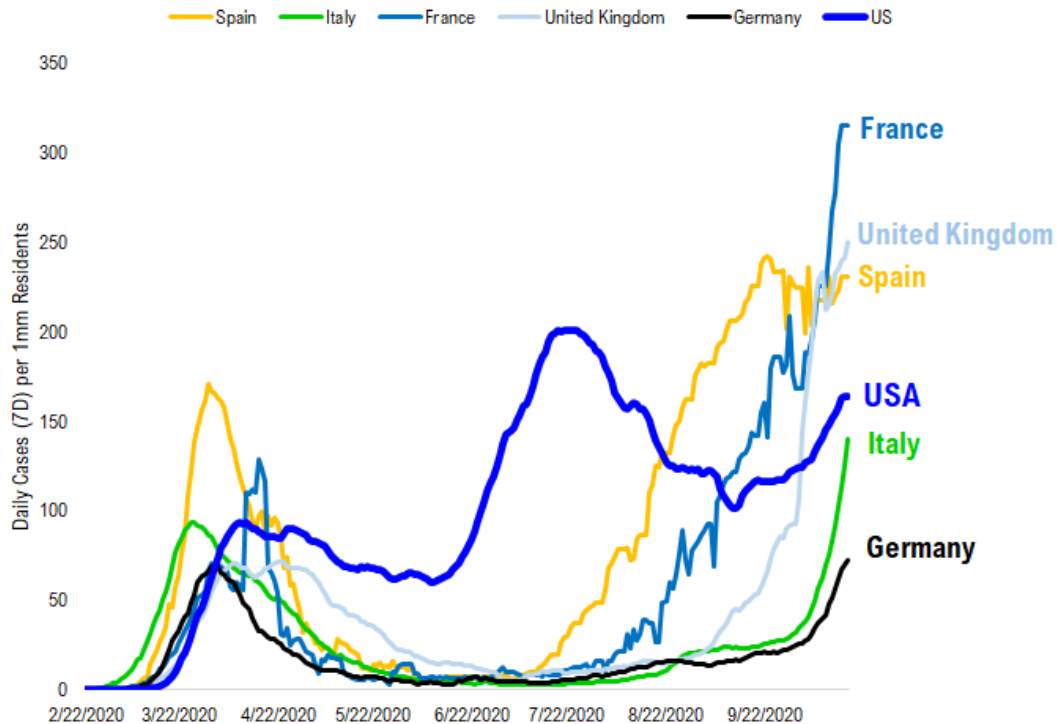
Equity markets sold off hard Monday with a pretty intensive downside as VIX rose to 29. Several factors could explain this, but this weakness is a reminder that equities generally prefer visibility. And uncertainty around the fiscal stimulus, coupled with the potential for a contested election, are headwinds for equities. We still believe stocks have seen their pre-election low as the S&P 500 held 3,224 (62% retracement) and even with Monday's weakness, the S&P 500 remains above the other key level, 3,663.

Over the next 24 hours, however, arguably the most important issue to watch for is a resolution on fiscal stimulus. On Sunday, House Speaker Pelosi set a 48-hour deadline for the White House to agree to a plan. And while markets might see this as less significant (since a deal is likely post-election day), it is a big deal for those Americans with expiring benefits. So, we think it is very important for Washington to get a deal done.

COVID-19 cases rose Monday to 51,495, which is up +8,157 vs 7D ago, so COVID-19 is spreading. But this rate of spread is surprisingly linear--that is, it is not going parabolic (i.e., cases are not rising at 2X vs a week ago) and this suggests that Americans are taking some steps to contain this spread.

By contrast, Europe's handling of COVID-19 now could arguably be deemed a failure -- if measured by case counts. Europe's daily cases now exceed 140,000 daily, or 3X the US level, and as shown below, the per-capita daily cases for the major nations is parabolically surpassing the US. As we discuss below in point #2, based on either case counts or deaths, the US handling of COVID-19 compares pretty well to Europe, Latin America, South Asia (India) but not well against China/Southeast Asia.

