



Access our full coronavirus analysis web portal [here](#)

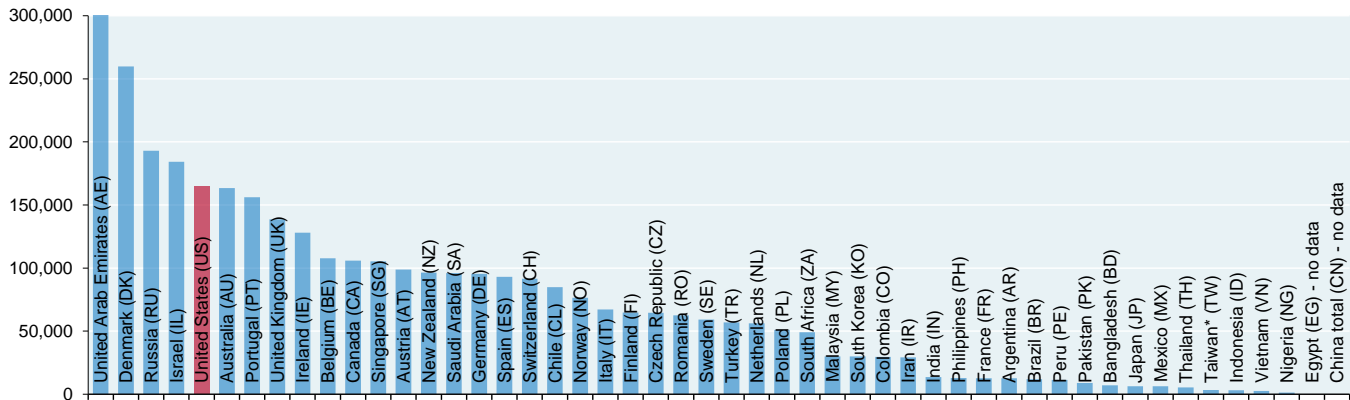
FOR INSTITUTIONAL/WHOLESALE/PROFESSIONAL CLIENTS AND QUALIFIED INVESTORS ONLY – NOT FOR RETAIL USE OR DISTRIBUTION

**COVID Charts of the Week: Trump vs Fauci; Positive US earnings and economic surprises; Sharp decline in Southern US infections; Mini-second waves in Australia and Europe; Voting by Mail and the 2020 election; The plausible deniability of question marks**

**Trump vs Fauci**

Trump asserted that Dr. Anthony Fauci is “Wrong!” and that the US has higher virus levels since the US is testing more often. Let’s ignore the hyperbole and examine the data. The US does in fact rank at the upper end of countries with respect to testing per capita since the pandemic started...

**Total tests to date per million people for the largest 50 countries by GDP**

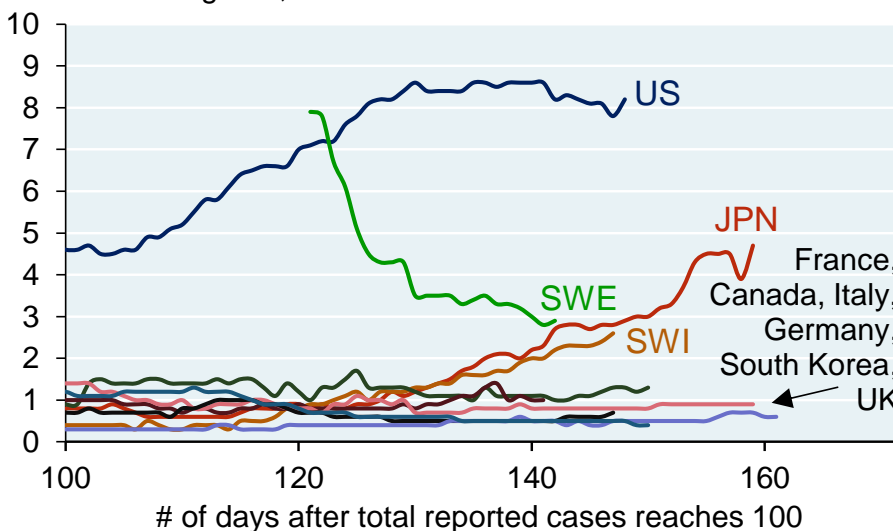


Source: Johns Hopkins University, Our World in Data, IMF, JPMAM. August 02, 2020.

