COVID Crises and My Current Perspective

My Current Perspective

Short Run (3 to 9 months)
- High volatility of volatility
- Recurring profiles
- Policy responses will be complex
- States start to open
- Second wave
- Mounting economic damage

Medium Run (9 to 24 months)
- Treatments, testing, immunity, policies
- Country re-opens, economic recovery begins
- Reestimation of the economy in anticipation
- Repairs
- Not to the new normal

Long Run (24 to 60 months)
- Period of strong growth ("adaptive radiation")
- New species (industries) emerge, old ones adapt
- Concerns:
  - Potential problems with inflation
  - Inequality; impact of automation on workforce
  - Seeds of new financial crisis will be sprouting
Recap of the Last 3.75 Years

1. Public health crisis, not a financial crisis
2. We put the global economy into a medically induced coma for 2+ years
3. Coming out of the coma is not trivial; side effects
4. We need PT (hiring, supply chains, etc.)
5. New career opportunities are being created
Recap of the Last 3.75 Years

S&P 500 and New COVID Cases, 3 Jan 20 to 15 Sep 23

- March 13, 2020: State of Emergency
- June 1, 2021: Delta
- Dec 1, 2021: Omicron
- Feb 24, 2022: Ukraine
- March 16, 2022: Fed Hike
- March 23, 2023: JHU stops tracking COVID

Sources: finance.yahoo.com and JHU
U.S. Inflation Rates and Expectations, Jan 1958–Aug 2023
Non-Farm Employees, Jan 1958–Aug 2023
Historical Perspective

A Timeline of the Roaring '20s

1922: There are 60 radio stations broadcasting news, music, weather, and more.
1925: More than 25% of families own a car.
1928: Stock prices rise to 39%.
Fed raises discount rate from 3.5% to 6% to stop speculation.
1929: Number of people flying increases from 6,000 to 175,000 from 1926.
1929: Great Depression begins in August.
1929: There are 26 million cars registered and $1 billion spent on roads by the end of the decade.
1929: Stock market crashes in October.

Source: https://www.thebalancemoney.com/roaring-twentieths-4060511
Carnival Cruise bookings soar after it eases COVID testing requirements

Aug 16 (Reuters) - Carnival Cruise Line said booking activity nearly doubled pre-pandemic levels on Monday after it announced an ease in COVID-19 testing requirements for passengers, sending its shares more than 3% higher.
Looking Forward

Strong-growth sectors post-COVID (5–10 years):

- Electric vehicles
- Autonomous vehicles
- Healthcare
- Energy (cleantech)
- Technology (generative AI, crypto, cybersecurity, etc.)
- Consulting, Finance
“If you’re going through hell, keep going.”
– Winston Churchill

“We should take comfort that while we may have more still to endure, better days will return.”
– HMTQ
Thank You!