

# ROBERTSON STEPHENS WEALTH MANAGEMENT

Investment Office COVID Recovery Market Update

June 2020

## Progress is Uneven Across Economic and Coronavirus Metrics

Risk markets are in a tug of war between “fear and greed” and the importance of Economic vs. COVID developments

### “Real Time” Economic Activity Observations

In recent weeks, every state has eased shelter-in-place restrictions, beginning the reopening process and a period of economic healing. While economic readings look extremely poor versus prior-year levels, the majority of measures are improving sequentially. That said, the advance has been uneven. For example, gas consumption is rising more steadily than retail sales. Many indicators, including payrolls, will likely take years to recapture prior levels. The success of the reopening process is largely path dependent on the progress of the development and implementation at scale therapeutics and a vaccine.

### COVID-19 Trends and Implications

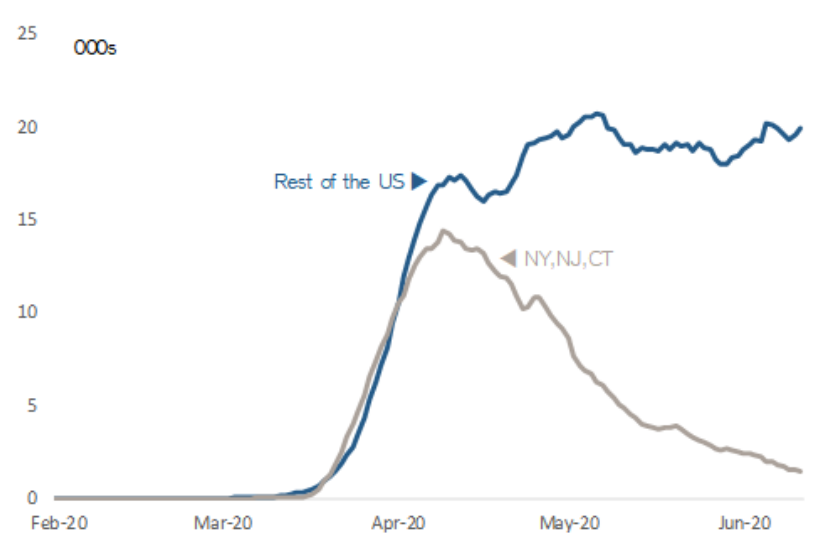
The dramatic improvement in daily deaths in the Tri-State New York region, and other major metropolitan areas, is encouraging. While reported cases are increasing in less-stressed parts of the country, it does not appear to be progressing in a manner that would warrant re-imposing broad-based shutdowns. Despite this more optimistic assessment, we believe that many investors underestimate the seasonal risks in the Fall/Winter 2020/2021 and the length of time it will take for consumer behavior to fully renormalize and the economy—and most importantly, jobs—to recapture peak levels. Put differently, we are concerned about the complacency in the markets regarding the downside risks, but also believe that upside will be a slower grind after initial progress is made over the next few months.

## COVID-19: New York City Versus Rest of the Country

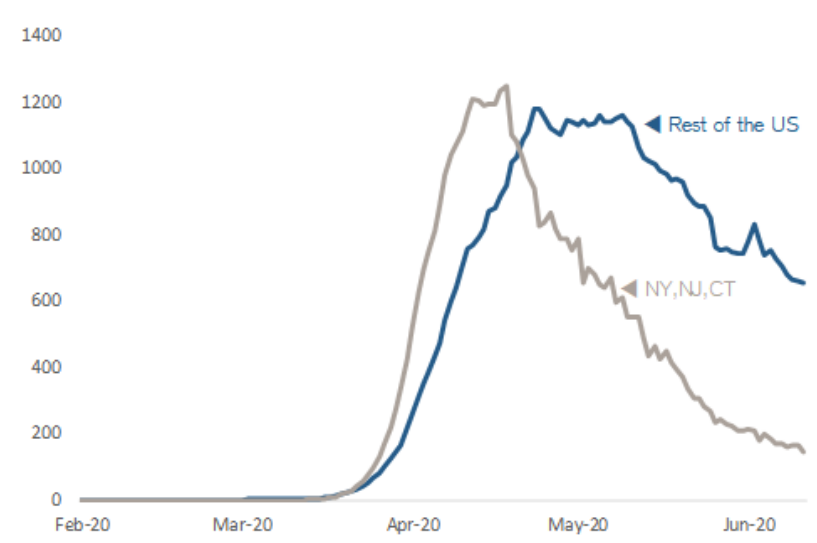
Recent news reports highlight rising incidents of COVID-19 cases. When evaluating the data, it is critical to separate out trends in the New York Tri-State area (including Connecticut and New Jersey) versus the Rest of the Country. In this context, these increases seem less ominous.

