

Nick Lampone

From: Nick Lampone
Sent: Wednesday, August 26, 2020 8:01 AM
Subject: Morning CORE

<https://www.themorningcore.com/>

US Futures-World Markets: S&P futures are flat as we digest another record close. Feels like Groundhog Day with new all-time highs <https://bit.ly/32vEvxe>. Does the younger crowd even get that reference? Nice to see the 10-year yield uptick for two days as optimism on the US economy improves. We've mentioned repeatedly how much cash is still on the sidelines with nowhere to go but risky assets (equities). Dick's Sporting Goods crushed their numbers this am. Stock is up 13% pre-market. Not unforeseen with everyone staying active outdoors. Try buying a bike for less than \$600, it is impossible. Urban Outfitters is +18% pre-open on earnings beat. Stock was -25% YTD at yesterday's close. Surprising that crude hasn't rallied with hurricane Laura barreling towards Texas and Louisiana. Wanted to point out that Apple is +17.5% this month. That is a rally for the ages!! Another announcement of a company going public through a SPAC. This time it's Desktop Metal, a metal 3D printing tech company, at \$2.5 billion. All is quiet on the data front with Fed Chair Powell speaking at Jackson Hole tomorrow, but US durable goods are out at 8:30am. S&P Futures vs. Fair Value: +4.60, 10-Yr Yield: 0.713%.

Two quick stats on the Dow Jones Industrial Average- from Axios:

Over the last five years, the Nasdaq has produced almost double the Dow's gain (151% vs. 78%) and over the last year it has returned nearly five times what the Dow has (47% vs. 10%), per FactSet. Roughly \$31.5 billion of assets are benchmarked to the Dow, and \$28.2 billion of passively managed funds, compared to \$11.2 trillion and \$4.6 trillion for the S&P 500, according to [Bloomberg](#).

CORE Headlines:

- The European Union is offering only partial protection to vaccine makers against legal risks from side-effects of their potential COVID-19 shots, European officials said, in a move that is hampering deals and contrasts with U.S. policy.-Reuters
- The Trump administration will resume its oil and gas leasing program with a large sale of acreage in three states, ending a five-month pause due to the coronavirus pandemic and a crash in oil prices.- Reuters
- The US closed the Chinese consulate in Houston and ordered China to remove staff there after finding what officials say was an intelligence-gathering operation aided by diplomats to collect cutting-edge scientific research from American universities.-WSJ (love that they were caught red-handed)
- Wisconsin governor Tony Evers declared a state of emergency after protests over the police shooting of an unarmed black man turned into clashes with law enforcement, prompting groups of armed citizens to declare they would protect businesses from looting.-WSJ
- Secretary of State Mike Pompeo's bid to persuade Sudan to recognize Israel appeared to be rebuffed, in a setback to the administration's efforts to expand the United Arab Emirates-Israel peace deal to other Arab nations.-WSJ
- When bars and restaurants closed across the US, consumers bought large packs of drinks, increasing demand for cans and propelling can makers to boost manufacturing capacity to prevent shortages and capitalize on a trend they bet will stick.-WSJ (CCK is +4% YTD)
- Retail landlords are including pandemic language in new leases, as tenants seek protection after coronavirus shutdowns in March complicated their negotiations for rent relief.-WSJ

- A coronavirus vaccine or even several could be ready in just a few months, so experts are beginning to worry about how to get them into people's arms, how doses will be shipped, and what messages the government must send so Americans trust getting a vaccination.-USA
- **TSLA:** Chief Elon Musk tweeted that Tesla will be building batteries that could deliver a major jump in mileage within “probably 3 to 4 years.”-NYP
- Dementia—the loss of cognitive function, usually caused by Alzheimer’s disease—may be an underlying cause of death in close to triple the number of US deaths that records currently state.-NYP
- Emboldened by a new security law, Hong Kong security forces are turning to harsher tactics as they close a digital dragnet on activists, pro-democracy politicians, and media leaders, and their approaches are increasingly similar to those used by domestic security forces in mainland China.-NYT (sticking to my theory that Xi isn’t that bright a guy)

Interesting Reads/Charts:

- FSR: 12 restaurant chains designed to outlast coronavirus <https://bit.ly/3hsUL8L> (big fan of Metro Diner)
- CNBC: JP Morgan will have staff cycle between office and remote work <https://cnb.cx/3lqtClg>
- GolfWRX: Golf equipment sales boom, rounds played surges <https://bit.ly/2YxpREC> (what else is there to do?)

