



## **COVID-19 UPDATE: 105 million passengers flown since 4/1/2020, and only 1,600 "infected flying" -- being on an airplane is 20X safer than walking the streets of NYC.**

**THIS MESSAGE IS BEING SENT SOLELY TO CLIENTS OF FS INSIGHT**

### **STRATEGY: The things we are "afraid of" are proving to be far safer**

While COVID-19 case trends are worsening in the US and even worse in Europe, not all is negative regarding COVID. In this commentary, we highlight two things that are actually far better than expected.

First, we are now starting to lean towards measuring COVID-19 waves in the US via the level of hospitalizations and the rate new cases are seeing hospitalizations. As we discuss below, in wave 1 and wave 2, the total hospitalized peaked at ~59,000 vs 37,000 currently. Moreover, several states saw hospitalized per 1mm exceed 300. In wave 1, it was NY, NJ, CT, MA and in wave 2, it was FL, AZ, TX. In wave 3, only South Dakota is there. So, wave 3 seems very muted. So far.

Second, it seems many things we were "afraid of" are not as bad as feared. In particular, we look at airline travel and COVID-19 spread. Here is a way to look at it.

Since April 1, the TSA has processed 105 million passengers to travel on a flight. So, think of this as 105 million interactions. Of this, the TSA has identified 1,600 who traveled while infected (and of those, zero confirmed community transmissions, see below).

That is 1 in 9,545 being infected. The odds of passing an infected in the US while walking the streets is currently 1 in 500. So, you are 20x less likely to encounter an infected on a plane than on the street.

This speaks to the safety protocols used by airlines and the low community transmissions show air quality is quite good.

What else were we afraid of that proved to be less scary?

- professional sports
- schools
- restaurants
- subways
- casinos (yup)
- grocery stores
- retail stores
- beaches
- mass protests

What is worse?

- bars
- nursing homes
- homeless shelters
- prisons
- choir practice
- vaping
- huge weddings

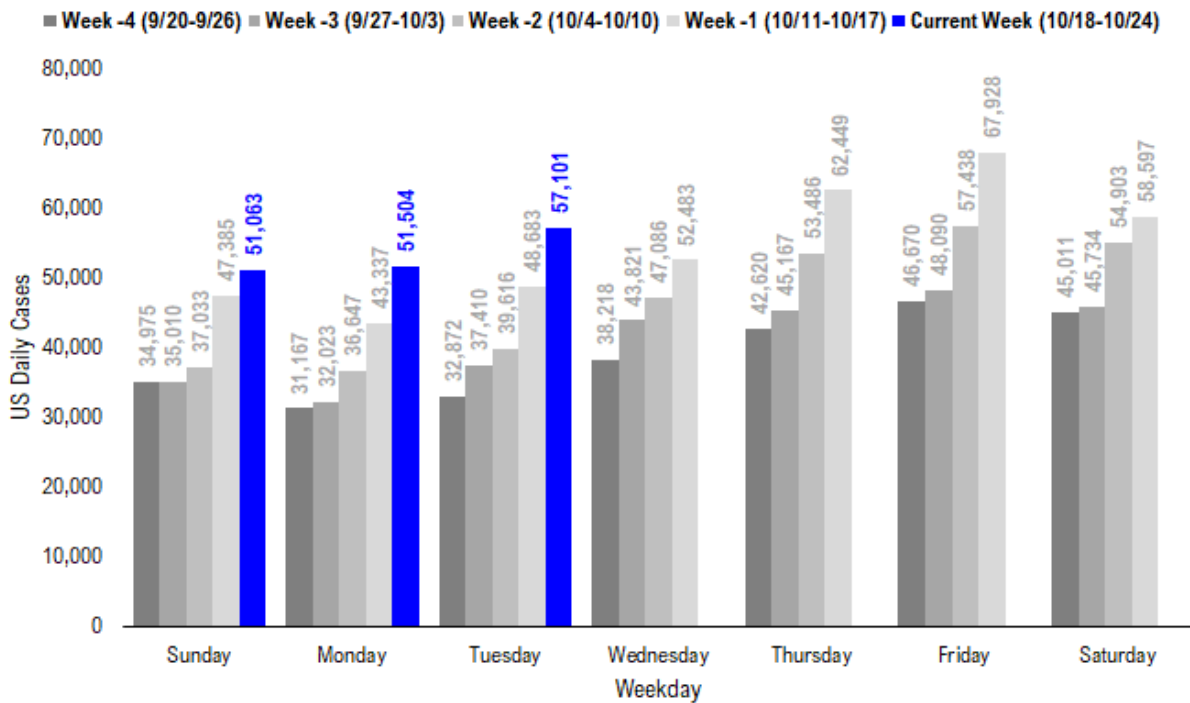
So, on balance, there are more things that are better. And those that are better are actually key to the economy. The things worse have less impact.