- The Tri-State area represents 11.5% of the U.S. population, but 41.5% of deaths. On this basis, this region is 5-6x worse than the rest of the country.
- The Tri-State area has shown dramatic improvement, bringing down national statistics for both cases and deaths.
- The increase in daily cases across the Rest of the Country is generally off of low bases in less infected areas.
- The rise in daily cases outside of the Tri-State area is not translating into increased daily deaths, the result of more broad-based testing, and improved hospital care.
- Even as trends improve, specific areas will likely experience a pick-up in cases.

Daily Reported Cases



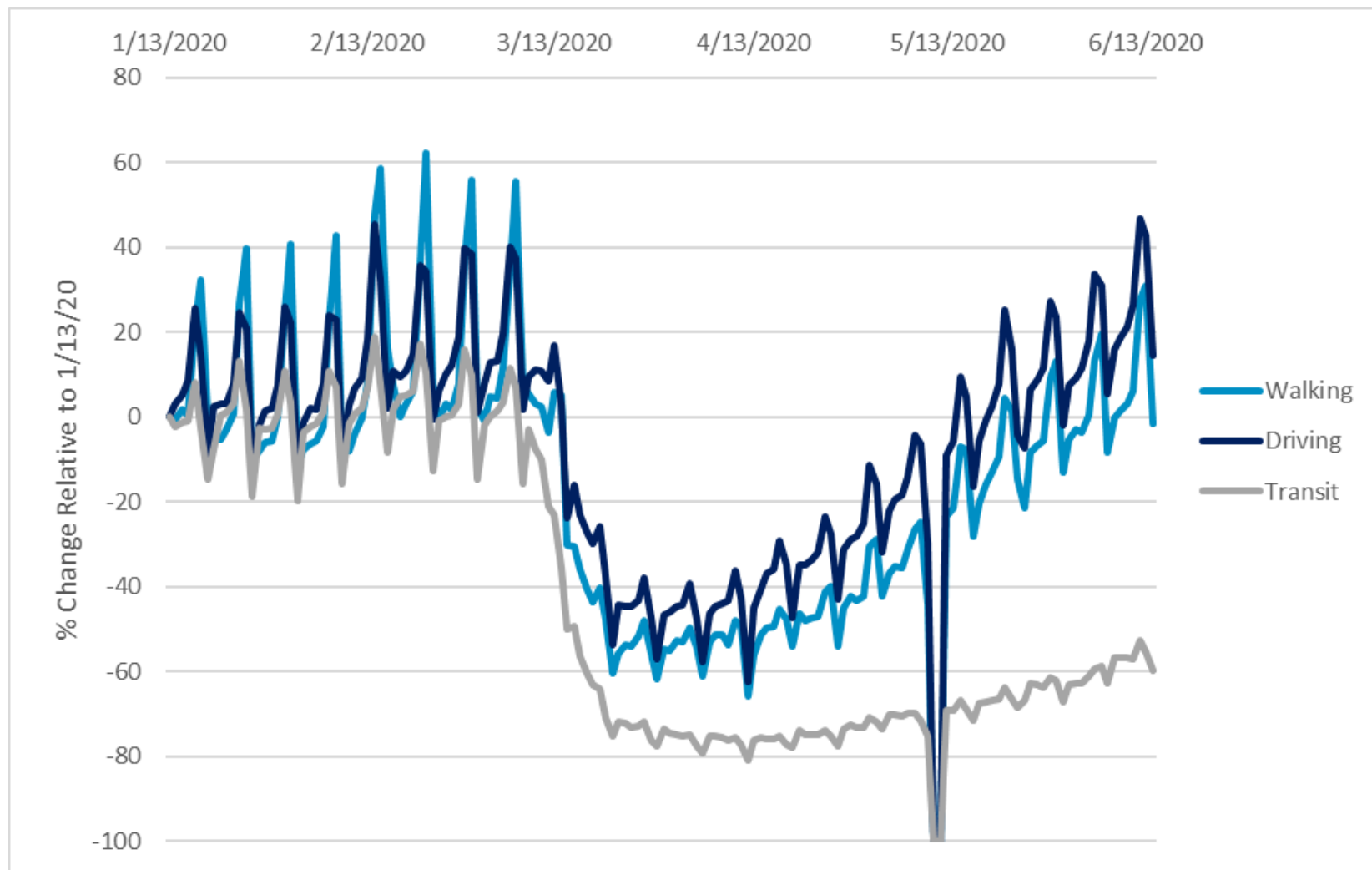
Daily Deaths



Data from healthdata as of 6/16/20

## Change in Requests for Directions on Apple Maps

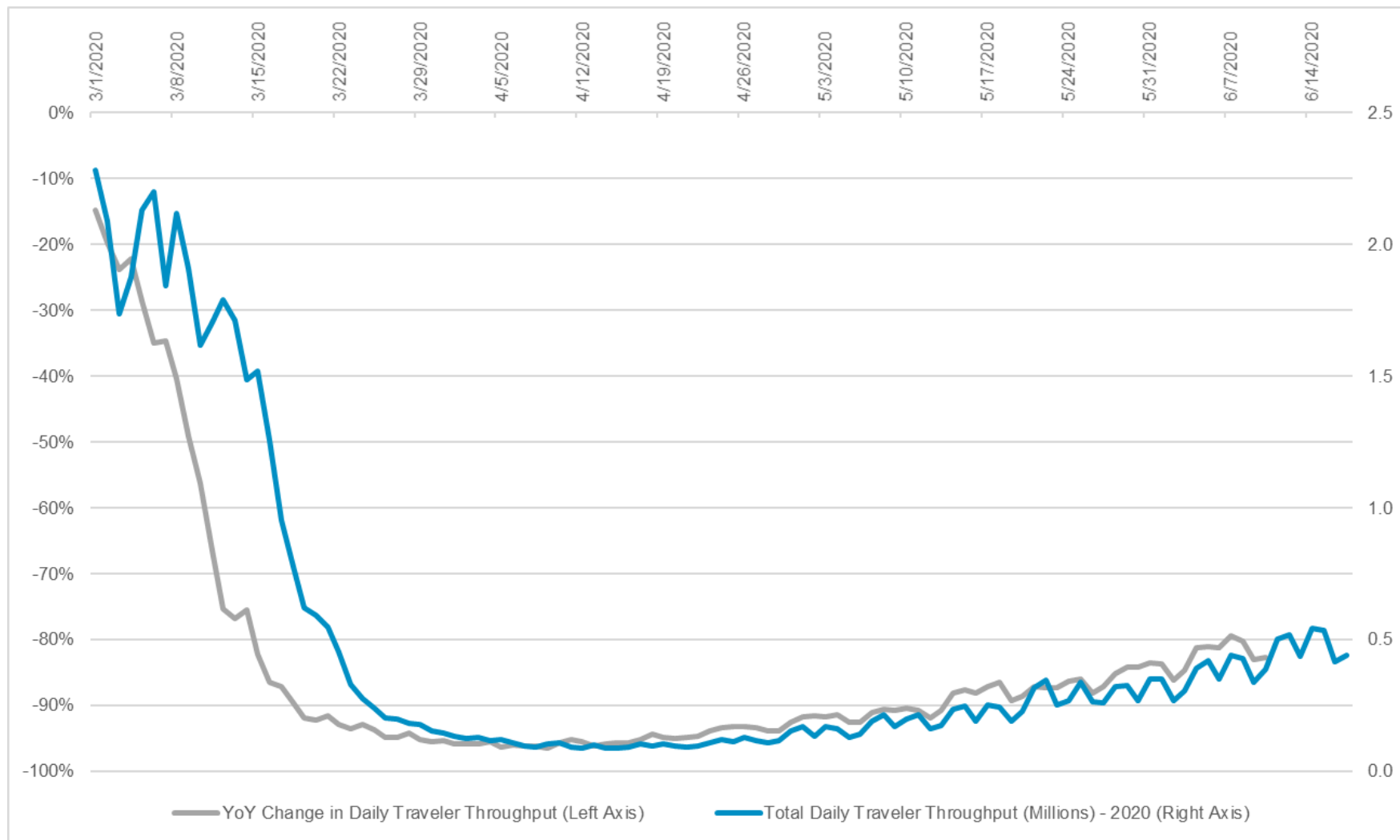
Requests on Apple maps dipped during the COVID outbreak. Walking and driving requests are recovering, while transit requests remain low.



