THE CAPITALIST ADVISOR

PRESCIENCE BACKED BY SCIENCE

COVID-19: Facts versus Phobia

Richard M. Salsman, Ph.D., CFA
President & Chief Market Strategist

September 15, 2020

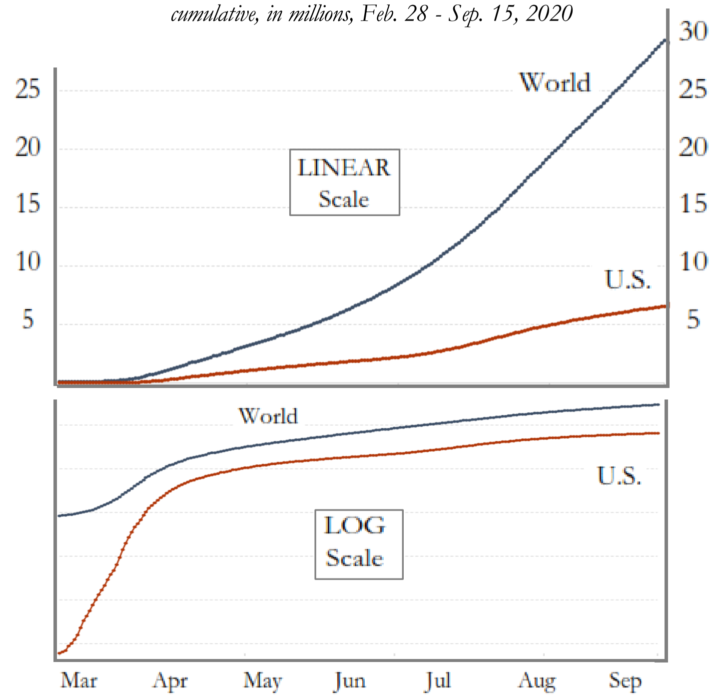
The media and innumerable public health officials continue to sensationalize and overstate the extent and harm of the COVID-19 virus "pandemic." By ubiquitous lying, exaggerating, and fear mongering, power lusters seek to maintain and extend authoritarian controls on civil and economic liberties. Mandatory closures of firms, schools, and economies have caused long-term structural harm. Even when re-openings are allowed, they are at low (unprofitable) capacities. Even if a COVID-19 vaccine is discovered, produced, and distributed, it won't cure the sickness of the growing hordes of control freaks and their street allies: rioters, looters, arsonists, vandals, and cop-killers.[1]

The graphs herein illustrate the huge gap between 1) what is routinely reported and emphasized by COVID-phobes and 2) the *factual good news*, which is that COVID fatality rates peaked *five months ago* (April-May) and have declined steadily (by 50%) since then. This decline is due *not* to "social distancing," facemasks, lockdowns, or vaccines, but to the spread of *herd immunity*.[2] Economies have been crippled *not* by COVID-19 itself but these irrational, phobic, and tyrannical policy responses.[3] Lawlessness in the streets is bad enough, but far

Figure One

COVID-19: Total Confirmed Cases

cumulative, in millions, Feb. 28 - Sep. 15, 2020



Source: https://ourworldindata.org/coronavirus-data

[1] See "The Rule of Lawlessness: Democracy is Killing Nomocracy," *The Capitalist Advisor*, July 14, 2020; "Police 'Defunding' Has Occurred Already," *The Capitalist Advisor*, July 5, 2020; and "Senator Lee's Condemnation of Mob Violence and Its Roots," *The Capitalist Advisor*, July 2, 2020.

[2] Herd immunity—*aka*, "community immunity"—occurs when a sufficiently high percentage of a population becomes immune to a disease or virus, by getting/resisting it and/or by vaccination, diminishing its further spread. Epidemiologists differ about what specific threshold proportion of a population is necessary to attain herd immunity; it can range from 30-80%, depending on the type of virus or disease. Estimates of those truly infected are complicated (and understated) by the fact that many people may have the disease but are a-symptomatic (and less likely to be tested, which understates case counts while overstating mortality rates). If a large share of the infected are a-symptomatic, test-based and case-based percentage thresholds will be much higher than actual thresholds. See https://apic.org/monthly_alerts/herd-immunity/.