Equities caught a bid yesterday and this was due to perceived progress on fiscal stimulus. This is the only thing that matters for the next 24 hours.

But for the post-election, we still see cyclicals leading.

**POINT 1: Daily cases 57,101, up 8,418 vs 7D ago -- COVID-19 still spreading in US**

The latest COVID-19 daily cases came in at 57,101, up +8,418 vs 7D ago. The daily cases in the US continue to rise. The 7-day delta in daily cases has been over 8,000 in the past two days which reminds us that COVID-19 is still spreading in the US. However, compared to the first two waves in March/April and June/July, the severity of infected cases has been dropping. We will discuss more in Point #2.

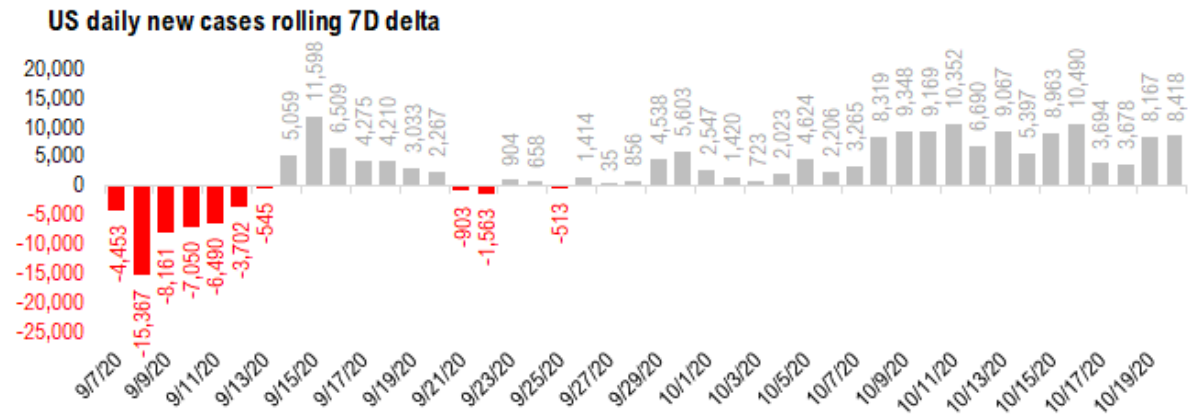


Source: COVID-19 Tracking Project and Fundstrat

**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

Wisconsin has the second highest daily cases and largest 7D delta of daily cases in the US. This is partially because of its system maintenance over the weekend. And Tuesday's stats reflect the cases from the past few days.

