

Subject: Morning CORE

US Futures-World Markets: S&P futures are off to strong start this morning. Positive vaccine news coupled with a European agreement on an \$860 bln stimulus package has investors adding to previous gains. As we mentioned yesterday, attention is now squarely focused on US politicians to determine the size and scope of another relief package as we approach a series of fiscal cliffs. Will Trump get a payroll tax cut? Can Dems get their Green New Deal wish list? Stay tuned. Crude oil is above \$42 per barrel on hopes of a demand recovery. Asian indices closed higher and Europe is trading in the green. Snap, Coke, Lockheed and TD Ameritrade report earnings, among many others. IBM is +5% as tech stocks continue to move higher. The NASDAQ is in full Earl Campbell-mode. It can't be stopped. Growth stocks continue to crush it versus value stocks. Gold reached its highest level in over 10 years as a hedge with central banks pumping free money into the system. When all else fails, at least you can refinance your house. Interesting to see equities rally while rates continue to remain subdued. S&P Futures vs. Fair Value: +26.41, 10-Yr Yield: 0.61%.

CORE Headlines:

- GOP \$1 trillion stimulus bill includes payroll tax reduction and measures tying school funding to classrooms reopening. Democrats are looking for a larger package and are against idea of a payroll tax cut. Some Republicans are also against a payroll tax cut.-WaPo
- Senate Judiciary Committee will vote on the nomination of Judy Shelton & Christopher Waller for the Fed Board today at 14:00 ET. The nominations are expected to pass out of committee and head for a full a Senate vote.-Bberg
- US financial industry regulatory FINRA fined **Citadel Securities** \$700K for trading ahead of customer orders—it delayed certain equity orders from clients to buy or sell shares while continuing to trade the same stocks in its own account as part of market-making activities.(How was the fine only \$700k?)
- Finance companies are considering moving at least 20% of jobs out of New York City due to remote work options.-Bberg (surprised it isn't more)
- eBay has agreed to sell its classified ads business to Norway's Adevinta in a deal worth \$9.2 billion, creating the world's largest classifieds group, the companies said.-Reuters
- European Union leaders clinched an "historic" deal on a massive stimulus plan for their coronavirus-throttled economies, after a fractious summit lasting almost five days.-Reuters
- Many large US corporations are sitting on piles of tax credits they may not be able to use for years, and they want Congress to let them have the money in the next coronavirus relief package from Washington.-WSJ
- Disney is being forced to realign priorities and reassess its strategy of connecting stories across movies, toys, theme parks, and television, a once-powerful approach that has left it especially vulnerable to the disruptions caused by the pandemic.-WSJ
- Retailers face the prospect of another disappointing fall season as schools modify reopening plans because of the pandemic, a situation that will put a dent in the annual back-to-school shopping spree many stores count on.-WSJ
- **Moderna:** JPM analyst Cory Kasimov said the rapid development of a coronavirus vaccine is "impressive," but he downgraded the stock to a neutral rating following a 385% gain this year, though he remains bullish on Moderna's chances of being among the first with a successful vaccine.-IBD

- During the spring as people stayed at home, consumers purchased televisions at levels normally seen during the holiday season—unit sales of models 65 inches and larger were up 53 percent over the first half of 2020, according to research firm **The NPD Group**.-USA
- A third of New York City's 230,000 small business may never reopen, according to a grim new report by **The Partnership for New York City**, a leading industry group.-NYP
- Weak poll numbers and a surge of Democratic cash flooding key Senate races have prompted top Republican donors and strategists to focus on protecting the GOP's narrow Senate Republican majority amid growing fear of complete Democratic control of Washington in 2021.-NYT
- Trump plans to deploy federal law enforcement officers to Chicago and threatened to send agents to other major cities—all controlled by Democrats, who say the move is an election-year ploy, and vowed to take efforts to stop him.-NYT
- The European Union is under pressure to reveal the results of a leak inquiry it launched over internal emails that suggested it toned down a report on alleged Chinese disinformation after being pressed by Beijing to do so.-FT

Interesting Reads/Charts:

- Newsweek: Hollywood has long played by China's rules <https://bit.ly/3hp0A4T> (they don't have a problem lecturing us, though)
- Wealth of Common Sense: How the US consumer became so resilient <https://bit.ly/3jxkBdd>
- Reuters: Scary article on global banks looking at Hong Kong clients for pro-democracy ties <https://reut.rs/3iAIRM>
- Rolling Stone: A look at Midnight Run. The movie is 32 years old. An all-time great IMO. <https://bit.ly/2DVLGpR>
- Golfweek: Matthew Fitzpatrick had his best week this year with Bones on the bag <https://bit.ly/20lhcn>

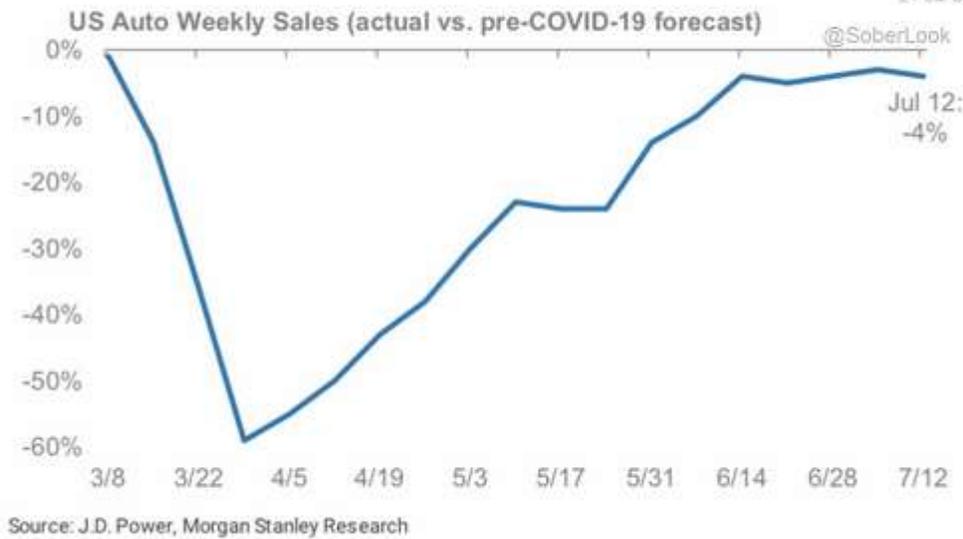
Charts from WSJ Daily Shot:

some high-frequency indicators.

