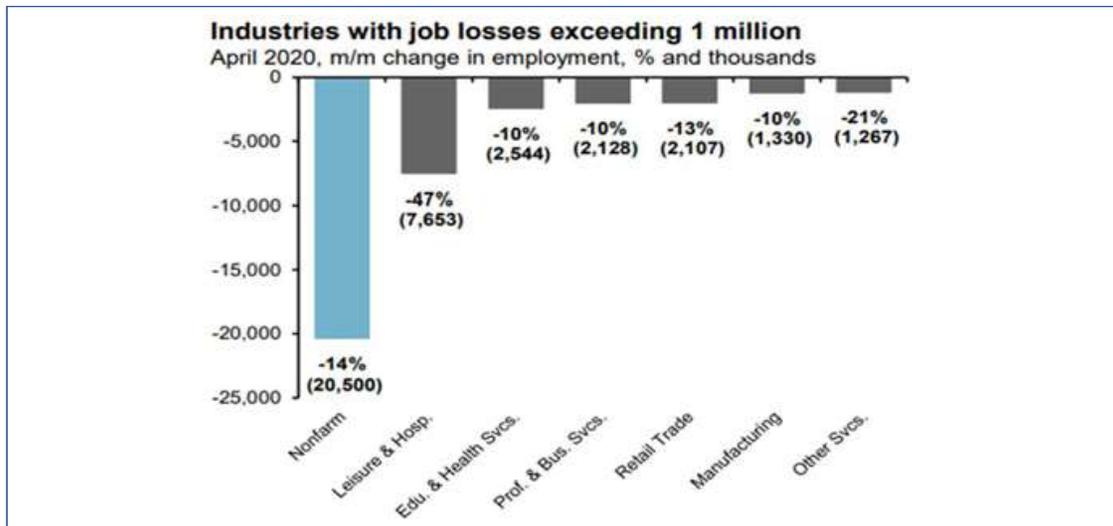


# Market Recap

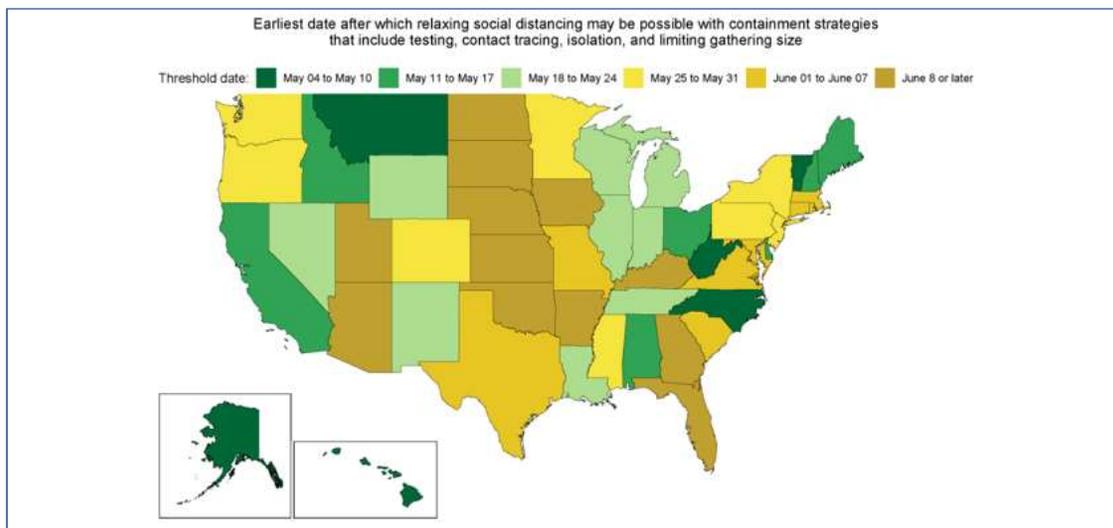
## A Grim Employment Picture



Source: J.P. Morgan

Over 20.5 million people lost their jobs in the U.S. last month as the unemployment rate leaped to 14.7%, the highest level since January 1948. Unemployment is now expected to approach 20% after touching a 50-year low of 3.5% just months ago. Industries directly impacted by social distancing have fared the worst. Leisure and hospitality companies shed almost eight million jobs in April, leaving nearly one of two people in these sectors now jobless. Fortunately, temporary layoffs amounted to 18.1 million or 88% of the total as this group should be reabsorbed as the economy is reopened. However, an employment recovery will be a gradual process. Consequently, it may take upwards of two years once a vaccine or treatment for COVID-19 is discovered.

