



Good Day RF Client

Global Economic & Market Update

The U.S. economy shrank by 9.5% in Q2 or at an annual rate of 32.9%. *This is the worst quarter since the U.S. government started tracking this statistic over 70 years ago.* Economists were expecting a decline of 33.0% (See table below), so the actual figure was right in-line with expectations.

Economic Forecasts ¹									
Real GDP (QoQ%)	Q4 19	Q1 20	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21	Q4 21
US	2.1	-5.0	-33.0	18.4	6.5	5.0	4.1	3.6	3.0
China	1.3	-10.0	11.5	4.0	2.5	0.8	1.2	1.5	1.3
Japan	-7.2	-2.2	-22.6	9.6	5.0	3.7	3.0	3.1	1.4
Germany	-0.1	-2.2	-9.2	5.2	2.4	1.2	1.0	0.7	0.6
France	-0.1	-5.3	-15.0	11.1	2.9	1.2	0.8	0.6	0.6
UK	0.0	-2.2	-18.9	11.9	4.0	1.4	1.2	0.7	0.5
Italy	-0.2	-5.3	-13.8	10.0	2.7	1.2	1.0	0.6	0.6
Canada	0.6	-8.2	-40.0	30.0	10.0	5.0	4.1	3.6	3.1

Economists are expecting a strong economic rebound in Q3, but jobless claims increased by 900,000, which was not expected. This calls into question whether the Q3 rebound will be as robust.

The resurgence in COVID-19 cases in the U.S. has forced many states to re-close parts of the economy, which will retard the fragile recovery that started in June. The longer the delay in the recovery of the U.S. economy, the longer the delay in the Bahamian economic recovery.

The S&P 500 index is back in positive territory YTD. The losses during Q1 were recouped in Q2. The story is similar in Germany, Japan, and Canada, but YTD these markets are still in the red. The markets have priced in the expected economic recovery detailed above, which limits room on the upside until a viable treatment/vaccine for COID-19 is discovered.

Global Equity Market Returns - As at 30 July 2020							
Stock Exchange	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	YTD July 30
USA (SPX)	-0.16%	-8.41%	-12.51%	12.68%	4.53%	1.84%	0.37%
Germany (DAX)	-2.02%	-8.41%	-16.44%	9.32%	6.68%	6.25%	-6.56%
Japan (NKY)	-1.91%	-8.89%	-10.53%	6.75%	8.34%	1.88%	-5.57%
Canada (SPTSX)	1.49%	-6.09%	-17.74%	10.48%	2.79%	2.12%	-4.48%

Recently the Center for Disease Control (CDC) in the U.S. restated their estimate that for every confirmed case there may be 10 additional cases. Currently confirmed cases stand around 4.5 million, which implies 49.5 million actual cases. In July, the U.S. will record approximately 1.9 million new confirmed cases (See table below), which implies 20.9 million actual new cases. At this rate, in 14 months every American will be infected. Granted as the number of infected persons increases, then the ability of the virus to spread slows. Based on the infection rate of the COVID-19 disease, once approximately 60% of the population is infected, then the virus cannot find enough uninfected hosts to continue spreading and the pandemic comes to an end. The 60% threshold could be reached by March 2021. Globally the 60% threshold could be reached in 24 months, or by July 2022. These estimates are more like guesstimates but expecting this pandemic to last till 2022 without effective treatments and/or a vaccine, is reasonable.

COVID-19 Status Update
Top 10 Countries by Confirmed Cases

Country	Confirmed Cases	Change in July	Active	Deaths	Recoveries	Fatality Ratio ²	Recovery Ratio ²	Population ³	Active Cases per Capita	Active Cases per 1000	Deaths per 100k
Global	17,334,539	6,966,374	10,002,167	674,038	10,179,718	3.9%	58.7%	7,577,130,400	0.13%	1.32	8.90
U.S.A.	4,496,737	1,886,375	2,930,508	152,074	1,414,155	3.4%	31.4%	331,002,651	0.89%	8.85	45.94
Brazil	2,610,102	1,241,907	553,986	91,263	1,964,853	3.5%	75.3%	212,559,417	0.26%	2.61	42.94
India	1,638,827	1,071,987	545,277	35,745	1,057,805	2.2%	64.5%	1,366,417,000	0.04%	0.40	2.62
Russia	838,461	450,838	187,305	13,939	637,217	1.7%	76.0%	145,934,462	0.13%	1.28	9.55
South Africa	482,169	330,960	164,756	7,812	309,601	1.6%	64.2%	59,308,690	0.28%	2.78	13.17
Mexico	416,179	190,090	50,079	46,000	320,100	11.1%	76.9%	128,932,753	0.04%	0.39	35.68
Peru	400,683	245,012	101,823	18,816	280,044	4.7%	69.9%	32,971,854	0.31%	3.09	57.07
Chile	353,536	253,848	17,531	9,377	326,628	2.7%	92.4%	19,116,201	0.09%	0.92	49.05
Iran	304,204	152,738	1,473	18,816	283,915	6.2%	93.3%	83,992,949	0.00%	0.02	22.40
United Kingdom	303,913	33,402	256,390	46,084	1,439	15.2%	0.5%	67,886,011	0.38%	3.78	67.88
All Others	5,489,728	1,109,217	5,193,039	234,112	3,583,961	4.3%	65.3%	5,129,008,412	0.10%	1.01	4.56
1.Sourced from Johns Hopkins University & Medicine - Coronavirus Resource Center, As at 7/31/2020, 10:35:38 AM											
2. Observed cases											
3. www.worldpopulationreview.com											