**WIDeptHealthServices @DHSWI** · 5h

We upgraded our software over the weekend, so these numbers reflect COVID positive cases from multiple days. For more information about how to interpret data go HERE: [go.usa.gov/x7a9e](https://go.usa.gov/x7a9e) #COVID19\_WI

**WISCONSIN DEPARTMENT of HEALTH SERVICES** October 20, 2020  
2:00 p.m.

Wisconsin COVID-19 Update

<b>1,891,365</b>	<b>People Tested Negative (+13661)</b>
<b>178,482</b>	<b>People Confirmed Positive (+4,591)</b>
<b>9,537</b>	<b>People Hospitalized (+218)</b>
<b>1,633</b>	<b>Deaths (+33)</b>
<b>139,455</b>	<b>Recovered (78.1% of all cases)</b>

Protect Yourself and Those Around You

19 replies · 61 retweets · 44 likes

Source: WI Health Department Twitter

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

Wisconsin	4,591 vs 3,279 (-7D)	+1,312
Florida	3,662 vs 2,725	+937
California	3,286 vs 2,378	+908
Illinois	3,714 vs 2,851	+863
Ohio	2,015 vs 1,447	+568
Missouri	1,524 vs 988	+536
Total		+5,124

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

Washington	489 vs 1,740 (-7D)	-1,251
Virginia	926 vs 1,235	-309
Texas	4,856 vs 5,050	-194
New York	1,201 vs 1,393	-192
North Carolina	1,578 vs 1,734	-156
Alabama	1,043 vs 1,117	-74
Total		-2,176

### Daily Case Increases (by State) (10/20)

% 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		
	10/13/20	10/18/20	10/19/20	10/20/20	vs 7D ago
United States	48,683	51,063	51,504	57,101	+8,418
<b>States:</b>					
1 Texas	5,050	3,048	2,273	4,856	
2 Wisconsin	3,279	3,928	3,777	4,591	<-higher
3 Illinois	2,851	4,245	3,113	3,714	<-higher
4 Florida	2,725	2,539	1,707	3,662	<-higher
5 California	2,378	2,862	3,474	3,286	<-higher
6 Ohio	1,447	1,562	1,837	2,015	<-higher
7 Michigan	1,237	0	2,909	1,586	<-higher
8 North Carolina	1,734	2,303	1,144	1,578	
9 Pennsylvania	1,342	1,269	1,103	1,557	
10 Missouri	988	1,768	1,405	1,524	<-higher
11 Tennessee	1,147	2,605	3,317	1,508	<-higher
12 Indiana	1,549	1,605	1,584	1,498	
13 Oklahoma	1,309	796	774	1,475	
14 Kentucky	761	810	640	1,297	<-higher
15 Colorado	1,048	933	1,072	1,208	
16 New York	1,393	1,390	998	1,201	
17 Georgia	993	1,174	752	1,128	
18 Minnesota	1,135	1,722	1,627	1,092	
19 Utah	987	1,097	1,168	1,081	
20 Alabama	1,117	964	859	1,043	
21 Arizona	684	742	748	1,040	<-higher
22 North Dakota	508	717	659	1,029	<-higher
23 New Jersey	988	1,275	1,192	988	
24 Massachusetts	749	730	828	976	<-higher
25 Virginia	1,235	900	690	926	
26 Idaho	584	510	698	873	<-higher
27 Nebraska	457	620	734	749	<-higher
28 South Carolina	770	780	580	732	
29 Mississippi	713	233	353	730	
30 Montana	486	588	569	703	<-higher
31 Louisiana	653	1,125	202	685	
32 Nevada	487	609	582	656	<-higher
33 Arkansas	481	529	434	628	<-higher
34 South Dakota	414	658	567	621	<-higher
35 New Mexico	351	445	514	594	<-higher
36 Maryland	482	530	497	590	<-higher
37 Iowa	529	857	557	494	
38 Washington	1,740	530	460	489	
39 Puerto Rico	135	418	427	447	<-higher
40 Connecticut	320	0	1,191	434	<-higher
41 Oregon	313	216	262	342	
42 Rhode Island	129	284	85	302	<-higher
43 West Virginia	274	280	212	226	
44 Wyoming	162	209	286	215	<-higher
45 Alaska	151	220	202	211	<-higher
46 Guam	96	58	81	130	<-higher
47 Delaware	105	151	103	129	<-higher
48 Hawaii	62	81	36	91	<-higher
49 New Hampshire	71	69	52	82	
50 District of Columbia	46	36	25	50	
51 Maine	28	26	23	27	
52 Vermont	10	11	9	10	
53 Northern Mariana Islands	0	0	0	2	
54 U.S. Virgin Islands	0	6	0	0	
55 Kansas	0	0	2,113	0	
56 American Samoa	0	0	0	0	

