

SOM Macro Strategies

Weekly Commentary: The Delta Variant Driven COVID Wave Should Ebb

August 20, 2021

Alan Brazil

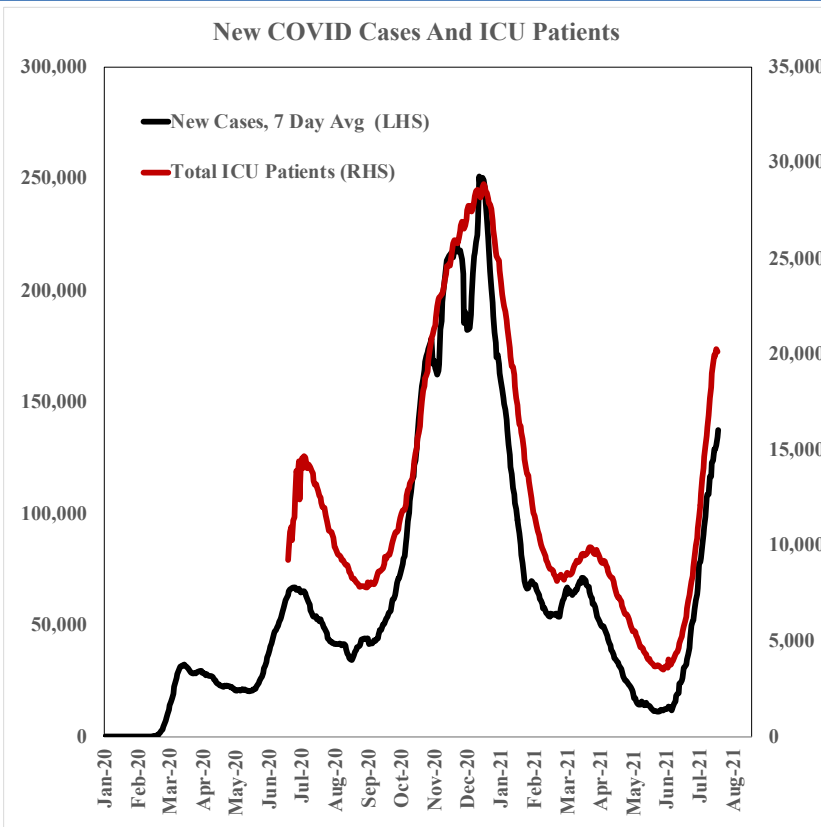
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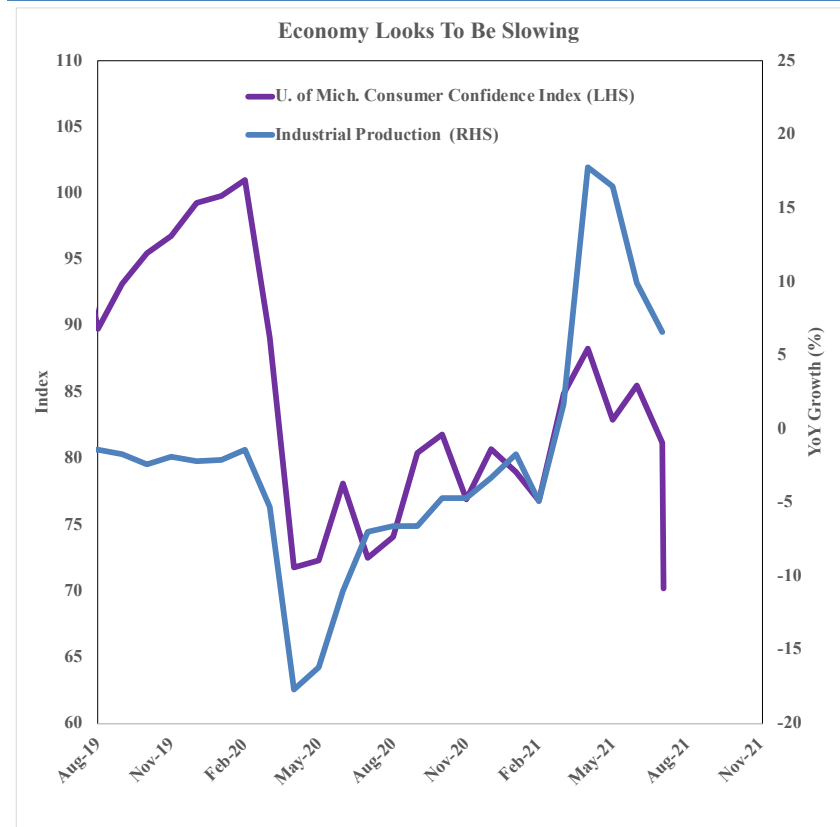
Step 1: Identify A Macro Theme

Will The Delta COVID Wave Push The Economy Back Into A Recession?