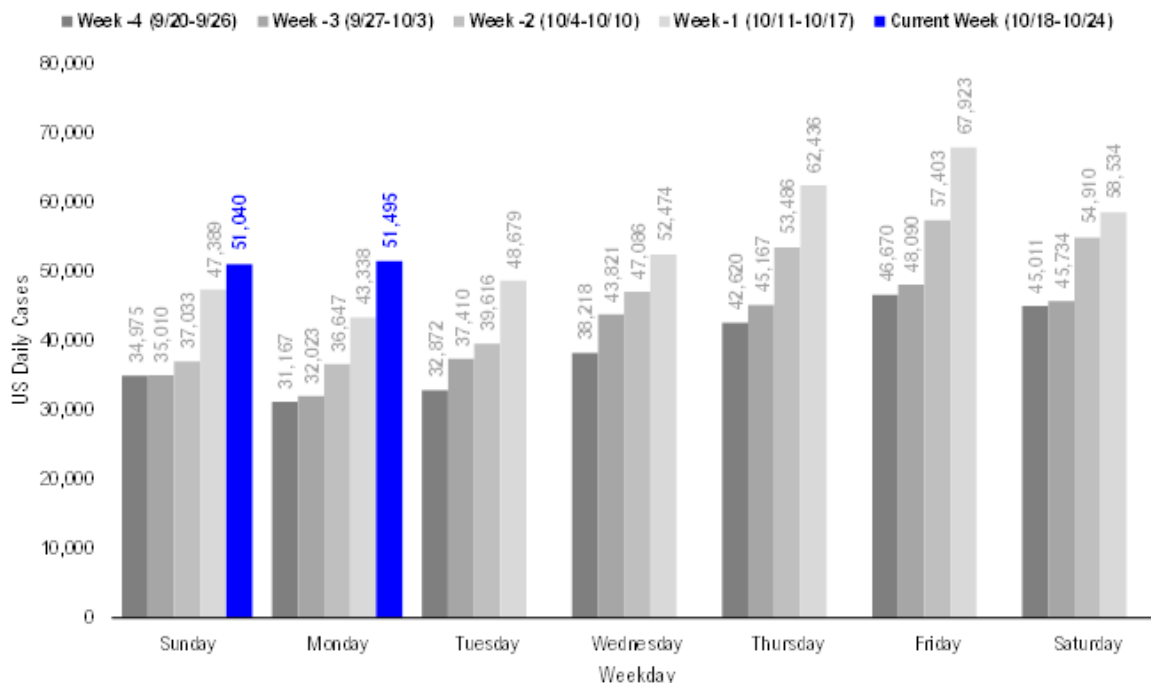
- so the US can claim the prize of being the best house in a "bad neighborhood"



Source: Johns Hopkins

POINT 1: Daily cases 51,495, up 8,157 vs 7D ago -- COVID-19 still spreading in US

The latest COVID-19 daily cases came in at 51,495, up +8,157 vs 7D ago. In the Monday update, WI and MS provided a detailed breakdown of daily cases for Sunday and Monday.