[3] See "The Great Lockdown: A Running Critique of Anti-Capitalist Covid Policies," *The Capitalist Advisor*, May 11, 2020; "Incarceration, Monetization, and Nationalization Can't Preserve Our Health or Wealth," in *The InterMarket Forecaster*, March 29, 2020, pp. 6-12; and "Investing Amid the Triple-A Virus: Autocracy-Autarky-Anxiety," *The Capitalist Advisor*, March 16, 2020. Only recently has the Wall Street Journal conceded what we were stressing *months* ago (see Greg Ip, "New Thinking on Covid Lockdowns: They're Overly Blunt and Costly," *Wall Street Journal*, August 24, 2020). See also my essay, "Unwealthy is Unhealthy, So Why Mandate It?," American Institute for Economic Research, April 5, 2020.

4004 LINDEN TERRACE ▪ DURHAM, NORTH CAROLINA 27715
PHONE 919-942-2419 ▪ FAX 919-338-2652 ▪ RMSALSMAN@INTERMARKETFORECASTING.COM

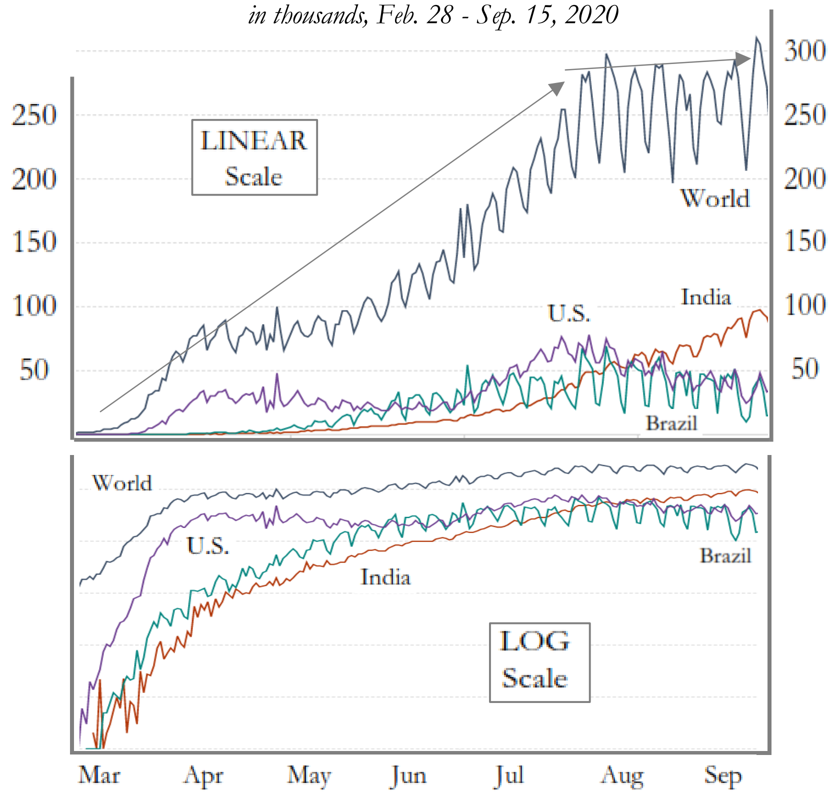
more damaging has been the lawlessness practiced at the Wuhan lab (from whence COVID-19 came), the WHO, the CDC, and by political "leaders."

Since COVID-19 *has run its course already*—in terms of its rate of spread, virulence, and lethality—a vaccine, even if forthcoming, will be *superfluous*. Equity investors should *not* become bullish over a COVID-19 vaccine. It will be a great pharmacological achievement of course—a testament to *capitalist medicine* (what's left of it)—but pharmaceutical firms will still be despised and threatened by price (thus profit) controls, there will still be a heavy push to fully socialize the health care sector, and today's "leaders" (to the extent fueled by germaphobes, socialists, racists, and environmentalists) will continue using any means (and any excuse) necessary to keep economies regulated, crippled, and stagnant.