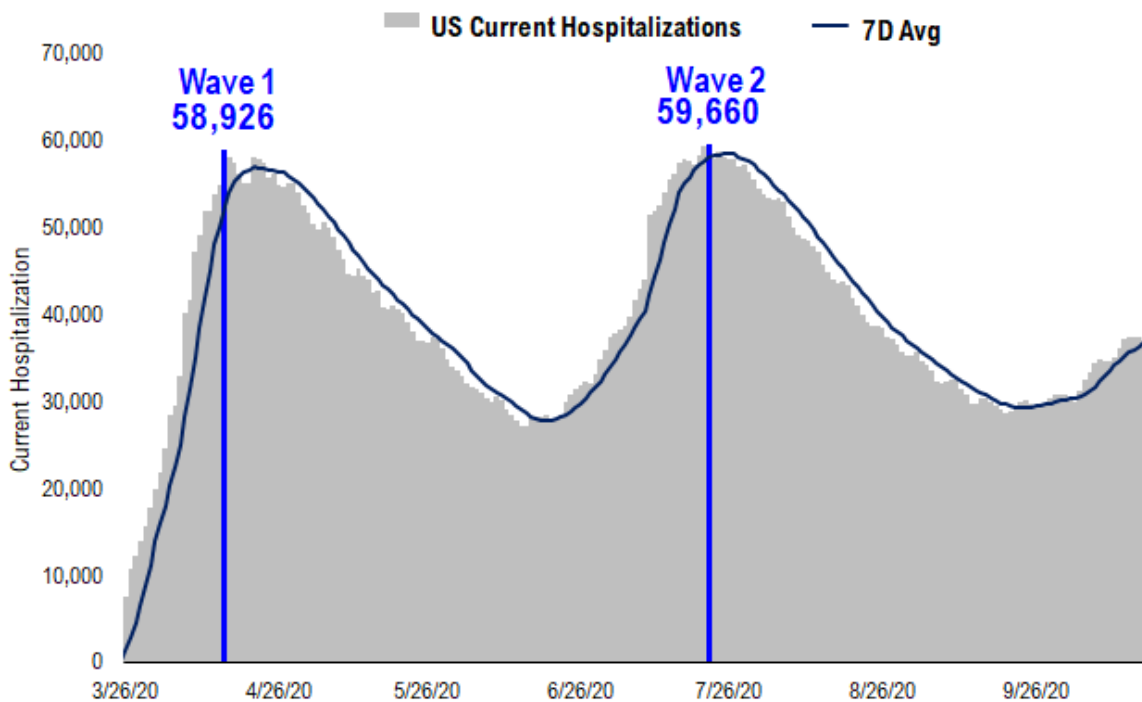
Source: COVID-19 Tracking and Fundstrat

**POINT 2: Is hospitalization a better measure of this wave?**

I am starting to think measuring hospitalizations is a better way to measure the severity of these COVID-19 waves. Cases still matter, because it is a leading indicator, but the severity of the cases (% hospitalized) is dropping. So from a measurement perspective, perhaps looking at "total currently hospitalized" is a better measure of the severity of these waves:

- Wave 1 peaked with 58,926 hospitalized
- Wave 2 peaked with 59,660 hospitalized
- Wave 3, currently ~37,000 hospitalized