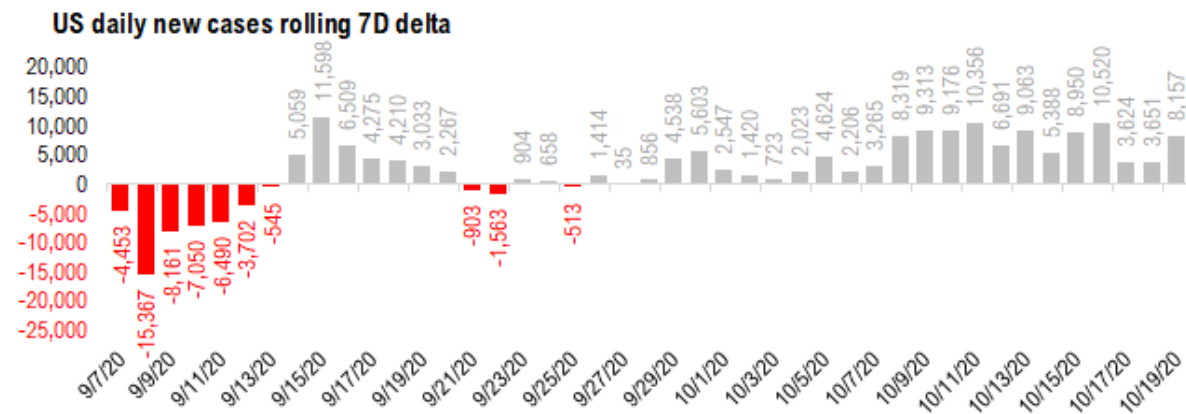


Source: COVID-19 Tracking Project and Fundstrat

US daily cases 7D delta is up but not exponential...

Again, the daily change vs 7D ago, in our view, is the leading indicator as it is what influences the 7D moving average.

- As you can see below, the 7D delta in daily cases is flat last few days
- This is not an exponential surge, which is good
- It has not yet happened, but it could
- Next few weeks are key
- As we wrote last week, some states seem to be hitting the "upper limit" of daily case velocity
- Meaning, we could see cases slow within the next few weeks



Source: COVID-19 Tracking and Fundstrat

6 states with largest 7D delta in daily cases

Wisconsin	3,777 vs 1,956 (-7D)	+1,821
Michigan	2,909 vs 1,809	+1,100
New Jersey	1,192 vs 469	+723
Colorado	1,072 vs 576	+496
Minnesota	1,627 vs 1,171	+456
Ohio	1,837 vs 1,430	+407
Total		+5,003

6 states with largest 7D delta in daily cases

Virginia	690 vs 854 (-7D)	-164
Georgia	752 vs 902	-150
South Carolina	568 vs 705	-137
Arkansas	434 vs 568	-134
North Carolina	1,144 vs 1,276	-132
Texas	2,273 vs 2,384	-111
Total		-828

Daily Case Increases (by State) (10/19)

