

**Subject:** Morning CORE

**US Futures-World Markets:** S&P futures are lower as we head into another busy day. Investors are getting a complete picture of the historic economic contraction in Q2. This is the steepest drop since the Great Depression. It's hard to remember that the economy was crushing it only 6 months ago. A slew of corporate earnings (Apple, Facebook, Amazon, Alphabet) are out after the closing bell. Initial jobless claims, announced at 8:30am, are expected to be around 1.4 million. Continuing claims should remain over 16 million. Stimulus talks still haven't produced a compromise. Doesn't it always go down to the last minute? What will happen if extra unemployment benefits expire? UPS is +10% pre-market on e-commerce surge (UPS +5%YTD). Paypal +3% pre-market on same e-commerce demand (PYPL +70%YTD). Qualcomm +11% on 5G growth trends and licensing deal with Huawei. Yum Brands beat on taco and pizza cravings during the lockdown. In yesterday's press conference, Fed Chair Powell said he sees a need for ongoing support as this pandemic recovery slows. Here is some video on Powell's appearance (not really- it's Col. Nathan R. Jessup, but it feels like he thinks we can't handle the truth on this economy.) <https://bit.ly/2P9bscJ>. 'Path of virus will be a great determinant for economic activity.' He said that even if the reopening goes fairly well, it's going to be a long time to get employment levels back to pre-virus levels. Another point from Powell- he thinks disinflation will be an issue more than inflation for some time. How close can we get to negative interest rates? Europe is lower on dismal earnings and weaker-than-expected German GDP. S&P Futures vs. Fair Value: -24.20, 10-Yr Yield: 0.558%.

### **CORE Headlines:**

- A meeting between White House and congressional leaders ended with no agreement on extending unemployment benefits or the eviction moratorium as overall stimulus talks are still deadlocked.- WaPo
- Some Joe Biden allies and donors are trying to stop him from selecting Senator Kamala Harris (D-CA) for his vice presidential running mate.-CNBC
- Johnson & Johnson kicked off U.S. human safety trials for its COVID-19 vaccine after releasing details of a study in monkeys that showed its best-performing vaccine candidate offered strong protection in a single dose.-Reuters
- Google's \$2.1 billion bid for fitness tracker maker Fitbit will face a full-scale EU antitrust investigation next week, people familiar with the matter said.-Reuters
- White House Chief of Staff Meadows stated that was not making progress in stimulus talks; now expected extra unemployment benefits to expire-TTN
- While the Trump administration agreed to reduce the number of federal troops in Portland, Oregon, it is sending federal officers to several Midwestern cities in a separate anticrime push, which Democrats and some local officials worry is a tactic to support the president's law-and-order campaign message.-WSJ
- Beijing has been deploying aggressive means to go after expatriates it accuses of crimes, sometimes dispatching agents abroad to convince them to return home and face charges—and has lately been using US civil litigation to add further pressure to recalcitrant expatriates.-WSJ
- Hard hit by the pandemic, Russia has employed its armed forces, shortened trial approval times, and sped up clinical evaluations in an attempt to assert itself in a race for a coronavirus vaccine—and expects to register the first one in August.-WSJ
- Several US business schools, including Purdue and the University of Missouri, have closed their struggling full-time master of business administration degree programs in recent months, and the coronavirus outbreak may endanger more.-WSJ

- Randi Weingarten, president of the American Federation of Teachers, warned Wednesday that strikes due to unsafe working conditions in schools were possible in Texas, Florida and Arizona, all states with high coronavirus infection rates.-NYP
- Former Orlando, Florida, police chief Val Demings, an African American, is on Joe Biden’s list of potential vice presidential candidates, but “a review of her record shows a complicated history with episodes involving police misconduct.”-NYT
- As the coronavirus pandemic tears through Latin America and the Caribbean, killing more than 180,000 and destroying the livelihoods of tens of millions in the region, it is also putting strain on democracies and freedoms that were already fragile.-NYT
- GM began construction on a nearly three-million square foot factory that will mass produce Ultium battery cells and packs.-TechCrunch

