

**Subject:** Morning CORE

**US Futures-World Markets:** US futures have been hovering near the flat-line all morning, but are now positive on the last trading session of the quarter. It has been an historic quarter for stocks and one we should never forget. I say 'should' because many investors have short-term memories. Coronavirus cases continue to weigh on market sentiment, but the S&P impressively bounced off 3,000 as consolidation continues at these levels. The current consolidation is normal and healthy for markets, but keep an eye on headlines. Dr. Scott Gottlieb said on CNBC he believes 20% of NYC is infected with COVID-19. This echoes CDC comments that the infection rate could be 10x higher than actual test results. The FDA will release guidance today for any potential vaccine- needs to be at least 50% effective according to WSJ. Asia closed higher with Japan's Nikkei leading the way +1.3%. Europe is mixed in trading. Fed Chair Powell will deliver his prepared remarks at 12:30 today. Treasury Secretary Mnuchin will join and discuss govt. response to the shutdown. Encouraging to see the 10-year yield drop lower, which should be a positive for stocks. S&P Futures vs. Fair Value: +5.01, 10-Yr Yield: 0.633%.

### **CORE Headlines:**

- China's legislature approved a sweeping new law aimed at quashing threats to national security in Hong Kong, rejecting Western criticism that Beijing's efforts will curb people's freedoms in the protest-torn city.-WSJ
- Banks have pulled back sharply on lending to US consumers during the coronavirus crisis because they can't tell who is creditworthy anymore—missed payments aren't reflected in consumer credit scores, nor are they uniformly recorded on borrowers' credit reports.-WSJ
- Federal Reserve chairman Jerome Powell said the reopening of the US economy has happened sooner than expected, and cautioned that the uptick in coronavirus infections poses challenges for the American economy as it enters a new phase.-WSJ
- Blackrock's real estate investors are increasingly moving into show business by acquiring stakes in the production facilities and other real estate where companies like **NFLX** and **DIS** are creating content.-WSJ
- Amazon is increasing its efforts to lure military and commercial space organizations as major users of its cloud-computing services, hoping to benefit from rising government spending and burgeoning private investment.-WSJ
- The Supreme Court ordered changes to the Consumer Financial Protection Bureau, capping a 10-year battle over the agency by ruling its structure was unconstitutional because the director held too much unchecked power.-WSJ
- The Trump admin placed new restrictions on US exports of defense equipment and certain high-technology products to Hong Kong in response to a new Chinese law aimed at tightening Beijing's control over the territory.-NYT
- As school districts across the country began to reveal reopening plans this week, is unlikely that many schools will return to a normal schedule this fall, requiring parents to juggle online learning, child care, and interruptions to their workdays.-NYT
- New Jersey governor Phil Murphy took steps to pre-empt a coronavirus outbreak from recurring in the state by halting plans to allow indoor dining in restaurants, a move New York state is also considering as a new wave of cases mount in areas that have reopened.-FT

- The US will not be exempted from a European Union coronavirus-related ban on travel from countries outside the bloc—officials said America’s levels of infection, rising in several states, put it well outside the parameters for inclusion on an exemption list.-FT
- **LULU** opened its Tokyo flagship, its largest store in Asia, a move that was delayed because of Covid-19.-WWD
- Bipartisan support for a pair of Senate bills that would force social media companies to change their content moderation policies could mark a turning point in Washington’s ongoing efforts to maintain greater control over Silicon Valley.-RollCall
- NYC Mayor Bill de Blasio and city council agree to cut \$1 bln from police department and cut additional money from other city services-NYT
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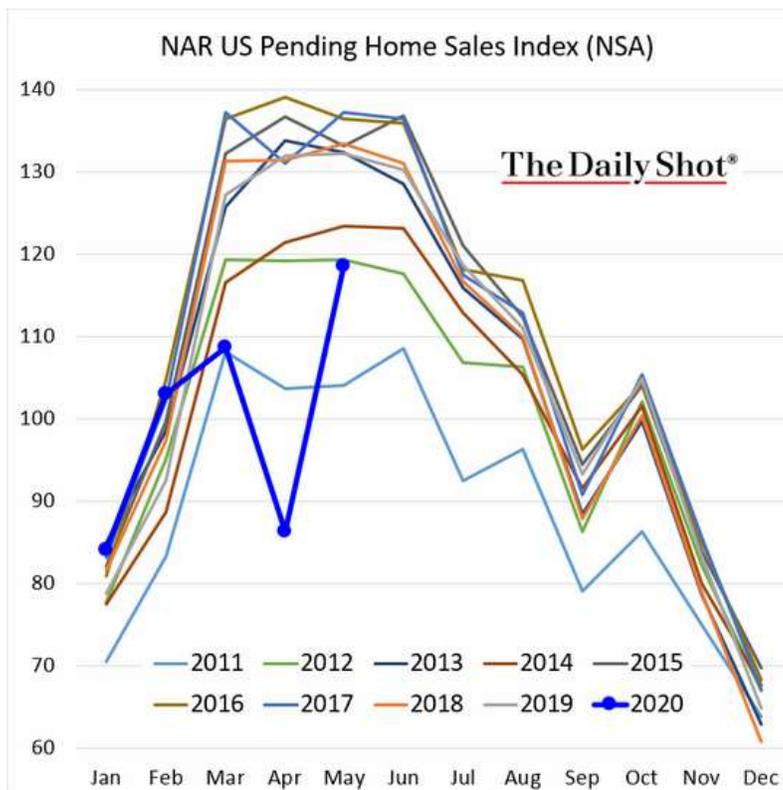
**Interesting Reads/Charts:**

- Visual Capitalist: Millennials on investing, debt and banking <https://bit.ly/2VxinQC>
- Five-Thirty Eight: A look at Trump’s electoral college roadmap <https://53eiq.ht/2Vt0Eb8>
- Dealbook: Netflix moves \$100 million to black-owned banks <https://nyti.ms/3dHVMXP>

**Charts from WSJ Daily Shot:**

Pending home sales (contracts) rebounded sharply in May, topping economists' forecasts.