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

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

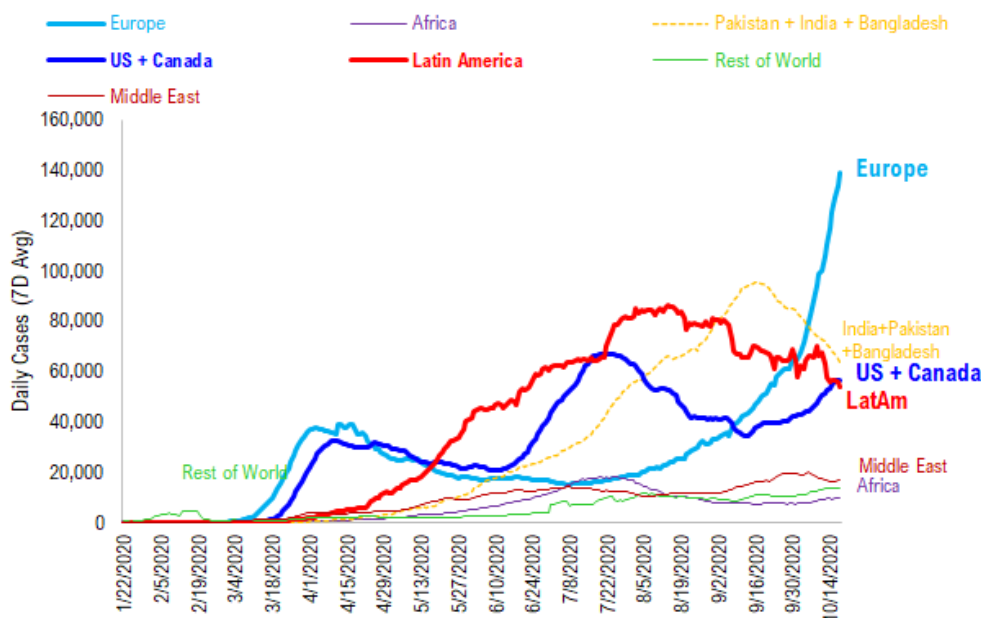
		Sorted				
		7D Ago	Last 3-day Trend			
		10/12/20	10/17/20	10/18/20	10/19/20	vs 7D ago
United States		43,338	58,534	51,040	51,495	+8,157
States:						
1	Wisconsin	1,956	0	3,928	3,777	<-higher
2	California	3,449	2,979	2,862	3,474	
3	Tennessee	2,965	2,646	2,605	3,317	
4	Illinois	2,742	3,629	4,245	3,113	
5	Michigan	1,809	1,791	0	2,909	<-higher
6	Texas	2,384	4,581	3,048	2,273	
7	Kansas	2,055	0	0	2,113	
8	Ohio	1,430	2,234	1,562	1,837	<-higher
9	Florida	1,533	4,044	2,539	1,707	
10	Minnesota	1,171	1,694	1,722	1,627	<-higher
11	Indiana	1,574	2,482	1,605	1,584	
12	Missouri	1,235	2,357	1,768	1,405	
13	New Jersey	469	934	1,275	1,192	<-higher
14	Connecticut	1,066	0	0	1,191	
15	Utah	988	1,340	1,097	1,168	
16	North Carolina	1,276	2,102	2,303	1,144	
17	Pennsylvania	1,088	1,857	1,269	1,103	
18	Colorado	576	1,139	933	1,072	<-higher
19	New York	1,029	1,784	1,390	998	
20	Alabama	734	1,288	964	859	
21	Massachusetts	760	584	730	828	
22	Oklahoma	797	1,195	796	774	
23	Georgia	902	1,534	1,174	752	
24	Arizona	475	921	742	748	<-higher
25	Nebraska	495	1,286	620	734	<-higher
26	Idaho	597	878	510	698	
27	Virginia	854	1,114	900	690	
28	North Dakota	472	744	717	659	<-higher
29	Kentucky	638	1,291	810	640	
30	Nevada	569	967	609	582	
31	Montana	423	638	588	569	<-higher
32	South Carolina	705	912	757	568	
33	South Dakota	361	806	658	567	<-higher
34	Iowa	463	1,157	857	557	<-higher
35	New Mexico	379	573	445	514	<-higher
36	Maryland	504	798	530	497	
37	Washington	0	777	530	460	
38	Arkansas	568	710	529	434	
39	Puerto Rico	228	119	418	427	<-higher
40	Mississippi	296	751	233	353	
41	Wyoming	191	151	209	286	<-higher
42	Oregon	212	381	216	262	<-higher
43	West Virginia	153	221	280	212	<-higher
44	Louisiana	63	0	1,125	202	<-higher
45	Alaska	191	211	220	202	
46	Delaware	159	218	151	103	
47	Rhode Island	81	287	284	85	
48	Guam	92	79	58	81	
49	New Hampshire	65	111	69	52	
50	Hawaii	41	95	81	39	
51	District of Columbia	38	79	36	25	
52	Maine	29	48	26	23	
53	Vermont	8	11	11	9	
54	U.S. Virgin Islands	0	0	6	0	
55	Northern Mariana Islands	0	6	0	0	
56	American Samoa	0	0	0	0	

Source: COVID-19 Tracking and Fundstrat

POINT 2: Can anyone really claim Europe is handling COVID-19 better than the US?

It has been widely reported that Europe is now seeing a resurgence in cases. But the magnitude and the policy implications, in our view, have not been properly discussed. From a magnitude perspective, look at this chart below, which compiles daily cases (7D avg) by region:

- Europe has 140,000 daily cases, absolutely dwarfing cases anywhere else in the World
- This pace is ~3X the US levels, and even 3X the levels in Latin America and even India
- Europe is now the new epicenter for COVID-19



Source: Johns Hopkins

Europe's handling of COVID-19 now looks like a gigantic failure

So Europe is now the central region where COVID-19 cases are exploding. Foremost, this seems to be a narrative that has been hardly addressed. Europe underwent the strictest lockdown in 2020 and daily cases fell to a low of 18,000 per day, but those cases never went to zero. And since their re-opening, cases have been steadily accelerating and in the past few weeks, exploded.

- With Europe seeing the worst outbreak of any region, by country mile, shouldn't we view their handling of COVID-19 as an absolute failure?
- Shouldn't we regard the US handling of COVID-19 in a considerably better light?