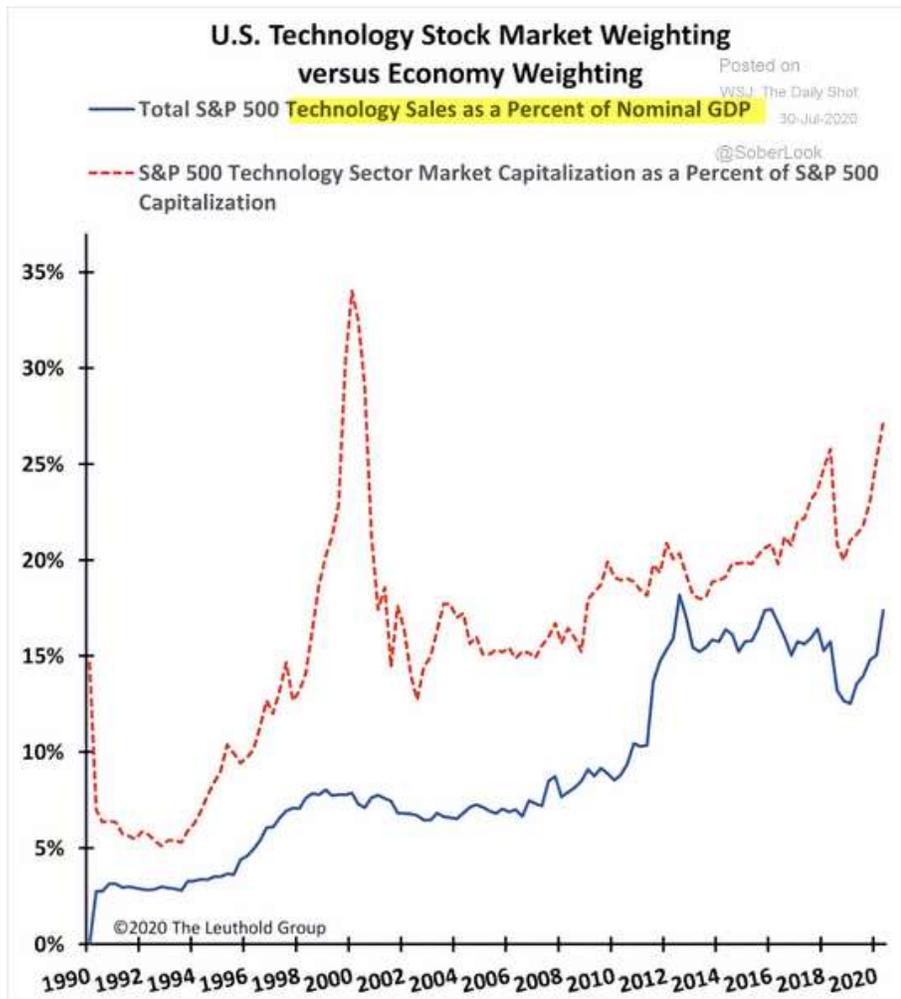
**Interesting Reads/Charts:**

- PBS Newshour: Is residential college worth the cost? <https://to.pbs.org/3jPqvq1>
- Chronicle of Higher Ed: Should colleges teach outside under tents? <https://bit.ly/39EQcF6>

**Charts from The Daily Shot:**

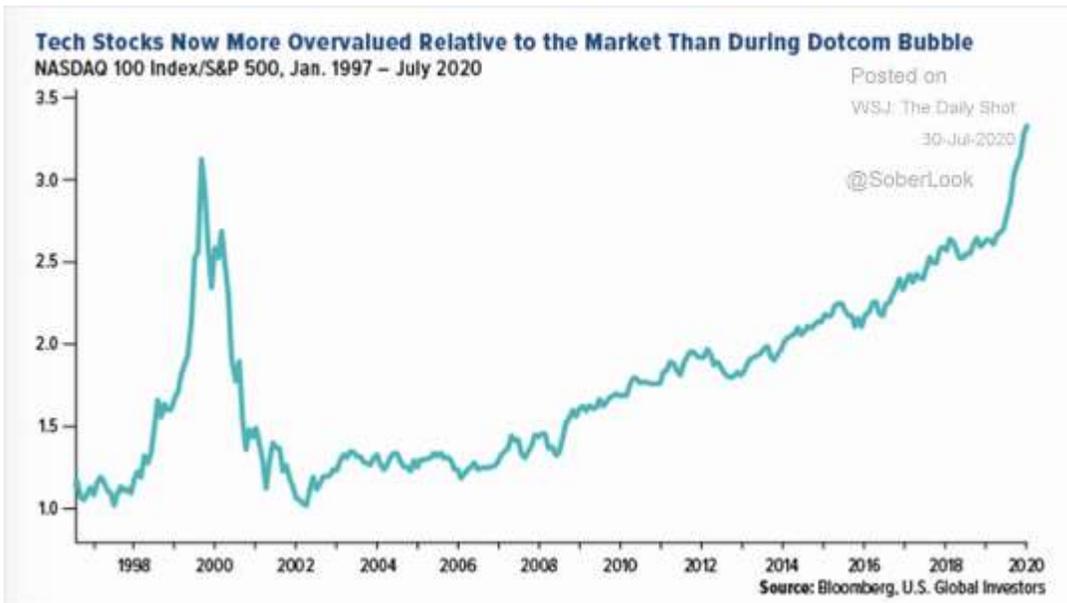
A look at tech and the mega-cap shares.

- The spread between tech capitalization (% of S&P 500) and sales (% of GDP) is not as extreme as it was during the dot-com bubble.



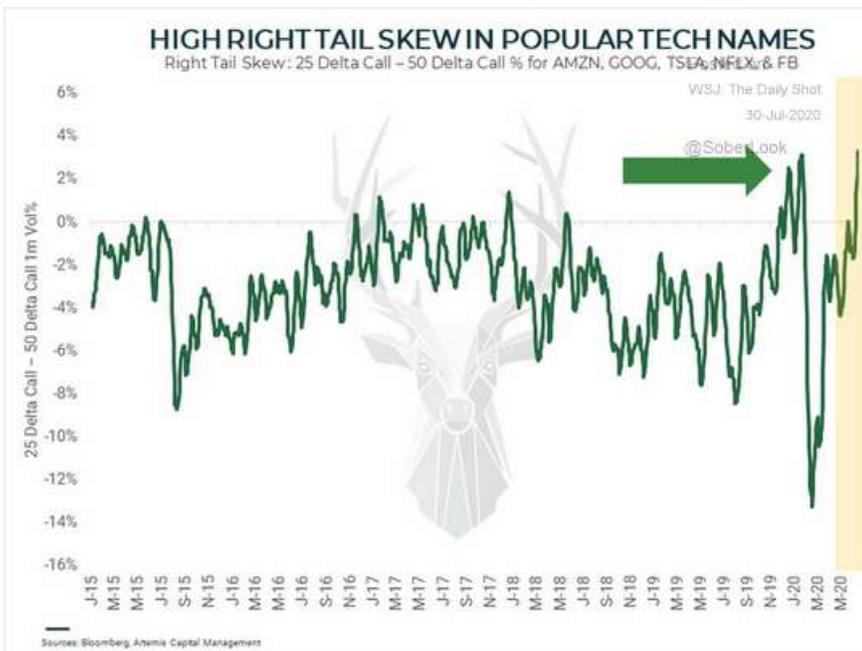
Source: @LeutholdGroup, Business Insider; [Read full article](#)

- Nonetheless, here is the Nasdaq 100/S&P 500 ratio.



