



**Philequity Corner (May 18, 2020)**

**By Wilson Sy**

### **Dr. Fauci Correction**

Last week, the US market had moved higher on hopes that certain states will be reopening soon based on optimistic pronouncements by Trump. Investors cheered as the White House initiative “Opening Up America Again” appeared to be gaining traction. This optimism, however, was doused by dire warnings on the pandemic issued by Dr. Fauci in his testimony to the US Congress on May 12.

### **Reality bites**

Dr. Fauci cautioned against loosening up quarantine measures in areas which do not meet strict reopening criteria. He said that “if some areas, cities, states, what have you, jump over those various checkpoints and prematurely open up without having the capability of being able to respond effectively and efficiently, my concern is that we will start to see little spikes that might turn into outbreaks.” Dr. Fauci’s testimony caused the Dow to correct and drop 974 points in two days. In light of the market’s drop, it appears that investors have given more credence to Dr. Fauci’s apprehensions instead of the rosy proclamations made by Trump.

### **Danger of reopening too soon**

Dr. Fauci issued a warning to government leaders and citizens who were clamoring for early reopening. The renowned epidemiologist wrote, “If we skip over the checkpoints in the guidelines to ‘Open America Again,’ then we risk the danger of multiple outbreaks throughout the country. This will not only result in needless suffering and death, but would actually set us back on our quest to return to normal.”

### **Who is Dr Fauci?**

Dr. Anthony Fauci is a renowned American doctor and immunologist. He has been the director of the National Institute of Allergy and Infectious Diseases (NIAID) since 1984. He is currently one of the lead members of the White House Coronavirus Task Force. Dr. Fauci has built a long and impressive track record in public health and has been a health advisor to every US President since Ronald Reagan. He is considered as one of the luminaries in epidemiology and has led government response teams in fighting viral diseases such as HIV, SARS, MERS, Ebola, and swine flu. Dr. Fauci has been cast as the rockstar of the medical field due to his enlightening comments regarding epidemics.

### **Lowering high expectations for a vaccine**

The development of a potential vaccine for COVID-19 has fueled investor optimism. However, Dr. Fauci believes that it may take one to two years for a vaccine to be developed. He explained that vaccines take time to develop because these undergo meticulous research and testing to ensure that they are effective in combating the disease and safe for general public use. In addition, Dr. Fauci cautioned that certain vaccines may not be totally effective in protecting against the targeted disease and may actually do more harm than good.

### **A bridge too far**

Dr. Fauci responded to clamor from various leaders and citizens to reopen schools in the next term. Considering the pace of vaccine and treatment development, he said that “the idea of having treatments available or a vaccine to facilitate the reentry of students into the fall term would be something that would be a bit of a bridge too far.”

### **Not an acceptable answer**

Trump took Dr. Fauci’s comments as a rebuke to his initiative to reopen America again. In response to Dr. Fauci, Trump quipped, “I was surprised by his answer... to me it’s not an acceptable answer, especially when it comes to schools.” Trump elaborated further, saying that “the only thing that would be acceptable, as I said, would be professors, teachers, et cetera, over a certain age... because this is a disease that attacks age, and it attacks health.”

In a statement last Friday, Trump downplayed the importance of a vaccine and said that COVID-19 will eventually go away at some point. Trump proclaimed that the US will overcome the coronavirus, with or without an effective vaccine.

### **Path ahead is highly uncertain**

Like the stark warnings issued by Dr. Fauci, Fed Chair Jerome Powell’s gloomy outlook has contributed to the market pullback. Powell stated that additional monetary and fiscal policy support may be needed to stem the destructive impact of the pandemic. Powell further explained that “while the economic response has been both timely and appropriately large, it may not be the final chapter, given that the path ahead is both highly uncertain and subject to significant downside risks.”

### **A guiding light**

Though collective knowledge on the coronavirus is growing fast, COVID-19 is still a novel disease and there are many aspects of it that have yet to be understood. Moreover, viruses are complex in nature while human responses to vaccines or cures may sometimes be unpredictable. This is the reason why Dr. Fauci forewarned that a reliable vaccine or cure for COVID-19 may not be developed immediately. This is also why he cautioned against reopening areas which do not meet the required criteria.

With his vast knowledge on epidemics and his extensive track record in public health, Dr. Fauci has emerged as the foremost voice on COVID-19 and a guiding light in these dark and trying times. His elucidations have steered governments, business leaders, and citizens to the right and prudent course of action. As COVID-19 has taken center stage, it is now imperative for investors to follow developments on public health aside from studying fundamentals, macroeconomics, and technicals. Dr. Fauci is now one of the most important resource persons that must be monitored closely as we continue to fight and outlast the coronavirus.

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