Infections And Serious Cases Are Surging ...¹



While The Economy Is Slowing²



1. Our World In Data
2. Bloomberg

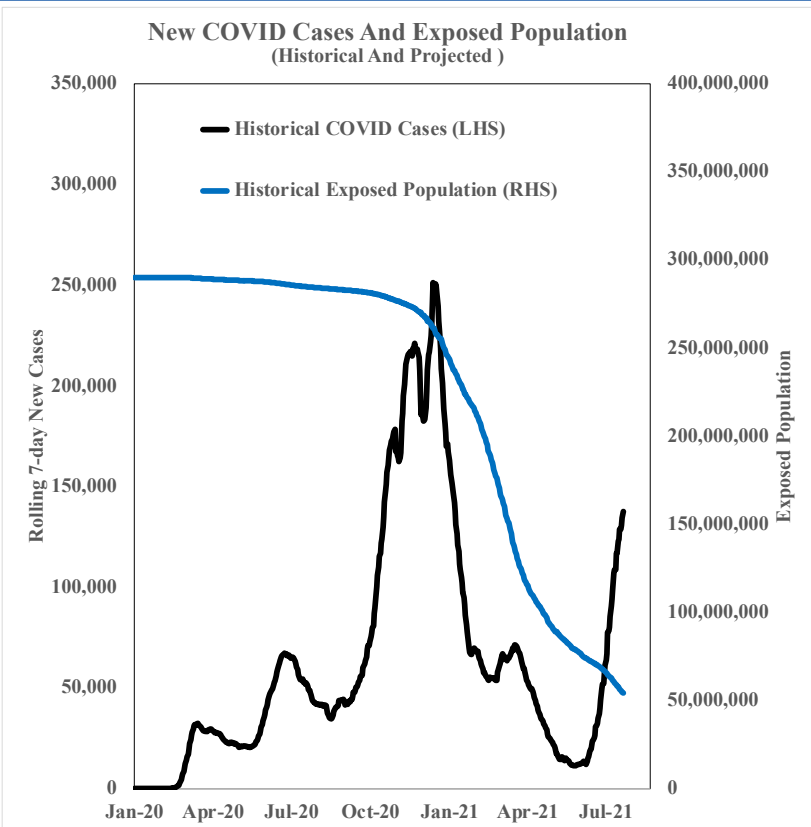
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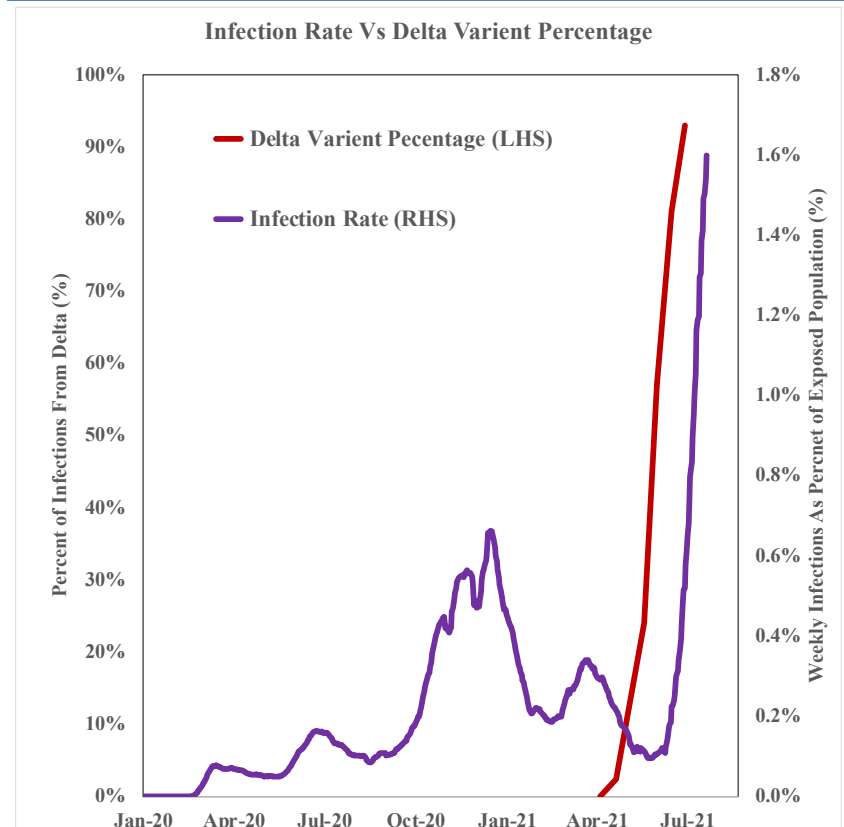
Step 2: Fundamental Economic Framework

