

## Key Questions

# What Can the NFL Draft Teach Us about the Coronavirus?

April 28, 2020

George Mateyo, Chief Investment Officer

“Even the smartest guys in the world ... can’t predict the future. There’s no crime in that. The crime is thinking you can predict it.” -- Cade Massey

Despite the rise of streaming services and boundless libraries of content, I don’t watch a lot of TV. It’s not intentional; I just don’t find many of the options available to be super-captivating. That said, I confess that I miss watching live sporting events. This is especially true at this time of year. Usually within a span of a few days, sports fans such as myself could count on being able to view the NCAA’s March Madness basketball tournament, the Masters Tournament, and Major League Baseball’s Opening Day.

Of course, to adhere to proper social-distancing practices, these events in 2020 have either been postponed or canceled altogether.

This past week, the National Football League (NFL) attempted to provide some semblance of normalcy by holding its much-hyped and highly anticipated draft for new players. The format was different: There were no large crowds in TV studios, and players chosen by teams celebrated in their homes rather than in front of a cheering audience. Team executives involved in the draft joined in from different remote locations, which were often their living rooms or well-appointed home offices/basements.

It was different, but it worked. I found myself watching considerably more of it than I usually do, and apparently others tuned in too: The number of viewers increased an impressive 37% from last year.

This highlights our nation’s collective yearning to return to normal. It’s a sentiment on display across the country as many states are carefully considering how best and when to “reopen” their economies. In our view, a reopening should be thought of as a process, not an event -- not a light switch, but a dial.

In an accompanying Key Questions article this week, my colleague Curt Siegmeyer discusses four key healthcare-related areas that need to be evaluated in determining when it is safe to reopen the economy. While each of these areas is important, Curt emphasizes that developing a vaccine is the ultimate holy grail because it will enable us to feel comfortable enough to resume pre-COVID behavior. Until that time, economic activity is likely to remain below normal and financial markets will probably continue to be volatile.

And while the spike in viewership for this year’s virtual NFL draft speaks to our desire for normalcy, there is another important lesson for us: No one knows with certainty how the future will play out.

On the first day of this year’s draft, New York Times columnist David Leonhardt authored a clever article in which he characterizes the draft as “a fascinating window into human irrationality.” His argument is based on a study conducted 15 years ago by Nobel Prize winner Richard Thaler and Cade Massey, another economist.

They analyzed the order in which players were selected in the draft and then compared it with the players' later performance. Their results hold lessons for football fans and non-fans alike:

“Thaler and Massey discovered that despite the [massive] time and money [and technology/analytics] devoted to studying players, the teams weren't very good at predicting who would be the best.... The chance that a player at a given position turns out to be better than the next player drafted at that same position is only 52%, not much better than a coin flip.”

The takeaway: Overconfidence can -- and often does -- lead to inferior results. As Massey noted: “Even the smartest guys in the world, the guys who spend hours with game film, can't predict this [a player's future performance] with much success. There's no crime in that. The crime is thinking you can predict it.”

The upshot: Most of us are overconfident about our ability to predict the future.

Therefore, as it relates to COVID-19, we should acknowledge that we are all flying somewhat blind. Even the world's brightest medical professionals are unsure how many people are infected, how contagious it is, whether it will be less contagious in the summer, and when (or if) an effective therapy will be produced and made widely available.

As such, we believe investors should expect market volatility to continue, acknowledge their investment decision-making shortcomings (we all have them), and remain diversified. And be sure to tune back in when your scheduled programming resumes.

For more information, [please contact your Key Private Bank Advisor.](#)

## Key Private Bank



Key Questions: | 2 of 2  
What Can the NFL Draft Teach Us about the Coronavirus?

Publish Date: April 28, 2020

Any opinions, projections, or recommendations contained herein are subject to change without notice and are not intended as individual investment advice. This material is presented for informational purposes only and should not be construed as individual tax or financial advice. KeyBank does not provide legal advice.

Investment products are:

**NOT FDIC INSURED • NOT BANK GUARANTEED • MAY LOSE VALUE • NOT A DEPOSIT • NOT INSURED BY ANY FEDERAL OR STATE GOVERNMENT AGENCY**

© 2020 KeyCorp. Member FDIC. 200227-751225-1140466619