However, the US has been testing a lot more since it has a much higher share of positive tests, in addition to higher infection levels...

**Positive share of tests**

Positive testing rate, %

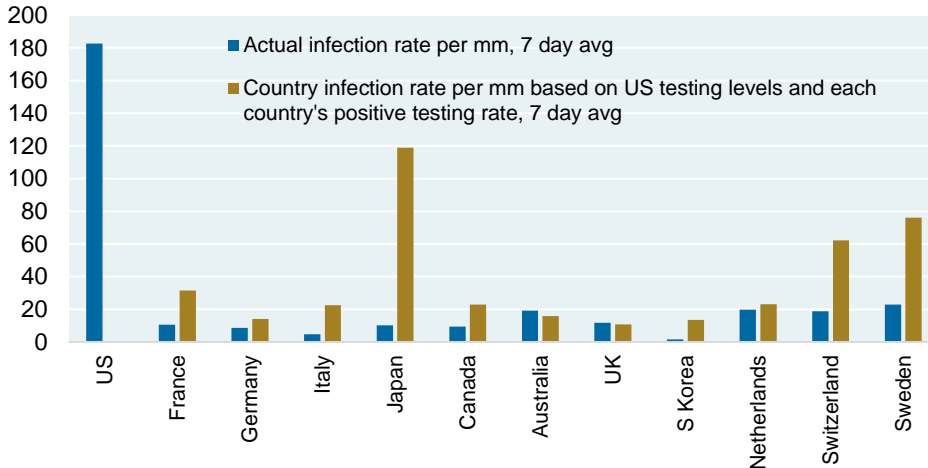


Source: Our World in Data, IMF, JPMAM. August 02, 2020



So, who’s right? We can answer the question by assuming that other countries increase their testing rates to US levels, and that their infections rise according to their current positive testing shares (such estimates are likely an upper bound, since expanded testing would probably result in fewer positives as a share of tests). **As shown below, other countries would still have lower virus infection rates than the US even if they tested just as much.**

**Even when assuming that other countries test as much as the US per capita, their adjusted infection rates are still much lower**

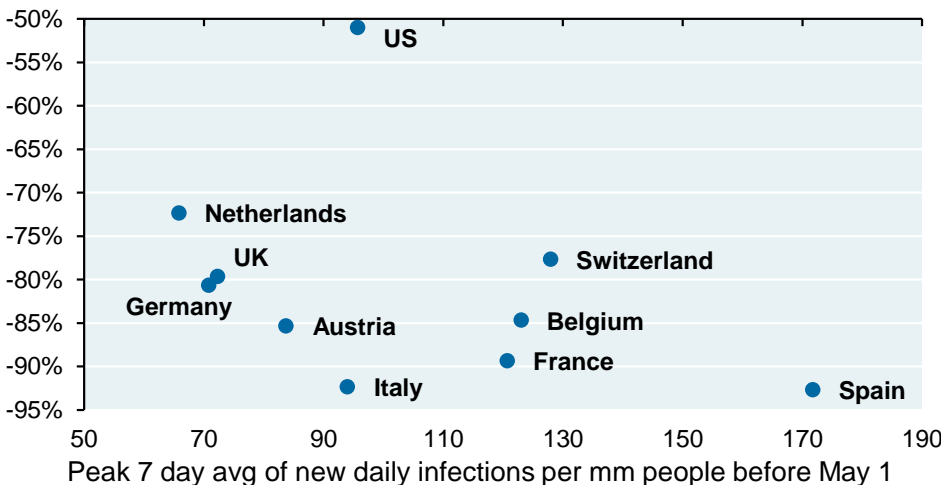


Source: John Hopkins University, Our World in Data, JPMAM. August 04, 2020.

