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Restrictions are returning and the flu season is just starting

◆ London, Paris and Berlin are among the major European cities to have started imposing stricter social distancing guidelines.

◆ Malaysia and Thailand have reimposed curfews, with protests erupting in Bangkok against them.

◆ Anthony Fauci, the US top infectious diseases expert, urges Americans to avoid large Thanksgiving gatherings.

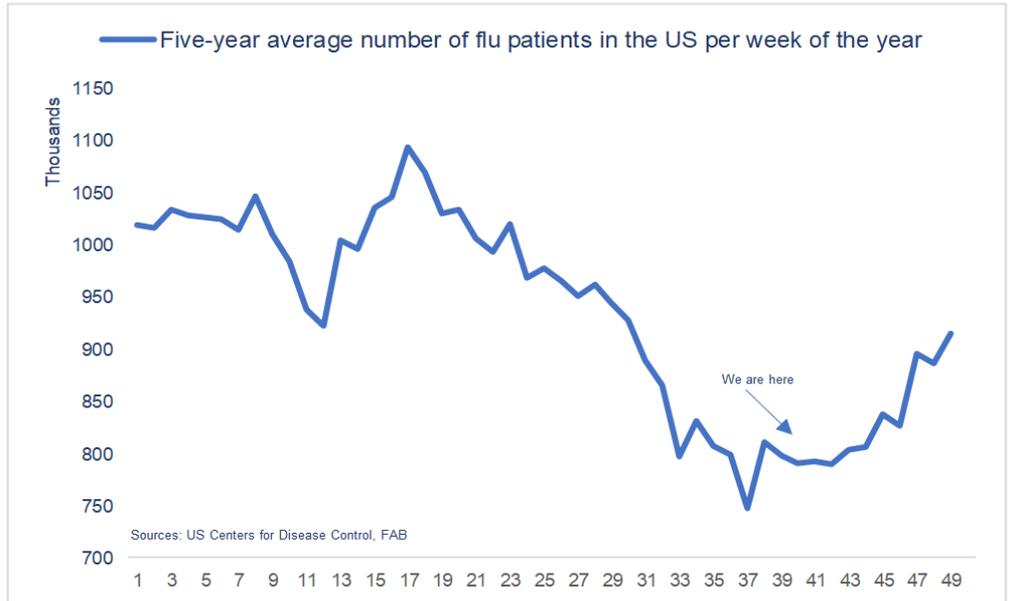
◆ Even mild restrictions can curb some of the economic activity revival that was taking place.

◆ The FAB AAC remains underweight equities and overweight gold.

The month of October in the northern hemisphere starts to show the fall colors on trees and marks the beginning of a new flu season. Every year, the number of people who show up at the hospital with respiratory diseases starts to rise in the fall and peaks around February. This year, that seasonal pattern could be spooky.

Aside from the common flu, the colder months are likely to translate into a rising number of Covid-19 cases, which is transmitted more easily in cold weather, particularly in closed environments. This is already starting to be felt. Germany, Italy and the Czech Republic had record days for new cases of the coronavirus this week. The number of people infected in London is near averaging one per 1,000.

Part of the explanation behind the growing number of recorded cases, however, is in the number of tests being carried out, which are also reaching new highs. Still, the increases have authorities on edge.



French President Emmanuel Macron has announced a night curfew in major cities in the country, and Berlin saw the imposition of similar measures for the first time since the Second World War. UK Prime Minister Boris Johnson has also tightened restrictions in some large cities.

Other countries in Europe and some states in the US are also tightening social gathering restrictions, with Dr. Anthony Fauci, the top infectious diseases expert in the US, asking Americans to consider smaller gatherings for Thanksgiving. Elsewhere, Malaysia and Thailand have also imposed curfews.

In the past few months, some of the stricter restrictions have been met with protests and demonstrations against them. It is unclear whether the same thing might happen again, but it seems like governments are being a bit more cautious about blanket measures. The question is whether they will be more forceful as the flu season takes hold.

The flu season is just starting to pick up and this year it could bring more curfews

Even reducing the number of hours that people can be out, however, can put many companies out of business. Not to mention that in many places services will have to start being offered indoors given the weather, and some governments are limiting activities in closed areas.

This spells trouble ahead for the economies of the northern hemisphere. Markets have generally ignored the prospect of such troubles, but there could be some reckoning ahead. There is a chance that some governments take a more practical approach and focus only on the death rate, which is fairly under control. Many leaders, however, could take the more cautious approach, even if it hurts the economy.

Investment Strategy Update

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