This Wave Is Being Driven By The More Infectious Delta Variant

Cases Are Surging Even Exposed Population Has Fallen...^{1,2}



This Reflects The Greater Infection Rate Of Delta^{3,4}



1. Our World In Data
2. Exposed Population is calculated as the 18 and older population less the total COVID cases and those with at least one dose of the vaccine
3. CDC
4. Infection rate is the number of new cases divided by the exposed population a week earlier

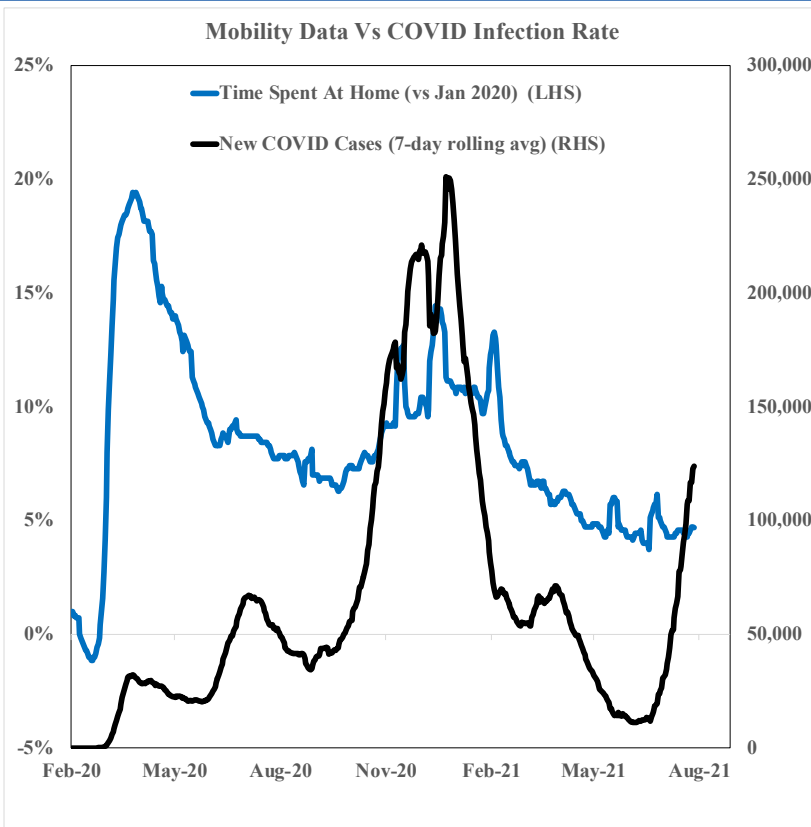
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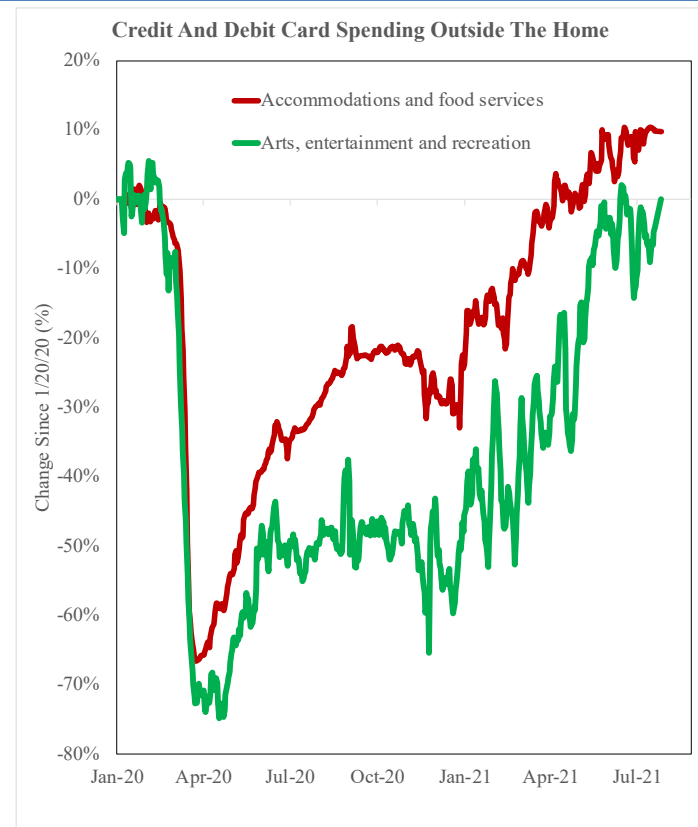
Step 2: Fundamental Economic Framework