Bottom line: the higher US infection rate cannot be ascribed solely or primarily to more testing, and may be more related to what Fauci and others have mentioned: larger mobility declines in Europe upfront, and greater compliance with other social distancing norms.

**US mobility declines never reached European levels despite similar infection rates**

Peak decline in mobility data before May 1: avg of retail, transit & workplaces



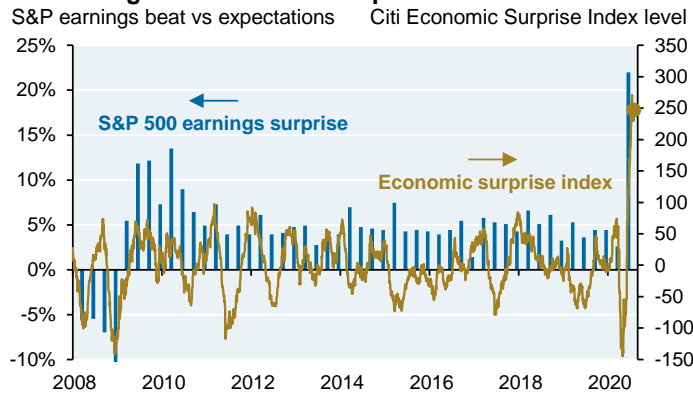
Source: JHU, Google, IMF, JPMAM. 2020.



### US earnings and economic surprises

Q2 is unsurprisingly turning out to be a disastrous quarter for S&P 500 earnings, which are projected to decline by 35%-40% vs 2019 levels. Of 24 industries, only three had positive y/y results: healthcare equipment, utilities and semiconductors. But with Q2 S&P 500 earnings season now 2/3 complete, there's a silver lining: at least S&P companies are outperforming pessimistic expectations, as shown below. There have been upside margin surprises across almost all sectors as well, and a jump in US economic surprises vs expectations. Positive surprises are dependent on continued stimulus from Congress to sustain household income and spending, and we expect an extension to be announced in August. For the Labor Day *Eye on the Market*, we're working on an analysis of what it may eventually take to bring US debt levels back down to 80% of GDP again, and it's not pretty.

#### US earnings and economic surprises

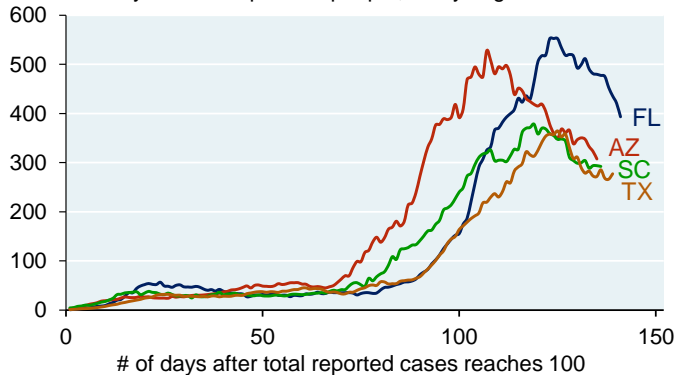


Source: Morgan Stanley, Bloomberg. July 31, 2020.

### Sharp decline in Southern US infections

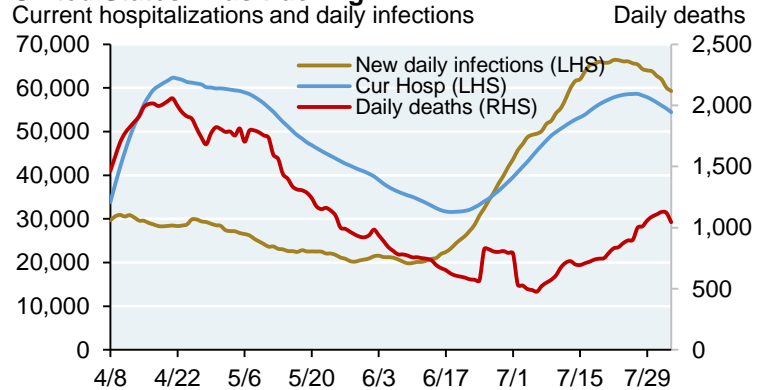
The sharp decline in a handful of Southern US state infection rates is contributing to a more gradual slowing at the national level. US mortality is rising now, but should decline within the next two weeks based on observed infection and hospitalization trends.