- Automobile sales:

Exhibit 19: US auto sales running very close to pre-COVID-19 forecasts

Posted on
WSJ: The Daily Shot
21-Jul-2020
@SoberLook

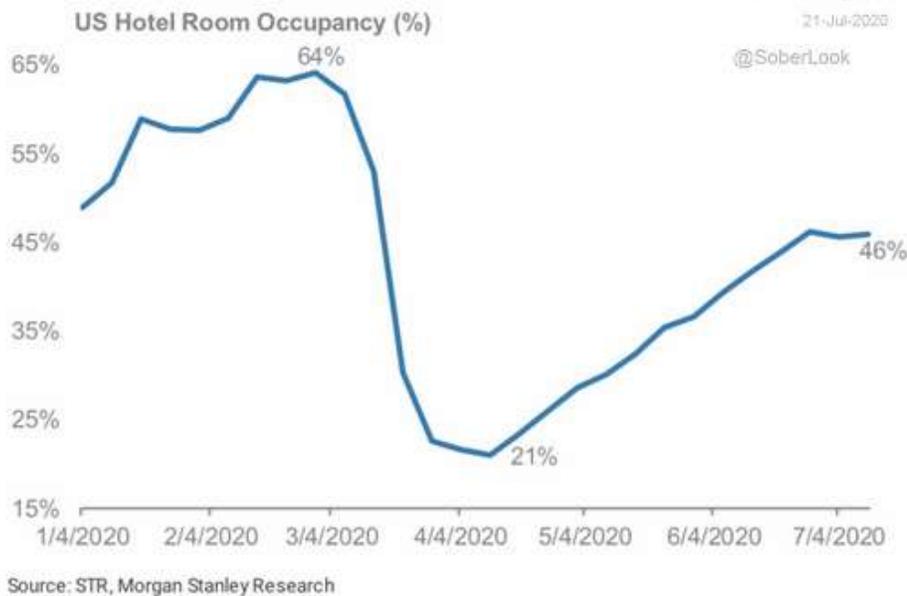


Source: [Morgan Stanley Research](#)

- Hotel room occupancy:

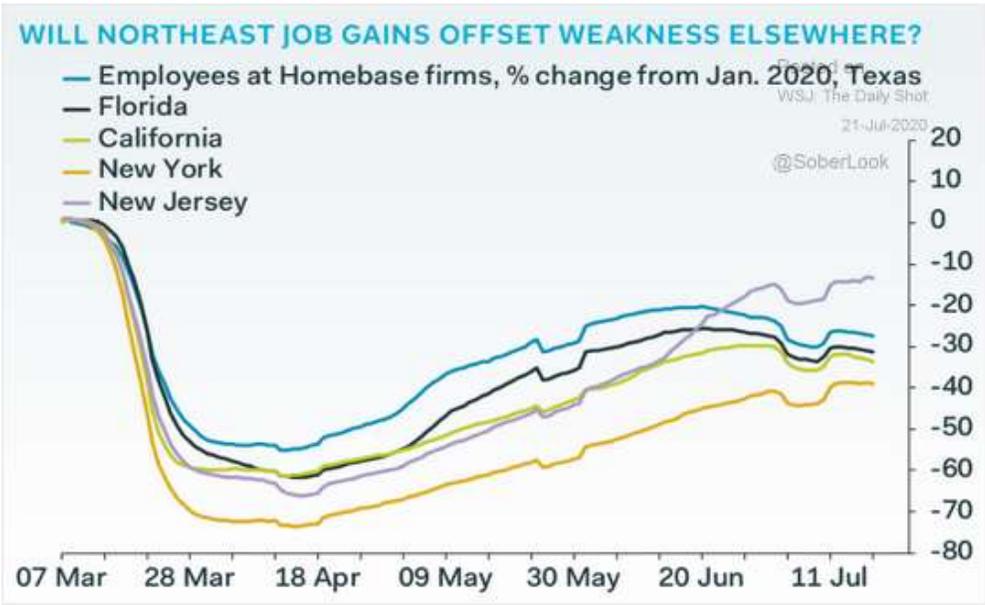
Exhibit 20: US hotel room occupancy flatlined in the last two weeks

WSJ: The Daily Shot
21-Jul-2020
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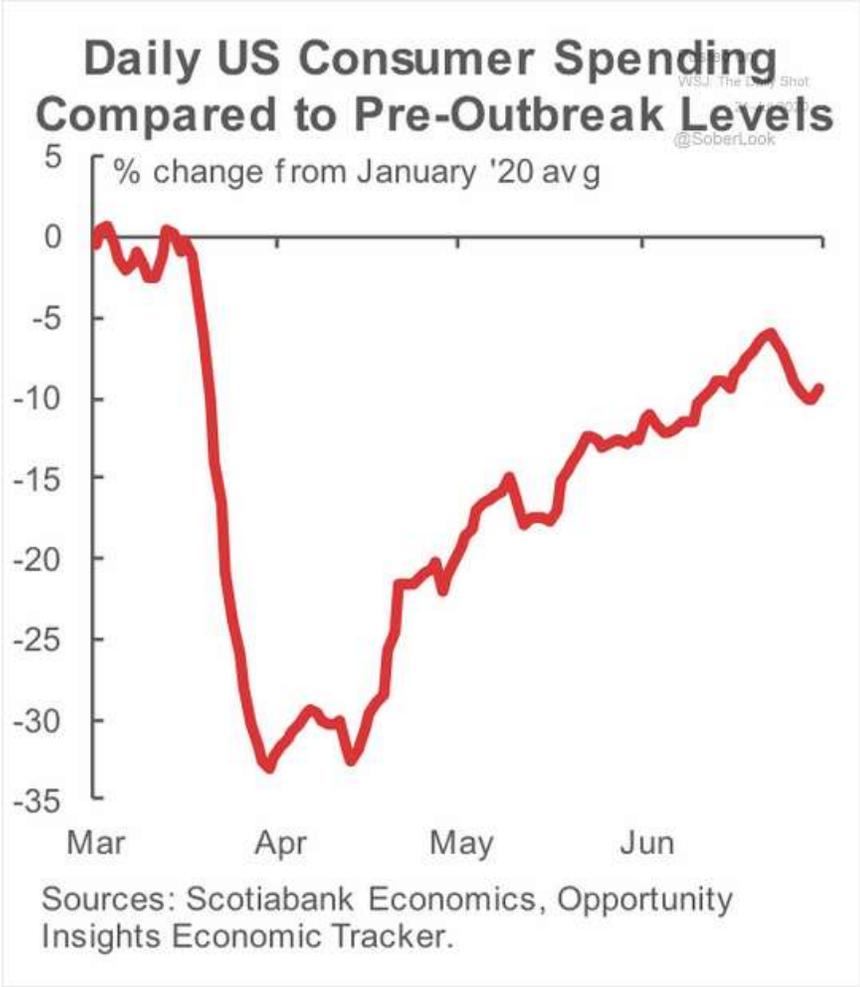
Source: [Morgan Stanley Research](#)

