Current containment efforts are trending toward a rollback or pause of recent reopenings. States are putting in place mandated traveler quarantines and dining restrictions. The risk is the rollback becomes a shutdown and economic activity plunges again.

Coronavirus Alternative Economic Data Report

Bottom Line

As of July 23, 2020, 21 states (↓ 3 states past 1wk) are proceeding with reopening, 8 states (↑ 1 state past 1wk) paused their reopenings, and 15 states (↑ 2 states past 1wk) imposed new restrictions. The reclosing trend is evident in new state mandates. 9 states (↑ 6 states past 1wk) put new traveler quarantine mandates in place. 3 states (no change past 1wk) enacted new business closures / limits. 7 states (↑ 2 states past 1wk) put in place a new gathering ban / limit. 1 state recently closed dine-in service, while 9 states (↑ 1 state past 1wk) recently closed bars. The reclosing trend does not appear likely to let up in the coming weeks, or possibly months.

The reclosing trend is justified by increasing U.S case counts. Figure 1 shows the June 2020 spike in new weekly U.S. cases. Weekly case growth slowed this week, but the growth rate remains well above the early June trough. We attribute the increased growth rate to individuals letting their guard down too early. In our view, public officials will not be as quick to relax containment measures after this case spike.
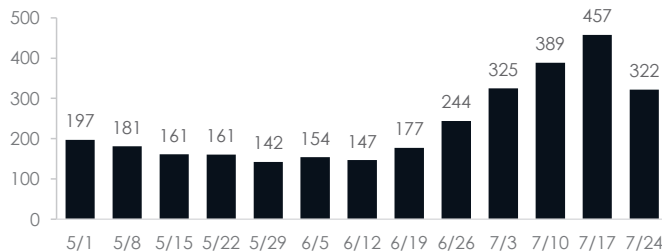
Data Updates (Figures 3-10)

Refer to pages 2 and 3 for this week's updated data. For the high-frequency indicators, we shortened the period to the most recent 60 days in order to emphasize the latest trend. For weekly data updates, we limited the data update to the last 20 weeks. We annotated multiple figures to provide our high level takeaways.

Market Sentiment & Impacted Industry Performance (Figures 11-19)
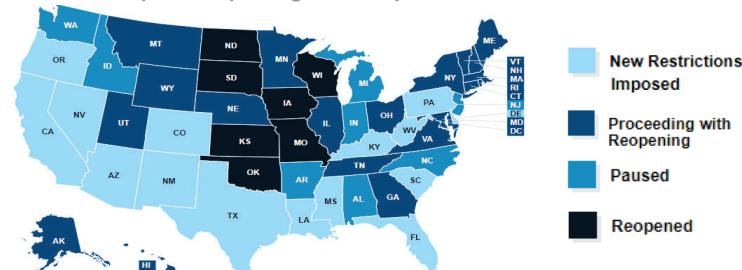
Market volatility and performance remain driven by COVID-19 news, which includes both case counts and vaccine progress. Markets traded slightly higher this week with little new information. Broad market sentiment will remain volatile during 2H 2020. Refer to pages 4 and 5 for impacted industry performance.

Top / Bottom 5 Performers (w/w%)

WEN	4%
YUM	4%
DNKN	4%
TRIP	3%
MCD	3%
NCLH	-8%
* CNK	-8%
MGM	-10%
* LVS	-10%
WYNN	-13%

* Preferred stock ideas. See page 4.