Data from Apple as of 6/16/20

## TSA Checkpoint Data

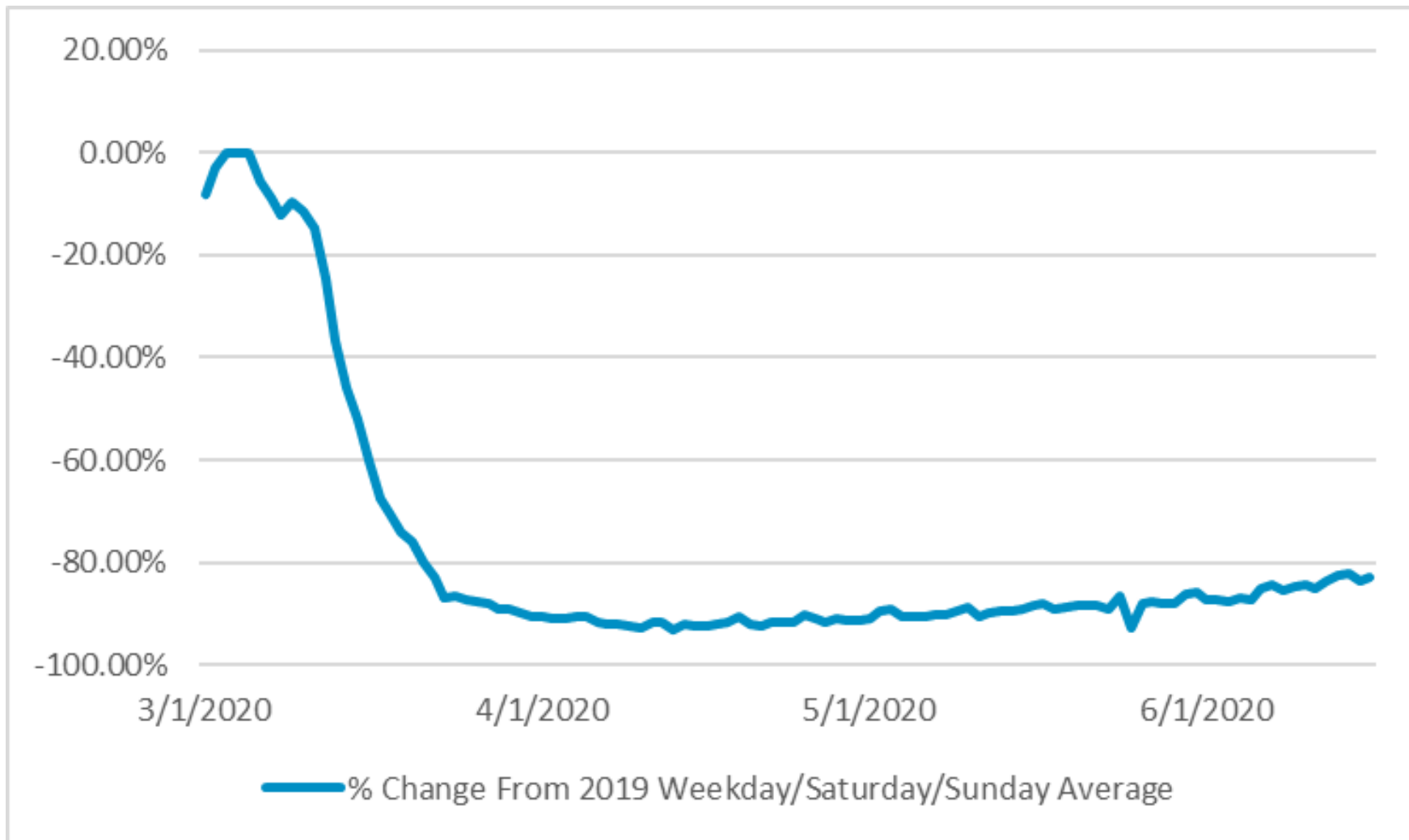
Real time confidence indicator of “returning to normal”. In **2019**, the median total daily traveler throughput for March 1<sup>st</sup> – June 17<sup>th</sup> was ~2.45 million.