## If You Open, Will They Come?



Source: ABC News

May could mark an inflection point in the economic picture, as stimulus begins to work its way through the system and some businesses begin to reopen. However, the reopening process is very much an experiment - and its rules and pace will vary by state and even by urban and rural locations within a state. There is no one-size-fits-all solution as state and local governments struggle to manage the underlying tension between health and economic concerns. Even as states begin the first phase of reopening businesses, the question remains about how comfortable consumers will feel about reengaging in normal activities. If you open it, will they come? Recent polls suggest that many consumers remain cautious about leaping into the new normal.

# Market Recap

## Bulging Bankruptcies

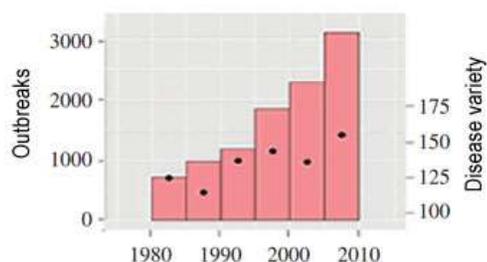
	Chapter 7	Chapter 11	Chapter 12	Chapter 13
Type of Bankruptcy	Liquidation	Reorganization	Debt Adjustment Family Farmers & Fisherman	Debt Adjustment for Individuals
Pre-Filing Credit Counseling	Must be completed by individuals within 180 days <b>PRIOR</b> to filing bankruptcy, with few exceptions.			
Minimum Debts	N/A	N/A	50% of non-home mortgage debt must be farm related if a farmer and 80% must be fishing related if a fisherman.	N/A
Maximum Debts	None.	None.	Farmers, \$3,792,650.00; fisherman, \$1,757,475.00.	\$1,149,525.00 secured debt, \$383,175.00 unsecured debt. 109(e)
Debtor Status	Individuals or corporations (no railroads, banks or insurance companies).	Individuals, corporations and railroads.	Family Farmers or Fisherman, either individuals or corporations.	Individuals only.
Income Requirements	Below median unless special hardship.	None.	Regular annual income and 50% of income from farming/fishing.	Regular income.
Filing fee	\$335.00	\$1,259.00	\$275.00	\$310.00

Source: Collum & Perry

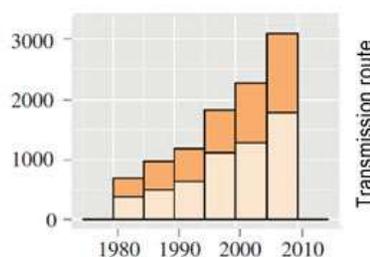
Retailers struggling before the current pandemic have been sliding into bankruptcy. J. Crew and Neiman Marcus filed for Chapter 11 bankruptcy protection during the first week of May. About 30% of the 125 restaurant or retail companies tracked by S&P Global Ratings now have a credit rating implying at least a 50% chance of default. Unfortunately, a Chapter 11 filing rarely saves small and medium-sized businesses. These small enterprises usually choose to fold as bankruptcy costs are typically 30% of the value of a business. Consequently, approximately two-thirds of these companies liquidate instead. The unprecedented stimulus should prevent some bankruptcies near term but the resumption of economic activity albeit on a limited basis initially is likely the best path forward.

## A Beastly Concern

### Outbreaks rise and change, while per-outbreak cases fall



Since 1980 the global number of disease outbreaks has risen (pink bars, left axis) while the variety of diseases (dots, right axis) has also increased.



The proportion of diseases transmitted by animals and other vectors (in tan) has also risen relative to those that are human-specific (in brown).

Source: Journal of the Royal Society, 2014

Zoonotic outbreaks (the spillover of animal disease to human-to-human transmission), have persistently risen over the past few decades and show no sign of slowing down. Experts have attributed this to growing urban populations, climate change, evolving pathogens (e.g. emerging antibiotic and pesticide resistance), amongst others. These outbreaks are tricky to control. When a zoonotic outbreak occurs, public health officials scramble to understand the disease, with a focus on discovering the cause, spread, and effective control and treatment measures. The Centers for Disease Control (CDC) estimates that more than half of new infectious diseases in people come from animals. Although future outbreaks appear to be inevitable, the specific timing and causes are unknown.

**Contact:** If you have any questions or comments, please do not hesitate to contact us at 703.992.6164. For more information about Harbour Capital Advisors, please visit our website at [www.harbourcapitaladvisors.com](http://www.harbourcapitaladvisors.com).

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