FIGURE 1: U.S. Weekly Count of New Cases (000s)

Date	Cases
5/1	197
5/8	181
5/15	161
5/22	161
5/29	142
6/5	154
6/12	147
6/19	177
6/26	244
7/3	325
7/10	389
7/17	457
7/24	322

Source: MarketDesk Research, CDC

FIGURE 2: Map of Reopening Status by State

Legend:
- New Restrictions Imposed
- Proceeding with Reopening
- Paused
- Reopened

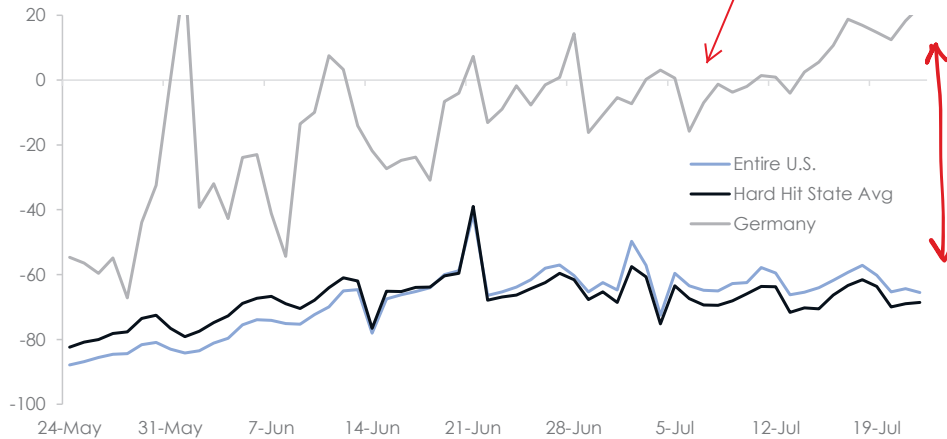*Source: MarketDesk Research, Kaiser Family Foundation*

Report Overview: Coronavirus containment efforts effectively froze the U.S. economy. Traditional economic data, which is forecasted to weaken over the coming months, already shows the economic damage is devastating. Due to the lag in traditional economic data releases, our team pulled together alternative datasets to measure economic activity in real time. These datasets include restaurant reservations, traveler throughput at security checkpoints, short-term rental bookings, mobility trends, railroad traffic, and sales logged in a website marketing software program. Our goal is to use the high-frequency datasets to identify green shoots of economic activity in real time and use them to make more informed investment decisions. This report will be updated weekly for the duration of the coronavirus economic recovery.
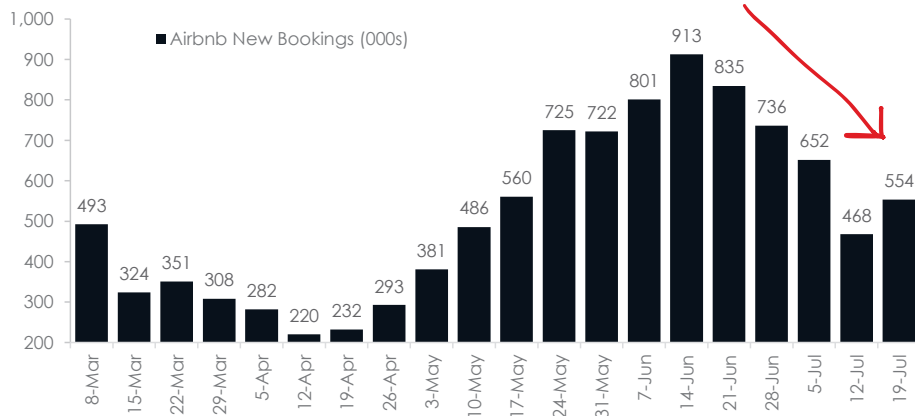
Consumer-Based Economic Data

Figure 3 now includes Germany to provide a gauge of the U.S.'s progress. Germany's OpenTable reservations continued trending upward (and are now positive y/y) while the U.S. plateaued. This highlights the U.S. struggle with containing the virus. If the OpenTable data is a good indicator of overall economic growth, Germany (and potentially Europe) are in a much stronger economic position.

FIGURE 3: OpenTable Data — New Bookings (y/y%)

This chart tracks overall U.S. table reservations, as well as the average of six hard hit states (NY, CA, IL, AZ, FL, TX). It include Germany for comparison purposes to the U.S. We view OpenTable's data as a proxy for restaurant/entertainment spending.