Figure Two

COVID-19: Daily New Confirmed Cases

in thousands, Feb. 28 - Sep. 15, 2020



Source: https://ourworldindata.org/coronavirus-data

Nor should equity investors become bullish due to our contrarian, quantitative, positive account of COVID-19's slow death; normally it *would* be good news, in a climate of fair and rational politics, but today's political climate is polluted by irrational, anti-capitalist leaders who ignore facts, evade or deny good news, and oppose both liberty and prosperity.

The top part of Figure One (page 1) typifies what you see today: an ever-rising cumulative record of COVID-19 *cases* in the U.S. and globally. Not *daily* cases, not a *rate of change*, not *deaths*—just a growing pile of cases, even though recovery rates on cases is 97% (Table One, page 3). Figure One looks grim, with no improvement in sight—and that is why the fear-mongers prefer you see only that and little else. They deliberately engage in context-dropping, which is a form of lying. So, let's add some context. Notice the *bottom* half of Figure One, the same data but on a log (not linear) scale, depicting the case load to better portray the *rate of change*. Not so bad—and getting less worse—so you won't see a log chart from COVID-phobes.

Figure Two (above) illustrates not total (cumulative) cases but *new cases each day*. A sharp *slowdown* globally is visible since July. In the U.S., daily cases *peaked in July* and have *declined* over the two months since then. The log scale looks even better than the linear scale; as in Figure One, it better captures *rate of change*. Obviously, COVID-19 is *weakening*, but you would never know that listening to the COVID-phobes and political control freaks.

Table One (page 3) provides still further crucial context. A world of 7.6 billion people has only 29.6 million confirmed cases of COVID-19—less than ½%. *No big deal.* In the U.S., cases total four times that (2% of total population), but that's mainly because the U.S. does far more *testing* (per capita) than does the rest of the world.

Mortality rates are more important than *case* rates. So far, we see that the COVID-19 mortality rate—deaths divided by cases—is 3.2% globally and 3.0% for the U.S. The rate is much *worse* in the U.K. (11.1%) and Mexico (10.6%), as shown in Figure Four (page 4). But note also the *recovery* rates: 96.8% globally and 97% for the U.S. (Table One). Only 3% of people who get COVID die of it—again, *no big deal*—and *most victims are over 65 years old* with other ailments that make them as vulnerable to the *seasonal flu*. In the U.S. COVID deaths are also *over-stated* to some (unknown) degree because the CARES ACT (March) pays hospitals much more for high-COVID death rates.

In the U.S., COVID-19 deaths are only 0.06% of the population (Table One)—compared to 0.02% for the seasonal flu. These are *low rates*, yet officials feel it necessary to become tyrannical and destroy firms, jobs, and lives.

Table One

COVID-19: Cases, Deaths and Mortality Rates

as of September 15, 2020

	population in millions	cases * in millions	deaths in thousands	as % of population: cases	as % of population: deaths	deaths % of cases	recovery rates
World	7,594	29.6	935,929	0.39%	0.012%	3.2%	96.8%
U.S.	328	6.6	195,961	2.01%	0.060%	3.0%	97.0%
World ex-U.S.	7,266	23.0	739,968	0.32%	0.010%	3.2%	96.8%
India	1,383	5.0	82,066	0.36%	0.006%	1.6%	98.4%
Brazil	213	4.4	133,119	2.07%	0.062%	3.0%	97.0%
Mexico	129	0.7	71,678	0.52%	0.056%	10.6%	89.4%
U.K.	68	0.4	41,753	0.55%	0.061%	11.1%	88.9%

Source: Coronavirus Resource Center, Johns Hopkins University: https://coronavirus.jhu.edu/map.html
* The number of cases is heavily dependent on testing; many nations in the world can't or don't test extensively.