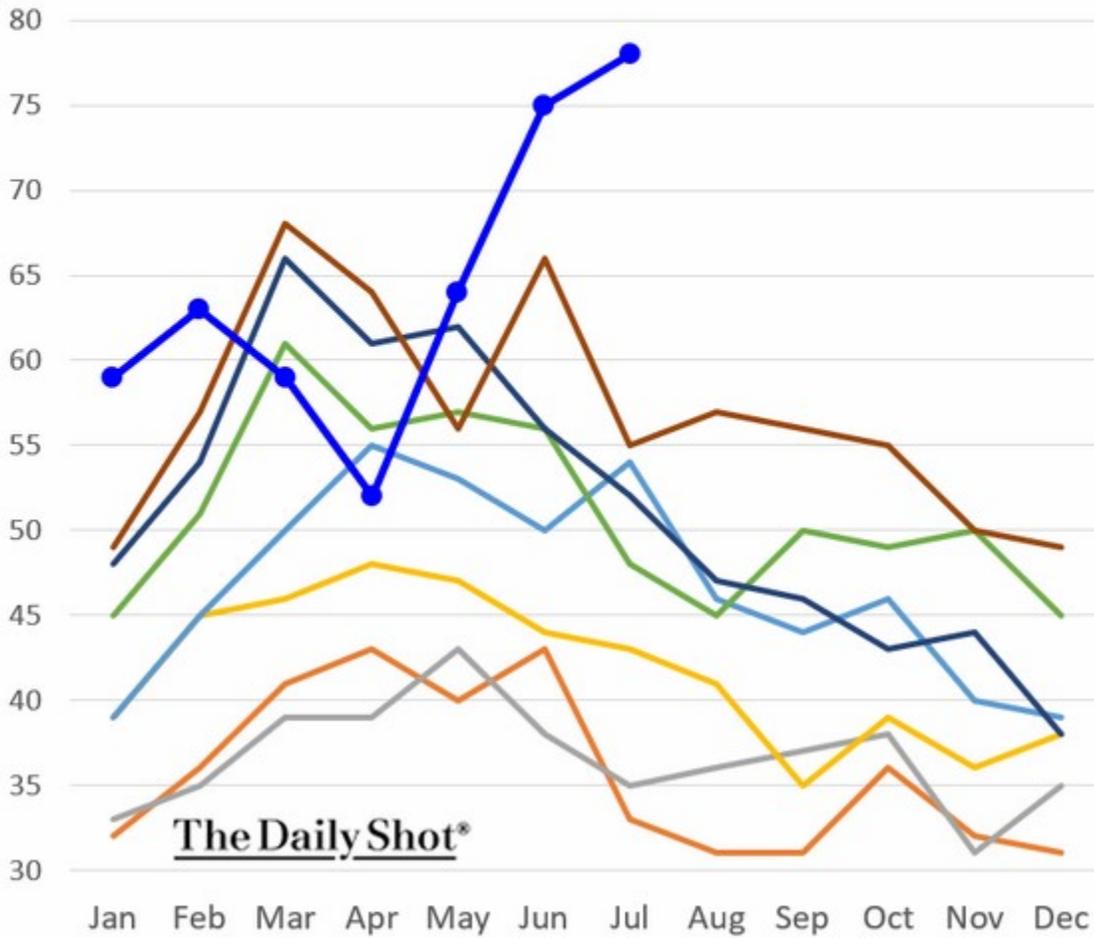
All charts from The Daily Shot:

the housing market remains a key source of strength in the US recovery.