As Of Yet, Consumer Behavior Is Relatively Unchanged

People Are Not Going Into Lockdown Mode...¹



Nor Have Spending Patters Change^{2,3}



1. Google mobility data
2. Affinity Solutions
3. <https://tracktherecovery.org>

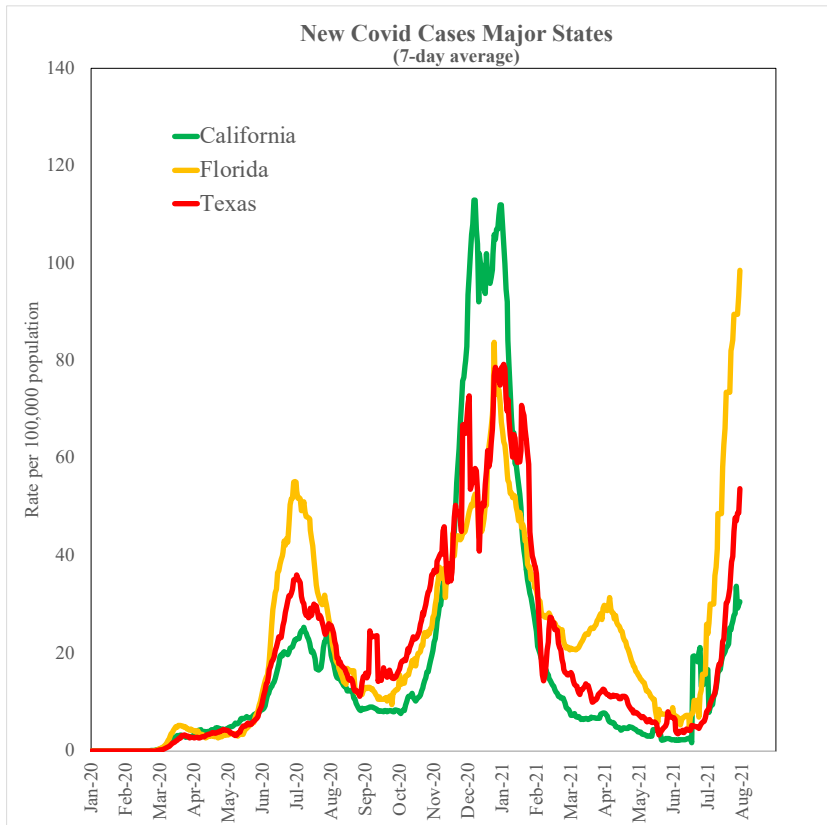
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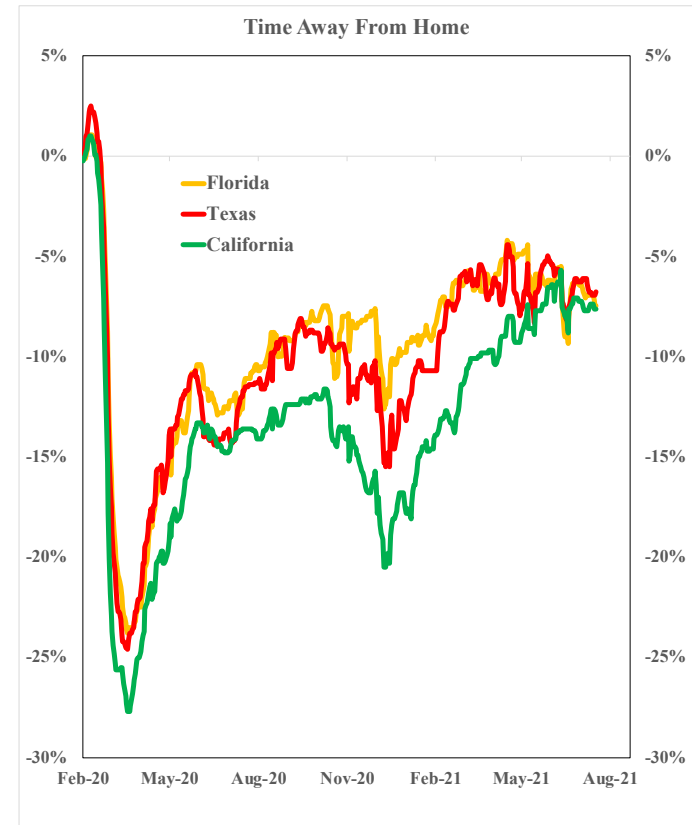
Step 2: Fundamental Economic Framework