- Small business employment (select states):



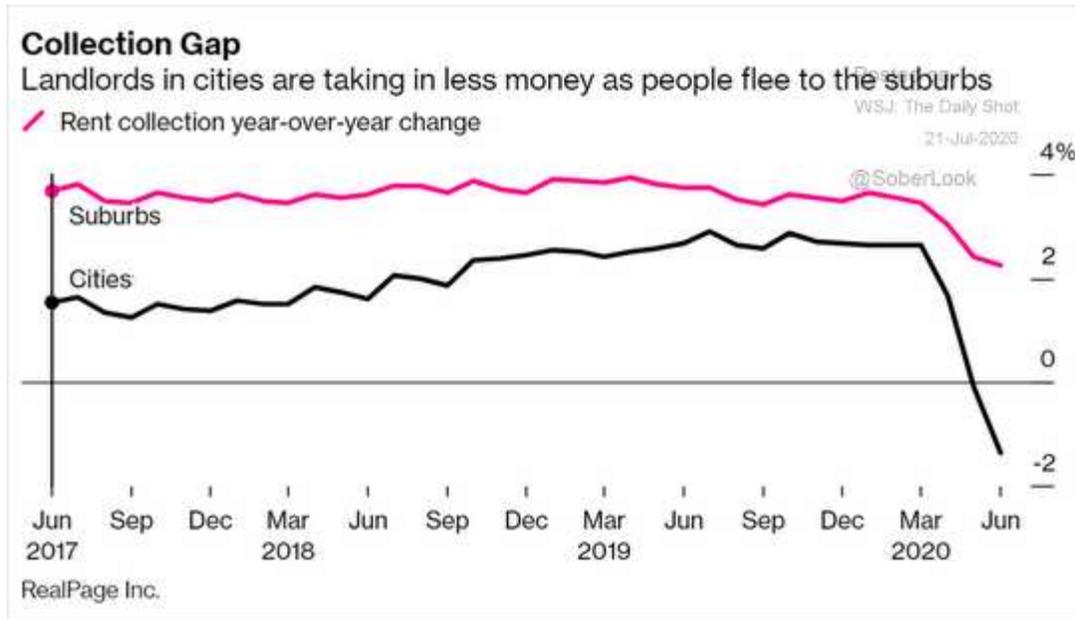
Source: [Pantheon Macroeconomics](#)

- Consumer spending:



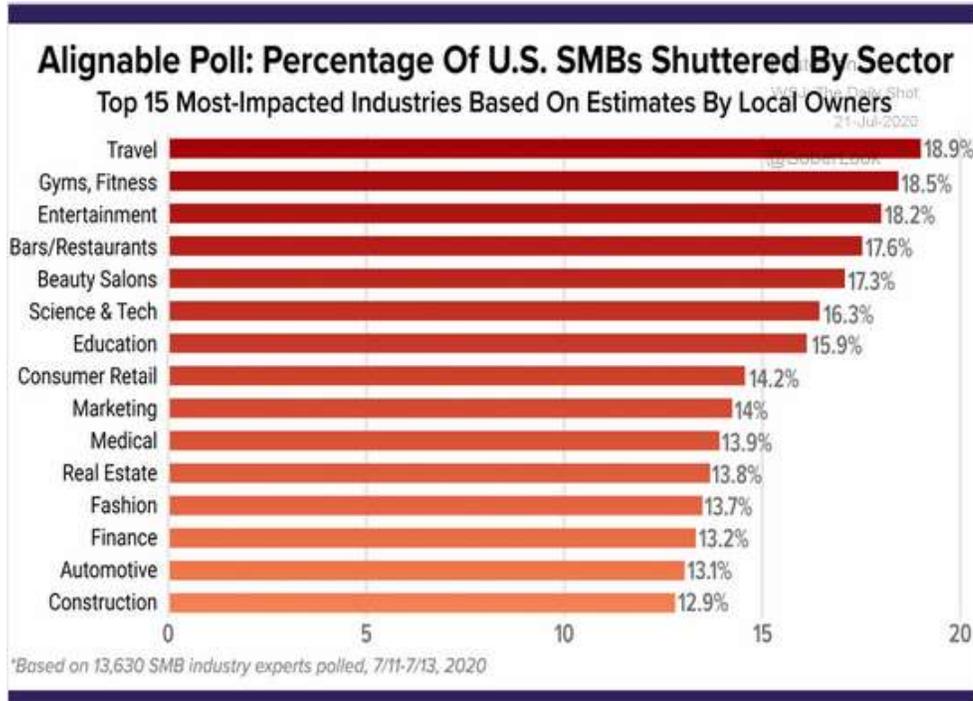
Source: [Scotiabank Economics](#)

Rent collections in cities have been declining.