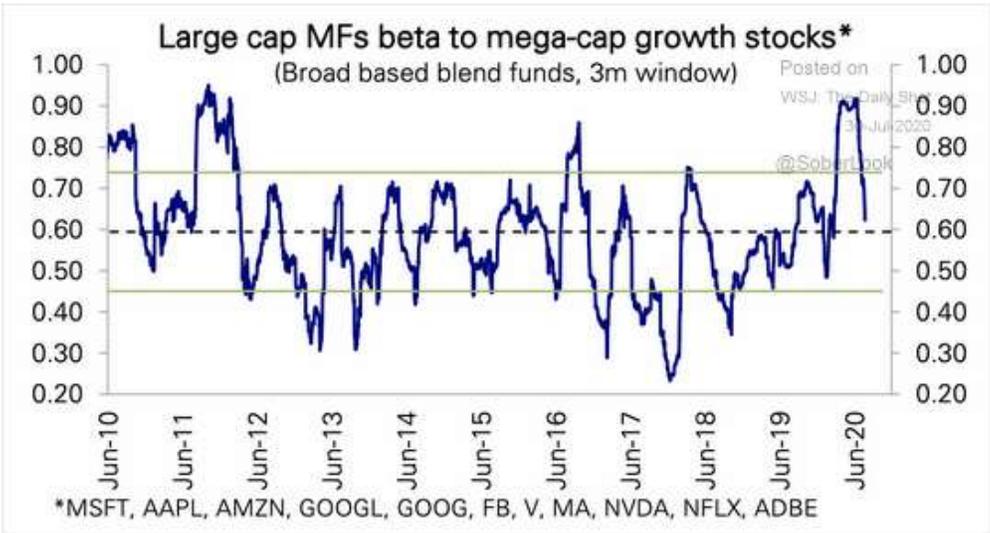
Source: US Global Investors; [Read full article](#)

- Upside options bets on the tech mega-caps are at an extreme.



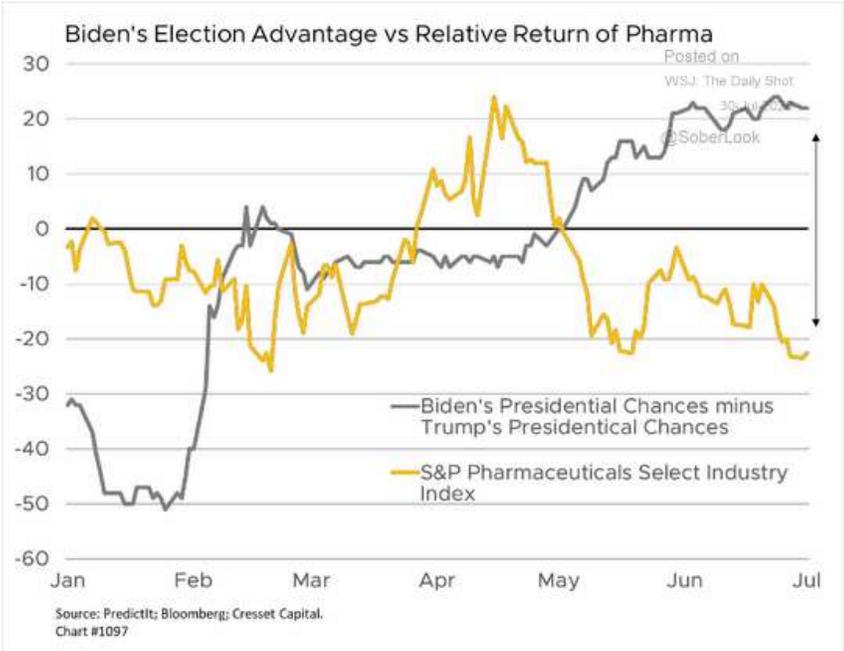
Source: [@vol\\_christopher](#)

- Active mutual funds' exposure to mega-cap growth stocks has been declining from very elevated levels.

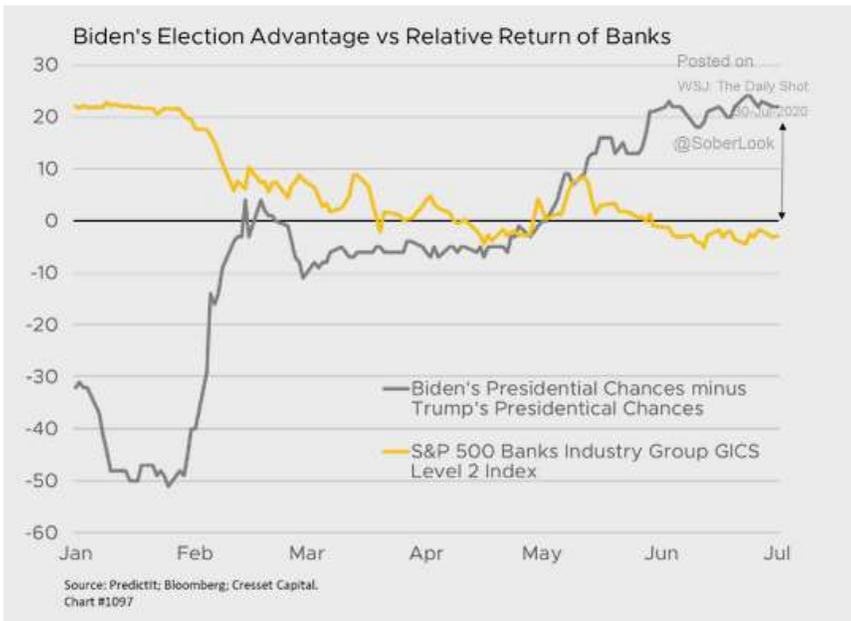


Source: [Deutsche Bank Research](#)

Joe Biden's recent gains in the betting markets coincide with underperformance in pharma and bank stocks.