Another COVID Wave Emerging

COVID Cases Are Surging in Economically Important States...¹



However, Behavior Seems Little Changed²



1. CDC
2. Google mobility data

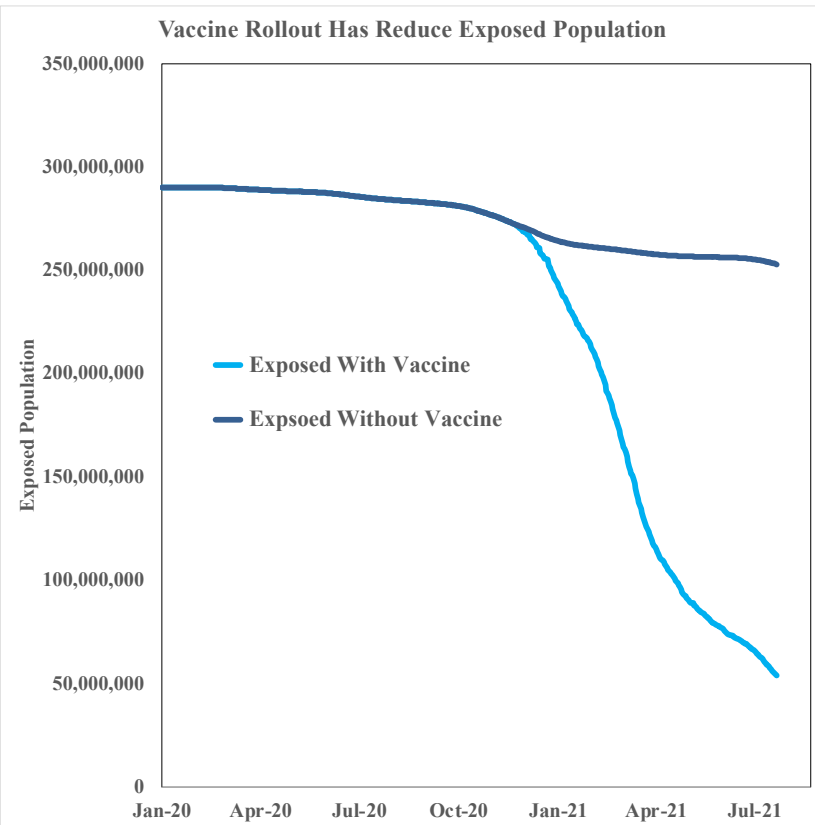
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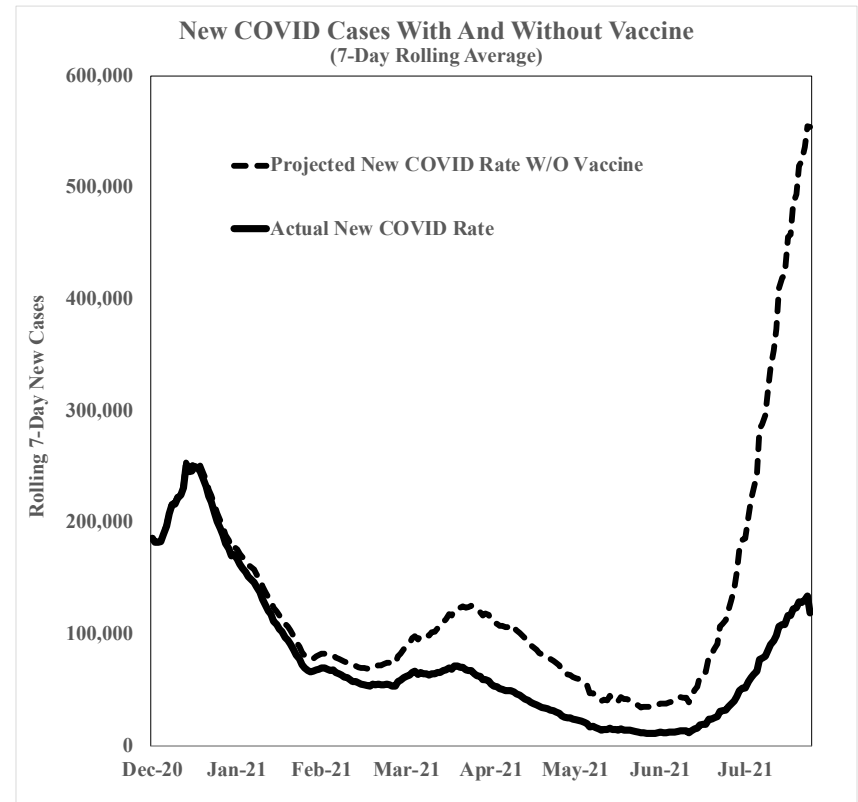
Step 2: Fundamental Economic Framework