- The pending sales index:

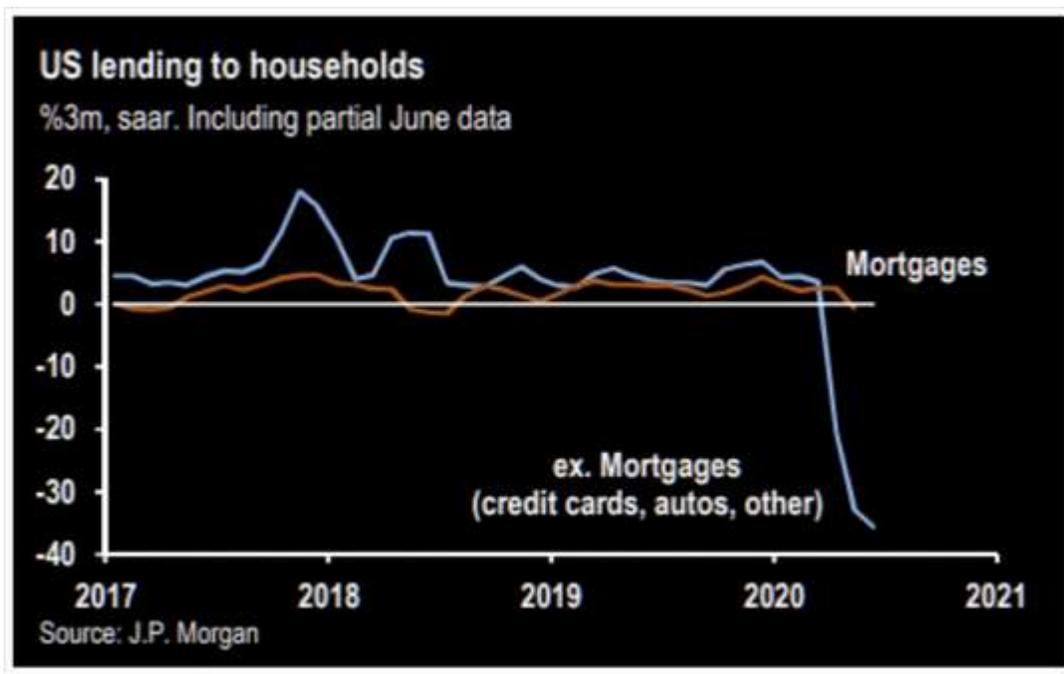


- Year-over-year changes:



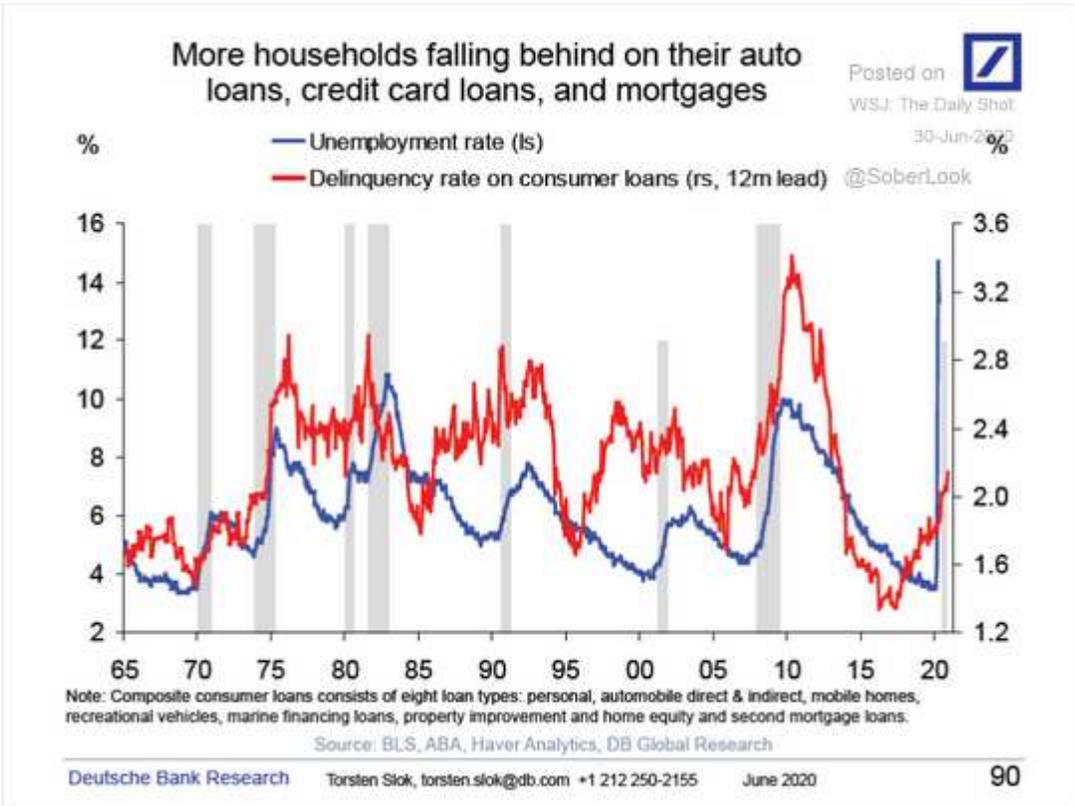
a couple of updates on consumer credit.

- Mortgage lending has remained relatively stable even as credit cards and auto loans tumbled during the crisis.