Data from TSA as of 6/16/20

## YoY Change in MTA NYC Subway Ridership\*

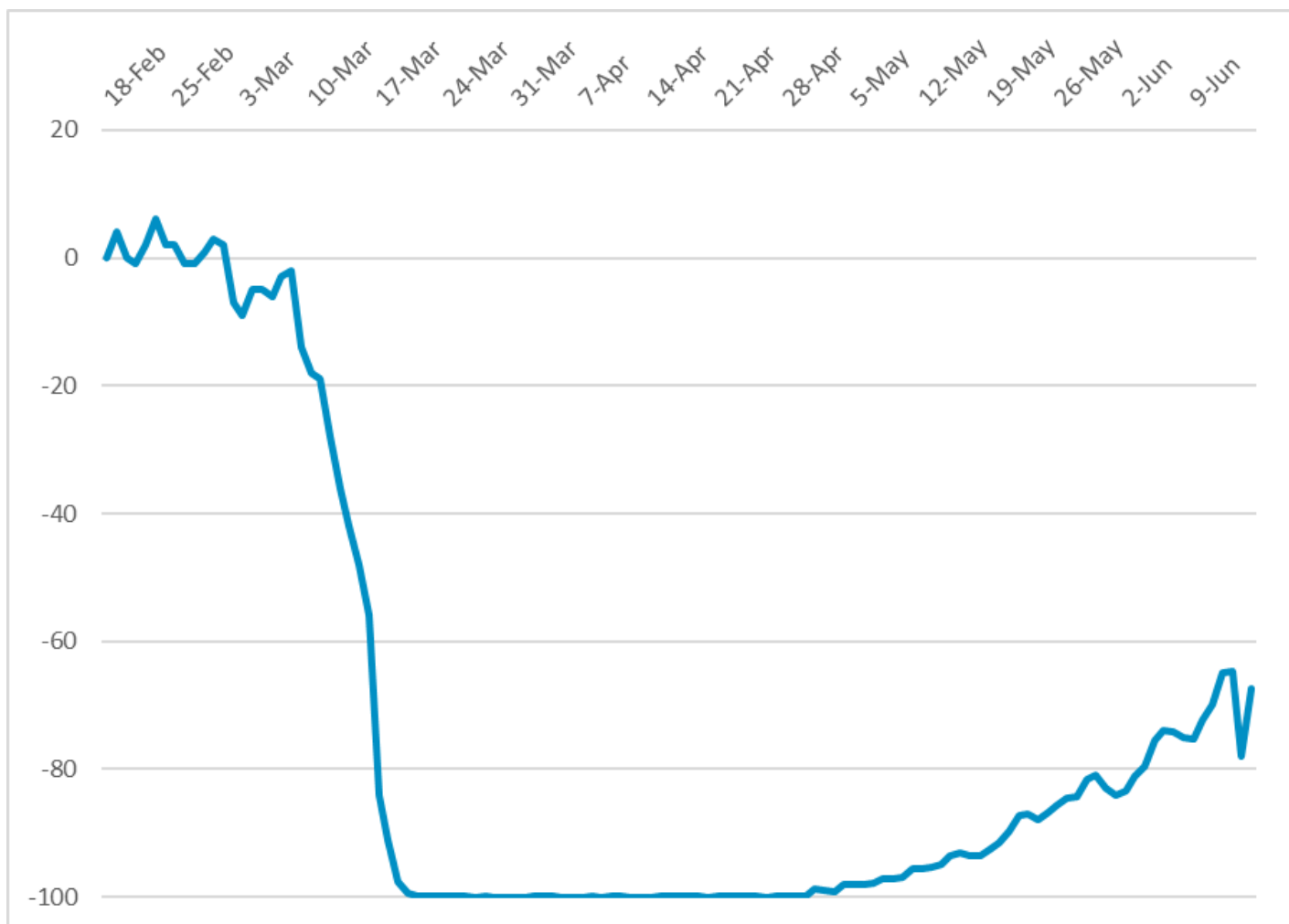
Ridership relative to 2019 has decreased substantially since the beginning of COVID, and is recovering at a slower rate than other transportation methods.



