

COVID-19 Index

June 29, 2020

Health

Topic	Current Status	Score
Vaccine Testing Treatment	Most reasonable timeline for a vaccine is 12-18 months, JP Morgan predicts mid-2021. The availability and accuracy of tests remain a controversy. The Trump administration has said they aim to have a vaccine by January 2021 as part of Operation Warp Speed.	
New Cases	Global confirmed cases are 9,654,269 as of June 26, 2020 according to JHU. Number of cases in US is 2,425,814. Daily new cases in US hit record high on Thursday, June 25, 2020 when nearly 40,000 new cases were recorded. Florida recorded almost 9,000; Texas nearly 6,000.	
Deaths	According to JHU: Global deaths at 490,632 and US deaths at 124,509 as of June 26, 2020.	
US GDP	Fed forecasts US economy will shrink -6.5% this year. JPM and Goldman estimated -35-40% Q2 GDP. It was -4.8% in Q1. Biggest drop in quarterly economic output since Q4 2008.	
ECRI	Tracks initial jobless claims, mortgage applications, and high yield bond spreads, among other things. It is near 2008 levels, and around its lowest reading in history, but it has rebounded slightly. The market tends not to rebound until the ECRI trends positive.	
Unemployment	Initial claims for unemployment benefits totaled 1.5 million last week. It was the third week in a row where claims were roughly this level. This indicates that the labor market is due for a long recovery. Continued claims were 19.5 million, down from 20.5 million. Fed Chair Jerome Powell says "it's a long road" until we get unemployment numbers down.	
Federal Reserve	Powell warned Congress during his testimony on of the risks to the economy if lawmakers do not pass additional fiscal aid. The extra unemployment benefits of \$600 per week expires at the end of July. "It would be a concern if Congress were to pull back from the support that it's providing too quickly," Powell stated.	
PMIs Improve; Still Below 50	The US manufacturing PMI was 49.6 while the US services PMI was 46.7. They both are still below 50 and missed expectations, but the improvements are a good sign for the economy.	
Global	The International Monetary Fund (IMF) cut its 2020 estimate of global economic output from -3.0% to -4.9%, according to the latest World Economic Outlook.	
S&P 500	-6.86% YTD – not as bad as one would think. However, most everyone agrees that our economy is more than 6.86% "messed up" right now. Goldman Sachs predicts the S&P 500 will close the year at about 3,000-3,200 and recommends income producing investments.	
Few Market Winners	S&P 500 being propped up by Technology stocks, which make up more than 20% of the S&P. As of June 19, 2020, the NASDAQ is +8.74% YTD while the Dow Jones is -12.34% YTD.	
Earnings	Yardeni research predicts a -52% YOY decrease in Q2 earnings. 2020 YOY estimate: -26.4% Largest quarterly decline since Q3 2009. Healthy economy requires a healthy consumer. S&P 500 Forward P/E Ratio currently 21.42x, a level not seen since Tech Bubble.	

Economy

Markets

OVERALL



Progress will be slow; hope for no 2<sup>nd</sup> wave; consensus for a "swoosh" recovery if we are lucky.

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