

## The Great Reopening

Since our last message to you, the world has managed some solid progress in its battle to contain the spread of COVID-19. In the US and most of Western Europe, the trend in new cases peaked in late March to early April, and most importantly, the overwhelming case surge that threatened to swamp health care facilities (and did so in some areas) did not broadly materialize. The all-out effort to “flatten the curve” undertaken by governments, and not without controversy, succeeded.

Success is a highly relative term, however, and we continue to grapple with the staggering societal impact from the pandemic. Global cases now tally almost 4,000,000, with one-third of the total, 1,300,000, here in the US. We have lost nearly 80,000 souls in America. Encouragingly, the greater New York City area has turned the corner on its massive outbreak. Worryingly, other areas of the country are trending the wrong way. It is clear that densely populated areas, be they cities generally, or close-in workplaces or other institutions, carry high risk for the disease to spread.

More on the human impact: today we learned officially what we all already knew, that COVID-19 has ravaged the jobs market. Over twenty million jobs were lost in April, spiking the nation’s unemployment level to nearly 15%. The stress is palpable as paychecks are lost, bills are unpaid, and people who could otherwise work, can’t, due to ongoing restrictions by state and local governments.

Now, we are moving to reopen the country and return to work. For some people, this moment is long overdue, for others, a reckless one. It has been left to the states, or alliances of them, to coordinate and issue the rules for their citizens in public spaces, either as workers or customers. In general, social spacing remains a must, and to a lesser extent, face masks are either strongly encouraged or required. Those small steps, along with smart hand hygiene, will go far to frustrate the virus’ transmission. One other critical tool to track and contain COVID-19, diagnostic tests, remain in frustratingly short supply, although at long last we are making a turn for the better in that area too.

The move to reopen is not without risk or challenge, of course. Foremost is whether we will see a second infection wave. Make no mistake, there *will* be some increase in COVID-19 cases from increased social engagement. This is unavoidable, given a contagious disease with no present human immunity. Can we manage any growth in cases, and contain their subsequent spread to the minimum through contact tracing? We are cautiously optimistic that we can, as we gain experience with this new phase of the pandemic. We also expect early fumbles and missteps by the authorities, and likely by irresponsible people as well. But in time, the virus will make us all smarter in how to deal with it.

And what of business, and the economy? How quickly can we return to something resembling normal? This may be a slower slog, and some aspects of our lives may change profoundly. Current polling suggests that a solid majority of persons will be highly cautious, at least to start, about returning to anything resembling a crowded public space. We can reopen, but they may not come. We don’t yet know what some of our cherished pastimes will look like in the near term or longer. How will we manage the crowds at concerts, and festivals, and sporting events? Will people return to shopping at malls? Businesses such as restaurants, airlines, hotels, and a host of other industries will be required to make substantial adjustments to their business models, and likely operate at impaired levels of profitability until a safe vaccine is found to combat the virus. We must remember, also, that commercial

spaces need to be safe for their workers, and not just the customers, presenting further costs to operate a business.

Despite the terrible economic news at present, investor sentiment has improved, and markets are well off their March lows, although still in the red for the year. The resolute actions from the Fed, Treasury, and Congress to support the economy in this time of crisis have helped to dampen the decline, and investors are expecting better days to come. Too, we continue to learn about promising therapies to treat those sick from COVID-19, and better yet, about progress in vaccine development. The march of science is inevitable, and we believe the time to get a working vaccine to market will be shorter than we expect, a positive and very welcome surprise.

Reopening the country for business is a great experiment, one that will succeed, but there will be unpleasant moments and disappointments on the journey. Moreover, we and all the world will be dealing with the economic impacts of COVID-19 well into the future, largely stemming from the increased public borrowing and spending not seen since World War II. But, first things first: let's get back to work, and let's stay smart and safe in so doing.

Respectfully submitted,