The Roll-out Of The Vaccine Has Reduced Substantially The Potential Impact of Delta

Vaccine Has Reduced The Exposed Population By Over 75%^{1,2}



Without It, Cases Could Have Been Five Times Current Levels^{3,4}



¹ Exposed population with vaccine is calculated as the population of 18 or older less total COVID cases and those with at least one dose of the vaccine
² Exposed population without vaccine is calculated as the population 18 or older less total COVID cases

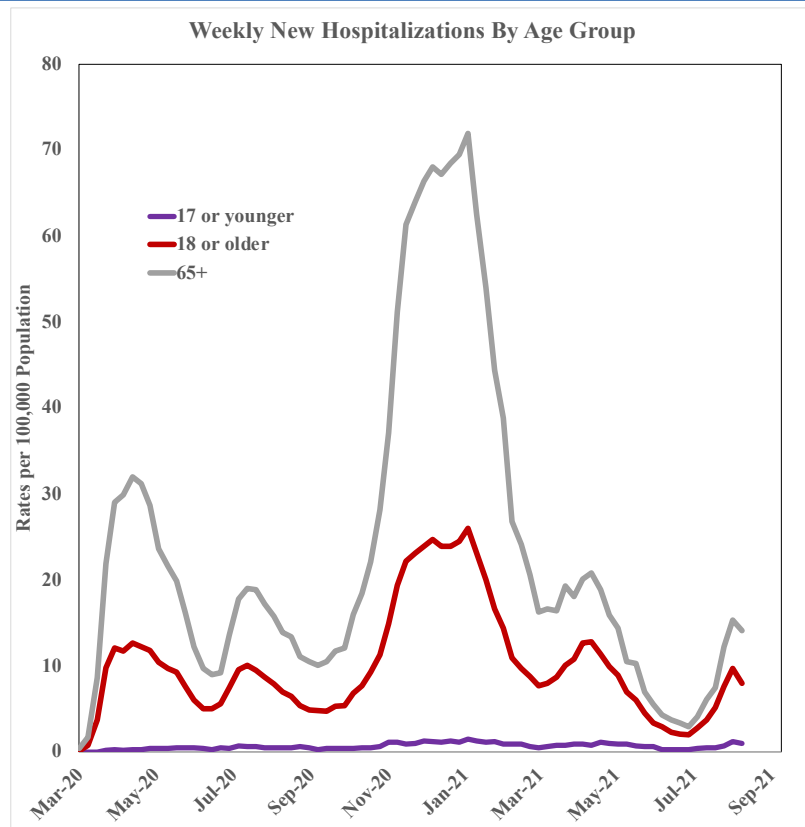
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Step 2: Fundamental Economic Framework

Vaccine Has Reduced Hospitalizations And Deaths Across Age Groups And States

Hospitalization Rates Are Lower Than The Last Wave Across Ages..¹



Impact in The Economically Important States²

Hospitalization	Rate Per 100,000 Vaccinated	Rate Per 100,000 Non Vaccinated	Ratio
Avg Cal and Texas	7	691	99
All States	17	752	44

Deaths	Rate Per 100,000 Vaccinated	Rate Per 100,000 Non Vaccinated	Ratio
Avg Cal and Texas	1	58	58
All States	3	65	22

1.CDC

2. New York Times, " See the Data on Breakthrough Covid Hospitalizations and Deaths by State", August 10, 2021

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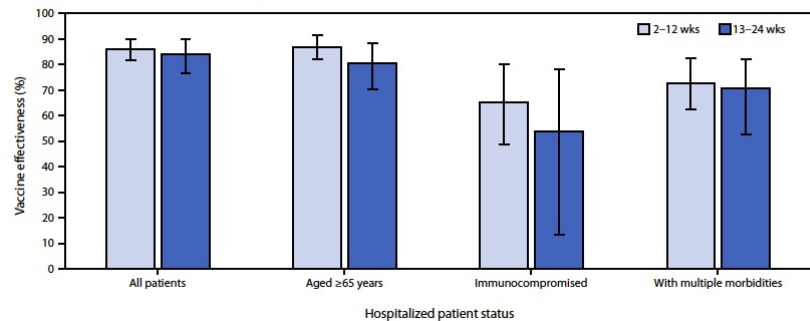
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Step 2: Fundamental Economic Framework