Source: MarketDesk Research, OpenTable. Data as of 7/22/2020.

FIGURE 4: TSA — Total Travelers - TSA Checkpoint Throughput (y/y%)

This charts calculates current traveler throughput as a percentage of traveler throughput on the same day one year ago. We view TSA's dataset as a proxy for travel related industries, including airlines, online travel websites, and hotels.

U.S. airlines, such as Delta and United, are walking back capacity plans as air travel remains weak.
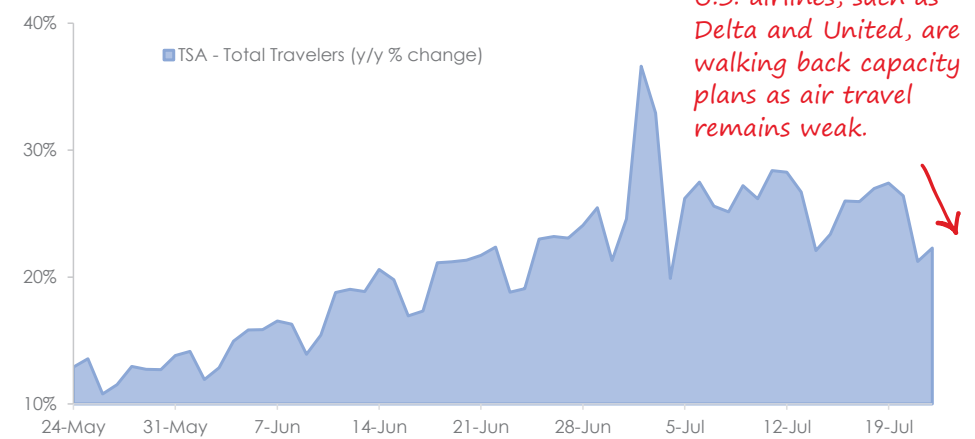
Source: MarketDesk Research, TSA. Data as of 7/22/2020.

FIGURE 5: Airbnb — New Bookings per Week

This chart tracks the number of new U.S. bookings on the Airbnb platform each week. We view Airbnb's data as proxy for future hotel travel reservations and travel related spending.

Source: MarketDesk Research, AirDNA. Data as of 7/19/2020.

FIGURE 6: Initial & Continued Jobless Claims

This chart tracks weekly initial jobless claims, as well as weekly continued jobless claims. We view the Department of Labor's data as a proxy for consumer demand, because unemployment levels impact consumer willingness to purchase goods and services.
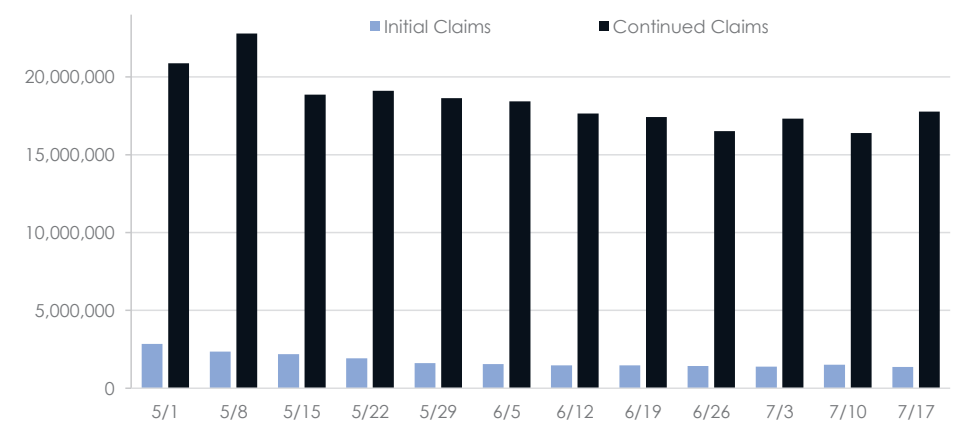
Source: MarketDesk Research, U.S. Department of Labor. Data as of 7/17/2020.