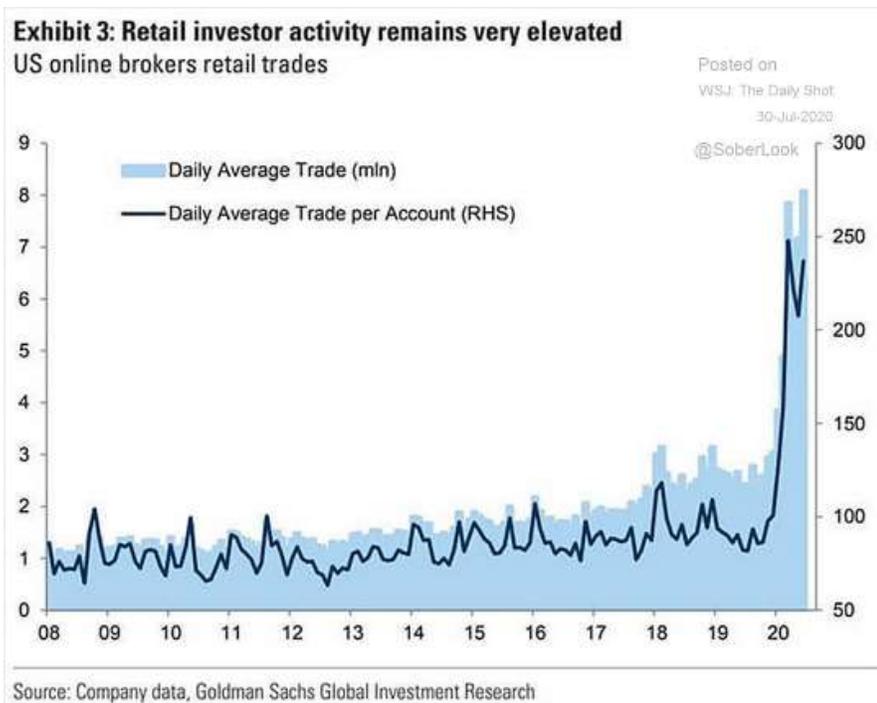


Source: [Jack Ablin, Cresset Wealth Advisors](#)



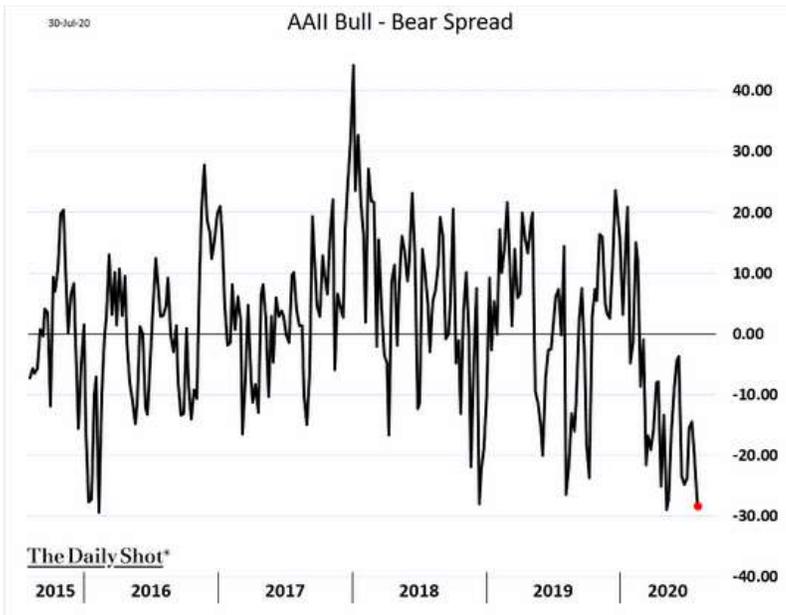
Source: [Jack Ablin, Cresset Wealth Advisors](#)

Retail trading activity remains elevated.