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

This chart shows the percentage of shuttered small and medium-sized businesses across industries most impacted by the crisis.

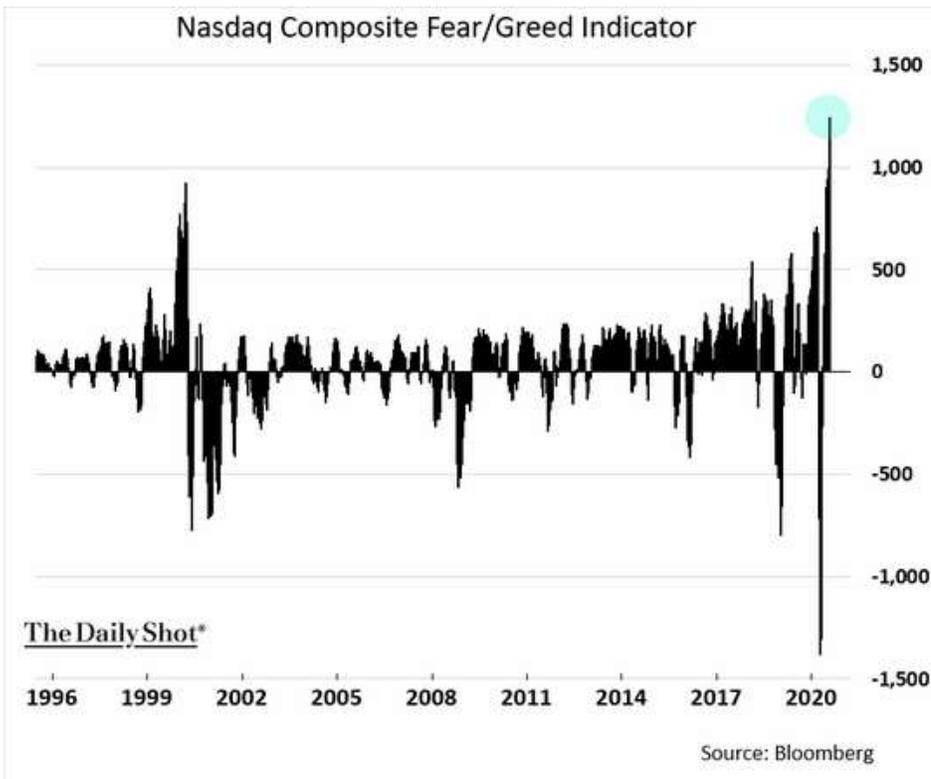


Source: Alignable; [Read full article](#)

The Nasdaq Composite hit another record high. Here is the relative performance over the past five years.



The Nasdaq Composite Fear/Greed Indicator is deep in "greed" mode.



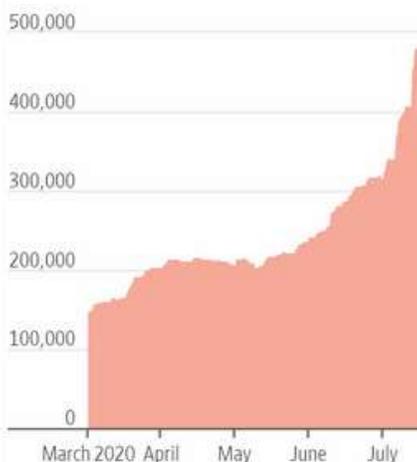
h/t [David Wilson](#)

Retail traders are chasing 'hot' stocks.

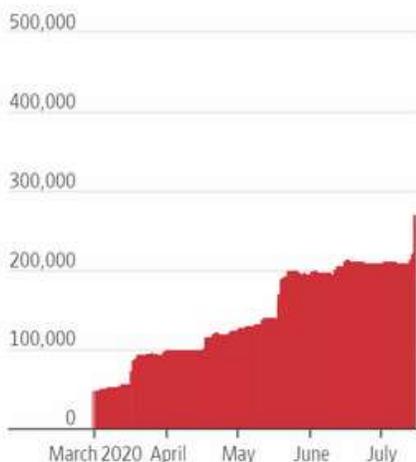
Individual investors on the trading app Robinhood have increased their activity in popular momentum stocks lately.

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Number of Robinhood users holding Tesla