#### Sharp decline in Southern US infections



Source: Johns Hopkins University, IMF, JPMAM. August 03, 2020

#### United States virus tracking



Source: COVID Tracking Project, JPMAM. 08/03/2020. 7 day avgs.

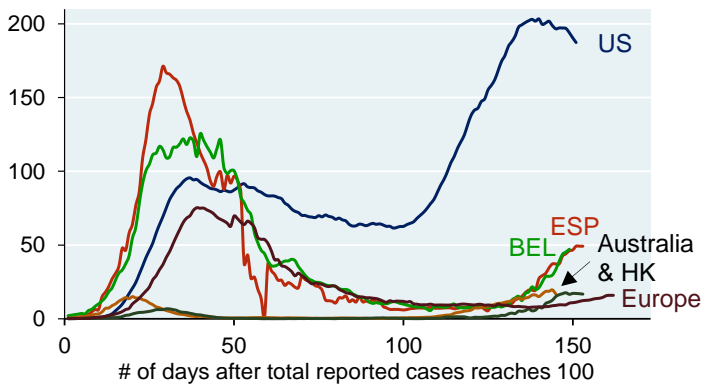


### Mini-second waves in Australia and Europe

Last week, we discussed Hong Kong’s vigorous response to rising infections that are just 10% of US levels. This week, some news from Australia whose second wave is similar to HK’s: Melbourne is under Stage 4 emergency restrictions (nighttime curfews, masks required in public, all schools return to remote learning, shopping limited to one person per household per day, no travel more than 5 km from home). **Another example of a country with much lower infection rates than the US, and much tighter mobility restrictions.** Parts of Europe are also experiencing mini-second waves with Spain and Belgium as notable examples. However, while US mortality per capita has picked up, in Europe it hasn’t (yet). So far, new mobility restrictions in Europe have been mild, and include restrictions and quarantine on travel to/from Catalonia.

**Second waves**

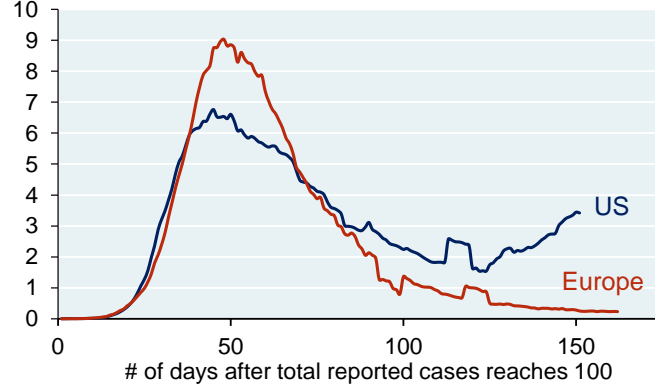
New daily infections per mm people, 7 day avg



Source: Johns Hopkins University, IMF, JPMAM. August 02, 2020

**Second waves**

Daily deaths per mm people, 7 day avg



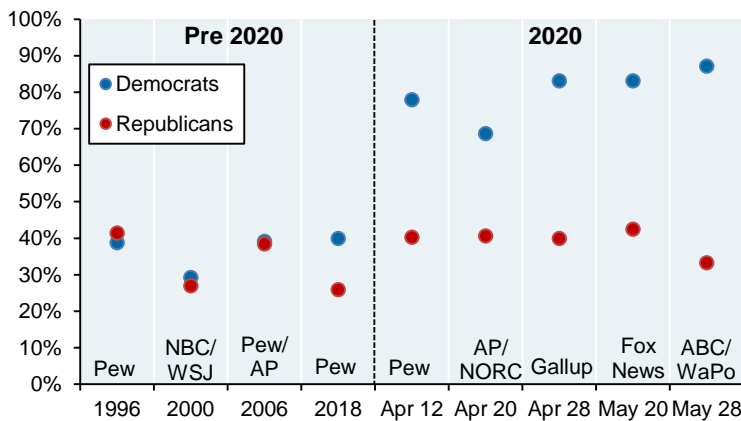
Source: Johns Hopkins University, IMF, JPMAM. August 02, 2020