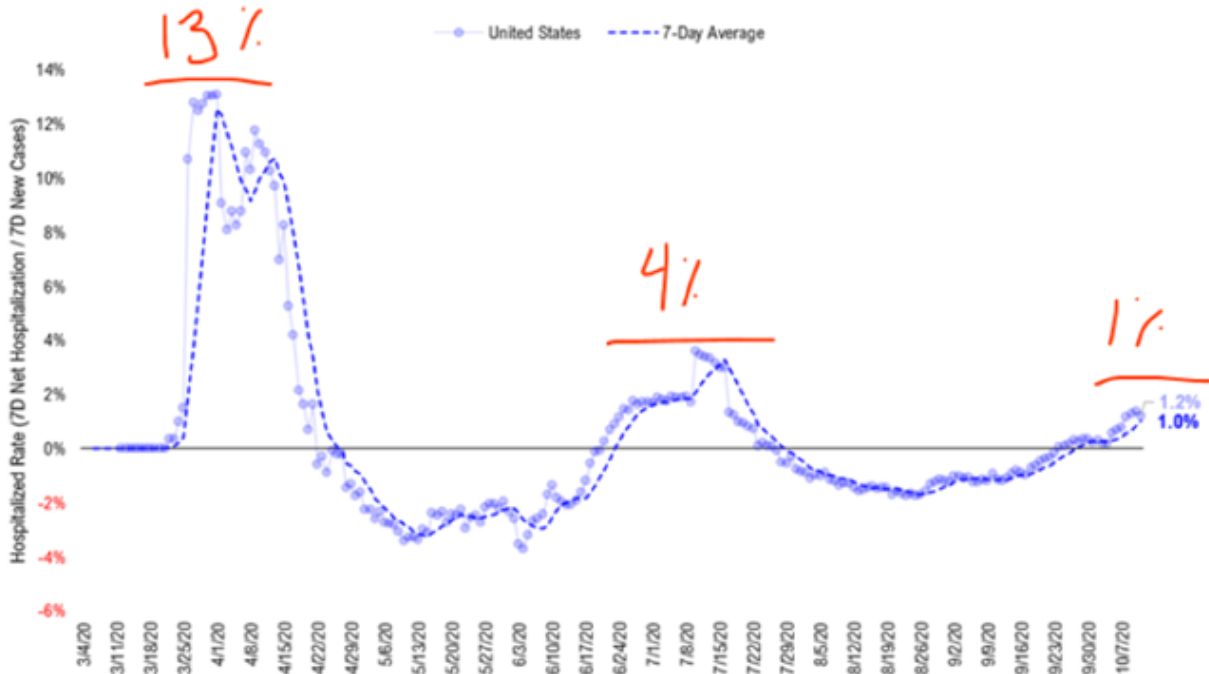
So wave 3, while rising, is not at the intensity of the prior waves.



Source: COVID-19 Tracking Project and Fundstrat

As we wrote about previously, only 1% of incremental cases are being hospitalized, which is a far lower rate than seen during the surge of the April and July heights. So this is a good thing.

- as to why? is it younger patients? is it better care? is it less nursing homes?
- I am not sure