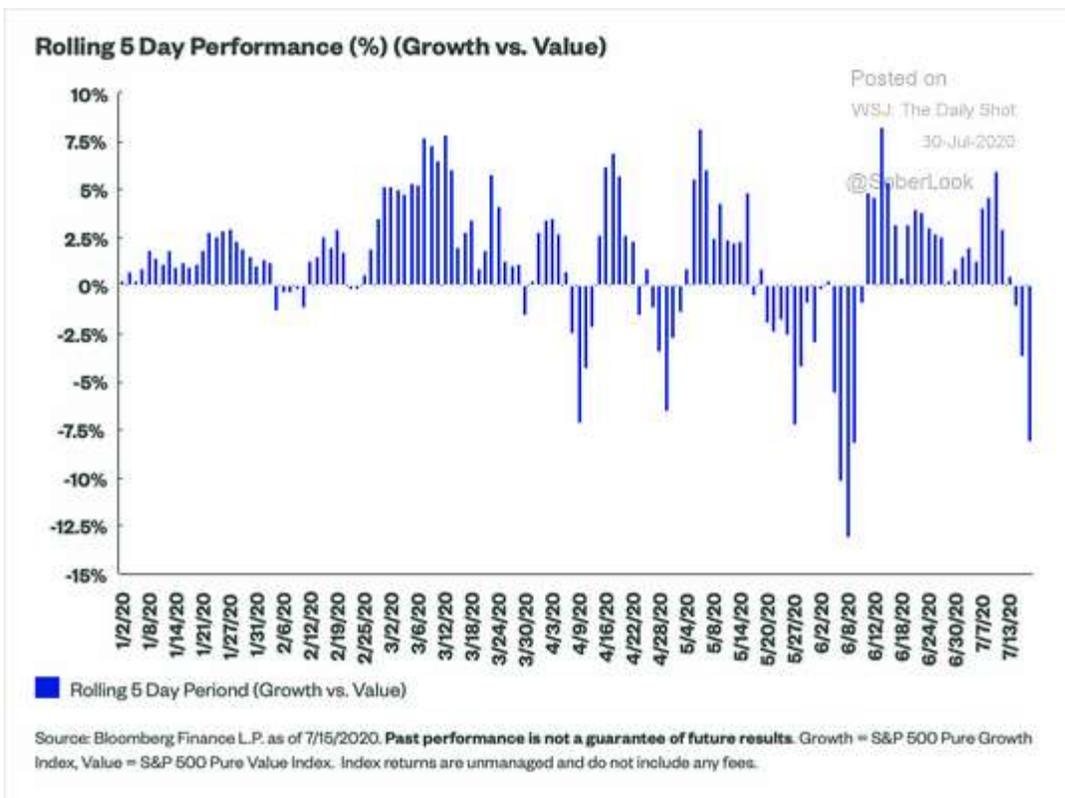


Source: [@ISABELNET\\_SA](#), [@GoldmanSachs](#)

However, the AAI bull-bear spread shows caution among investors.



Value has outperformed growth for a brief period in June, which coincided with high short interest, according to SPDR Americas Research. Can it continue for more than a week or two?



Source: [SPDR Americas Research](#), @mattbartolini

The US dollar declined further in response to the Fed's cautious stance.

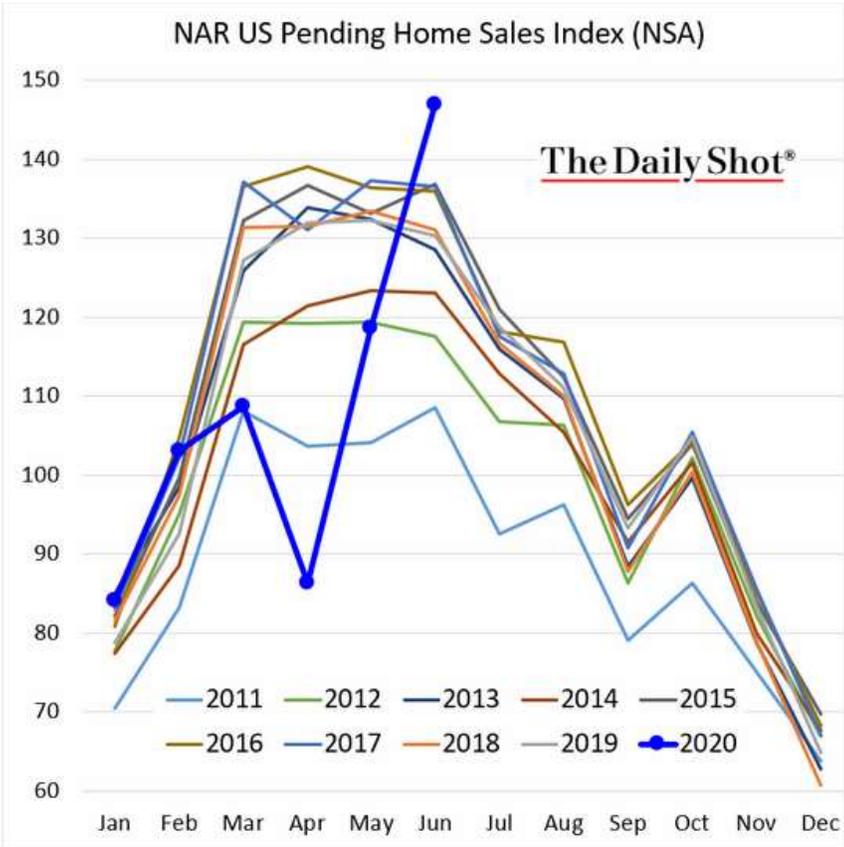


Source: [@TheTerminal](#), [@Schuldensuehner](#)

June pending home sales surprised to the upside, climbing to multi-year highs.