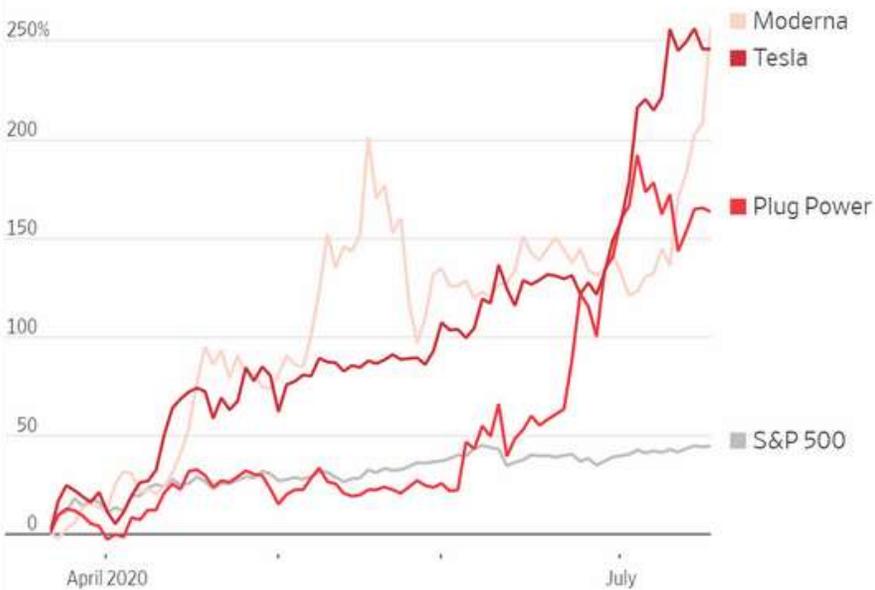


Number of Robinhood users holding Moderna



Note: As of July 15
Source: Robintrack

Cumulative performance since March 23

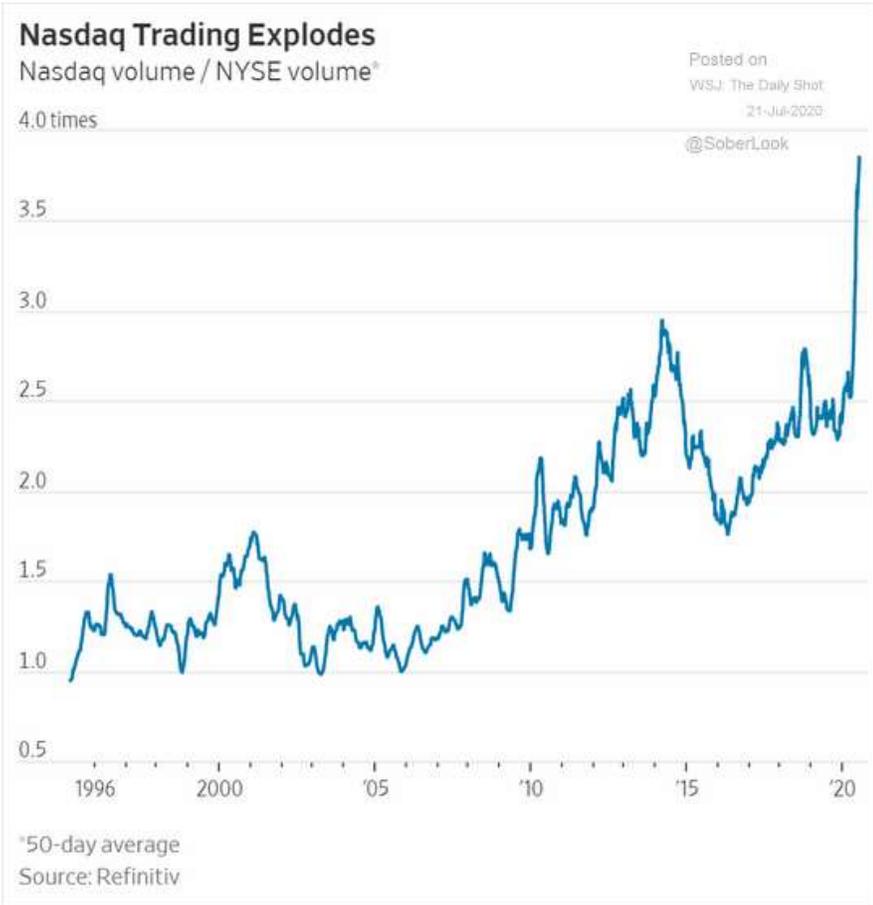


As of July 20, 2:04 p.m. ET

Source: FactSet

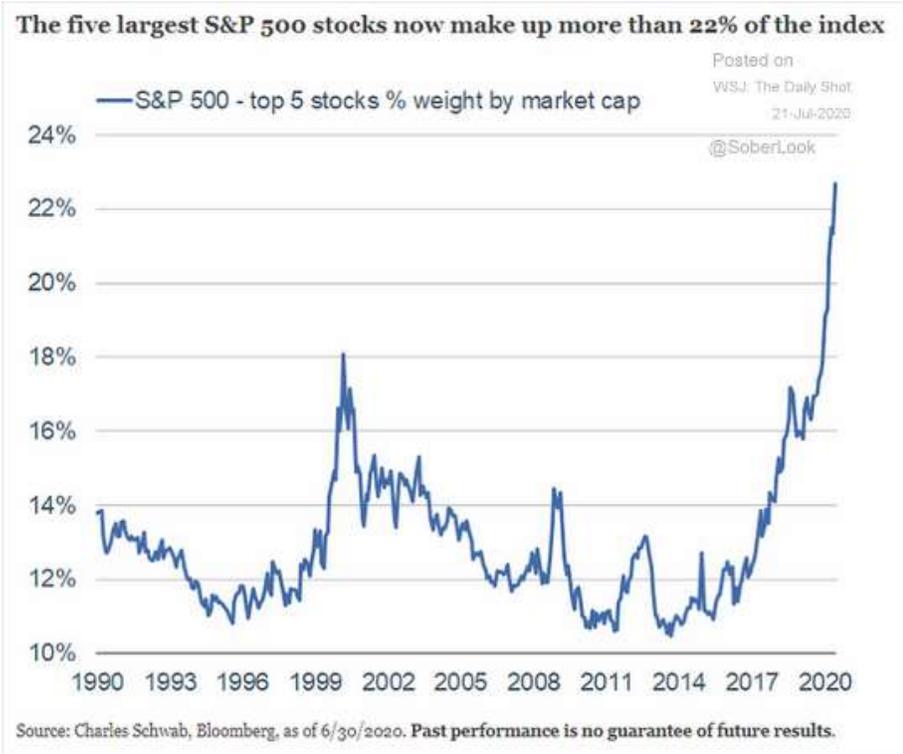
Source: @WSJ; [Read full article](#)

The Nasdaq trading volume has soared this year.



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

The S&P 500 concentration (top five stocks) continues to climb.



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

some sector performance updates (five business days).