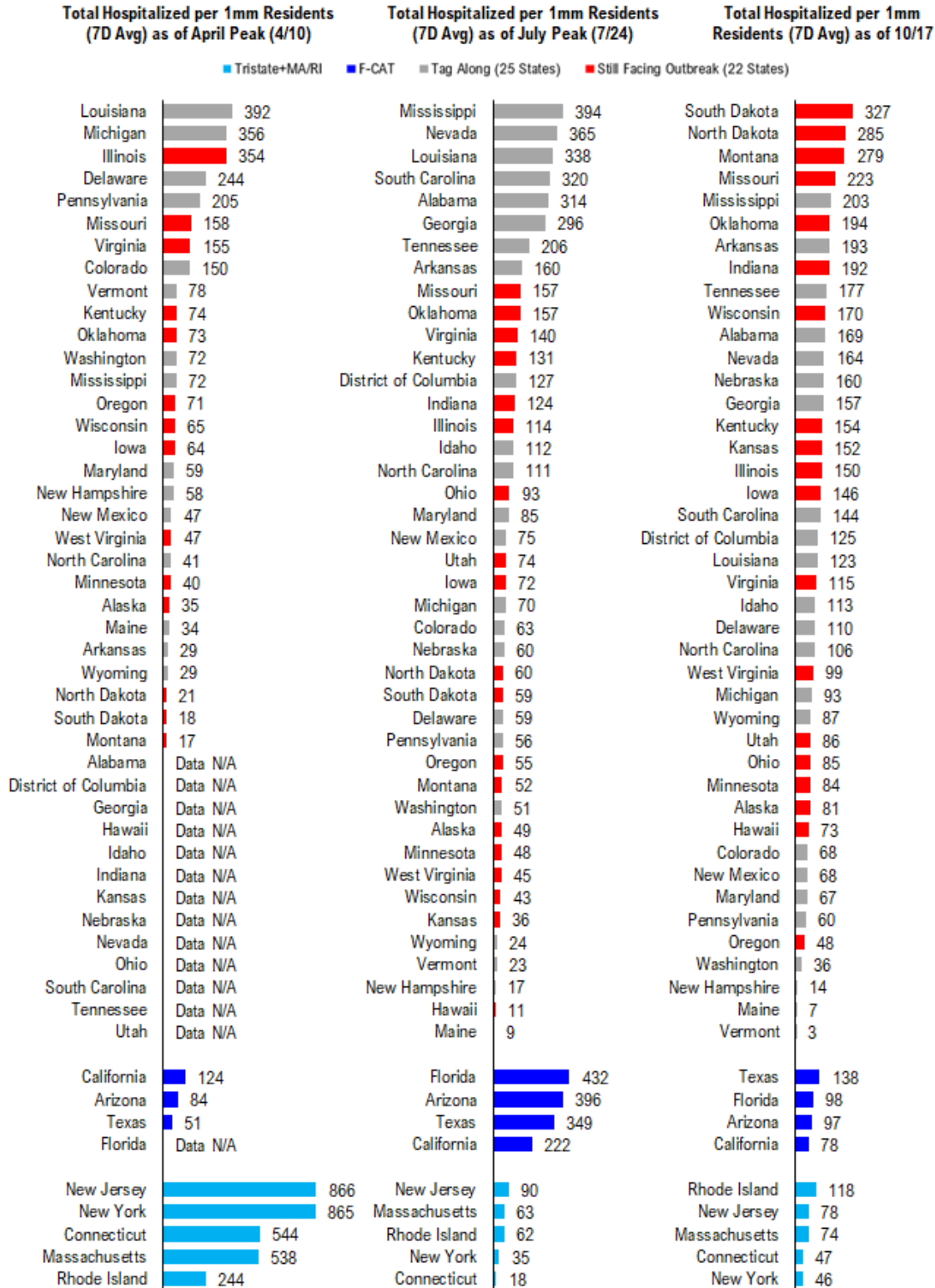


Source: COVID-19 Tracking Project and Fundstrat

And if we look at the rate of "hospitalized per 1mm residents" we can see the enormous burdens born by some states during the prior 2 waves.

- Wave 1, incredibly high hospitalized rates for NY, NJ, CT, MA >500 per 1mm residents
- Wave 2, FL, AZ, TX saw >300 hospitalized per 1mm residents
- Wave 3, only South Dakota is at that level

So you can see the hospitalization burden is considerably lower.