**Pending home sales surge for the second consecutive month as the Realtors raise their forecast for 2020**

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

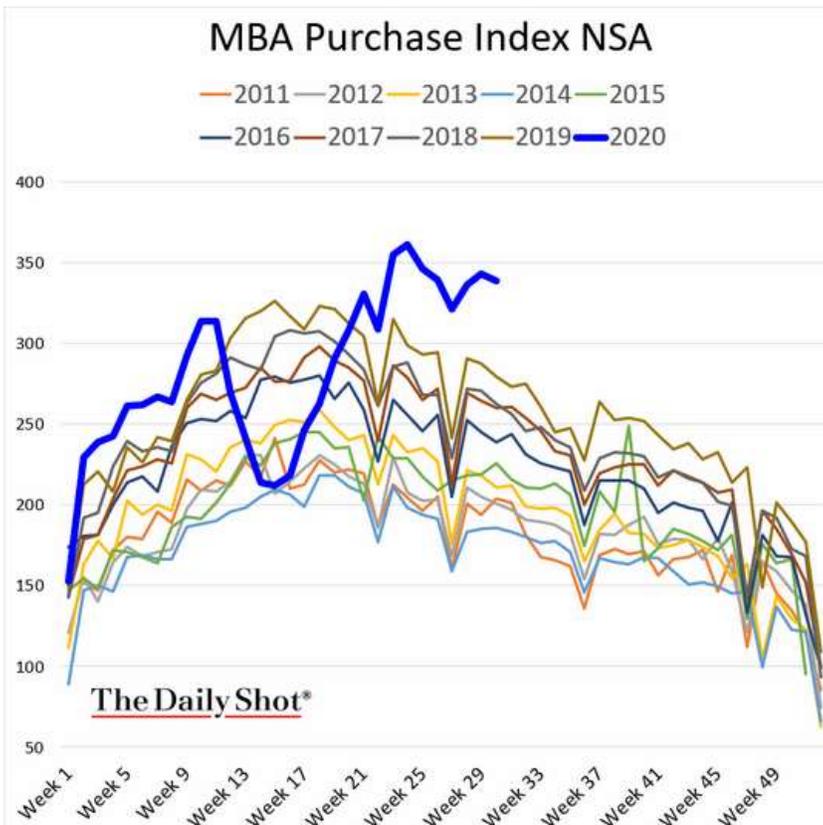


Here is the year-over-year change.

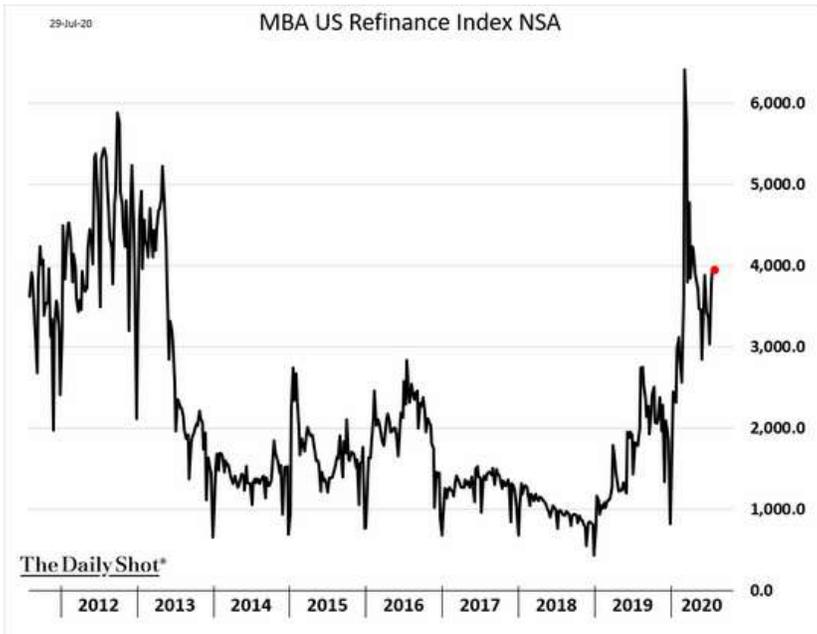


Mortgage applications remain robust.

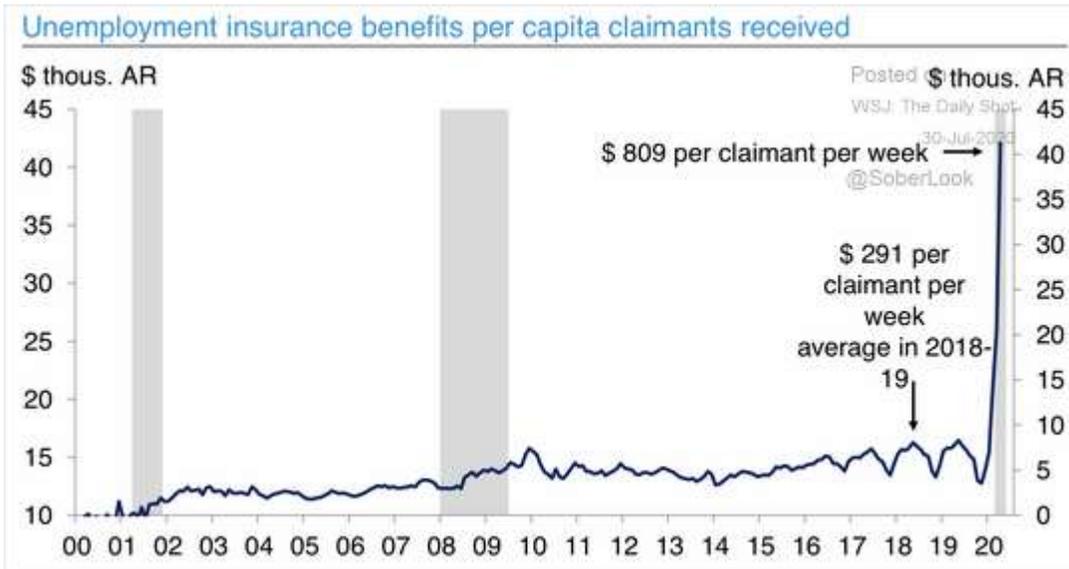
- Applications to purchase a home:



- Refi applications:



Most of the focus is on the unemployment insurance benefits, which have replaced lost income.