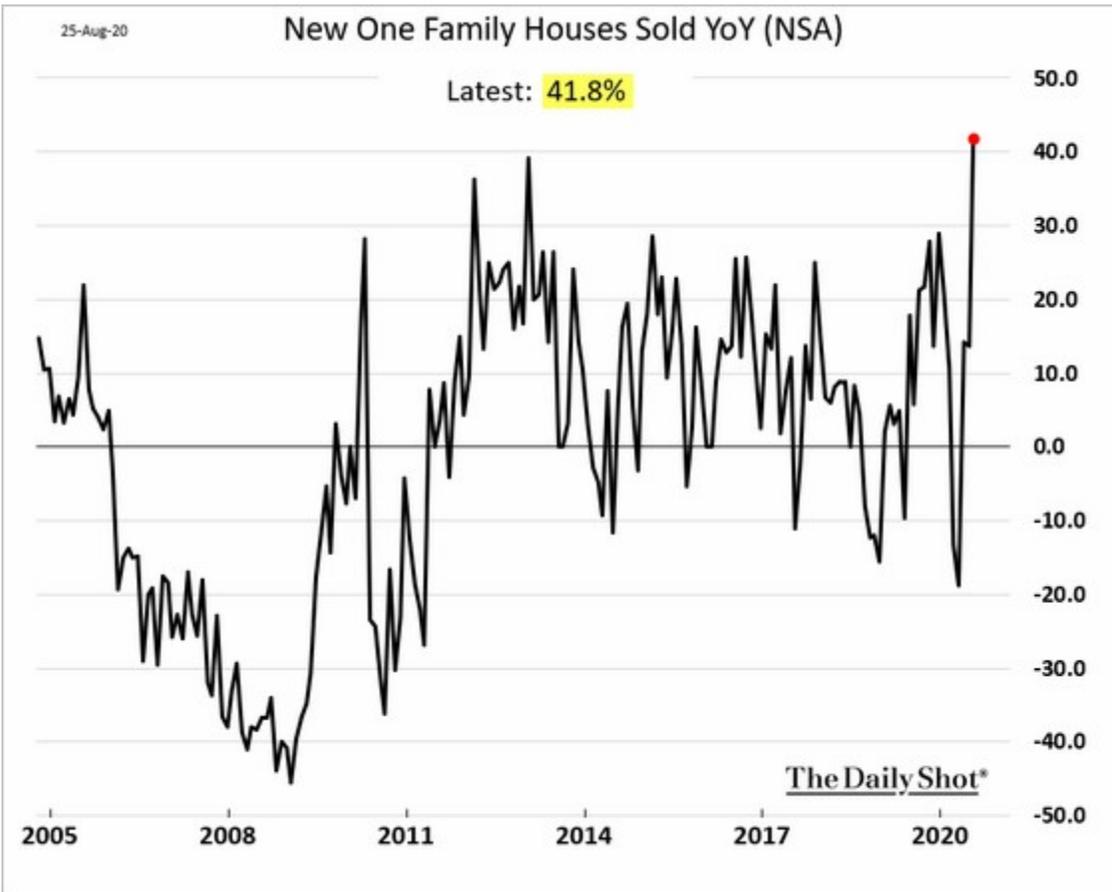
- Sales of new homes hit the highest level in years, rising more than 40% from last year.

New One Family Houses Sold Total NSA ('000)

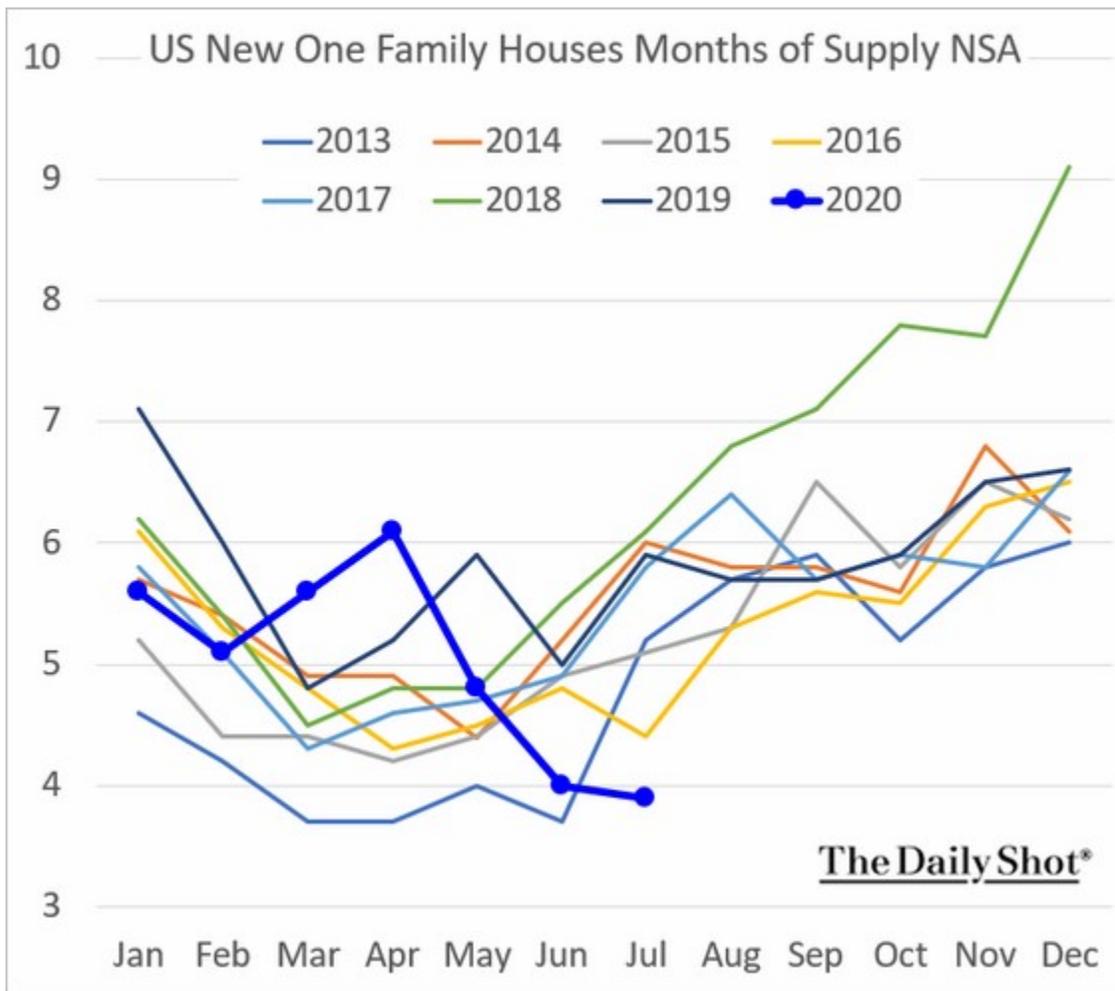
— 2013 — 2014 — 2015 — 2016
— 2017 — 2018 — 2019 ● 2020



