

# STONE INVESTMENT PARTNERS LLC

## Market Update | June 1, 2020

### Guide to the U.S. Reopening Monitor

The Stone Investment Partners' U.S. Reopening Monitor (**Table 1**) was designed to provide a dashboard of high frequency and non-traditional data to gauge the pace and strength of U.S. economic activity as business restarts following the COVID-19 lockdown. The dashboard consists of three main indicator groups: healthcare, economic and financial market. This guide will provide the details behind each of the indicators within the groups. The data marked in green indicates that the measurement improved on a week-over-week basis, while red reflects week-over-week deterioration.

**Table 1**

U.S. Reopening Monitor	1/24/2020	1/31/2020	2/7/2020	2/14/2020	2/21/2020	2/28/2020	3/6/2020	3/13/2020	3/20/2020	3/27/2020	4/3/2020	4/10/2020	4/17/2020	4/24/2020	5/1/2020	5/8/2020	5/15/2020	5/22/2020	5/29/2020
New COVID-19 Cases	-	5	3	3	2	2	59	444	2981	29777	107633	195893	218511	203496	206976	192256	171750	156966	156481
Oxford Stringency Index	0.0	0.0	5.6	5.6	5.6	5.6	20.4	30.1	67.1	72.7	72.7	74.5	74.5	72.7	72.7	72.7	72.7	72.7	72.7
NY Fed Weekly Economic Idx Y/Y(%)	1.5	1.7	2.1	1.9	1.6	1.6	1.6	1.4	1.1	-3.2	-6.8	-8.4	-10.4	-10.9	-10.9	-10.9	-10.2	-10.0	-9.8
Initial Jobless Claims(000s)	212	201	204	215	220	217	211	282	3307	6867	6615	5237	4442	3867	3176	2687	2446	2123	
Continuing Jobless Claims (000s)	1753	1678	1729	1693	1720	1699	1702	1784	3059	7446	11914	15819	18011	22377	22548	24912	21052		
Moovit Transit Demand(%)	1.7	1.4	2.4	2.5	3.0	4.2	5.2	3.1	-7.2	-46.1	-62.3	-66.7	-68.1	-69.3	-67.9	-66.0	-66.7	-65.3	-63.4
TSA Travelers Y/Y(%)	-	-	-	-	-	-	-0.9	-14.7	-40.3	-82.1	-92.8	-95.0	-96.3	-95.5	-94.9	-93.2	-91.7	-90.3	-87.1
Bbg Consumer Comfort	66.0	67.3	66.5	65.7	65.6	63.5	63.0	62.7	63.0	59.7	56.3	49.9	44.5	41.4	39.5	36.9	35.8	34.7	35.5
Johnson Redbook SSS Y/Y(%)	5.3	5.5	5.7	4.4	5.7	5.4	5.9	6	8.5	9.3	6.3	5.3	-2	-6.9	-8.1	-9.3	-7.5	-9.5	5.5
OpenTable Diners Y/Y(%)	-	-	-	-	-	6	2	2	-48	-109	-100	-100	-100	-100	-100	-99	-97	-94	-88
GS Financial Conditions Idx	98.7	98.4	98.7	98.6	98.7	99.3	99.1	100.1	101.6	100.6	100.6	99.9	99.7	99.9	99.9	99.5	99.9	99.6	99.4
Bbg IG Corp OAS	0.95	1.02	0.96	0.96	0.99	1.22	1.44	2.16	3.63	2.95	2.83	2.33	2.06	2.09	2.06	2.12	2.08	1.86	1.74
Bbg HY Corp OAS	3.56	3.90	3.54	3.44	3.59	5.00	5.50	7.27	10.13	9.21	9.42	7.85	7.05	7.75	7.45	7.25	7.57	6.80	6.37
10Yr Muni % UST	74.5	78.4	76.5	75.8	75.6	85.0	117.0	173.4	339.6	206.5	282.2	174.1	176.2	216.3	222.2	173.1	159.8	127.1	125.8
S&P 500 2020 Earnings Est.	173.88	174.82	173.70	173.49	173.13	172.57	171.39	168.62	162.16	154.12	147.35	139.38	134.29	130.87	128.60	126.93	125.49	124.99	125.29
S&P 500 2021 Earnings Est.	193.44	193.89	193.47	193.44	193.21	193.02	192.24	189.87	185.14	179.7	175.24	170.03	167.26	165.15	163.77	162.85	161.45	161.24	161.29

Source: Stone Investment Partners, Bloomberg as of June 1, 2020

#### Healthcare Indicators:

- **New COVID-19 Cases:** Confirmed additional U.S. coronavirus cases for the week as compiled by Bloomberg and Johns Hopkins University. Lower numbers of confirmed cases should be viewed as a positive and a spike in cases from a second wave of infections could indicate a revisiting of more restrictive conditions.
- **Oxford Stringency Index:** The University of Oxford collects indicators of the U.S. policy response covering: containment and closure, economic and health system policies. The index measures the number and strictness of government policies not the effectiveness. A falling index should be seen as the U.S. economy begins to reopen.