Let's compare the US vs other regions in terms of COVID-19 cases and trends YTD:

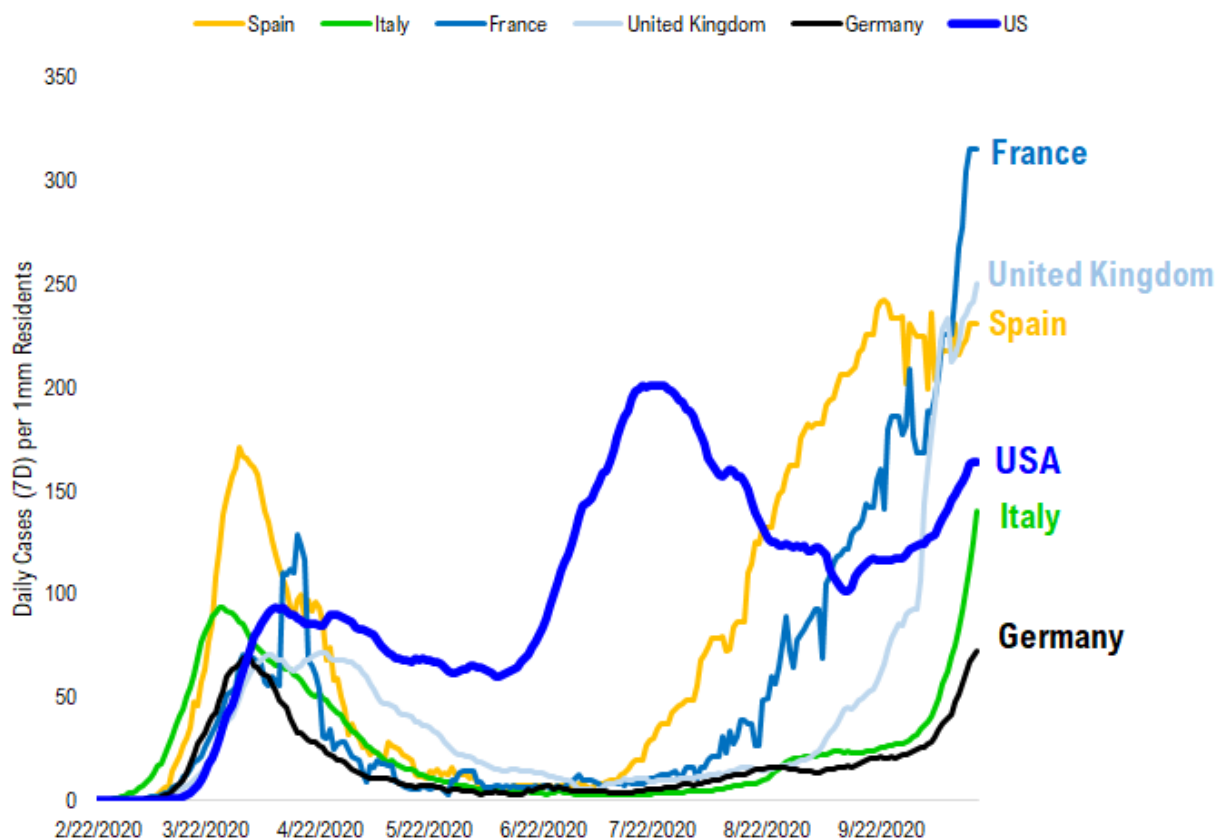
- Latam vs US --> US way better
- India vs US --> US way better
- Europe vs US --> US way way better
- China/SE Asia vs US --> Asia way better

So, outside of Southeast Asia, the US has vastly outperformed Europe.

Nope, even Germany is beginning to suck wind...

One might be tempted to argue this is only Spain, France and maybe UK, with a surge in COVID-19. Nope. Take a look at the chart below.