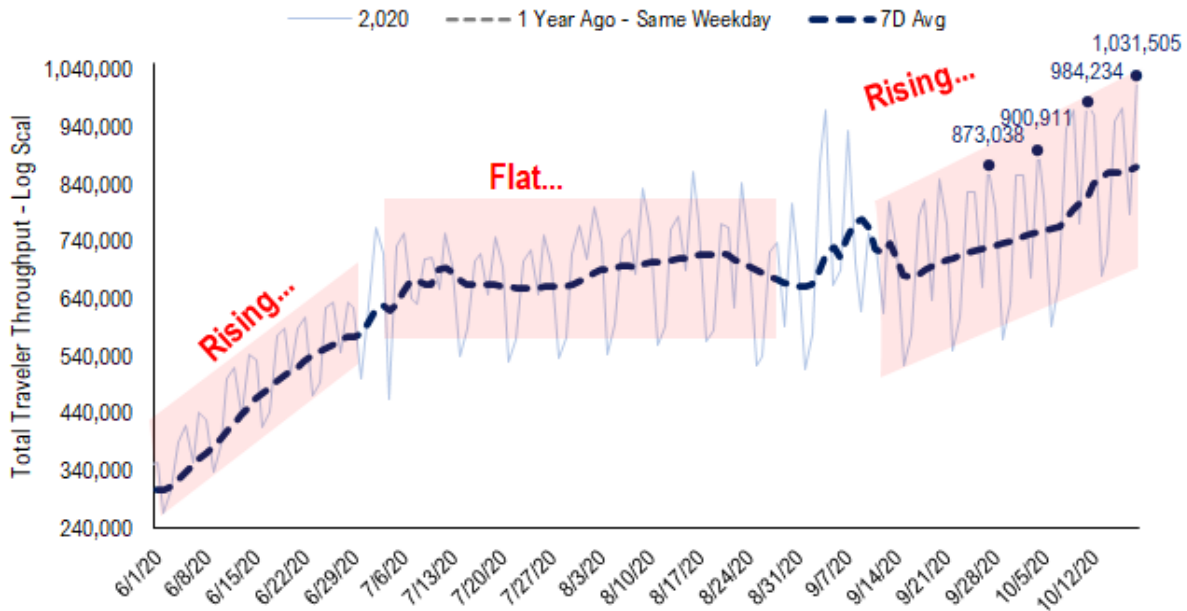
Source: COVID-19 Tracking Project and Fundstrat

Thus, we might suggest this current wave is pretty muted... so far



**POINT 3: Being on an airplane is 20X safer than walking the streets of NYC.**

The steady recovery in TSA traffic is encouraging but it is still down from 2.7 million at this same time last year. But lost among this TSA traffic data is the question of the safety of flying. Sure, people have perceptions and in fact, many think flying is unsafe because one is strapped into a seat and confined in a space with hundreds of people.



Source: TSA

***There has not been a single documented/contact traced case of a COVID-19 transmission on a flight***

And the media has mostly written negative stories about flying. Below is a Washington Post article citing the fact that as many as 1,600 people, who were infected and contagious, flew on an airline.

- Unless there are medical reasons for doing, anyone symptomatic getting a plane is a sociopath
- TSA believes this could be responsible for 11,000 possible transmissions
- The word is "possible" because not a single case of airline transmission has been confirmed

This is remarkable, not a single case of a transmission on a flight has been confirmed.



Transportation

## Nearly 11,000 people have been exposed to the coronavirus on flights, the CDC says



Melaku Gebermariam with Grupo Eulen, uses an electrostatic spraying process before passengers board a Delta Air Lines flight at Reagan National Airport on July 22, 2020. (Evelyn Hockstein/For The Washington Post)

By **Ian Duncan**

September 19, 2020 at 4:50 p.m. EDT



The Centers for Disease Control and Prevention investigated 1,600 cases of people who flew while at risk of spreading the coronavirus, identifying nearly 11,000 people who potentially were exposed to the virus on flights.

But though the agency says some of those travelers subsequently fell ill, in the face of incomplete contact tracing information and a virus that incubates over several days, it has not been able to confirm a case of transmission on a plane.