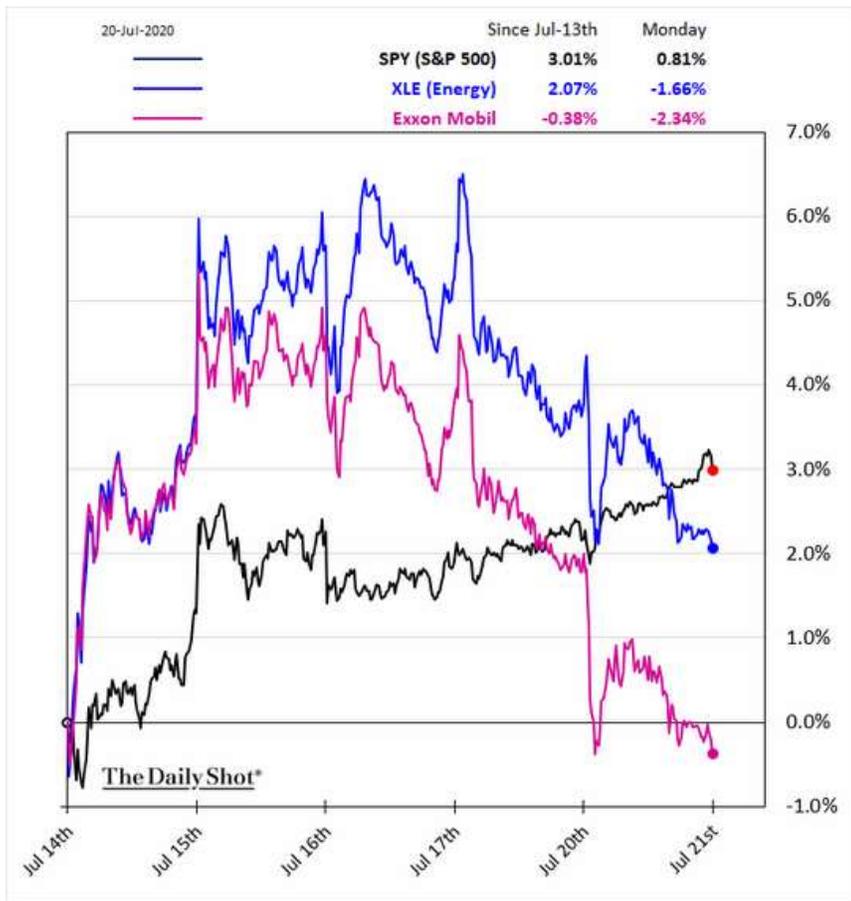
- Banks:



- Real estate operators (REITs):



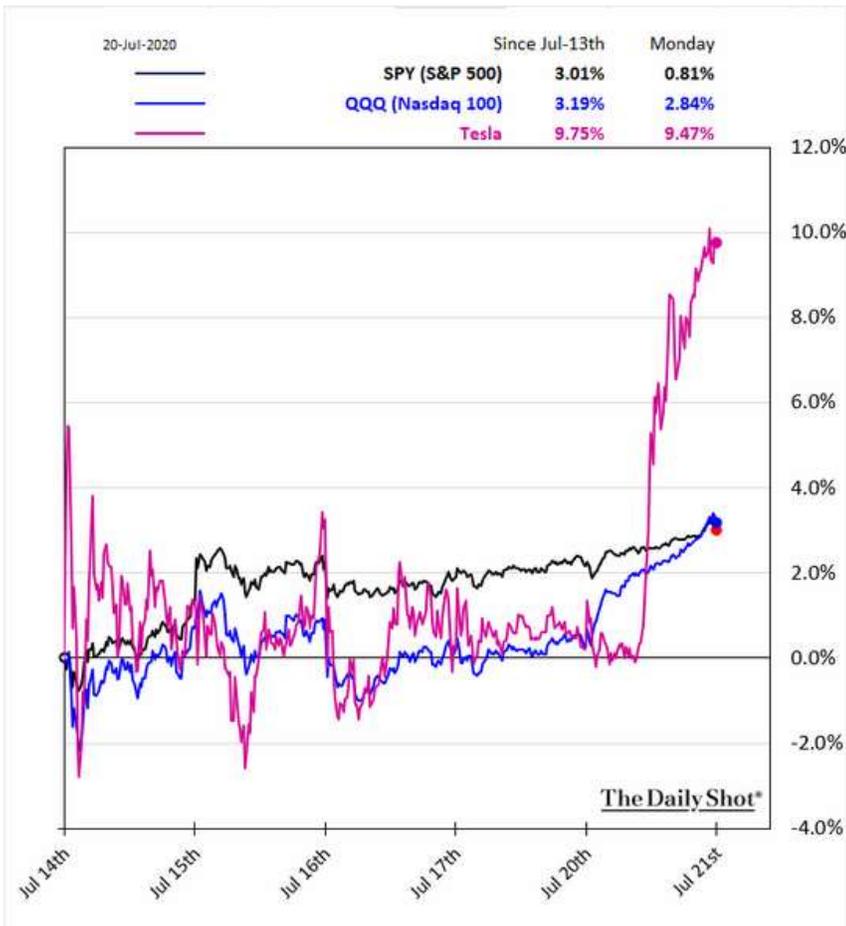
● Energy:



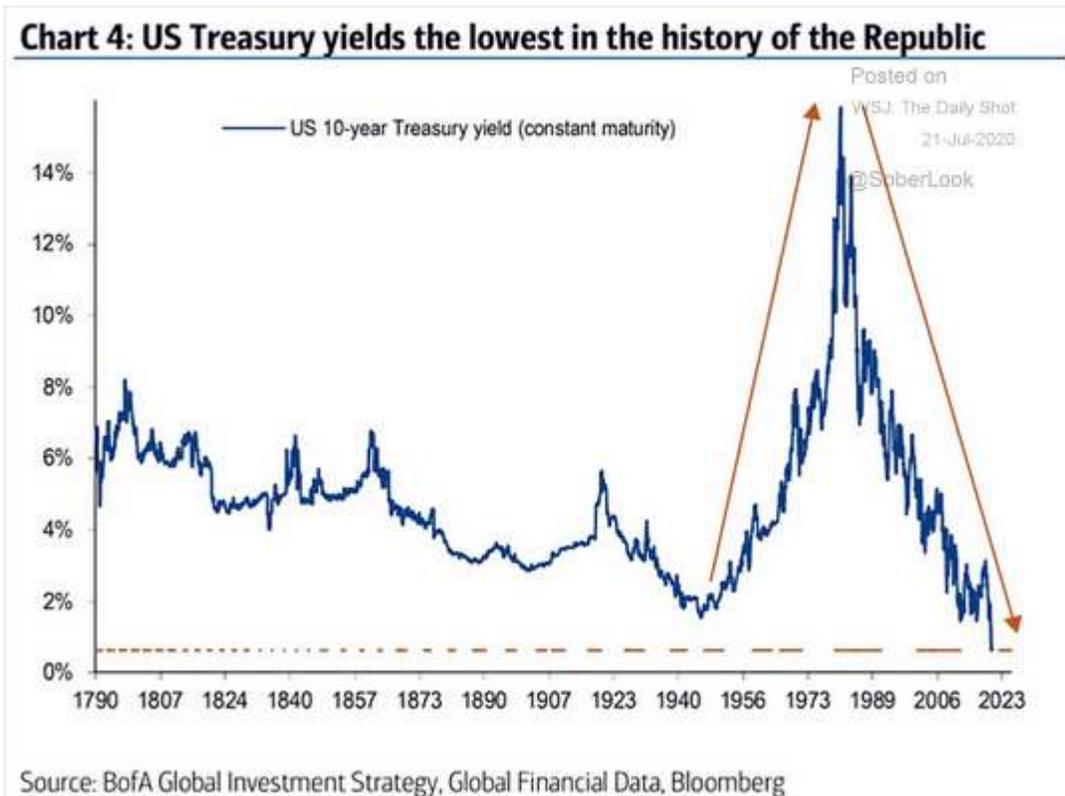
● Biotech:



- Nasdaq 100:

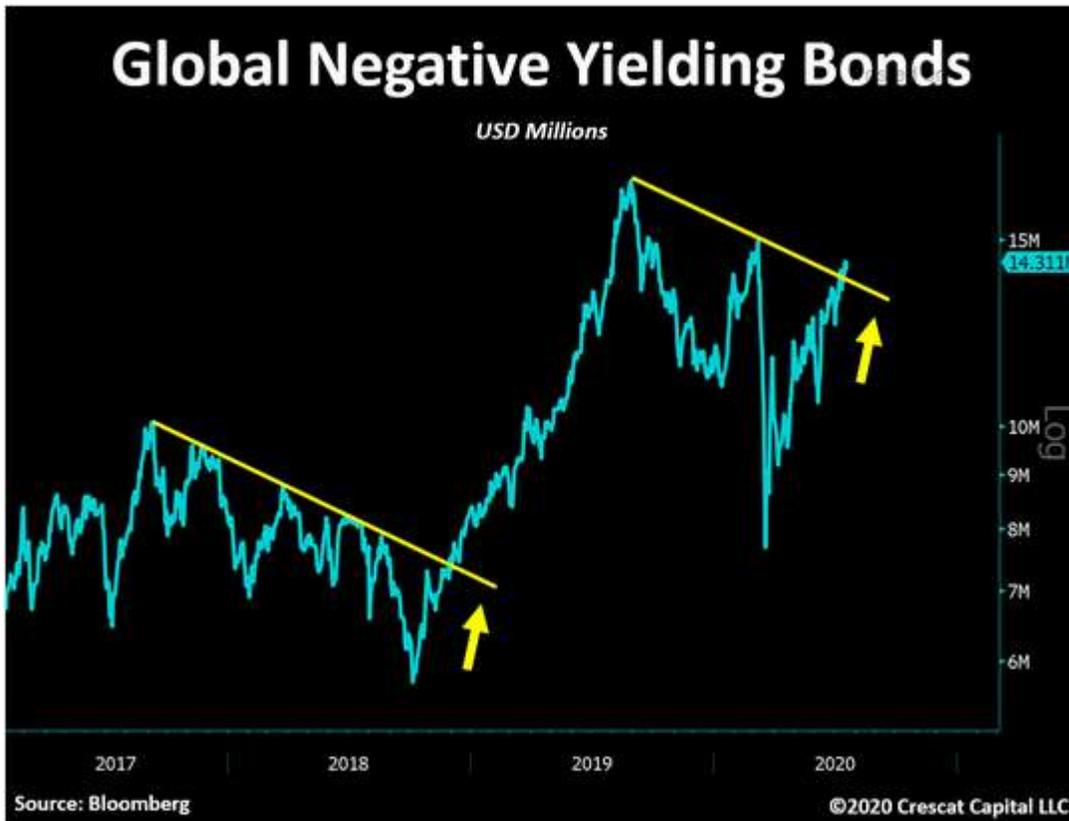


This chart shows Treasury yields going back to 1790.



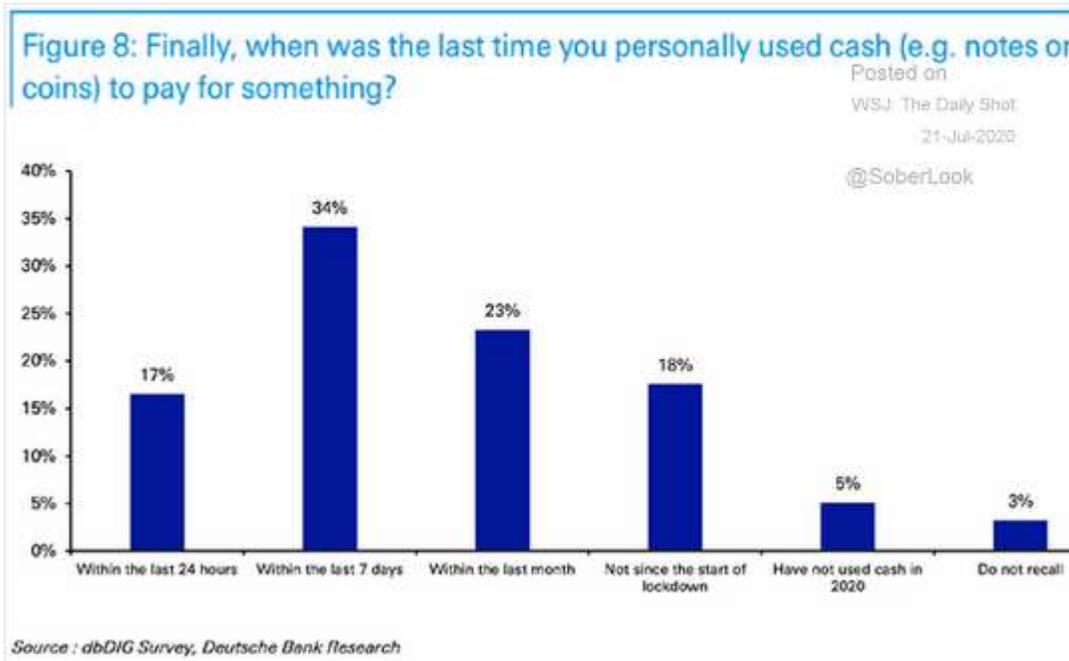
Source: [@ISABELNET_SA](#), [@BofAML](#)

The global negative-yielding debt market value is climbing again.