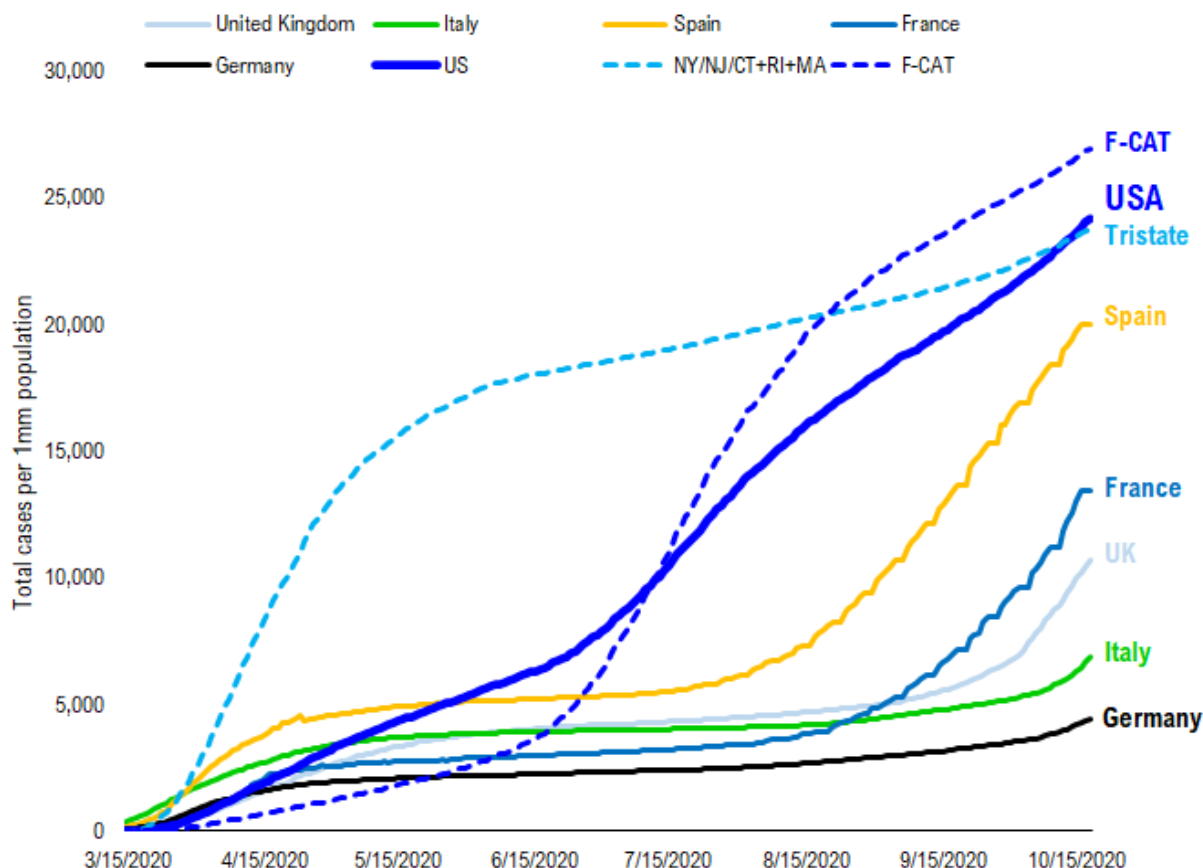
- Italy is going parabolic
- Germany is going parabolic
- France is aiming for galactic heights



Source: Johns Hopkins

So, ultimately, while I am disappointed the US has not gotten COVID-19 under control, ala China and ala Australia and ala Southeast Asia, the US has vastly outperformed other nations. But one reason the US could be outperforming is that COVID-19 prevalence is simply higher. And with higher prevalence, there is a smaller share of a "vulnerable" population -- hence, less likelihood of a parabolic outbreak.