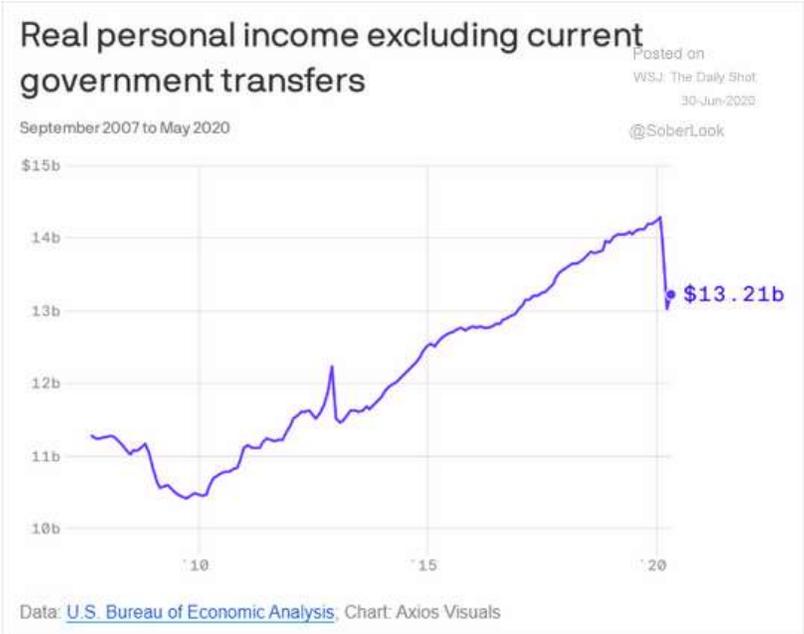
Source: [J.P. Morgan, @themarketear](#)

- Household delinquencies are expected to rise further, especially without additional government assistance.



Source: [Deutsche Bank Research](#)

Personal income excluding government transfers declined sharply this year.



Source: @axios; [Read full article](#)

Morgan Stanley expects an additional \$1 trillion in fiscal stimulus.

## US Additional Fiscal Stimulus

	Approximate cost (USD bn)	
	Low End	High End
• State & local government aid	\$150	\$500
• Extension of Paycheck Program Program	\$325	\$325
• Expansion of unemployment insurance	\$150	\$200
• Aid to health systems & hospitals	\$75	\$75
<b>Total</b>	<b>\$700</b>	<b>\$1,100</b>

Source: Morgan Stanley Research estimates

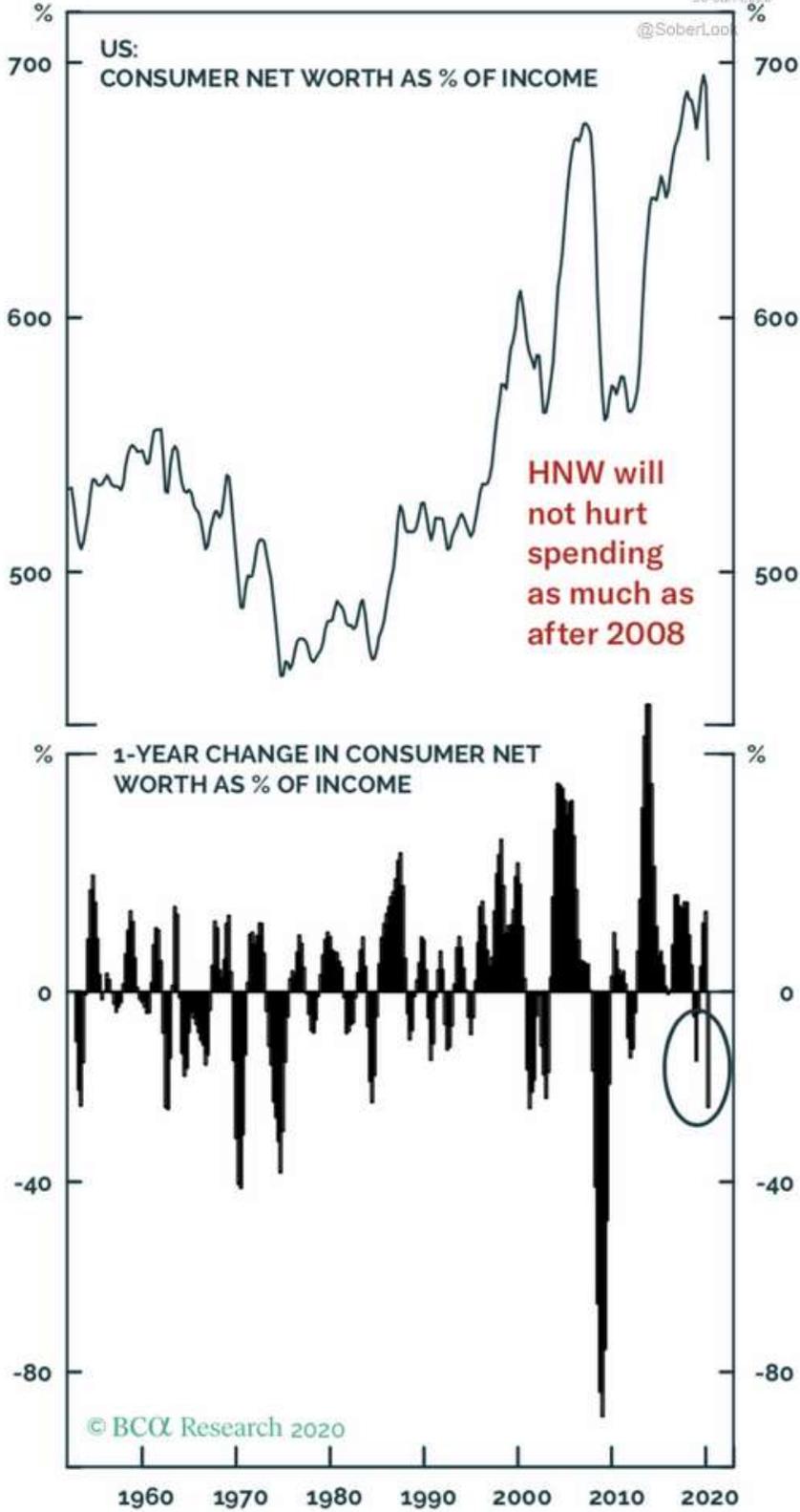
Source: [Morgan Stanley Research](#)

The impact on household net worth has been much less severe in this recession than after 2008. That's mostly due to the stability of the housing market and the rebound in stock prices.