Figure Three also illustrates mortality rates in 2020, but the *trend* as well, and, more importantly, current mortality rates *relative* to those (from *all* causes) registered over the same months in 2015-19 (average). This is the "excess mortality rate." In 2020, obviously, the excess pertains mainly to deaths from COVID-19. But notice in Figure Three that the excess occurred for a mere *three months*: March-April May. Since then, there is *no excess mortality*—indeed, there is under-mortality (fewer deaths than for the averages of 2015-19).

Figure Three also shows that excess mortality in the U.S. in 2020 has occurred almost exclusively in older age brackets, not among those aged 15-64. In the past month, the excess has become a "deficiency"—*fewer* deaths than usual, in *all* age groups. Yet public policies continue to mandate masking, lockdowns, distancing, business suspensions, and school closures. The goal of today's public officials is something *other* than public health.

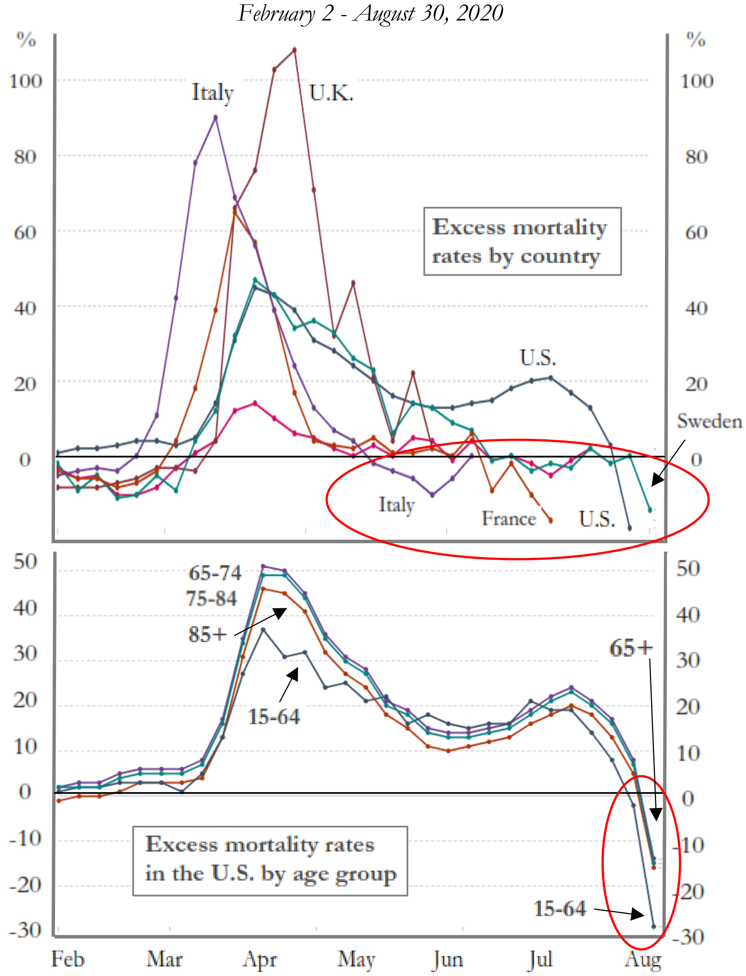
Our last exhibit—Figure Four (page 4)—depicts trends in COVID case fatality rates globally and for various nations. Again, we see peaks way back in April-May, for most countries. The world mortality rate peaked at 7.3% in April and is now merely 3.2%. The U.S. mortality rate peaked at 6.3% four months ago (May 15th) and is now less than half that rate, at 3.0%. Even *without* a vaccine, the U.S. rate might reach a mere 1-2% mortality rate by mid-2021. But that improvement won't be reported or highlighted by the COVID-phobes and control freaks—especially if Mr. Trump is still president—any more than they reported the good news to date.