Recent Studies Highlight That The Vaccines Are Effective Over Time At Reducing Serious Cases

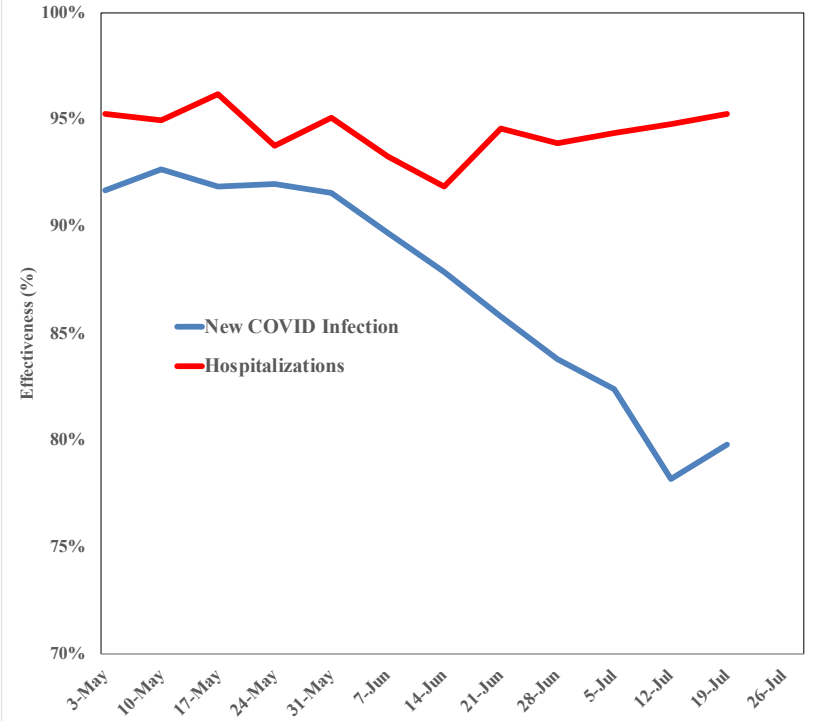
Hospitalization Study Shows Vaccines Still Effective Months Later¹

FIGURE 2. Sustained vaccine effectiveness* against COVID-19 among hospitalized adults, by patient status^{†,§} and interval since vaccination — 21 medical centers in 18 states,[¶] March–July 2021



Breakthrough Cases Due To Delta Are Rising But Not Serious Cases²

CDC Study Of Effectiveness of COVID Vaccine In New York State (May–July 2021)



1. Tenforde MW, Self WH, Naioti EA, et al. Sustained Effectiveness of Pfizer-BioNTech and Moderna Vaccines Against COVID-19 Associated Hospitalizations Among Adults — United States, March–July 2021. MMWR Morb Mortal Wkly Rep. ePub: 18 August 2021. DOI: <http://dx.doi.org/10.15585/mmwr.mm7034e2external icon>.
2. Rosenberg ES, Holtgrave DR, Dorabawila V, et al. New COVID-19 Cases and Hospitalizations Among Adults, by Vaccination Status — New York, May 3–July 25, 2021. MMWR Morb Mortal Wkly Rep. ePub: 18 August 2021. DOI: <http://dx.doi.org/10.15585/mmwr.mm7034e1external icon>.