CHART I-7

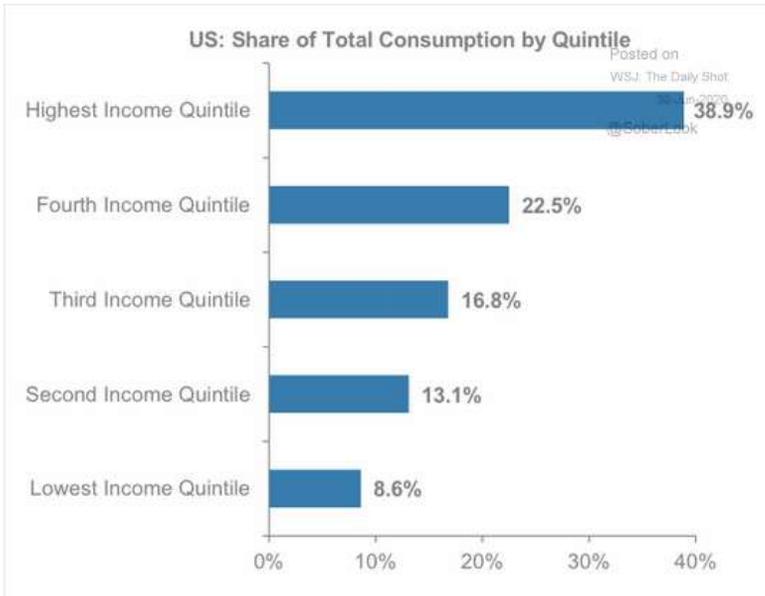
# Smaller Hit To Net Worth Than The GFC

Posted on 30-Jun-2020  
@SoberLook



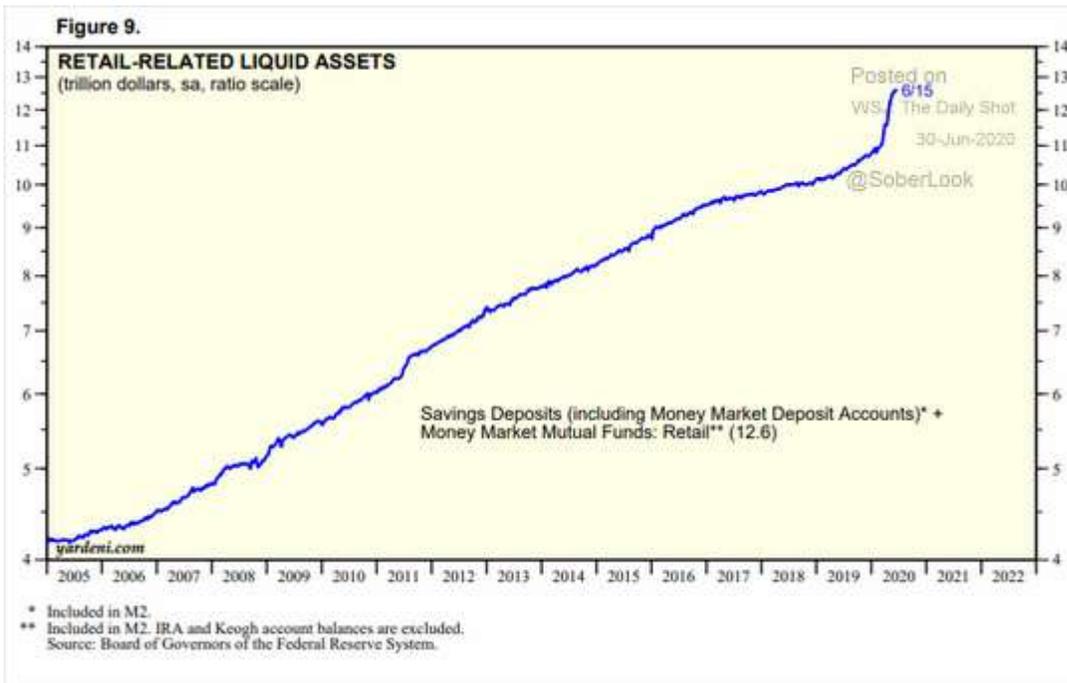
Source: [BCA Research](#)

Equity price gains, in particular, should boost consumer spending. While it's mostly the higher-income households that own stocks, they also represent a large share of total consumption.



Source: [Morgan Stanley Research](#)

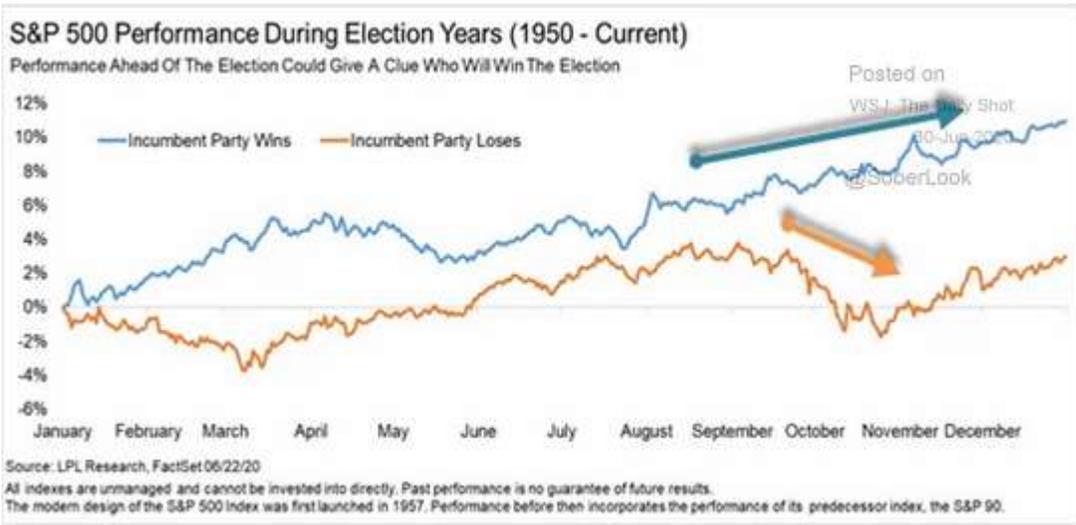
Flush with cash and stuck at home, some US retail investors have been more active in the stock market.