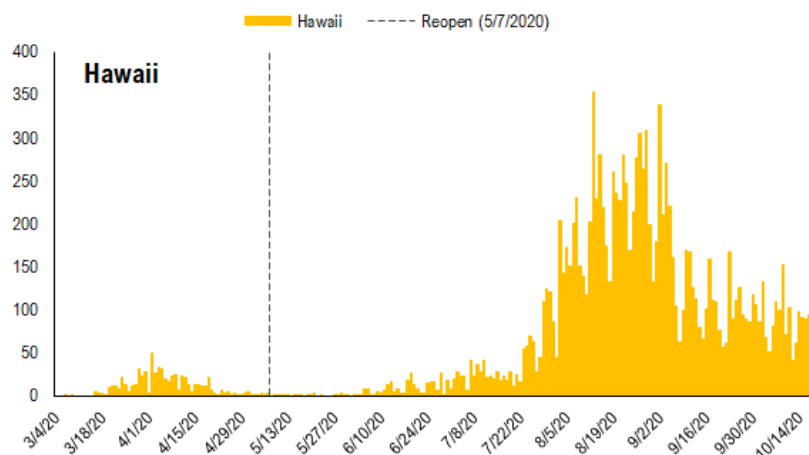
- From this chart, Germany and Italy could be dangerous in terms of the risk of surging mortality



Source: Johns Hopkins

POINT 3: Hawaii is ending quarantine using a smart criterion -- PCR test

Hawaii has largely avoided the worst of the COVID-19 outbreak by taking advantage of its geographical virtue. By being an island, the state could manage imported case risk and the state did so by requiring a mandatory quarantine. And because of that, the state has managed pretty well through this crisis. As you can see below, daily cases are about 50 per day in Hawaii, and well off the higher levels in August.

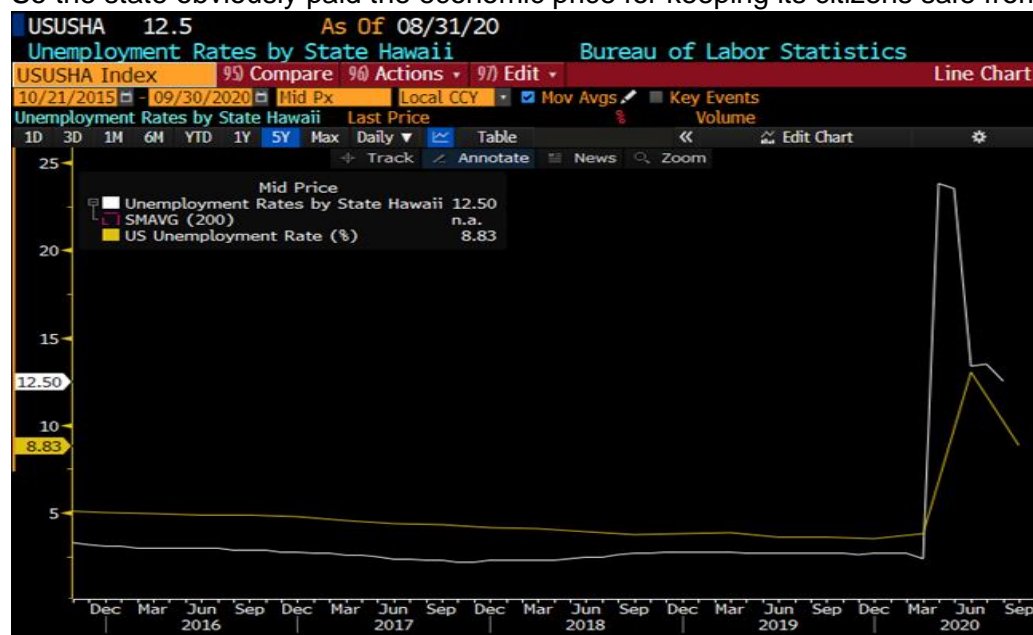


Source: COVID-19 Tracking Project

But the consequence of this is the state's economy has suffered badly. The state's unemployment rate is 12.5%, well above the US level of 8.8% and as the chart below shows:

