

The strange case of the missing cases

With processing in the US and other heavily affected countries unable to cope with the sheer volume of testing now taking place, all the numbers are effectively a snapshot of what was actually happening a week or more ago.



swab

Source: Shutterstock

Unusually sombre President

A more sombre press conference on the Covid-19 pandemic saw the US President warning that the Covid-19 crisis may get worse before it gets better, and urging Americans to wear masks, adding that they really do make a difference. He's changed.

Perhaps the severity of the situation is beginning to sink in. Already today, the US daily death tally has reached more than one thousand, which puts it in second place globally behind Brazil on the day, although it remains well ahead in terms of total confirmed deaths attributed to Covid-19 at 144,906. There was a time some months ago when 140,000 looked as if it might be the total for deaths in the US during this pandemic. Something closer to 200,000 is probably nearer the mark now. That's not a forecast by the way, but a very wet-finger extrapolation.

And the daily deaths tally, though a lagged picture of what is happening with the pandemic, is less lagged than it once was. The volume of testing in the US right now is swamping its ability to

process those tests, with the lag from a swab to a result being about week currently. That also means that use of tests to inform tracing and isolation procedures is not working, as anyone who will have been infected will likely have gone on to infect many others before being traced and then isolated. In short, the system is failing, and if it is in the US, this is also likely to be true in other countries that may face a second wave.

And it's not just the US where there is bad Covid-19 news. In Europe, Spain has seen a resurgence in cases to over 1,300 in the last 24 hours, and Japan has also seen its daily cases rise to over 600, in what looks like a textbook example of a second wave.

The message seems to be, just when you thought it was safe to go back to the restaurant, covid-19 is lying in wait to push your economy back into lockdown. A widely distributed vaccine couldn't come soon enough. This ain't over.

I'm less bothered by stories circulating about "neutralizing antibodies" fading quickly after a Covid-19 infection. The reason I won't get measles after my MMR vaccination decades ago is not that I have a huge number of B-cells charged with chasing down and eliminating measles viruses, but because the few antibodies still floating around that are programmed to look for measles viruses will quickly get my immune system to churn out those cells again. The same process should work with Covid-19, though the degrees of protection offered may differ. Bad science reporting is not unusual, it is the norm.

Dollar weak = Asian currency strong

Further weakness in the USD following the successful Covid-19 stimulus package from the EU yesterday ([do please read this excellent note by Bert Colijn and Carsten Brzeski](#)) means that most Asian currencies are well supported at present. USDCNH has pushed down to around 6.97, and the AUD has surged to 0.7130. My recent musings that this might be the month where we see some correction don't seem to be working out. And with only a week or so left this month, this is a view that is now probably best abandoned. Positioning may come to the rescue at some point, but I think it's probably best to take some time to reconsider the timing of any such move. It doesn't feel imminent.

Asia Day ahead

It's another very quiet day on the economic release calendar. June Taiwan unemployment data this afternoon may beat the consensus (4.21%, up from 4.16%) following some stronger export orders data earlier this week (June orders up 6.5%YoY). But with the orders mainly rising due to electronics (+23.9%YoY) other electrical products (7.3%) and Infocomm (17.1%), this may be more of a case that the machines and robots are working a bit harder, without too much of an impact on jobs. Let's see.

Prakash Sakpal picks up the outlook for Malaysia's June (dis)inflation numbers.

"Malaysia: June CPI inflation data is due today. The consensus for less negative inflation (-1.8% YoY vs. -2.9% in May) stems from rising fuel and transport prices alongside firmer global oil prices. Retail prices of petrol and diesel jumped 21% MoM in June. The reopening of the economy and release of pent-up demand should have also contributed to firmer prices. Even so, we consider the risk to the consensus forecast as tipped to the downside (ING forecast -2.4%). We see inflation staying deep in negative territory during the rest of the year and the central bank (BNM) cutting its

policy rate by at least one more 25bp in this cycle, at the September meeting".

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