Source: [Yardeni Research](#)

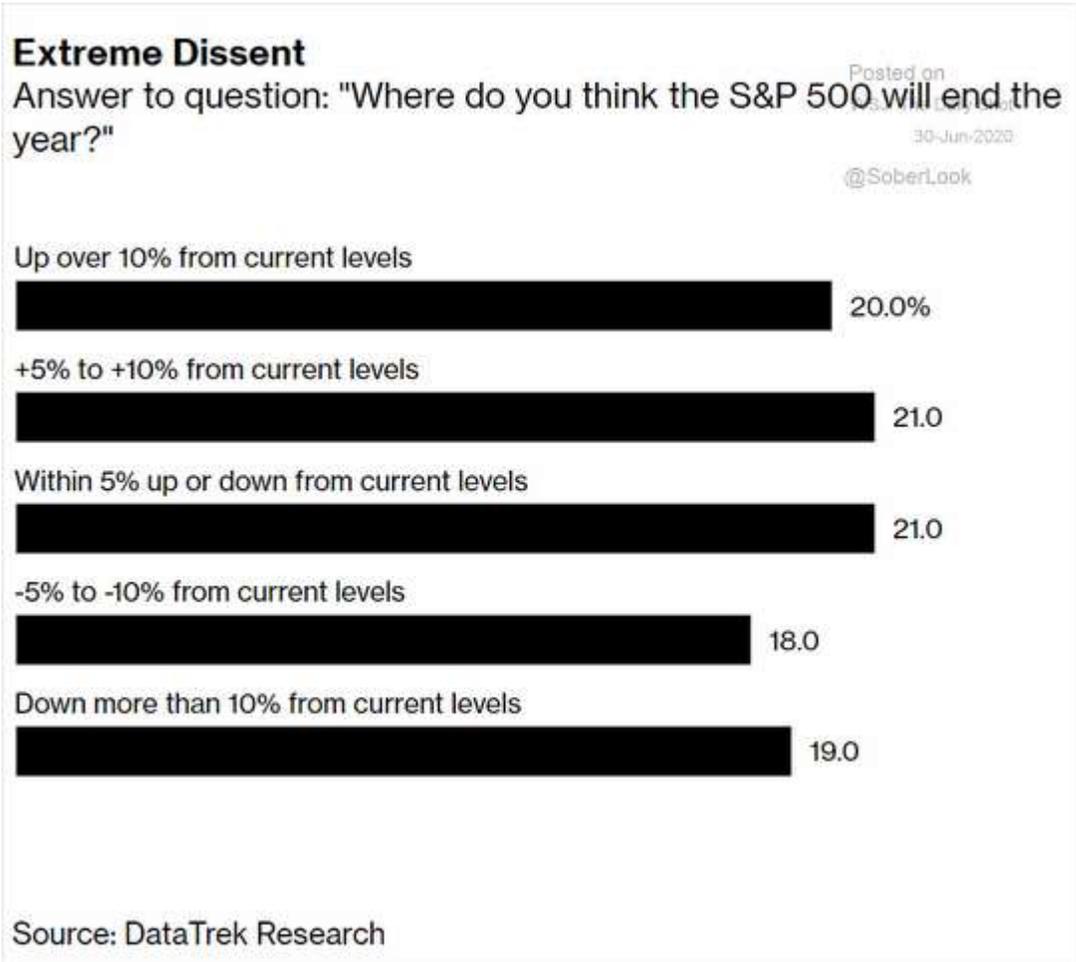
How does the market typically behave in election years? Expect the talking heads to beat this drum to death as they find new material to scare people.

- Predicting the outcome:



Source: [LPL Research](#)

Views on the market are evenly distributed across potential scenarios.



