



Basis Points – May 5, 2020

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Above the Fold

Coronavirus Spending Patterns

After the hoarding boom drove supermarket sales in February and March, consumers have now shifted heavily to online delivery services (and yes that means shelves at your local grocer are probably stocked again). According to the Wall Street Journal, alcohol and marijuana sales have boomed and consumers are spending heavily on bread makers, puzzles, board games, bubble makers and office equipment, including printers, monitors, webcams and even space heaters.

With so many unemployed, working from home and with nowhere to go, Americans are not buying much new apparel, with the exception of sweatshirts and pajamas. And since so many businesses have been closed and leisure travel nearly halted, overall expenditures are down for most

households.

Experts will be watching closely over the coming weeks and months to see if consumer activity ramps back up to a more normal level as cities and states begin slowly opening back up for business. A great number of analysts see online grocers and retailers as longer-term benefactors of the pandemic.

Three Things

1. *Pandemic Price Rally* – Despite millions of Americans out of work, the median home price rose 8% year-over-year to \$280,600. The increase was a mix of supply and demand along with sellers' reluctance to drop prices. New home supply was virtually halted, adding to an already tightening inventory of homes for sale across the nation. Nearly 8.5% fewer transactions took place in March, compared to the same month in 2019.
2. *Warren Buffett No Longer a Frequent Flyer* – During his annual meeting, Warren Buffett said that his company, Berkshire Hathaway, had recently sold all its positions in the world's four largest airlines and is now sitting on more than \$137 billion in cash. Ironically, airlines have always been an industry Berkshire avoided up until 2016, when it began taking positions in various carriers. The travel industry is likely to see major changes, with automation and artificial intelligence (AI) likely to help bring it back to life.
3. *Supreme Court Zooms (Sort of)* – After cancelling scheduled arguments set for March and April, the Supreme Court agreed to hear 10 of those cases remotely by teleconference. While it's unconfirmed whether the court will use video conferencing, the decision marks a poignant shift in what's historically been a very private encounter between judges and a limited number of attorneys held at One First Street, NE, in Washington, DC.

Did You Know?

The Latest (Fact-Checked) COVID-19 Positives

- Several [studies](#) are bringing COVID-19's fatality rate into [question](#). New data, still in preliminary stages, suggest that 50 to 85 times more residents in Santa Clara County, California, may have been infected compared to the roughly 1,000 known cases at the time the study was conducted. That may sound scary, but if these theories are correct, the net mortality rate could be tremendously lower than many current estimates.
- Italy took the next step in systematically easing quarantine restrictions this week as promising data suggests the country is moving in the right direction. An estimated 4 million Italians went [back to work](#) Monday, but most restaurants, bars, schools and museums remain closed.

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