Airbnb bookings declined in real time during June and July as COVID-19 made a resurgence. Expect case counts to continue impacting economic activity.
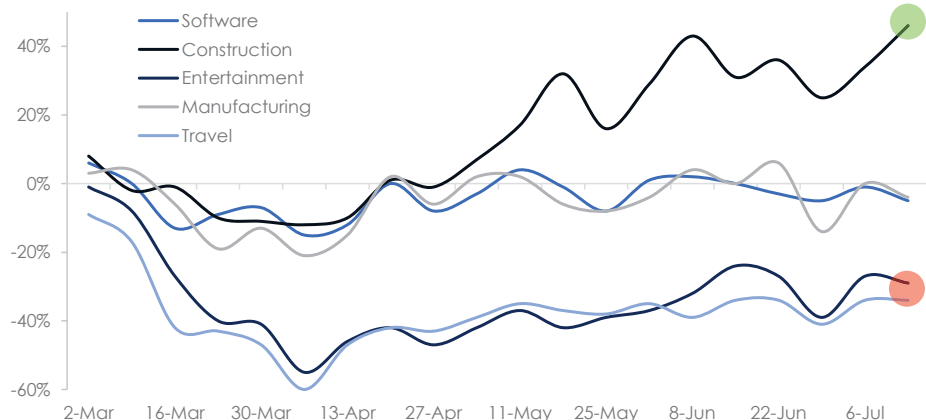
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Business-Based Economic Data

FIGURE 7: HubSpot Deal Activity — Pre vs Post-Shutdown Weekly Avg % Change

This chart tracks the number of deals created on HubSpot, a digital marketing and sales software solution for online businesses, across five industries. We view this as a proxy for business activity as sales and marketing activity is increasingly conducted online.
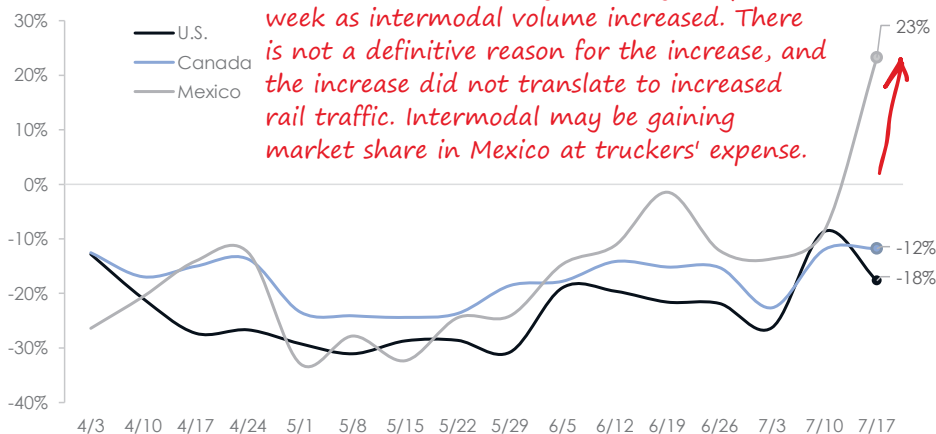
The data in Figure 7 has been refined to show the number of deals created among various industries within the Hubspot marketing platform. The industry detail provides a deeper level of insights and confirms economic trends we are hearing. Construction is particularly strong, while Travel and Entertainment are both seeing decreased deal activity.

Source: MarketDesk Research, HubSpot. Data as of 7/13/2020.