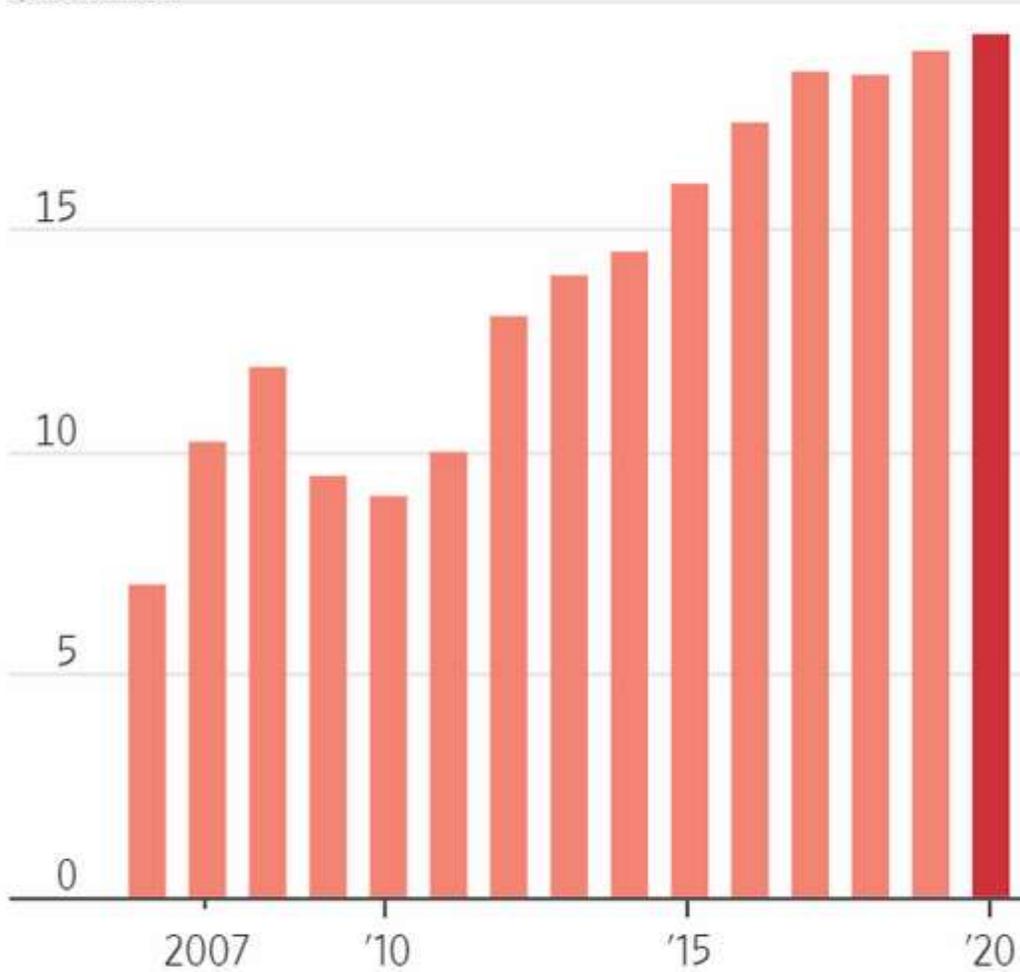
Source: @lisaabramowicz1; [Read full article](#)

The AUM of hedge funds focused on volatility keeps climbing.

# Assets in hedge funds that trade market volatility

Posted on  
WSJ: The Daily Shot  
30-Jun-2020  
@SoberLook

\$20 billion



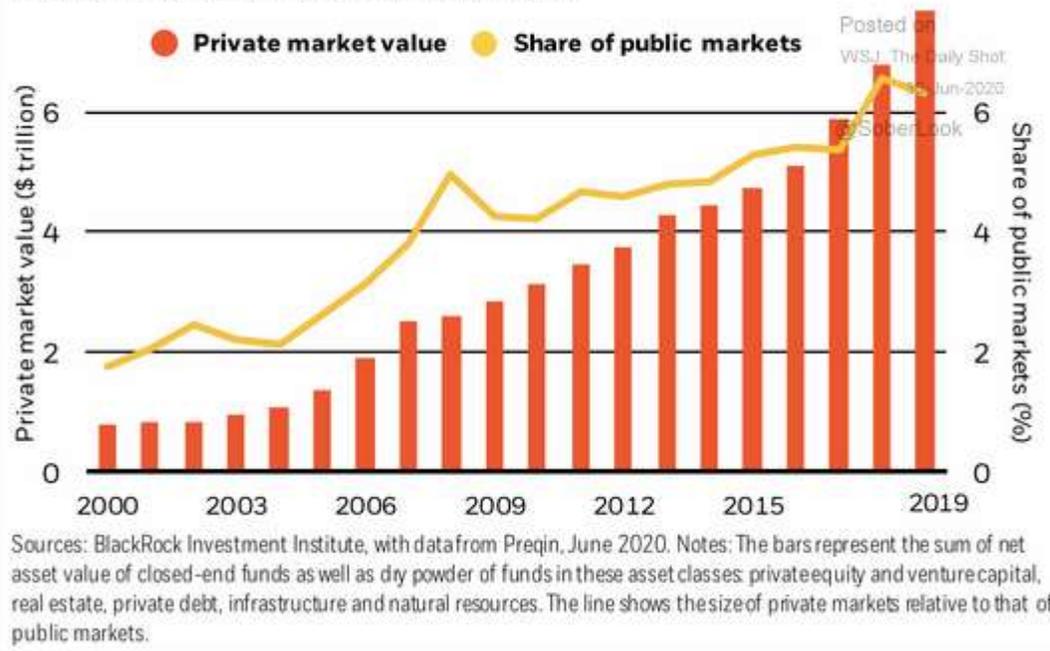
Note: Figure for 2020 is through end of March.

Source: Hedge Fund Research

Source: @WSJ; [Read full article](#)

Growth in private markets (private equity, VC, etc.) has been impressive.

### Growth in private markets, 2000 -2019

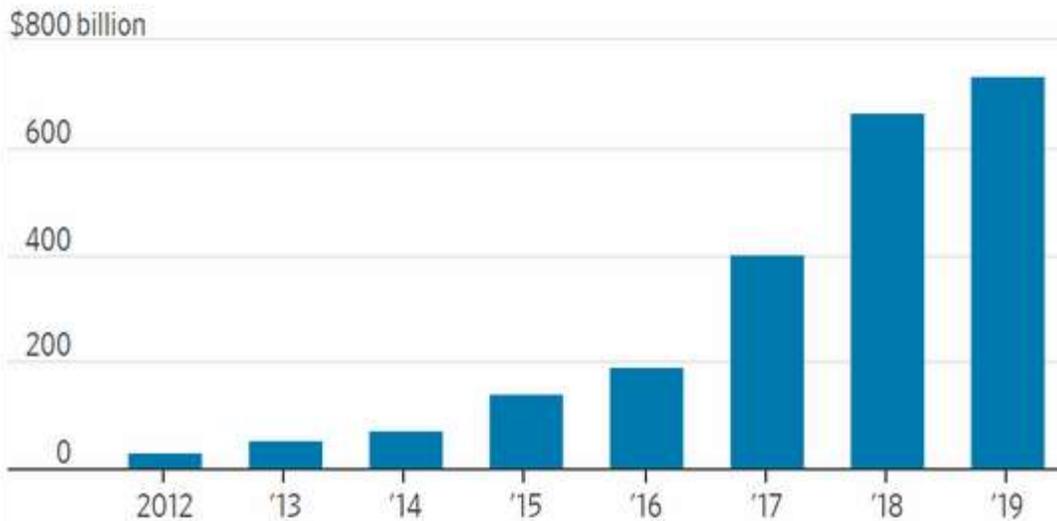


Source: [BlackRock](#)

This chart shows the current private equity dry powder by fund vintage year.