Figure Three

"Excess Mortality" Rates

deaths from all causes as % of all deaths over same period in recent years (2015-19)

February 2 - August 30, 2020

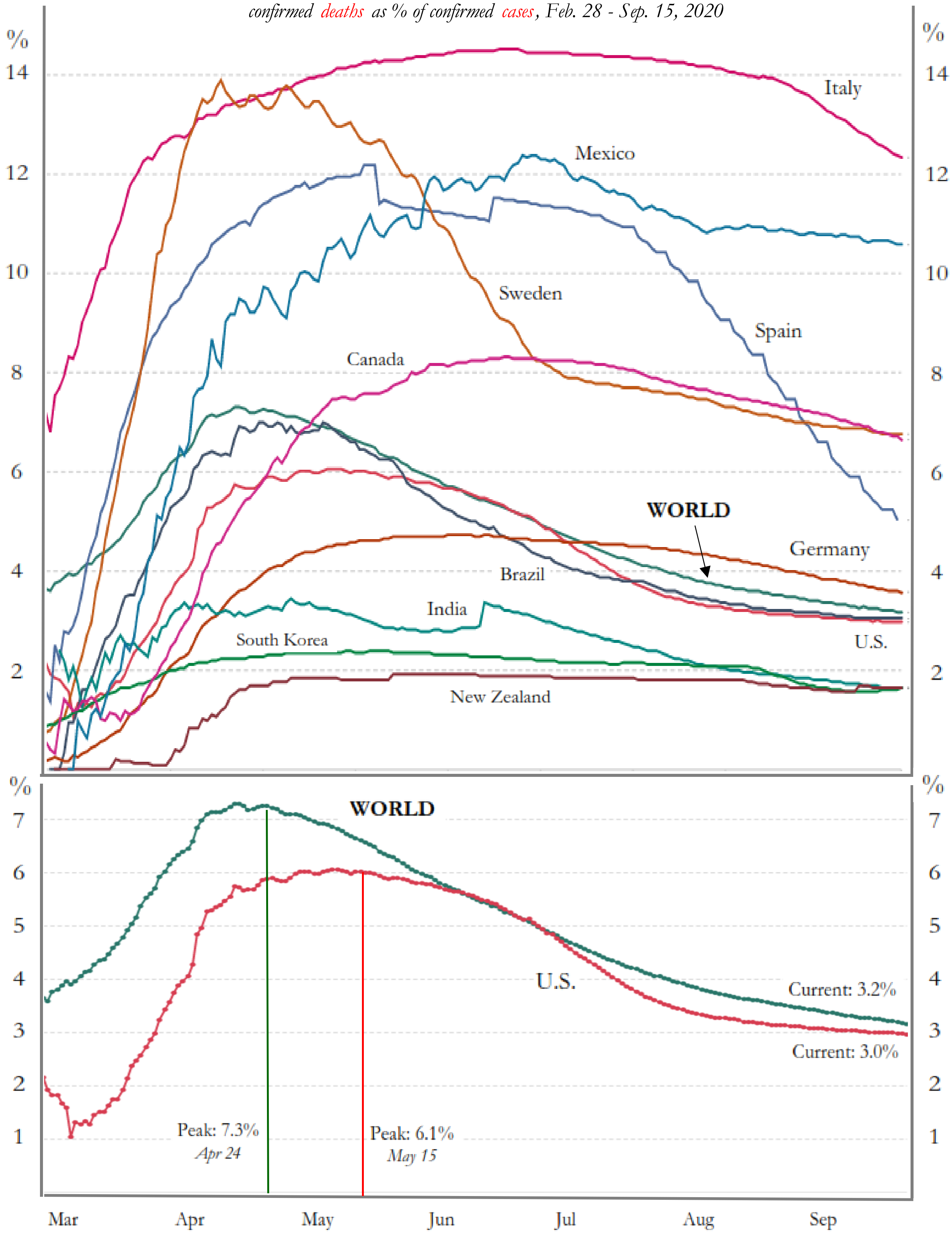


Source: https://ourworldindata.org/coronavirus-data

Figure Four

COVID-19: Case Fatality Rates

confirmed deaths as % of confirmed cases, Feb. 28 - Sep. 15, 2020



Source: https://ourworldindata.org/coronavirus-data

INTERMARKET FORECASTING

Research Reports in 6 Unique Series

IFI clients gain Integrated Research

Essentialized reports

Fresh insights

Actionable forecasts

Reliable knowledge

4004 Linden Terrace, Suite 1000 ▪ Durham, North Carolina 27715
▪ 919.942.2419 ▪
Sales Office 586.275.6000 ▪ sales@imfci.com
https://imfcinc.com