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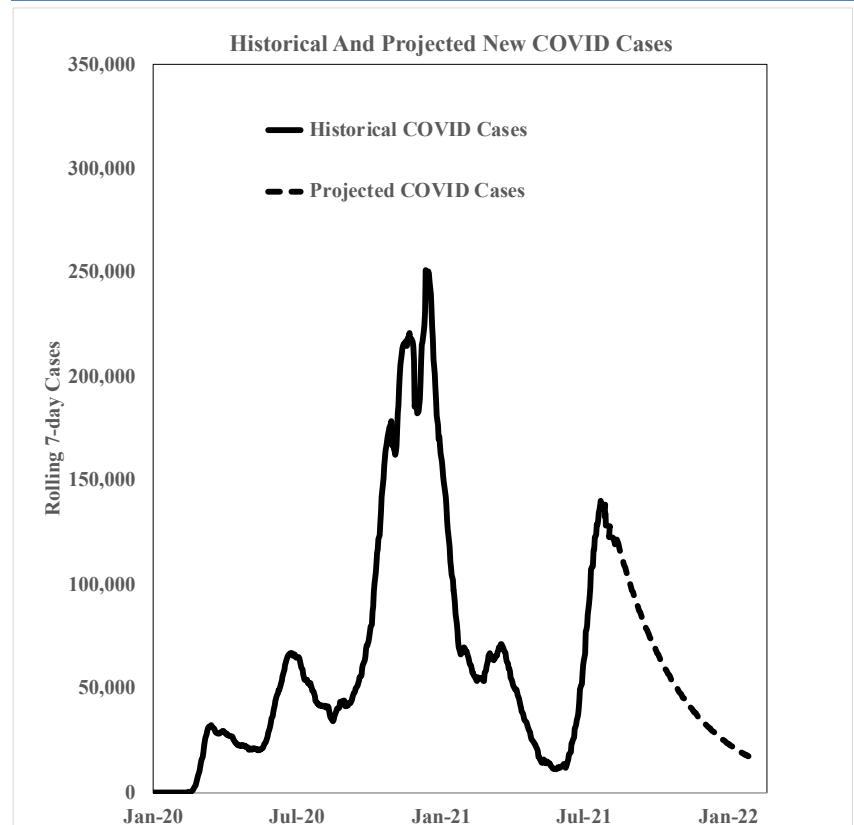
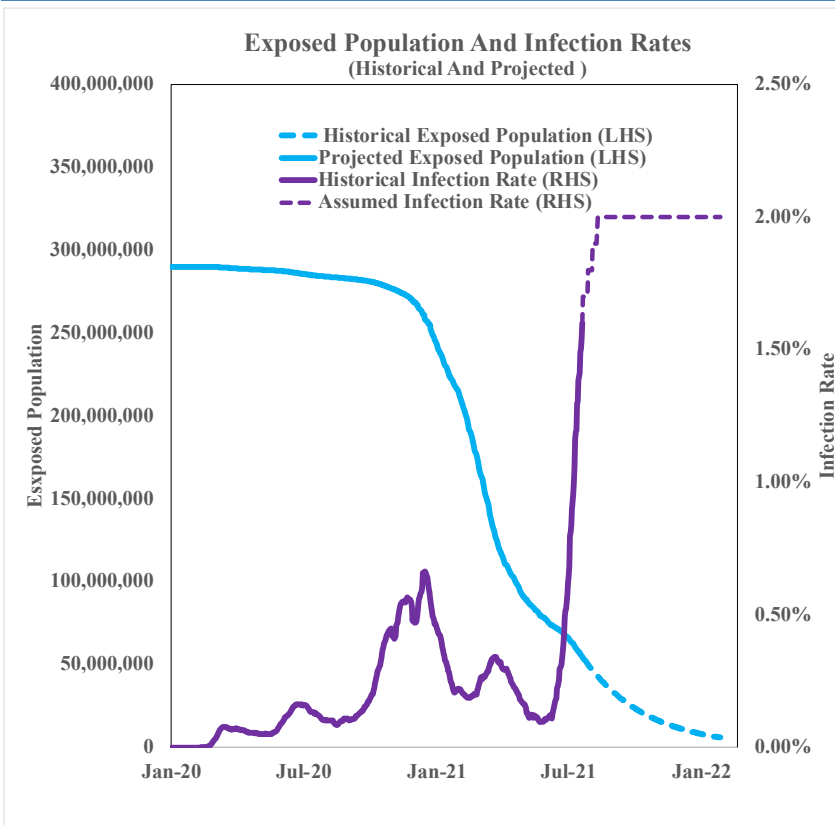
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Step 3: Identify Potential Catalyst

The Delta Wave Should Burnout As Exposed Population Falls Even With Rising Infection Rates

Exposed Population Fall As Cases And Vaccine Rates Rise....^{1,2,3,4}

Accordingly, The Wave Will Soon Burnout⁵



1. Historical Exposed Population is calculated as the 18 and older population less the total COVID cases and those with at least one dose of the vaccine

2. Historical Infection Rate is the number of new cases divided by the exposed population a week earlier

3. Projected Exposed Population is calculated as the 18 and older population less the total COVID future cases using assumed infection rate, and continuation of recent vaccine rates

4. Assumed Infection Rate assumes that infections rate rise to 2% from current 1.6% over the next four weeks

5. Projected COVID Cases is the infection rate times the projected exposed population

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