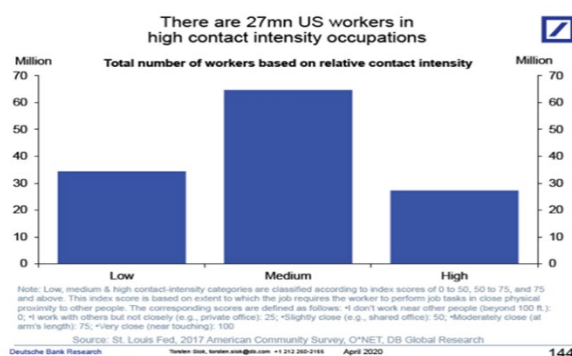


## Macro View - Social Distancing and Employment

It is clear that skyrocketing unemployment is weighing on analysts, given the impact on GDP and sentiment. It is also clear that social distancing is critical to the success of reintroducing the economy and keeping the virus as contained as possible. Jobs that prevent social distancing may struggle further, compounding the pain the economy experiences. Deutsche Bank Research and the St. Louis Federal Reserve Bank note that there are approximately 27mn US workers in high contact intensity occupations. These jobs include teachers, motor vehicle operators, therapists, veterinarians, nurses, midwives, audiologists, other personal care specialists and health technologists. These groups make up approximately half of the high contact intensity occupations. This is further compounded for states that have the highest percentage of workers in these jobs.



## Taking Stock - Flying the Non-So-Friendly Skies

Airlines and cruise companies may be at the top of the list of industries most adversely impacted by COVID 19. As earnings are released, analysts are asking if and which airlines will survive and what the industry will look like in a post-virus world. Delta Airlines is reporting an expected 85% reduction in capacity, leading to quarterly revenue declining 90% year over year (Seeking Alpha). The government is also playing a role, with a total \$50 billion package to support airlines. This portion of the CARES Act includes direct relief and a low interest, unsecured 10-year loan. The table below shows the breakout across major airlines. The short, medium, and long term recovery of airline companies is dependent in part on the shape of the economic recovery in terms of how effective cost savings and government support can be over a growing period of time, coupled with dramatically reduced revenue for the same period of time.

Airline	Distribution (\$bn)	Loan Portion (\$m)
American (NASDAQ: <a href="#">AAL</a> )	\$5.8	\$1.7
Delta	\$5.4	\$1.6
United (NASDAQ: <a href="#">UAL</a> )	\$5.0	\$1.5
Southwest (NYSE: <a href="#">LUV</a> )	\$3.3	\$0.9

Source: Company Filings