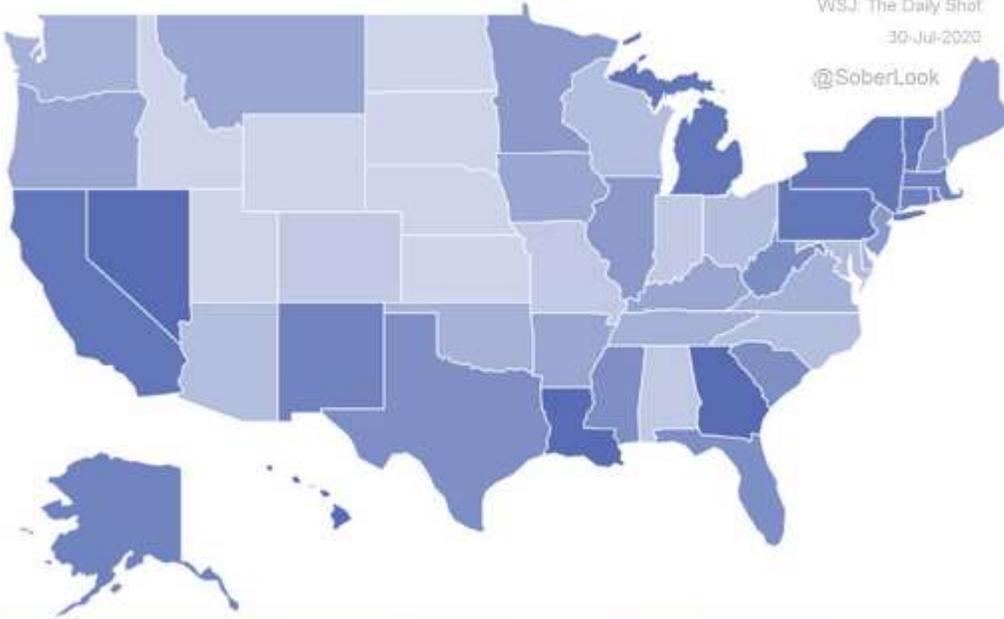


Source: [Deutsche Bank Research](#)

- This map shows where the loss of the extra \$600 in unemployment benefits will hurt the most.

## Where the loss of the additional \$600 unemployment benefits will hurt the most

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

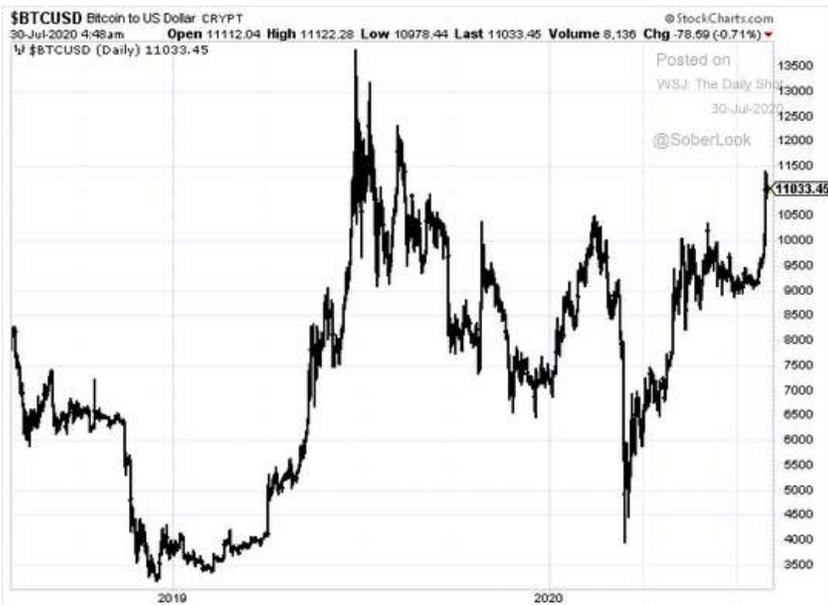


Rank: 0 Rank: 5 Rank: 10 Rank: 15 Rank: 20 Rank: 25 Rank: 30 Rank: 35 Rank: 40 Rank: 45 Rank: 50

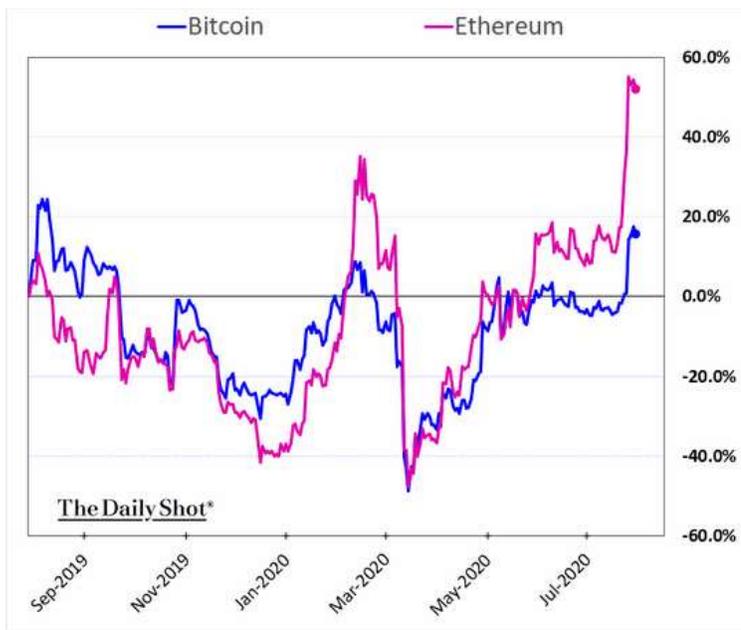
Rank	State	Total workers	Workers on unemployment insurance	Weekly earnings of average worker	Estimated total weekly earnings	Additional income from \$600 unemployment benefits	Percent of income from additional unemployment benefits
1	Nevada	1,388,109	295,994	\$908	\$1,260,402,972	\$177,596,400	14.1%
2	Hawaii	620,739	128,502	\$1,056	\$655,748,680	\$77,101,200	11.8%
3	Louisiana	1,889,866	312,893	\$850	\$1,605,630,154	\$187,735,800	11.7%
4	Georgia	4,406,223	792,717	\$954	\$4,203,536,742	\$475,630,200	11.3%
5	Michigan	4,305,848	604,846	\$977	\$4,205,952,326	\$362,907,600	8.6%
6	California	17,396,834	2,946,807	\$1,179	\$20,507,387,919	\$1,768,084,200	8.6%
7	Pennsylvania	5,827,122	815,282	\$987	\$5,752,534,838	\$489,169,200	8.5%
8	New York	9,429,172	1,520,832	\$1,230	\$11,601,653,229	\$912,499,200	7.9%
9	Vermont	303,295	38,335	\$983	\$298,199,644	\$23,001,000	7.7%
10	Connecticut	1,652,033	254,461	\$1,199	\$1,981,117,974	\$152,676,600	7.7%
11	New Mexico	806,473	92,108	\$904	\$729,374,181	\$55,264,800	7.6%
12	Rhode Island	474,428	65,377	\$1,100	\$522,060,571	\$39,226,200	7.5%
13	Alaska	308,691	43,225	\$1,140	\$352,031,216	\$25,935,000	7.4%
14	Massachusetts	3,578,753	537,302	\$1,263	\$4,520,680,790	\$322,381,200	7.1%
15	Mississippi	1,110,126	100,191	\$771	\$855,685,121	\$60,114,600	7.0%

