



# ***Harry's Take***

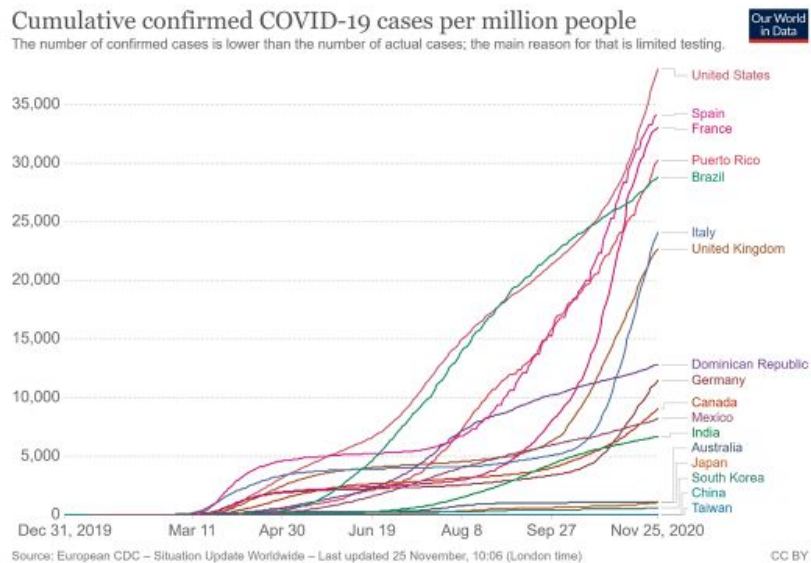
December 1, 2020

## **U.S. Leads in COVID Cases per Capita: Bankruptcies Ahead Before Vaccine Hits**

Of the notable developed countries in the world, only Belgium and Israel have higher COVID cases than the U.S. when adjusted for population.... You can't just look at the total numbers, which are what's most commonly reported. India always looks bad until you look at cumulative cases per capita, which show that Brazil and Mexico are doing far worse in the emerging world and China is doing way better.

When I look at these numbers in the key countries around the world, what is most clear is that Western cultures, developed and emerging, have fared worse with containing the virus. I also include my two favorite retirement/lifestyle countries in the Caribbean. Puerto Rico has not fared as well as I thought.

## US Leads in Cumulative Covid Cases per Capita: East Asia Stellar



Source: Our World in Data

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Look at this chart, starting from the bottom up for the countries with the lowest numbers, which are all in East Asia. Yes, even Australia, a Western culture (with heavy Asian immigration) has only about 1,000 total cases per million vs. around 38,000 in the U.S.—less than 3%! Then, cases fall even lower, in order, for Japan, South Korea, China, and Taiwan.

Asian cultures reacted with strong lockdowns for a few months to knock off the virus early on.... That's what works, period, as COVID is an exponential attacker! Even Sweden, with its "let's go for herd immunity" plan, is backing off now, as their cases are accelerating. Herd immunity is insanity. We would need for 200 million or so people in the U.S. to get the virus and could see 5 million plus die for that to "maybe" work—and likely many more, as the hospitals would be totally overwhelmed and death rates would skyrocket.

Asian cultures are more conformist and respect authority. If the government says lock down, they do it. In the more individualistic U.S., you'd hear, "Tell that to my shotgun!"

Why does this matter? The COVID shock has caused severe declines economically, and bankruptcies, foreclosures, and layoffs will continue to occur **on a lag** in the developed world. It will be worst in harder-hit countries like the U.S., Spain, and France.

In the emerging world, Brazil is the worst in terms of cases by far, followed by Mexico—and again, both are in the Western hemisphere. India's case rate is more modest, but China's is far lower (although they underreport, as with everything).

Mohamed El-Erian is the first mainstream economist to come out and say what I have been saying: The U.S. economy will start to break down before a COVID vaccine does any good in the 2<sup>nd</sup> and 3<sup>rd</sup> quarters of 2021.

We'll continue to feel the shocks even if this third wave in the virus is peaking now, which is likely. The 19% (and rising) of large, public zombie companies will continue to default, as will struggling small businesses that can't float cheap bonds and have to beg banks, which are getting tighter about lending in this crisis....

And the second stimulus plan has yet to hit, due to our heavily divided political environment. It may not be approved until late January or February... which will be too late as well.

I have been stressing that this crisis will be more driven at first by the massive \$500 trillion financial asset bubble that QE has uniquely fed rather than by the loan defaults that drove the 2008 crisis.... Those will follow when \$200 trillion in financial wealth starts to disappear and causes a depression on its own. The central banks have now created a bigger monster than the debt crisis they were fighting.

The stock market is most likely peaking here or will peak by very early 2021. Do not think like the “markets on crack,” which jump on any positive news and quickly discount any bad news.

It’s time to prepare for the real crash ahead, which will see a “wakeup call” drop of another 40% right off the bat and then a 2-year drudging downturn with deleveraging of toxic debt and bubbles.

**NOTE:** Subscribers should expect the December *HS Dent Forecast* issue on Friday, December 4, a little late after the holiday.... I am also looking for a little more clarity coming into the potential early to mid-December turn dates. I will discuss how gold is testing some dangerous levels I warned about as well.

Harry

*Got a question or comment? You can reach us at [info@hsdent.com](mailto:info@hsdent.com).*