\*Data Metropolitan Transportation Authority as of 6/16/20

## YoY Change in Restaurant Bookings

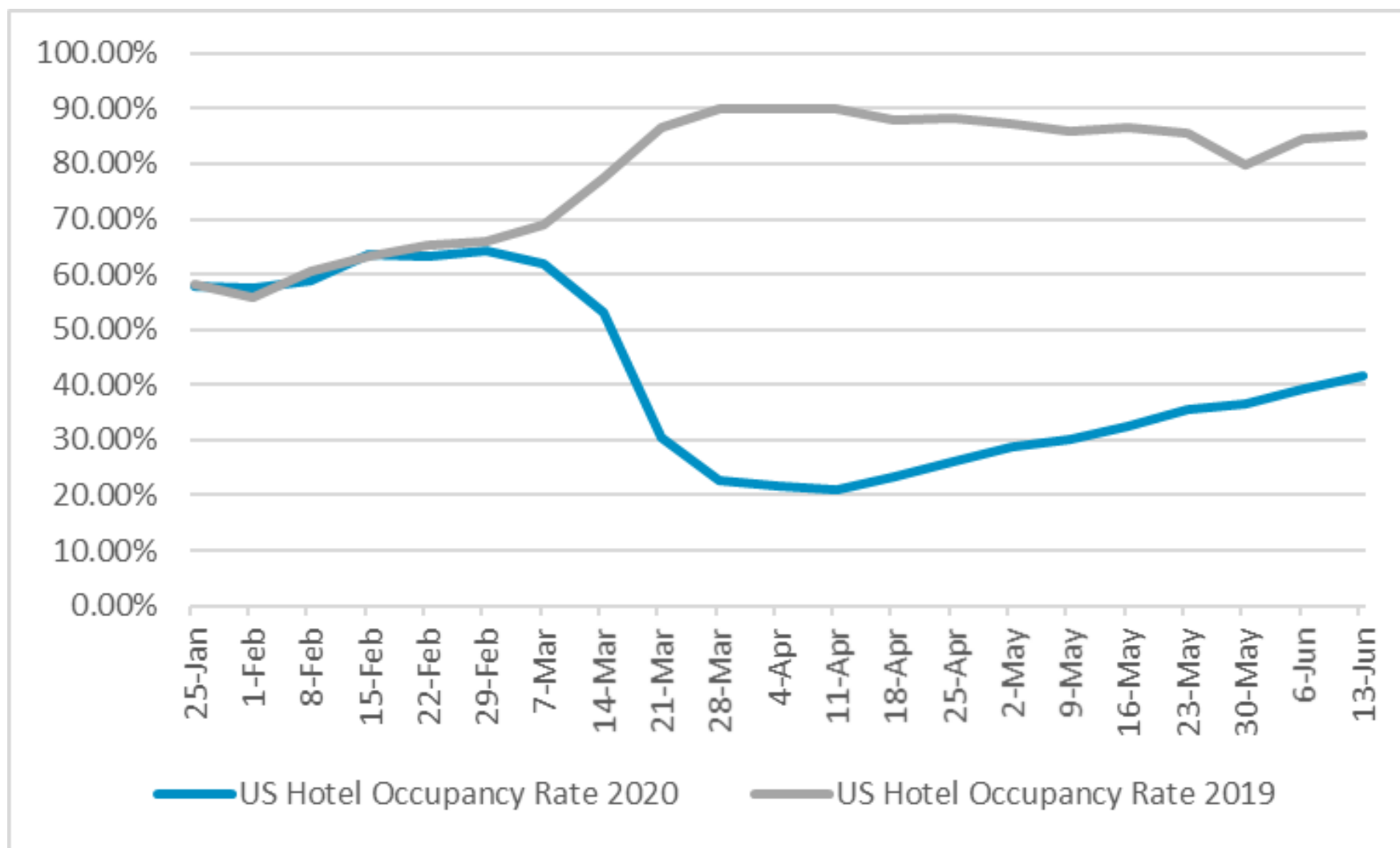
YoY restaurant bookings dropped almost 100% in March, and are slowly recovering as restrictions and stay at home orders are lifted.



