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COVID19 Snapshot

The Right Stuff - Japan

Daily Summary					
New Cases of COVID19	7-May-20	6-May-20	5-May-20	4-May-20	3-May-20
Global	88,096	87,995	80,283	77,515	78,752
# countries >500 new	15	13	12	11	11
Most new infections	USA	USA	USA	USA	USA
#	25,959	20,418	24,152	23,716	24,511
Countries recording fewer new cases than the previous day	11	5	9	15	13
Active Cases (total infections less deaths and clearances)					
Global	2,300,251	2,259,678	2,226,214	2,196,298	2,158,685
Countries with fewer active cases than the previous day	12	13	14	14	12
Top 5 Countries with active case load					
USA	996,669	977,658	965,062	955,093	938,559
United Kingdom	175,756	170,681	165,219	161,506	157,809
Italy	89,624	91,528	98,467	99,980	100,179
France	93,777	94,410	92,284	92,890	93,014
Russia	151,732	143,065	134,054	125,817	116,768
Fewest Active Cases					
Malaysia	1,584	1,619	1,710	1,764	1,780
South Korea	1,335	1,218	1,267	1,332	1,360
Australia Active Cases					
New Infections	21	26	24	24	20
Active cases	759	794	864	871	889

SOURCE: WORLDOMETER

Plenty of interest this morning around the Federal Cabinet meeting and the forthcoming announcements concerning the relaxation of social distancing and the re-opening of small businesses.

Victoria's State Of Emergency finishes on Monday, while SA, WA, NT and ACT are practically virus free. NSW Health estimates there are 535 active cases in the state from a total of 764 across the country. The remainder are spread across Victoria, Queensland and Tasmania.

Having followed various countries approaches to containing the virus, we conclude that in the vast majority of cases those who moved early have had better outcomes (but not the best) in containing spread and minimising deaths. Countries including Australia, NZ, South Korea and Germany are standouts. Each country imposed the lock-down early. Collectively this group has had ~7,700 deaths (inc Germany – 7,392).

In the next few days Germany will re-open schools, day care centers, stores and restaurants, with hotels by the end of the month.

Germany ramped up testing early, conducting tens of thousands of test daily from late February. It was also for more active in contact tracing which allowed it to get infected but asymptomatic people into isolation earlier, and sick people into treatment earlier. Conversely the island nation of the UK has a smaller population (65m vs 85m) with 4x the number of deaths. The early bird gets the worm. The confounding data comes from Japan (population 126m) with only 577 death equal to ~ 5 per million. Japan has not enforced lockdown because the country's constitution does not allow it, nevertheless the Japanese mentality of country, company, family, individual (in that order) has served it well. Huge numbers of Japanese citizens remain in voluntary isolation but businesses have not been forced to close. This, combined with obsessive public hygiene have been the cornerstone of successful containment.

Recommendation structure

Buy: Expect >15% total return on a 12 month view. For stocks regarded as 'Speculative' a return of >30% is expected.

Hold: Expect total return between -5% and 15% on a 12 month view

Sell: Expect <-5% total return on a 12 month view

Speculative Investments are either start-up enterprises with nil or only prospective operations or recently commenced operations with only forecast cash flows, or companies that have commenced operations or have been in operation for some time but have only forecast cash flows and/or a stressed balance sheet.

Such investments may carry an exceptionally high level of capital risk and volatility of returns.

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