### Older Private-Equity Funds Are Running Dry

Private-equity firms have an enormous amount of dry powder, but the vast majority is held in newer fund vintages, leaving older investments in greater need. Below is the amount of capital left in each vintage year of private-equity funds back to 2012.

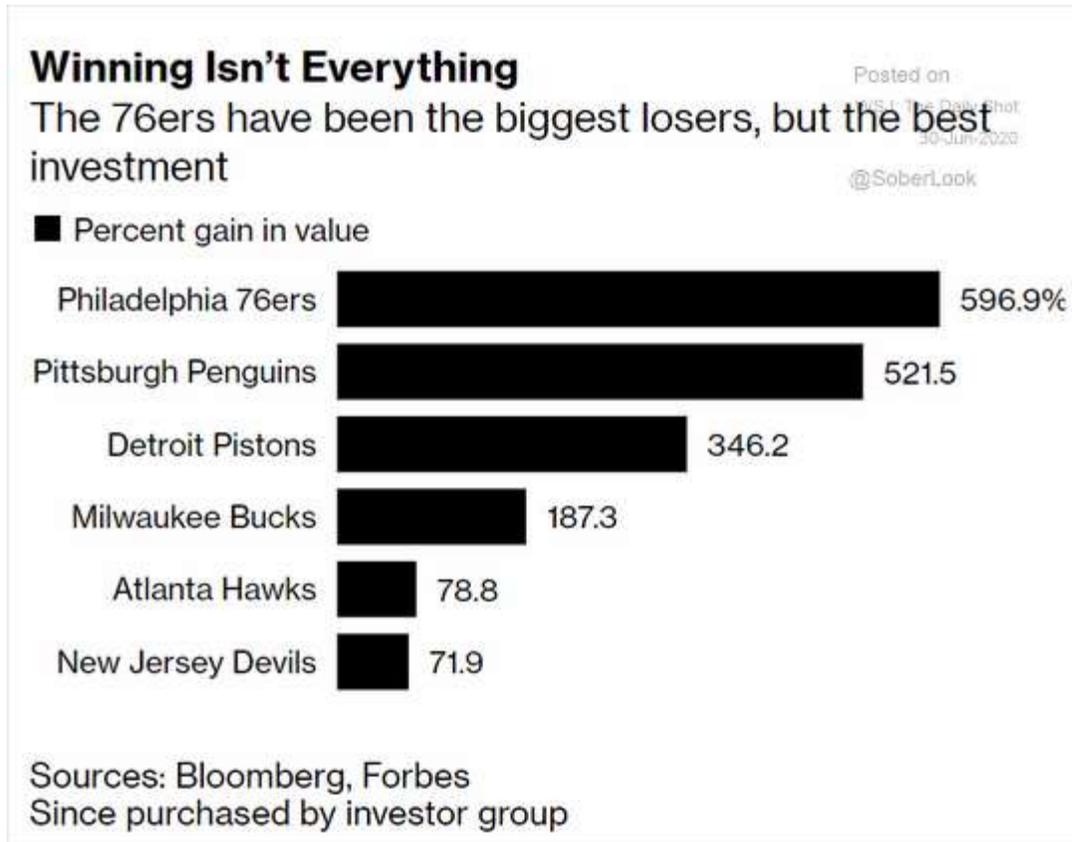


Note: Data for 2019 as of September 30, 2019

Source: PitchBook Data Inc.

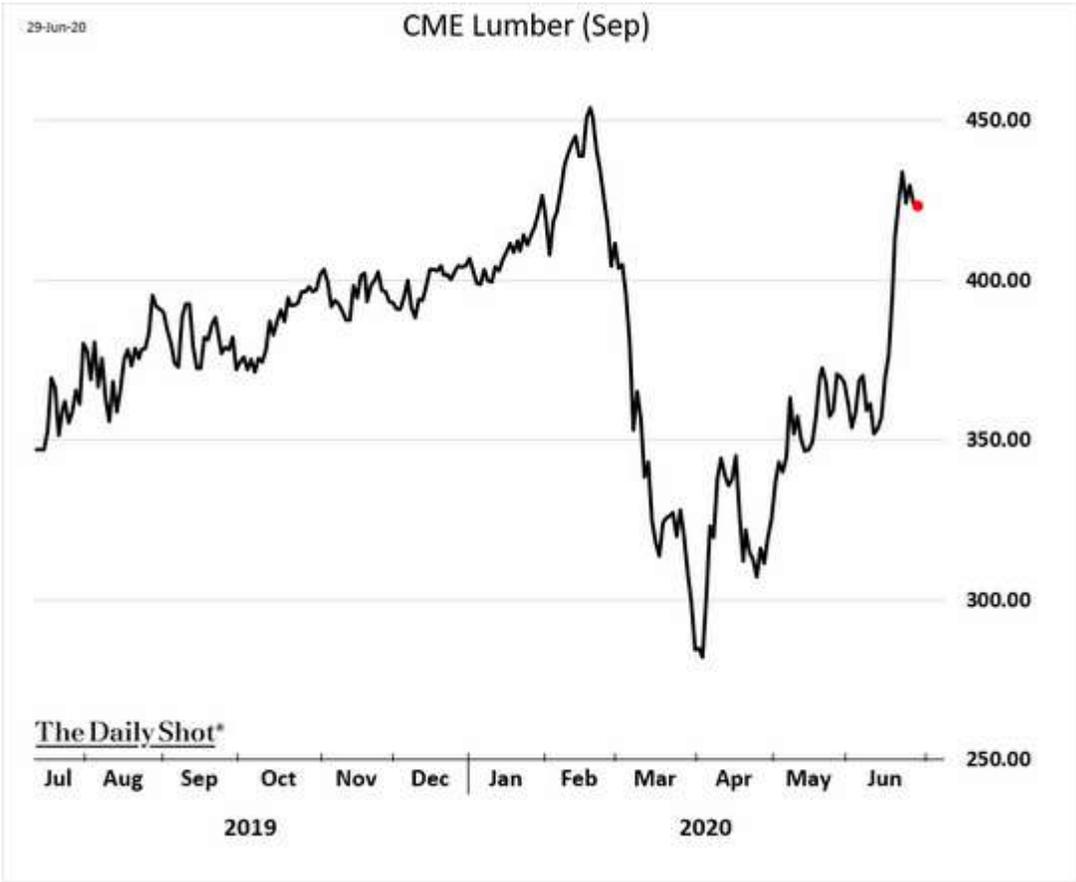
Source: [@WSJ](#); [Read full article](#)