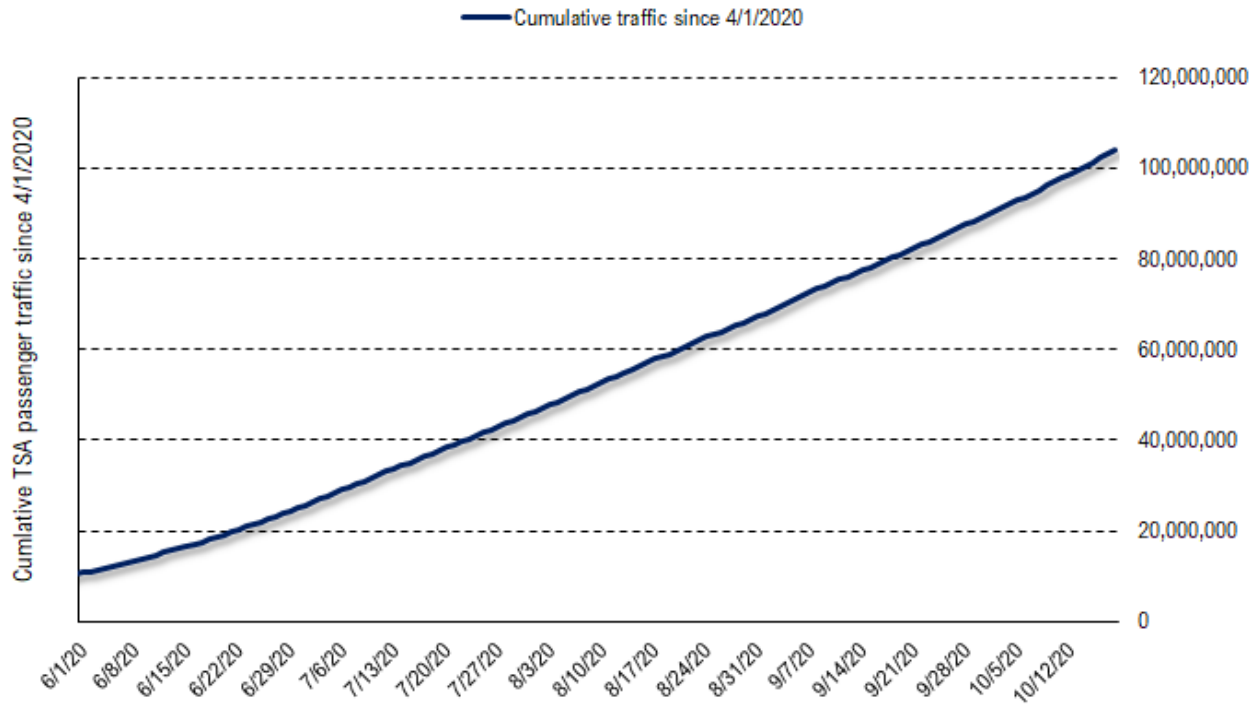
That does not mean it hasn't happened, and recent scientific studies have documented likely cases of transmission on flights abroad.

Source: Washington Post

**How remarkable are zero transmissions? Out of 105 million TSA passengers throughput?  
Wow**

To appreciate how remarkable this is, there have been 105 million passengers processed by TSA since April 1, 2020. So, out of 105 million cases:

- 11,000 "possible" is 0.0001% of instances, or 1 in 9,545 interactions
- The risk of interacting with a COVID-19 infected in the US currently is 1 in 500
- So being on an airplane means your odds of meeting an infected person is 1/20th that of being anywhere else in the US



Source: TSA

In other words, planes are safer than most places in the US.

This is another reason to expect airlines to stage a massive demand and asset price recovery, once, COVID-19 begins to diminish. Their protocols make flying far safer than people realize.

By the way, Singapore Airlines is bringing back its NYC to Singapore flight. This would be the longest, or one of the longest, in the world. And a reminder that there is going to be a world post-COVID.

## **Singapore Airlines is launching the new world's longest flight that will see flyers spending almost 19 hours on a plane nonstop**

Thomas Pallini  
7 hours ago



- **Singapore Airlines will start a new route between Singapore and New York that will take the title of the world's longest flight when it launches in November.**

Source: Business Insider

## 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.**