FIGURE 8: Public Transit — Transit App Usage in Millions of Opens (y/y%)

This chart tracks the number of Transit app opens, which gives a rough proxy for demand, in the U.S. and five major cities (NYC, Boston, Chicago, San Francisco, DC). We view Transit's dataset as a proxy for business activity, as employees are likely the first riders to return to public transit.
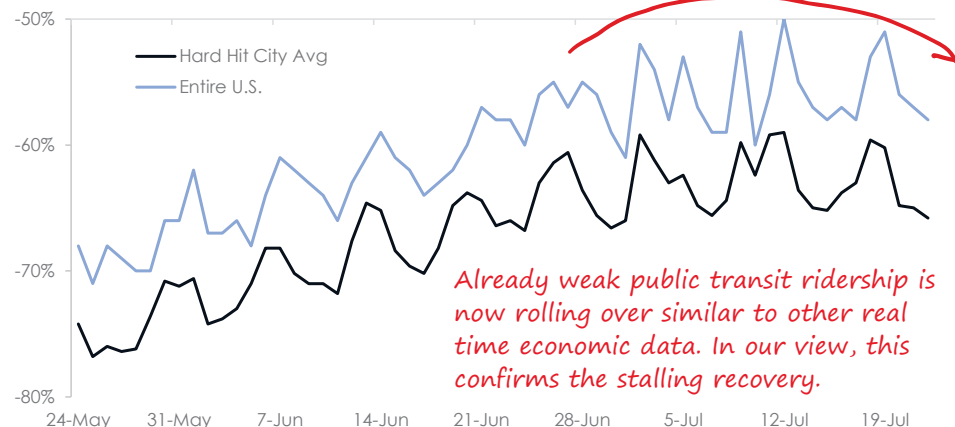
Already weak public transit ridership is now rolling over similar to other real time economic data. In our view, this confirms the stalling recovery.

Source: MarketDesk Research, Transit app. Data as of 7/22/2020.

FIGURE 9: North American Rail Traffic — Weekly Traffic (y/y%)

This chart tracks the overall change in North American rail traffic by country against the prior year. We view rail traffic as a proxy for business activity because companies will "pull through" inventory as they start to reopen.

Mexican rail traffic surged during the past week as intermodal volume increased. There is not a definitive reason for the increase, and the increase did not translate to increased rail traffic. Intermodal may be gaining market share in Mexico at truckers' expense.

Source: MarketDesk Research, Association of American Railroads. Data as of 7/17/2020.

FIGURE 10: Google Mobility Report

This chart tracks movement trends over time across the categories of retail and recreation, parks, workplaces, and residential. We view Google's mobility dataset as a proxy for consumer demand for service related industries because more movement indicates higher demand for services.
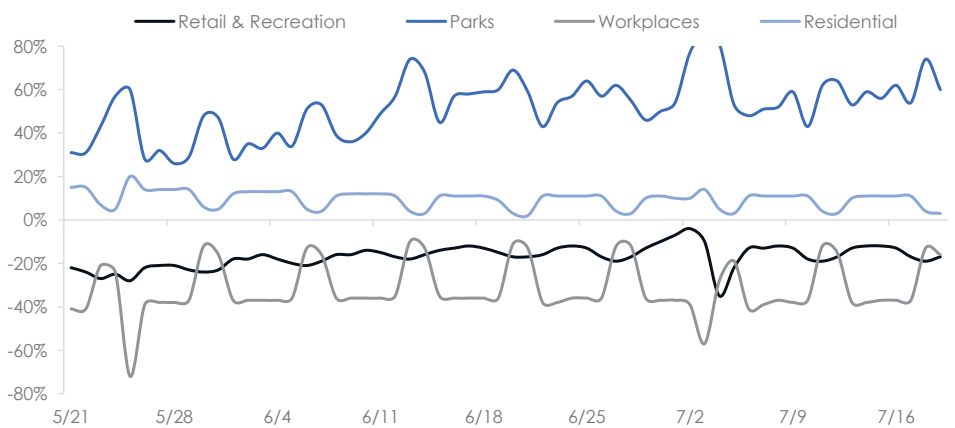
Source: MarketDesk Research, Google. Data as of 7/19/2020.

