

Coronavirus/COVID-19 by the Numbers

The most recent news on the COVID-19/Coronavirus includes the U.S. Center for Disease Control (CDC) now telling the U.S. to prepare. We thought it would be helpful to provide some facts that we have collected about the severity of this virus as it may impact AHB client portfolios.

- The Chinese Center for Disease Control and Protection, analyzed 44,672 confirmed cases in China between Dec. 31, 09 and Feb. 11, 2020. This is the largest and most complete study of the virus thus far. Although more cases have been found since, this data still should give a good presentation of how dangerous the disease is.
 - **Severity of Disease**
 - 80.9% (or 36,160 cases) were considered mild while 2.3% were fatal.
 - Within the Hubei province the death rate was 2.9%, while outside the province it was 0.4%.
 - **Mortality Rate vs the Common Flu vs Past Coronavirus Outbreaks**
 - The 2020 Flu season in the U.S. has had 29 million infected people with a historical mortality rate of 0.1%.
 - COVID-19 has already killed more people than SARS (10% mortality) and MERS (23% mortality) combined due to its much wider contagion even though its mortality rate is far lower.
 - **Mortality Rate by Age Group**
 - The Mortality rate of those over 60 is around 12%, while it is about 0.5% from 40-60 and nobody under 9 has died of this Coronavirus to date.
 - **Mortality Rate by Preexisting Condition**
 - People who have diseases such as Cardiovascular disease, Diabetes, Respiratory disease, hypertension, or cancer have a mortality rate around 10%
 - **Contagion Rate**
 - The Common flu has a contagion rate of 1.3 meaning that each infected person on average infects 1.3 more people. The COVID-19 is currently estimated to be a 2.2. When thinking exponentially this makes it significantly more contagious, of course this is only a very early estimate with a wide possibility of error.

AHB's Takeaway: These statistics on the surface do not warrant this panic when juxtaposed with the common flu. The worry is that these statistics may be wrong in a larger sample size. So, when surprise news comes out, such as the virus spreading to Italy or young doctor dying in China, it calls the data into question.

Every market advance includes corrections along the way. There is always a catalyst, but no one knows when or what it will be. Corrections do not warrant a reversal in the trend and this possible pandemic does not affect our longer term fundamental thesis of above average economic and corporate earnings growth. Bond yields while in a downward trend are now being exacerbated even further by the fears of the virus slowing economic growth for a longer period of time. This is evidenced by the 10-year Treasury yield hitting an all-time low, thus higher bond prices.

AHB portfolios are well positioned for a market shock of this type as recurring revenue and transparent contracts are a major factor when selecting securities. We continue to monitor the situation closely and will take action as needed for client investment portfolios.