Data from OpenTable as of 6/15/20

## US Hotel Occupancy Rates for 2019 & 2020

Hotel occupancy decreased throughout March, and is recovering, but still lags 2019 by more than 40%.

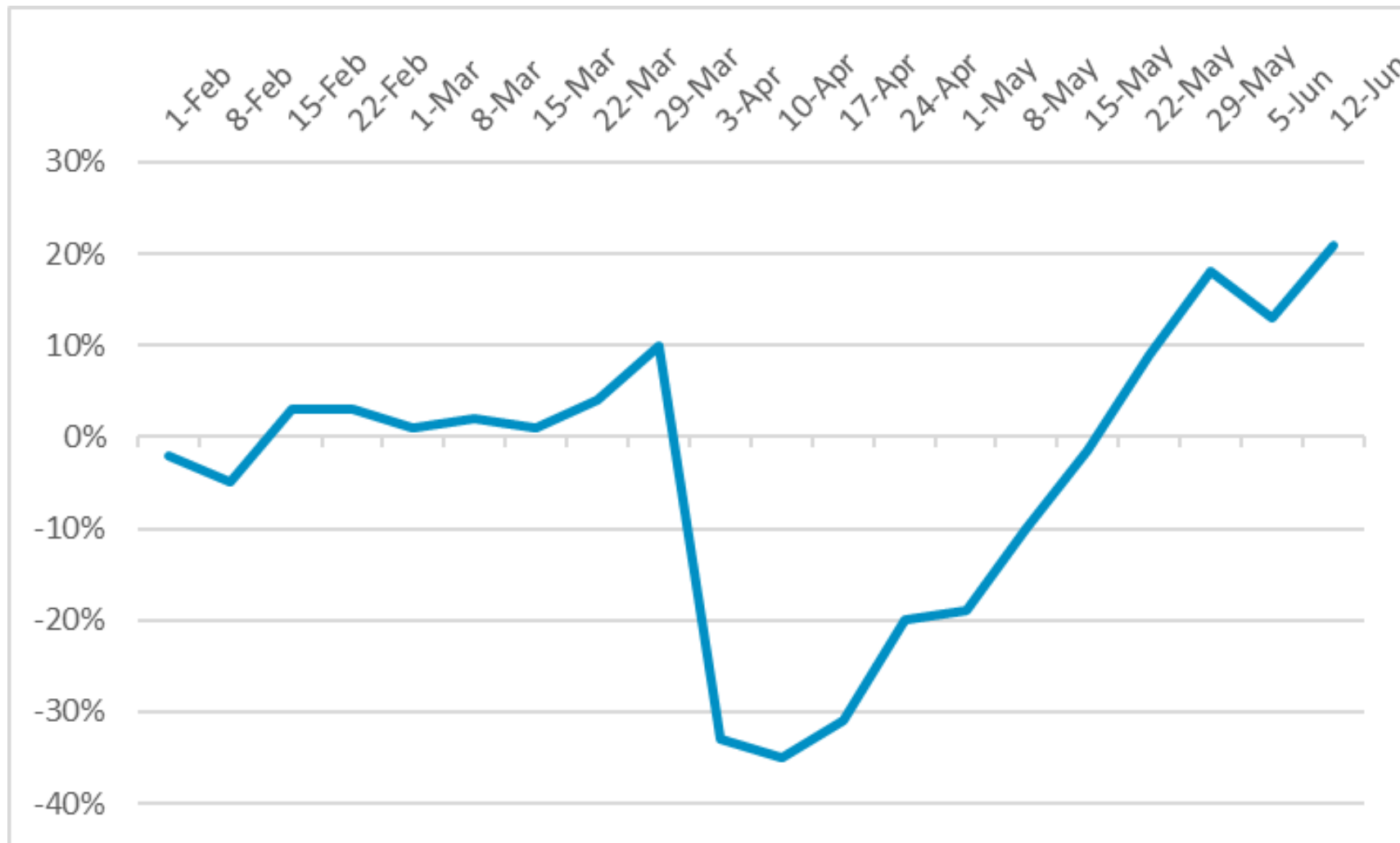


Data from STR as of 6/13/20



## YoY Change in Home Purchases

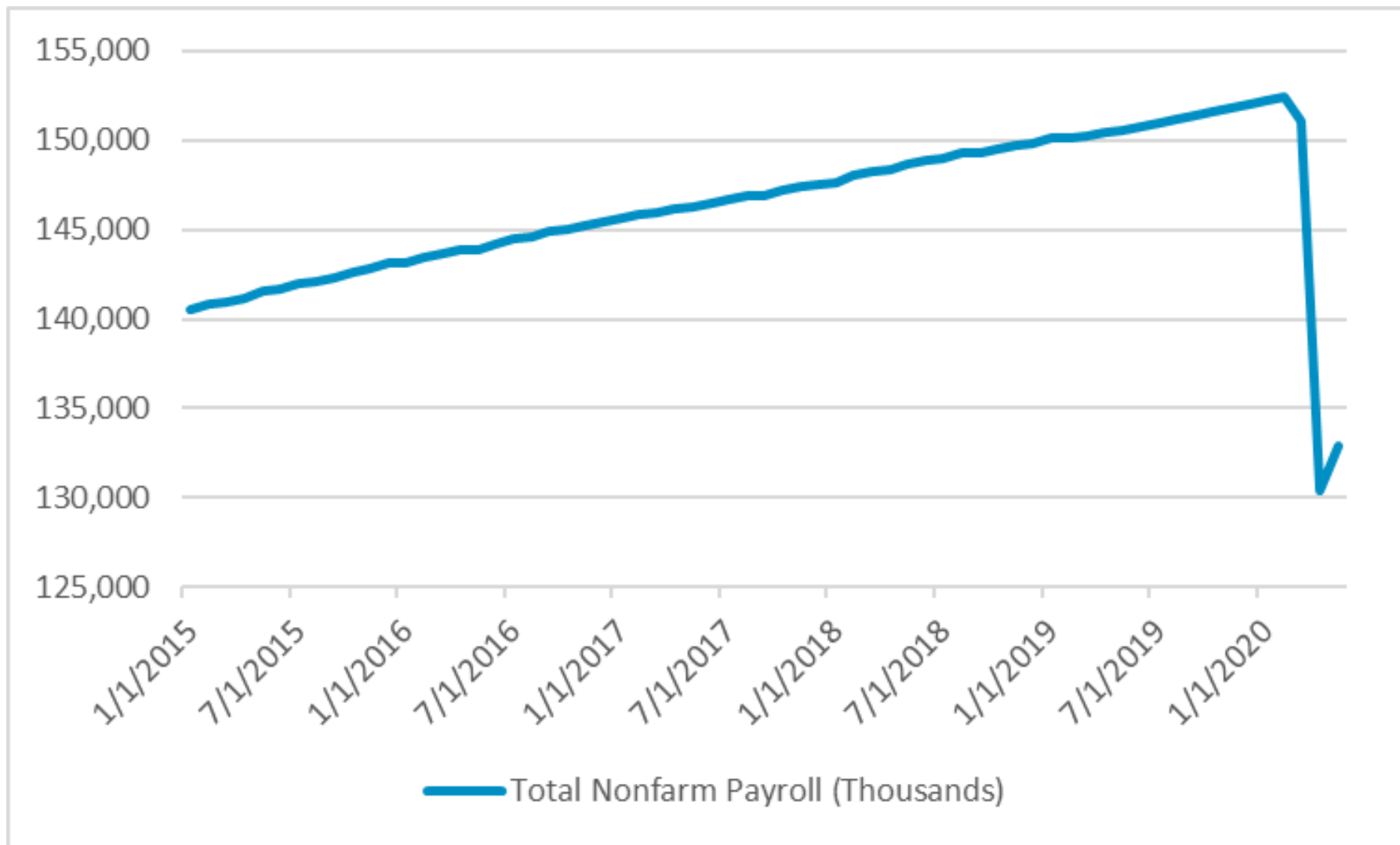
Home purchases in March 2020 were significantly less than March 2019, but have since recovered and home purchases in June 2020 are above June 2019 levels.



Data from MBA as of 6/12/20

## Total Nonfarm Payroll from 1/1/15 to 5/1/20

Total nonfarm payroll had been increasing steadily over the last 5 years before a sharp drop off in March 2020.



Data from FRED as of 5/1/20

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