### COVID news of the week: the plausible deniability of question marks, and the 2020 election

- Last week, a firm called Fundstrat Research suggested that herd immunity might have been reached in places with 15%-20% infection levels (derived from serology testing). This comment was not accompanied by any scientific references or citations, but they did put a question mark next to it. Question marks are sometimes used to deflect responsibility for writing something baseless or unsubstantiated, while still retaining the ability to say it. In the same research note, Fundstrat mentioned the President’s comment, also accompanied by a question mark, that since people may not be able to safely and securely vote by mail this fall, perhaps the election should be postponed. The parallels speak for themselves.
- On greater voting by mail (VBM), there was a very interesting paper last week from Charles Stewart at MIT that goes into considerable detail. One notable conclusion: the risks of VBM votes being lost/miscounted are material, and were around 4% of all VBM ballots cast in the 2016 Presidential election. However, this share of lost/miscounted VBM ballots were roughly the same as the estimated 4%-6% share of in-person votes lost in the 2000 Presidential election due to deficiencies in election administration (inaccurate voter registration files, malfunctioning voting machines, etc). While the reliability of in-person voting has improved somewhat since 2000, Stewart still considers the *net* risks of a surge in voting by mail to be “negligible” with respect to the 2020 electoral outcome.
- One last comment on 2020 and VBM: look at the evolution of support for expanded VBM policies by party. The gap widened in 2020 for reasons only known to the respondents.

#### Public support for Vote by Mail expansion



Source: Vanderbilt University, University of Pennsylvania. June 2020.

Sources:

“Wrong!’: Trump slams Fauci over testimony on COVID-19 surge”, Politico, August 1, 2020  
 “Trumped by Trump? Public Support for Vote By Mail Voting in Response to the COVID-19 Pandemic”, Joshua Clinton (Vanderbilt University) et al, June 15, 2020  
 “Reconsidering Lost Votes by Mail”, Charles Stewart III, Department of Political Science, Massachusetts Institute of Technology, July 25, 2020



**NOT FOR RETAIL DISTRIBUTION: This communication has been prepared exclusively for institutional, wholesale, professional clients and qualified investors only, as defined by local laws and regulations.**

This material is for information purposes only. The views, opinions, estimates and strategies expressed herein constitutes Michael Cembalest's judgment based on current market conditions and are subject to change without notice, and may differ from those expressed by other areas of J.P. Morgan. This information in no way constitutes J.P. Morgan Research and should not be treated as such.