Source: [MagnifyMoney](#)

Bitcoin blasted past \$11k.



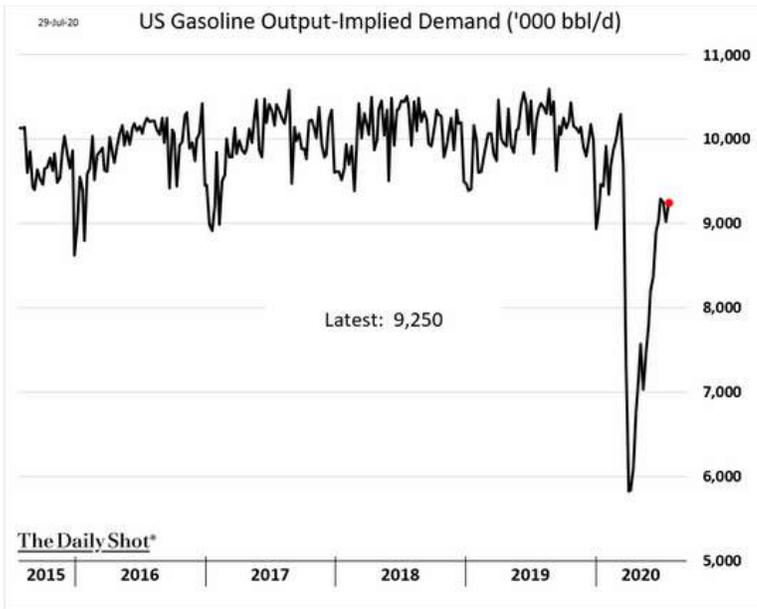
2. Ethereum has outperformed Bitcoin by some 40% since May.



The rally in US lumber futures has been impressive.



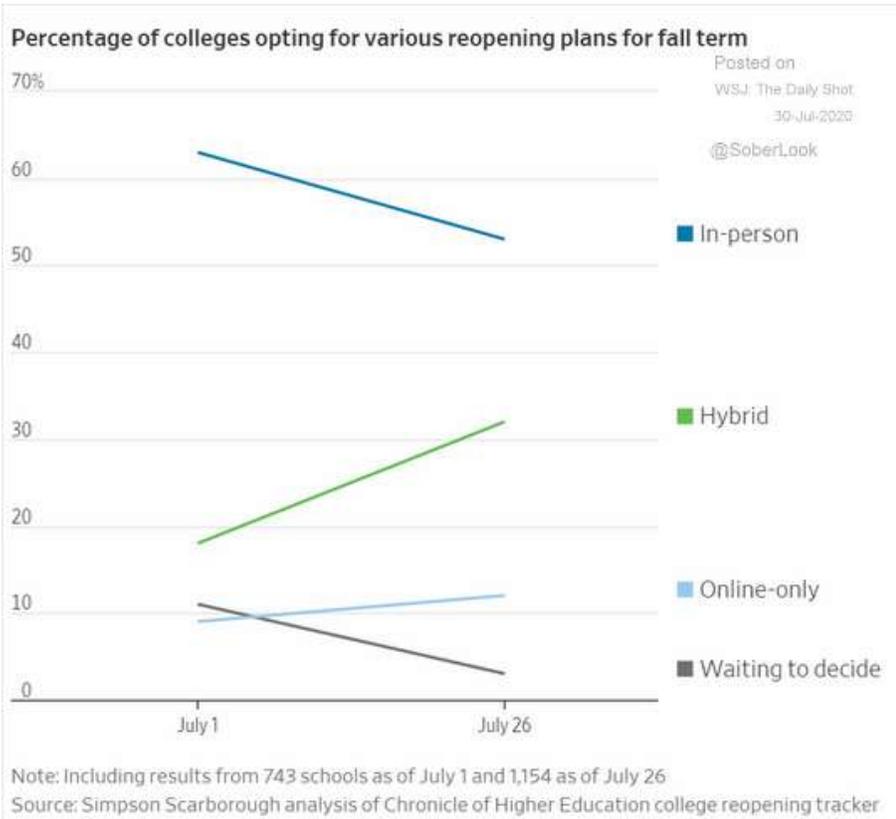
US gasoline demand is still relatively soft for this time of the year.



Long-term market-based inflation expectations continue to climb.



Reopening plans at US colleges:



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

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

Nicholas Lampone

**Dalzell Trading**

Principal & Director of Trading

Direct: 617-340-5316

Main: 617-340-5313

Cell: 267-980-3481

Five Neshaminy Interplex

Suite 307

Treose, PA 19053

[nlampone@dalzelltrading.com](mailto:nlampone@dalzelltrading.com)

<http://www.dalzelltrading.com/>