Which sports club investment has been the most profitable? (I am on record saying he Sixers will NEVER win a title until this ownership grows sells the team.)



Source: @business; [Read full article](#)

US lumber prices have recovered from the crisis selloff.



The increase in living wills:

# Wills Rise Among Educated Americans

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WSJ: The Daily Shot  
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Percentage of U.S. adults who personally have a living will

2005 2020



Source: Gallup



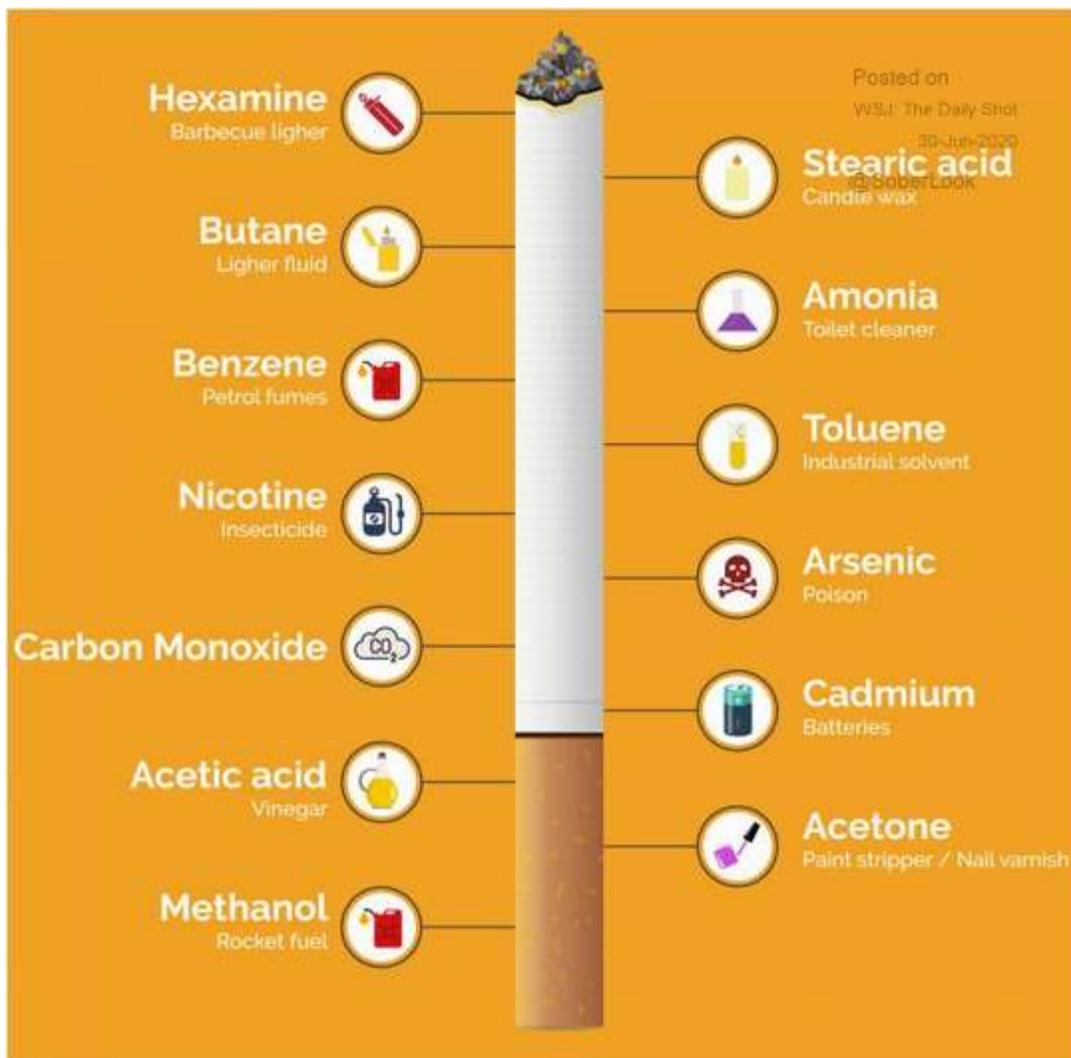
The Daily Shot®

statista

Source: [Statista](#)

Deaths in nursing homes: (might be the most important chart today. Hopefully, you can actually read the small font.)





Source: Airtopia; [Read full article](#)

**When reviewing the attached material, it is important to remember that past performance is not indicative of future results.**

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