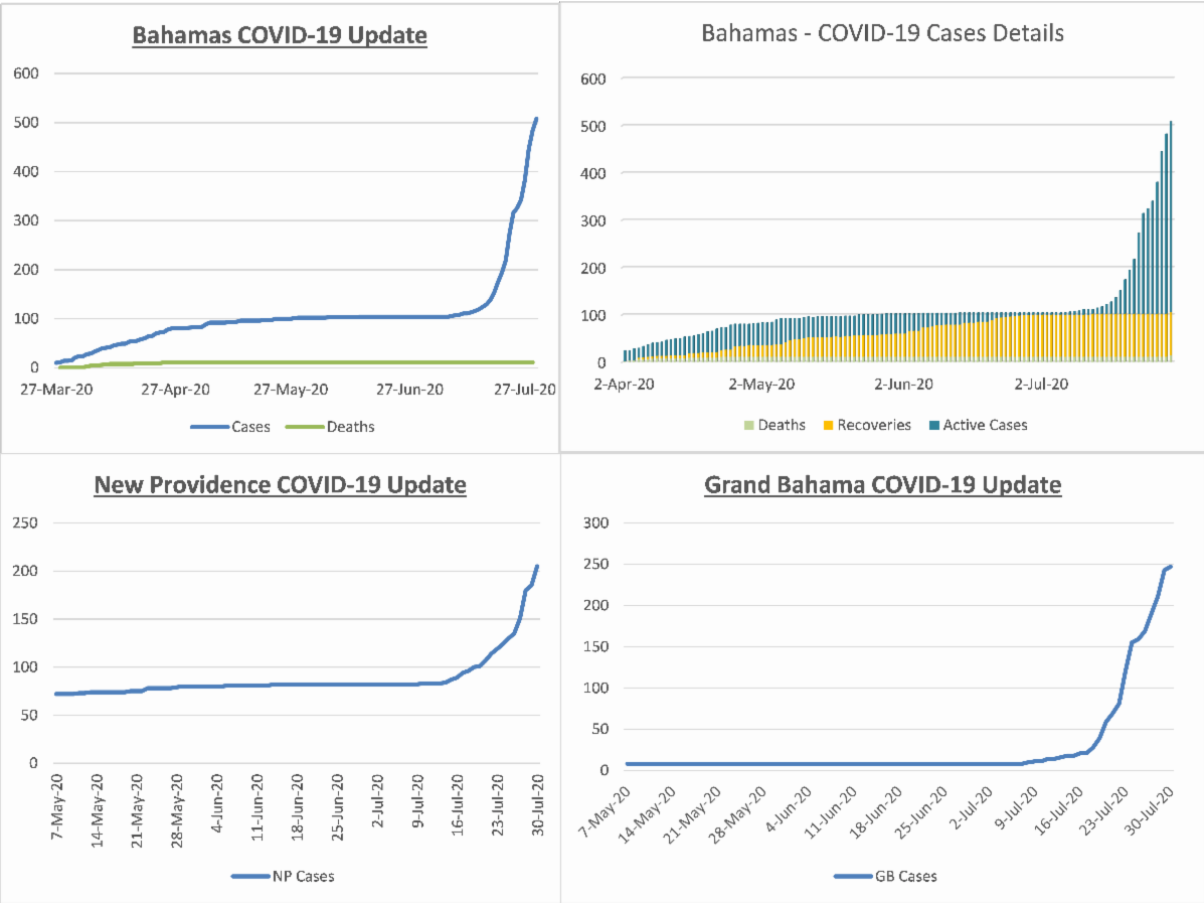
Fortunately, 100+ vaccines are being tested and progress is being made. One of the leading vaccine candidates is the experimental COVID-19 vaccine from AstraZeneca PLC and the University of Oxford (the "Vaccine"). On July 30th it was announced that almost 10,000 people in the U.K. were given the Vaccine.

AstraZeneca is also in a late-stage trial in Brazil that includes 5,000 volunteers. In addition, volunteers are being enrolled in South Africa, and a test in the U.S. is about to begin. They are also testing two of its drugs – Calquence and Farxiga – for treatment of COVID-19. AstraZeneca stated that they will provide the Vaccine at cost during the crisis, and at a low cost in poor and middle-income countries when the outbreak is under control. Wealthier nations will have to pay more.

The Bahamas

The Bahamas opened its borders to international travel on July 1st and by July 8th they had their first new cases in over three weeks. On July 18th there are 9 new cases, which exceeded the previous daily increase of 6 on April 1st. Between July 19th and 30th the daily average was 31 and in total 370 new cases were recorded. The exponential growth in new cases if shown in the chart below.

On July 30th unfortunately three more people died for COVID-19 and the hospitalized cases increased by three to 19. A significant risk to The Bahamas is the fact that local medical resources and assistance from abroad are both limited. The local health system will become overwhelmed in very short order if these trends continue.



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