



THE GREAT REOPEN

At this time, U.S. coastal regions, led by New York, are projected to hit peak in their battle with COVID-19 – defined as a sustained decline in new daily cases – over the next 3-5 days. However, the rest of the country will follow more slowly, trailing the coasts by around three weeks. While this “second” peak is unlikely to be as severe as the first (~10,000-15,000 daily new cases versus 30,000-35,000 in the first peak), it means the U.S. outbreak will have a very long tail. This much longer tail would put the U.S. time to peak at four times longer than China and two times longer than Italy, driven by the slow uptake of social distancing measures and lack of robust testing. New York, with the highest testing ratio in the U.S., is still testing at a per capita rate just half that of South Korea’s most impacted city, Daegu.

More than 90% of the U.S. population is currently under a stay-at-home or shelter-in-place order as the coronavirus pandemic continues to upend life as we know it. Containment measures are slowing the spread of the disease and making this terrible burden a bit more manageable for healthcare systems. With some hot spots in the country experiencing a flattening of the curve, worries are now turning to the question of reopening the economy. This decision also demands urgency and attention, particularly concerning mental health issues, as 22 million Americans have now filed for unemployment benefits over the last four weeks.

While President Donald Trump has leaned into his desire to reopen the nation's economy by May 1st, many of the governors and mayors who hold the power to enforce the reopening of their states seem to disagree. Along with expanding testing and tracing, governors across the country are highlighting the importance of using science and advice from health officials, rather than politics, to choose when to reopen the economy.

Markets are grasping at the prospect of this reopening with optimism that the worst case scenario outcome for the economy and corporate earnings will be averted. But we should realize that this won't be a “normal” reopening. Trusted experts like Dr. Anthony Fauci, Director of the National Institute of Allergy and Infectious Diseases, has conjectured that a reopening will require masks for all, testing for all, and tracing for all via our mobile phones—an Orwellian state that seems hard to contemplate, especially in the United States of America. And there will still be a large number of the population that is too vulnerable to go back to work until a vaccine is abundantly available, necessitating that social distancing continue for quite some time and until we have herd immunity (~60% of people vaccinated). Restarting the economy is further complicated by the fact that these plans must be coordinated, as parents will be unable to return to work without a reopening of schools, daycare centers, and camps. Restaurants and stores will need to continue to limit the number of patrons to enforce social distancing. Large venues such as sports stadiums, concert halls, and theme parks are likely to remain shut, or have attendance capped at 10-25% from prior levels. Air travel will surely continue to be limited.

In other words, the switch won't simply flip from off to on again overnight. The global economy's transition back to a relative state of normalcy will be slow. But the silver lining is that it will transition—and that is a better outcome than being permanently stuck in the off position. Ultimately, for markets—where less bad is often good—this is what may matter most.

We thank you for the trust and confidence you have in us. If you would like to speak personally with a member of our team at any time, please click [here](#).

DEFLATING INFLATION FEARS

As governments and central banks around the world roll out “shock and awe” stimulus measures to gap stop the economic consequences of COVID-19, many cannot help but wonder if after we win the battle of the virus, the real war will begin as we face an economy racked with significant hyperinflation from so much intervention.

We view worries of rampant inflation as misplaced. Click [here](#) to read more.

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