Industries	Ticker * Preferred	Companies Russell 1000 Universe	1 Week	1 Month	YTD	Rationale for Preferred Companies
Airlines	* LUV	Southwest	-4.2%	-5.6%	-39.3%	Entered slowdown with conservative balance sheet (e.g. negative Net Debt/EBITDA); Industry leading ROIC
	* DAL	Delta	-1.8%	-9.6%	-54.2%	Entered slowdown with conservative balance sheet (e.g. low Net Debt/EBITDA); Working to raise $3Bn via debt & credit line
	UAL	United	-3.7%	-7.9%	-62.3%	
	AAL	American	-5.5%	-15.9%	-59.0%	
	* ALK	Alaska Air	-1.6%	-0.4%	-45.9%	Entered slowdown with conservative balance sheet (e.g. low Net Debt/EBITDA); No debt maturities before 2022
	JBLU	Jetblue	-2.8%	-5.6%	-42.8%	
Casinos & Gaming	* LVS	Las Vegas Sands	-9.7%	-4.3%	-35.0%	No debt maturities before 2022; Above average ROIC; Exposure to growing Asia market
	WYNN	Wynn Resorts	-12.6%	-12.6%	-46.8%	
	MGM	MGM Resorts	-9.7%	-13.9%	-52.2%	
Cruise Lines	RCL	Royal Caribbean	-6.5%	-7.2%	-62.2%	
	CCL	Carnival	-6.2%	-17.8%	-70.9%	
	NCLH	Norwegian	-7.7%	-20.1%	-75.3%	
Food Distributors	* SYY	Sysco Corp	0.6%	-5.7%	-35.8%	Provides logistics to restaurant industry; Upcoming debt maturities concerning, but Net Debt/EBITDA is low; Improving ROIC
	USFD	US Foods	-0.6%	1.3%	-50.0%	
Hotels & Resorts	MAR	Marriott	-4.4%	-1.8%	-41.2%	
	HLT	Hilton	-2.5%	4.2%	-28.9%	
	* MTN	Vail Resorts	2.2%	2.7%	-18.6%	Manageable debt maturities prior to 2022; Owns outdoor recreation assets, which are less impacted by social distancing
	WH	Wyndham	-0.7%	4.6%	-26.2%	
	CHH	Choice Hotels	0.7%	5.5%	-16.0%	
	* H	Hyatt	-5.2%	-3.3%	-42.7%	Entered with conservative balance sheet compared to peers (e.g. lower Net Debt/EBITDA); Issued $900M new debt
	WYND	Wyndham	-4.4%	-1.2%	-41.9%	
	* STAY	Extended Stay	-2.0%	-2.0%	-23.9%	Minimal debt maturities before 2022; Strong cash generation with below average capital expenditures
Movies & Entertainment	LYV	Live Nation	-5.6%	2.4%	-32.8%	
	* CNK	Cinemark	-8.4%	-10.0%	-62.9%	No debt maturities before 2022; Recently completed $250M debt offering due 2025
Online Travel	* BKNG	Booking.com	-2.9%	1.1%	-17.4%	Cash to cover debt maturities before 2022; Low Net Debt/EBITDA; Strong free cash flow generation & high ROIC
	* EXPE	Expedia	-2.3%	-1.7%	-21.2%	Cash to cover 2021 debt maturity; Conservative balance sheet (e.g. low Net Debt/EBITDA); Raising $3.2Bn in capital
	TRIP	Tripadvisor	3.5%	1.1%	-33.1%	
Payroll & Payment Processing	* PYPL	Paypal	2.4%	0.6%	60.7%	Digital payments company benefitting from ecommerce transition; Strong cash position; No debt maturities before 2022
	* SQ	Square	2.5%	17.4%	96.5%	Payment processor with unique dataset; Strong cash position; No debt maturities before 2022; Negative Net Debt/EBITDA
	PAYX	Paychex	0.6%	-1.4%	-14.0%	
	ADP	ADP	0.5%	-2.4%	-13.8%	
Restaurants	MCD	McDonalds	3.5%	5.9%	0.0%	
	* SBUX	Starbucks	1.3%	-0.2%	-14.3%	Iconic coffee brand; Conservative balance sheet (e.g. low Net Debt/EBITDA); Strong free cash flow generation & high ROIC
	YUM	Yum Brands	3.5%	5.6%	-7.8%	
	* CMG	Chipotle	-0.8%	7.9%	33.9%	Clean balance sheet with debt consisting primarily of operating lease liabilities; Minimal interest-rate bearing debt
	DPZ	Dominos	-6.4%	1.0%	29.8%	
	DRI	Darden	-0.7%	1.1%	-30.1%	
	ARMK	Aramark	-0.2%	-3.5%	-46.5%	
	DNKN	Dunkin	3.5%	6.8%	-8.2%	
	WEN	Wendys	4.0%	5.5%	4.1%	