This is a promotional document and is intended to report solely on investment strategies and opportunities identified by J.P. Morgan Asset Management and as such the views contained herein are not to be taken as advice or a recommendation to buy or sell any investment or interest thereto. This document is confidential and intended only for the person or entity to which it has been provided. Reliance upon information in this material is at the sole discretion of the reader. The material was prepared without regard to specific objectives, financial situation or needs of any particular receiver. Any research in this document has been obtained and may have been acted upon by J.P. Morgan Asset Management for its own purpose. The results of such research are being made available as additional information and do not necessarily reflect the views of J.P. Morgan Asset Management. This presentation is qualified in its entirety by the offering memorandum, which should be carefully read prior to any investment in a fund. The purchase of shares of a fund is suitable only for sophisticated investors for whom an investment in such fund does not constitute a complete investment program and who fully understand and are willing to assume the risks involved in such fund's investment program. An investment in the funds involves a number of risks. For a description of the risk factors associated with an investment in a fund, please refer to the section discussing risk factors in the offering memorandum (available upon request). Shares of the funds are not deposits, obligations of, or endorsed or guaranteed by, JPMorgan Chase Bank, NA or any other bank and are not insured by the FDIC, the Federal Reserve Board or any other government agency. Any forecasts, figures, opinions, statements of financial market trends or investment techniques and strategies expressed are those of J.P. Morgan Asset Management, unless otherwise stated, as of the date of issuance. They are considered to be reliable at the time of production, but no warranty as to the accuracy and reliability or completeness in respect of any error or omission is accepted, and may be subject to change without reference or notification to you. Investments in Alternative Investment Funds (AIFs) involves a high degree of risks, including the possible loss of the original amount invested. The value of investments and the income from them may fluctuate in accordance with market conditions and taxation agreements. Changes in exchange rates may have an adverse effect on the value, price or income of the products or underlying investment. Both past performance and yields are not reliable indicators of current and future results. There is no guarantee that any forecast will come to pass. Any investment decision should be based solely on the basis of any applicable local offering documents such as the prospectus, annual report, semi-annual report, private placement or offering memorandum. For further information, any questions and for copies of the offering material you can contact your usual J.P. Morgan Asset Management representative. Any reproduction, retransmission, dissemination or other unauthorized use of this document or the information contained herein by any person or entity without the express prior written consent of J.P. Morgan Asset Management is strictly prohibited.

J.P. Morgan Asset Management is the brand for the asset management business of JPMorgan Chase & Co. and its affiliates worldwide.

To the extent permitted by applicable law, we may record telephone calls and monitor electronic communications to comply with our legal and regulatory obligations and internal policies. Personal data will be collected, stored and processed by J.P. Morgan Asset Management in accordance with our privacy policies at <https://am.jpmorgan.com/global/privacy>

This communication is issued by the following entities:

In the United States, by J.P. Morgan Investment Management Inc. or J.P. Morgan Alternative Asset Management, Inc., both regulated by the Securities and Exchange Commission; in Latin America, for intended recipients' use only, by local J.P. Morgan entities, as the case may be.; in Canada, for institutional clients' use only, by JPMorgan Asset Management (Canada) Inc., which is a registered Portfolio Manager and Exempt Market Dealer in all Canadian provinces and territories except the Yukon and is also registered as an Investment Fund Manager in British Columbia, Ontario, Quebec and Newfoundland and Labrador. In the United Kingdom, by JPMorgan Asset Management (UK) Limited, which is authorized and regulated by the Financial Conduct Authority; in other European jurisdictions, by JPMorgan Asset Management (Europe) S.à r.l. In Asia Pacific ("APAC"), by the following issuing entities and in the respective jurisdictions in which they are primarily regulated: JPMorgan Asset Management (Asia Pacific) Limited, or JPMorgan Funds (Asia) Limited, or JPMorgan Asset Management Real Assets (Asia) Limited, each of which is regulated by the Securities and Futures Commission of Hong Kong; JPMorgan Asset Management (Singapore) Limited (Co. Reg. No. 197601586K), which this advertisement or publication has not been reviewed by the Monetary Authority of Singapore; JPMorgan Asset Management (Taiwan) Limited; JPMorgan Asset Management (Japan) Limited, which is a member of the Investment Trusts Association, Japan, the Japan Investment Advisers Association, Type II Financial Instruments Firms Association and the Japan Securities Dealers Association and is regulated by the Financial Services Agency (registration number "Kanto Local Finance Bureau (Financial Instruments Firm) No. 330"); in Australia, to wholesale clients only as defined in section 761A and 761G of the Corporations Act 2001 (Commonwealth), by JPMorgan Asset Management (Australia) Limited (ABN 55143832080) (AFSL 376919).

**For U.S. only:** If you are a person with a disability and need additional support in viewing the material, please call us at 1-800-343-1113 for assistance.

Copyright 2020 JPMorgan Chase & Co. All rights reserved.