



## Not Just Another COVID-19 Article

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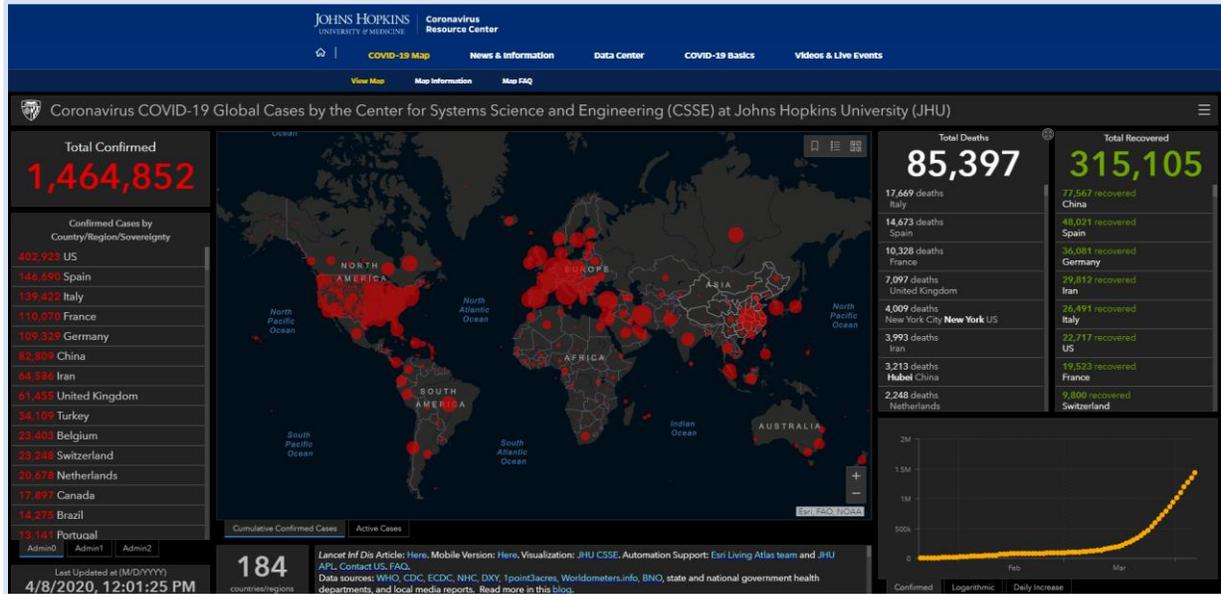


Trying to understand the economic and social impact following the COVID-19 pandemic is not an easy task – Impossible is a more appropriate term. The media coverage and political environment have been doing a great job obfuscating the facts. Let's start by looking at the facts we know are true and break down the rest as we go. There are people sick or infected with COVID-19 everywhere. The illness can be dangerous to certain people, especially those with pre-existing conditions and the elderly, and for some unknown reason, men. Extraordinary measures are being taken to contain the spread of the virus, throwing financial markets in turmoil. The longer-term impact of this virus to the economy, the business community, and our social fabric is not yet known.

Media coverage is unavoidable, and it is mostly sensationalized and slanted for political purposes. As an economic industry advisor, I find this incredibly unhelpful to anyone trying to make sense of the situation to make sound business and resource decisions. My view is that we must consider this a short-term problem with longer-term implications. We must protect our primary resource: our health and the health of those we depend on to make our social and economic construct a viable and stable global community. Any news or political wrangling that is purposely creating fear and dissention is fanning the flames of anxiety and uncertainty, causing near-paralysis for many.

Infections of the new coronavirus are on the rise. The rate of reproduction (R-naught), the number of new transmissions from an infected person, is reported to be between 2 and 3. This is roughly twice as high as seasonal flu with an R-naught of 1.5. This is compounded by the fact that infected people spread the virus without even knowing they are sick. The epidemiological term for the time it takes to infect others is the serial interval, which is the number of days it takes for one infection to lead to another. The serial interval for COVID-19 is currently thought to be 4 days. A non-symptomatic person in an office will infect 2 or 3 people within 4 days, and each of them will infect 2-3 more and so on, often without showing any symptoms. Yes, social distancing and work from home programs are effective measures to help slow this logarithmic progression.

[Johns Hopkins University](https://www.jhu.edu/) has one of the better [dashboards](https://coronavirus.jhu.edu/map.html) to visualize the spread and of this virus and the current situation. The growth rate is still accelerating. While many “experts” are giving us information on what to expect and when this will be over, the truth is much more complicated. This we know for sure: The virus is here, it is spreading at an increasing rate, and it will continue to do so until something changes. In the United States, and the rest of the world, we don’t have the resources to test enough people to slow the spread, nor do we have a vaccine or effective pharmaceutical therapies to lessen the symptoms proven through clinical trials.



Website Screenshot of the Johns Hopkins University – Coronavirus Resources Center at <https://coronavirus.jhu.edu/map.html>

The toll on the financial markets is treacherous as markets bounce around looking for the bottom. The loss of 30% or more of the market value is certainly destructive on long-held 401ks, IRAs, and other stock-based vehicles. Without knowing the recovery time for the markets, many of us are dispirited, depressed and — dare I say it — devastated. As with any market turbulence, we have clear losers and clear winners. We are seeing a boom for pharmaceuticals and biotechnology, beverages are humming right along and so are telecommunications providers, particularly those offering teleconference services and online learning. The automotive industry is at a near-standstill, consumer, and spending on transportation, food, lodging, entertainment and dining out is off by as much as 90%. Falling oil and industrial commodities prices are creating opportunities for investment and wreaking havoc on those with heavy inventory burdens. The slowing of GDP due to COVID-19 will accelerate unemployment very dramatically and very quickly. Government intervention is clearly now a societal expectation. While getting some help from Uncle Sam today may ease our situation, it will be all of us who cover the tab in the long term.

Looking into the near future we can expect a continuance of these existing conditions. We cannot use China’s recent deceleration of new infections as a marker for a time expectation, as their socio-political environment is built to enforce severe measures such as social distancing of an entire population to much greater degree than a democracy can or is willing to do. Despite reports to the contrary, we just don’t yet have enough information yet to understand how long this will last. Nor do we have a clear view of the longer-term implications. My advice: Shelter in place if you can, wash your hands, practice social distancing, use spare time to plan, clean and organize, and — most importantly — make time for yourself, your family, and your community.