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COVID-19 impacted industries mostly sold off this week. Airlines, casinos, cruise lines, hotels, and movies all traded down. However, food distributors and restaurants were surprisingly positive this week. It appears restaurants are more successful and face less logistical issues in adapting to the new environment. It should be noted many restaurants still face capacity constraints, which will limit revenue and make them more dependent on takeout orders.

FIGURE 11: Airlines   1wk: **-3%**   YTD: **-51%**

FIGURE 12: Casinos   1wk: **-11%**   YTD: **-45%**
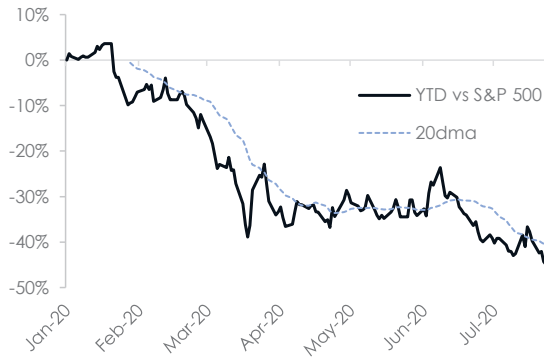
FIGURE 13: Cruise Lines   1wk: **-7%**   YTD: **-70%**

FIGURE 14: Food Distributors   1wk: **+0%**   YTD: **-43%**

FIGURE 15: Hotels   1wk: **-2%**   YTD: **-30%**
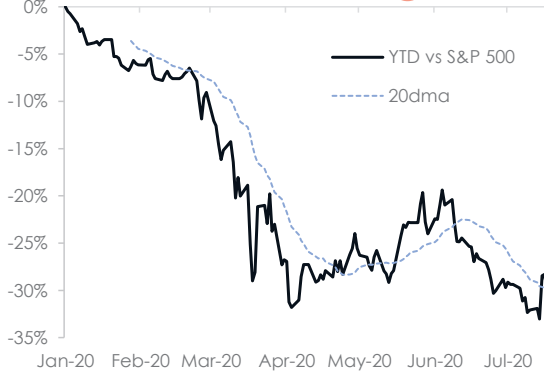
FIGURE 16: Movies   1wk: **-7%**   YTD: **-48%**

FIGURE 17: Online Travel   1wk: **-1%**   YTD: **-24%**

FIGURE 18: Payments   1wk: **+2%**   YTD: **+32%**
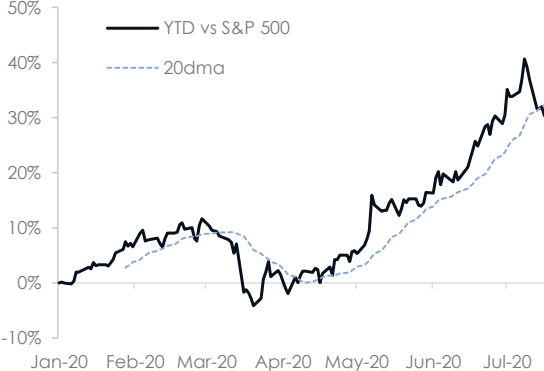
FIGURE 19: Restaurants   1wk: **+0%**   YTD: **-5%**

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