INTERMARKET FORECASTING

PRESCIENCE
BACKED BY SCIENCE

COMPANY BACKGROUND SERVICES LEADERSHIP

InterMarket Forecasting, Inc. (IFI) is an independent investment research and forecasting firm that quantifies market-price signals to guide the asset allocation decisions and trading strategies of investment advisors, pension plans, asset managers, financial institutions and hedge funds. Since its founding in 2000 IFI has provided objective research and specific, practical advice to help investment managers maximize risk-adjusted returns and out-perform their benchmarks.

IFI's investment advice flows directly from its regression-based proprietary models, which are based on a careful scrutiny of long-term market data and historical patterns. Markets are inter-connected such that price changes have forecasting power. IFI identifies the quantitative links and distinct causal patterns of market history and uses these to signal portfolio outcomes. IFI's service and forecasts address the five major asset classes – currencies, commodities, stocks, bonds and bills – as well as sub-classes, including: large-cap vs. small-cap stocks, value stocks vs. growth stocks, stocks by sector, government bonds vs. corporate bonds, credit spreads and shifts in the yield curve. IFI's time horizon is six and twelve months ahead. Clients receive the following four reports each month by e-mail (an interactive, web-based archive is also available):

- ***The InterMarket Forecaster*** – comprehensive forecasts, analyses and AA advice for over 180 assets
- ***Investment Focus*** – in-depth, historical analyses of the factors which drive a specific asset or asset class
- ***Investor Alert*** – brief but timely analyses of recent market developments that might alter our forecasts
- ***The Capitalist Advisor*** – analysis of political-policy factors that might materially influence investments

Methodologically, IFI's research emphasizes the incentives and disincentives faced by producers, savers and investors and how these effect investments – the essence of classical or "supply-side" economics, in contrast to the flawed themes and track records of Keynesian economics. IFI views markets as global, inter-connected, and often politicized, so it also provides a rational framework for understanding and predicting how policies (monetary, fiscal, regulatory) will influence investment performance. IFI has no vested interest in rising or falling markets or in any particular investment styles. It offers clients an independent, objective source of investment research, forecasts and advice, in contrast to the bias often exhibited in brokerage firm material and salesmanship. Since its founding in 2000 IFI has delivered an average, across the board *forecasting success rate* of 62% and has outperformed its peer strategists (on and off Wall Street) 79% of the time.

Richard M. Salsman, Ph.D., CFA®

Richard Salsman is founder, president and chief market strategist. Prior to IFI he was senior economist at H.C. Wainwright Economics, Inc. (1993-1999) and from 1981 to 1992 a banker and capital markets specialist at the Bank of New York and Citibank. Mr. Salsman has authored numerous articles and is an expert in market history, economics, forecasting, and investment strategy. His work has appeared in *The Wall Street Journal*, *Investor's Business Daily*, *Barron's*, *Forbes*, *National Post* (Canada) and *The Economist*. In addition, he has authored three books—*Gold and Liberty* (1995), *Breaking the Banks: Central Banking Problems and Free Banking Solutions* (1990), *The Political Economy of Public Debt: Three Centuries of Theory and Evidence* (2017) —plus many chapters in edited books. Salsman speaks regularly at conferences, investment gatherings and universities. He earned his B.A. in Law and Economics from Bowdoin College (1981), his M.B.A. in Economics from the Stern School of Business at NYU (1988), and his Ph.D. from Duke University in Political Economy (2012). In 1993 he earned the designation of Chartered Financial Analyst (CFA) from the Association for Investment Management and Research.

4004 LINDEN TERRACE, SUITE 1000 ▪ DURHAM, NORTH CAROLINA 27715
▪ 919.942.2419 ▪
SALES OFFICE 586.275.6000 ▪ SALES@IMFCI.COM

https://imfcinc.com