Source: [@TaviCosta](#)

When was the last time you used cash? (“do not recall” was an actual response. Man, I’m old.)



Source: [@ISABELNET_SA](#), [@DeutscheBank](#)

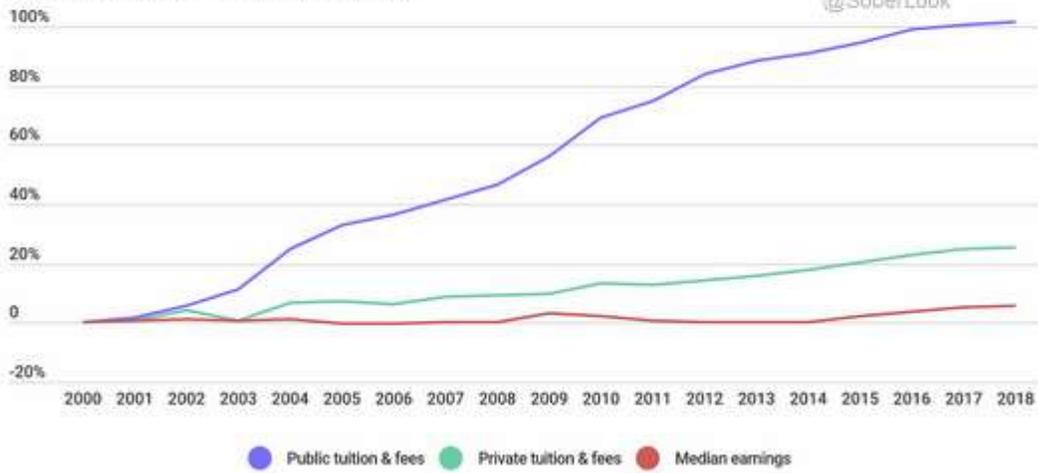
Growth in US graduate school tuition:

Since 2000, public graduate school tuition & fees more than doubled after adjusting for inflation

Posted on
21-Jul-2020

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Cumulative change since 2000 (inflation-adjusted)



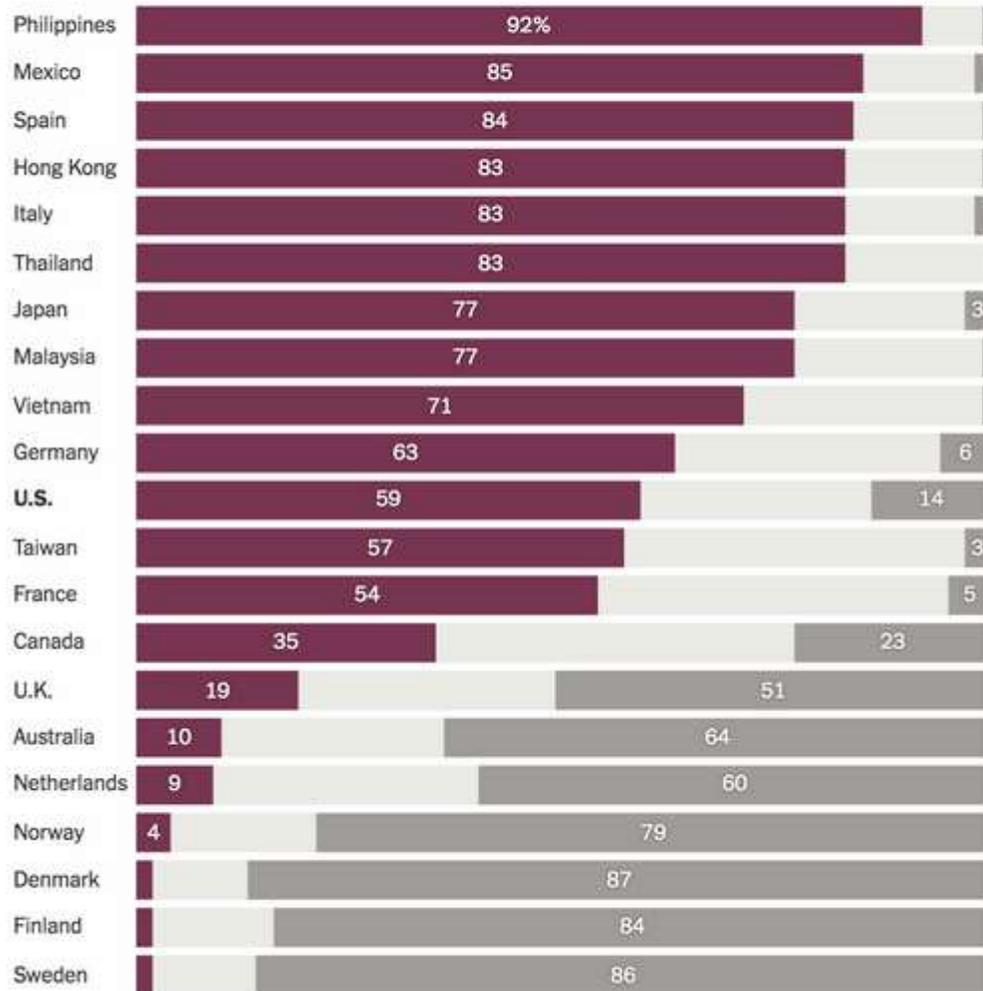
Source: Volusion; [Read full article](#)

Face mask usage (2 charts):

How Often People From Different Places Say They Wear a Mask When They Leave the House

Posted on
WSJ: The Daily Shot
21-Jul-2020
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Always Never



The wording of the YouGov question differed from the question in the Dynata survey. - YouGov/Imperial College of London surveys from June 22-28

Source: The New York Times; [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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