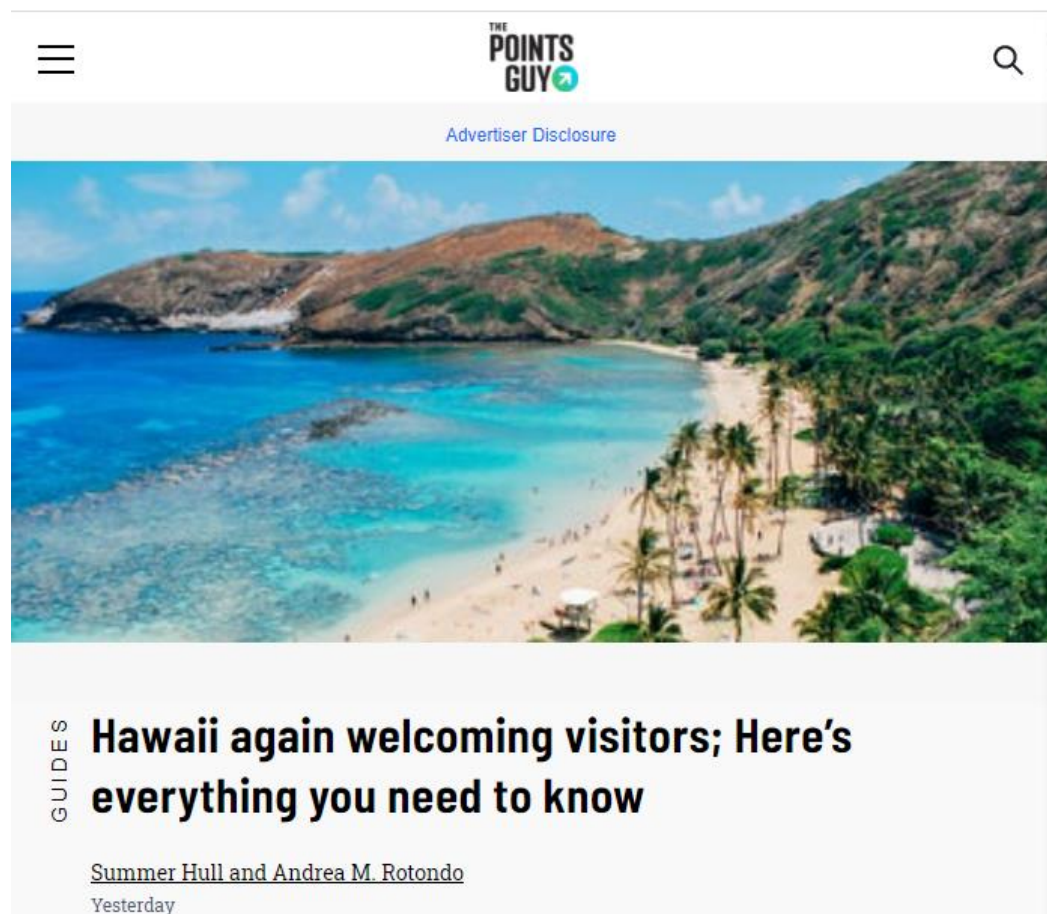
- pre-COVID-19, Hawaii's UE rate was well well below the US

So the state obviously paid the economic price for keeping its citizens safe from COVID-19.



Source: Bloomberg

So the state recently dropped its strict quarantine requirements for inbound US travelers to Hawaii. Instead of a mandatory 14-day quarantine, the state now allows citizens to enter as long as they have tested COVID-19 negative, using one of the agreed upon testing centers.



<https://thepointsguy.com/guide/is-hawaii-open-for-travel/>

The key is to use one of their affiliated testing centers and this needs to be within 72 hours of departure. So this does require planning on the part of a traveler.

The state has [launched a pre-travel testing program](#), which requires all visitors to take a nucleic acid amplification test, such as a PCR test, from an approved testing partner no more than 72 hours before departure to Hawaii. However, not every island in Hawaii has the same rules once you arrive.

<https://thepointsguy.com/guide/is-hawaii-open-for-travel/>

And this only applies to US travelers. Hawaii will not allow entry for someone from a CDC-prohibited country. At this point, this should include all of Europe.

Hawaii reopened to U.S. travelers only on Oct. 15

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As of this time of publication, international travelers from CDC-prohibited countries are still banned from entering Hawaii. That said, Hawaii is reportedly in talks with Japan to develop a reopening plan for travelers.

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