#### Economic Indicators:

- **NY Fed Weekly Economic Idx:** The New York Fed's Weekly Economic Index provides a measure of real economic activity on a weekly basis. A reading of 2 percent in a given week means that if the week's conditions persisted for an entire quarter, one should expect 2 percent year-over-year GDP growth. The index is calculated using: Johnson Redbook same-store-sales, initial jobless claims, continuing claims, American Staffing Association Staffing Index, Rasmussen Consumer Index, Federal withholding tax collections, raw steel production, electric utility output, U.S. fuel sales to end users and U.S. railroad traffic.
- **Initial Jobless Claims:** Initial unemployment claims measure the number of people who filed to receive unemployment benefits during the measurement week.
- **Continuing Jobless Claims:** Continuing unemployment claims measure the total number of people who have filed to receive unemployment benefits during the measurement week.
- **Moovit Transit Demand:** The Moovit Public Transit Index shows the percentage change in demand for public transportation in cities globally, relative to the typical demand before the COVID-19 outbreak began. This measure is the average of the indexes for Chicago, Los Angeles, New York and Philadelphia.

## Economic Indicators (Continued):

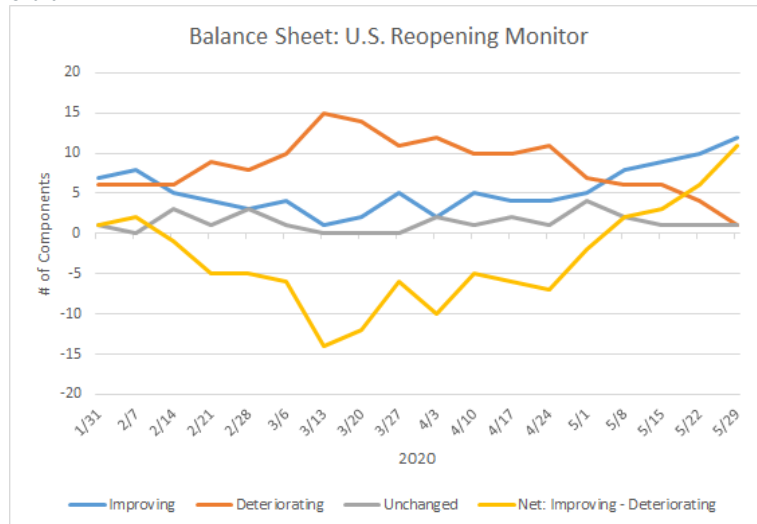
- TSA Travelers: Uses TSA data to calculate the percentage change in the number of passengers going through airport checkpoints versus a year earlier.
- Bbg Consumer Comfort: The Bloomberg Consumer Comfort Index is a weekly telephone survey about the economy, buying climate and personal finances on a scale of 0 to 100.
- Johnson Redbook SSS: The Johnson Redbook Index covers about 9,000 general merchandise stores. This measure is the year-over-year percent change in same-store sales.
- OpenTable Diners: This U.S. data measures year-over-year percentage change in seated diners at OpenTable network restaurants for: online reservations, phone reservations and walk-ins.

## Financial Market Indicators:

- GS Financial Conditions Idx: The Goldman Sachs Financial Conditions Index uses the target Federal Funds rate, 10-year Treasury yield, BBB corporate bond spread, S&P 500 valuations and a trade-weighted dollar index to produce a financial market measurement which is a significant predictor of changes in real GDP. Lower readings on the index are consistent with a better environment for GDP growth.
- Bbg IG Corp OAS: The Bloomberg U.S. Investment Grade Corporate OAS measures the additional cost in percentage points over Treasuries that corporations with higher credit ratings pay to borrow money via the bond market. A higher spread is consistent with market stress and lower GDP growth.
- Bbg HY Corp OAS: The Bloomberg U.S. High Yield Corporate OAS measures the additional cost in percentage points over Treasuries that corporations with lower credit ratings pay to borrow money via the bond market. A higher spread is consistent with market stress and lower GDP growth.
- S&P 500 2020 Earnings Est.: Measures the bottoms-up earnings estimates by analyst for the S&P 500 in 2020. Falling estimates indicate that analysts are reducing their earnings expectations for the companies in the S&P 500 in 2020.
- S&P 500 2021 Earnings Est.: Measures the bottoms-up earnings estimates by analyst for the S&P 500 in 2021. Falling estimates indicate that analysts are reducing their earnings expectations for the companies in the S&P 500 in 2021.

Another way to visualize the data is to look at the number of components in the monitor improving or deteriorating on a week-over-week basis (**Chart 1**). The worst net reading (improving minus deteriorating) was two weeks before the S&P 500 bottomed which also shows the benefit of the financial market components because they turned higher before the economic and healthcare data.

Chart 1



Source: Stone Investment Partners, Bloomberg as of June 1, 2020

In summary, the Stone Investment Partners' **U.S. Reopening Monitor** should provide a dashboard of high frequency data to gauge the pace and strength of U.S. economic activity following the COVID-19 lockdown. The monitor will be updated on a weekly basis and posted on the Stone Investment Partners' [website](#).

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## Disclosures

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