

## FIGHTING CORONAVIRUS: VICTORY CERTAIN, BUT NOT THE COSTS



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IN A NUTSHELL

- Coronavirus pandemic: long war ahead – victory certain, but not the costs
- Lifecycle of COVID-19: time until population saturation and mortality at limit?
- No return to normal soon, but more efficient and creative prevention possible
- Keeping up distances: after shut-in for spring, we might be outdoors for summer
- A long fight ahead to save lives and lifestyles: we will win, but we must fight

### CORONAVIRUS PANDEMIC: LONG WAR AHEAD – VICTORY CERTAIN, BUT NOT THE COSTS

The war with coronavirus started with a devastating surprise attack. Until March 1, the United States reported only 20 coronavirus cases, mostly on the west coast. Then, New York reported its first positive test on March 2 and then a total of 60 positive test cases on March 7, a total of 648 on March 14, 15,000 – March 21, 59,000 – March 28, 122,000 – April 4, 189,000 – April 11, 243,000 – April 18 or after seven weeks. Total positive cases in the United States are 762,000, led by New York, New Jersey, Massachusetts, Pennsylvania, Michigan. Total deaths in New York State are now 18,000, but 14,000 from the positive tests or 5.7%. Total U.S. deaths are now 40,000. It appears likely that one million U.S. infections and 60,000 deaths are likely by around April end. This is an astonishing and tragic loss of life in April from an infectious disease despite unprecedented travel restrictions and nationwide lockdowns since mid-March. The lesson of March and April is that this virus is very contagious and deadly.

### LIFECYCLE OF COVID-19: TIME UNTIL POPULATION SATURATION AND MORTALITY AT LIMIT?

The life cycle of COVID-19 starts with socialization. A sequence of exposure, infection, possibly severe sickness and hospitalization, then recovery or death. Exposure is possible without proximity to other people, but public mobility and broad socialization promotes exposure and accelerates infections. Thus, April's travel and non-essential activity lockdowns suggest April deaths are mainly March infections. Hence, April warns us that without prevention the

United States risks 60,000 plus monthly deaths from COVID-19. April's mortality likely underestimates that of future months without prevention as the virus was just taking hold and still clustered in only parts of the country in March. However, April's mortality could overstate likely deaths in future months if all new monthly infections, whether confirmed by test or not, cannot be sustained at March levels owing to an eventual saturation of infected population. For instance, if 25% of the population is infected a month then new infections stop in four months. New York State did 618,000 tests and the United States 3.8 million, about 3.25% and 1.15% of population. Only 40% of New York tests were positive, 20% for the United States or 0.23% of population. Despite those tested being symptomatic or having other reasons to expect infection. If 60,000 deaths stem from 5% of the United States being infected from early March to early April, about 30 days, then it suggests total U.S. deaths will be 1.2 million over 20 months. Guessing what percent of the population was infected, but unknowingly or test confirmed, and already recovered is a crucial question. But it's extremely uncertain. Only time will tell because antibody tests are inconclusive with many false positives. Reinfection risk is also not yet well understood. If New York City reports over 15,000 deaths at the end of April (just over 10,000 now) and 20% of this 8.7 million population was infected by early April then the all-infected mortality rate is near 1%. If this contagion speed and mortality play out nationwide then over 3 million deaths are likely within a year if there is no prevention. This would overwhelm healthcare and society, thus significant prevention is still needed. Unfortunately, prevention affects timing of deaths more than

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eventual totals. But slower timing allows better treatment, time for cures and vaccine.

#### NO RETURN TO NORMAL SOON, BUT MORE EFFICIENT AND CREATIVE PREVENTION POSSIBLE

We are not fans of lockdowns. But we see necessity for 60+ days of such from mid-March for many U.S. cities to get some degree of control over the contagion, prepare the healthcare system and train people on social distancing and other preventions. After mandatory lockdowns, we expect society to transition to voluntary distancing, selective travel and heightened sanitizing and infection monitoring. The vulnerable will keep their distance. The U.S. population with diabetes, obesity, heart disease, cancer, or other serious health issues or is simply over 60 years old is roughly 40%. Concerns by and for this demographic will affect the economy and lifestyles all year. Returning to a social workplace might not be an option for this group. Their leisure and lifestyles will change. Getting any infected person isolated from their household is very important. Households should prepare and facilities designated for such.

#### KEEPING UP DISTANCES: AFTER SHUT-IN FOR SPRING, WE MIGHT BE OUTDOORS FOR SUMMER

We expect new and creative in person service delivery and experiences this summer. These innovations will not fully recoup lost normal service activity, but helps a recovery begin. We will see barbers at farmer's markets, restaurants switch to sidewalk cafes with sterilized packaged utensils, academic and fitness classes in parks, kid's camps divided into small troupes, etc. Will quick and reliable testing be widespread? This is unlikely for summer, but an important part of returning to school and offices in autumn.

#### A LONG FIGHT AHEAD TO SAVE LIVES AND LIFESTYLES: WE WILL WIN, BUT WE MUST FIGHT

What's an investor to do? Manage the risks, stay disciplined and reward innovators.

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