













COVID-19 Index

July 6, 2020

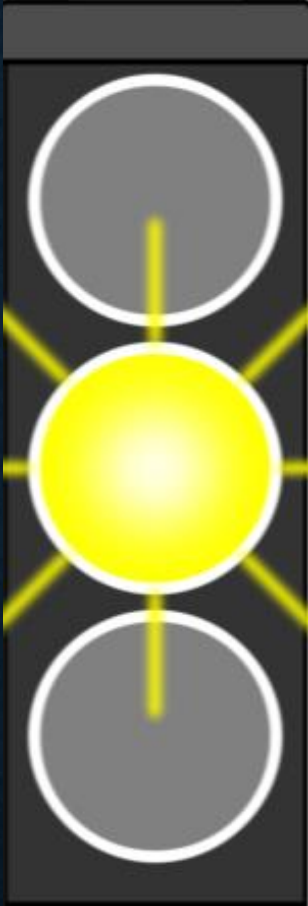
Health

Economy

Markets

| 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 10,776,482 as of July 2, 2020 according to JHU. Number of cases in US is 2,721,961. More than 50,000 new coronavirus cases were confirmed in the U.S. on Wednesday, July 1, 2020. This was a single-day record. Dr. Anthony Fauci told Congress he “would not be surprised if we go up to 100,000 [cases] a day if this does not turn around.”  |    |
| Deaths                         | According to JHU: Global deaths at 517,956 and US deaths at 128,574 as of July 2, 2020. Per the WHO, the Covid-19 crisis is “far from over” and “the worst has yet to come.”   |    |
| 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                   | June unemployment rate fell to 11.1% from 13.3%. U6 suggests the “real” unemployment rate was 18% in June. Nonfarm payrolls increased by 4.8 million. Initial jobless claims rose by 1.427 million, marking the 15th straight week in which initial claims remained above 1 million. Continuing jobless claims rose to 19.3 million, an increase of 60,000 from last week. |    |
| Federal Reserve                | Fed Chair Powell warned Congress of the risks to the economy if lawmakers do not pass additional fiscal aid. “The path forward for the economy is extraordinarily uncertain and will depend in large part on our success in containing the virus,” says Powell.  |    |
| PMIs Improve                   | The ISM Manufacturing PMI for the United States jumped to 52.6 in June, beating consensus estimates of 49.5. Up 8.5 points from 43.1 in May. This is 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                        | -3.12% YTD – not as bad as one would think. However, most everyone agrees that our economy is more than 3.12% “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.  |  |
| Best Quarter in Over 2 Decades | In the second quarter, the S&P 500 was up +20% (best quarter since 1998), the DJIA was up +18% (best quarter since 1987), and the Nasdaq was up +31% (best quarter since 1999).  |  |
| Earnings                       | S&P 500 Forward P/E Ratio currently 21.81x, a level not seen since Tech Bubble. More than 40% of the companies in the S&P 500 have pulled their guidance.  |  |

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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