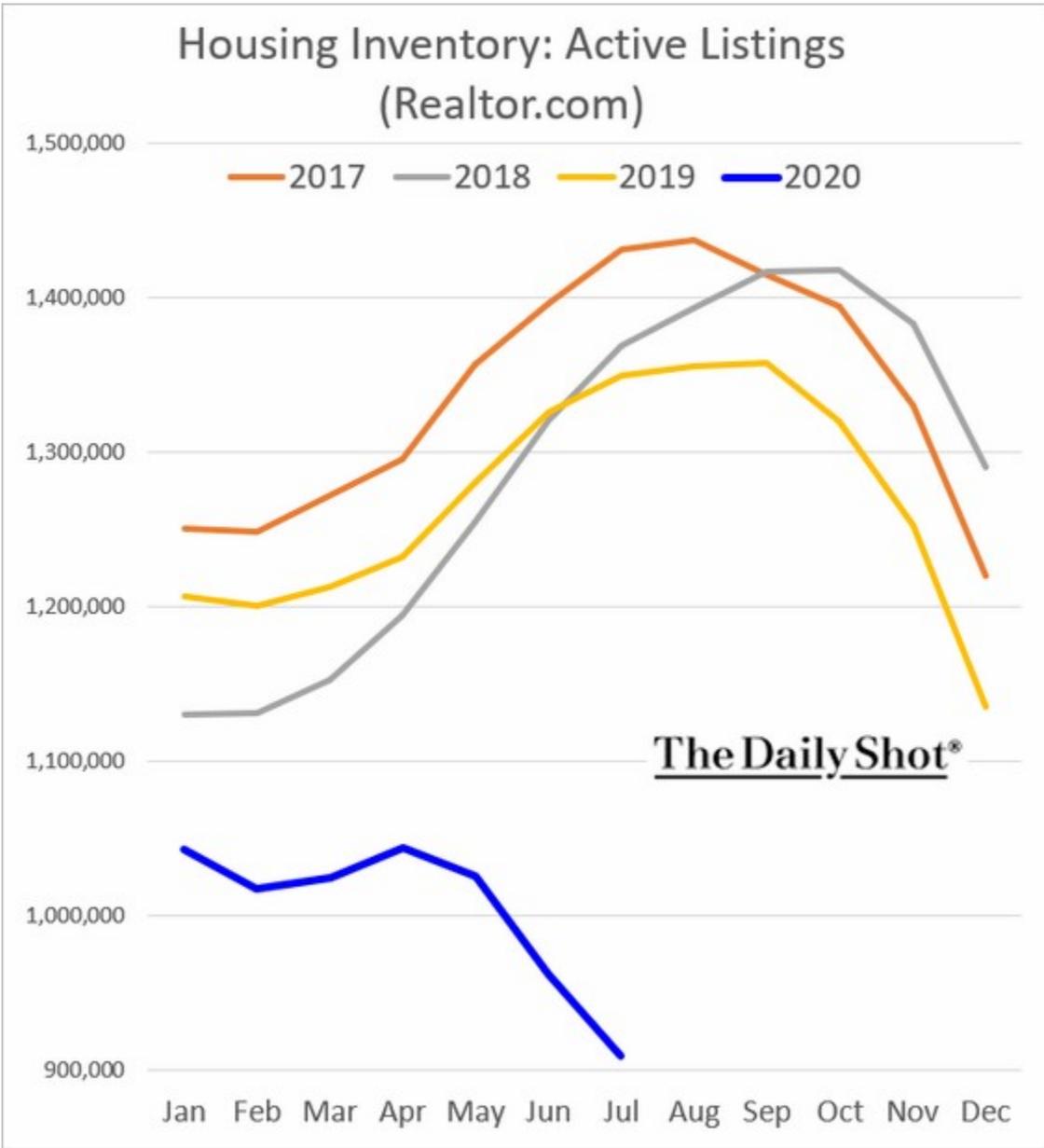
The Daily Shot®



- Inventories of newly built houses are tightening.

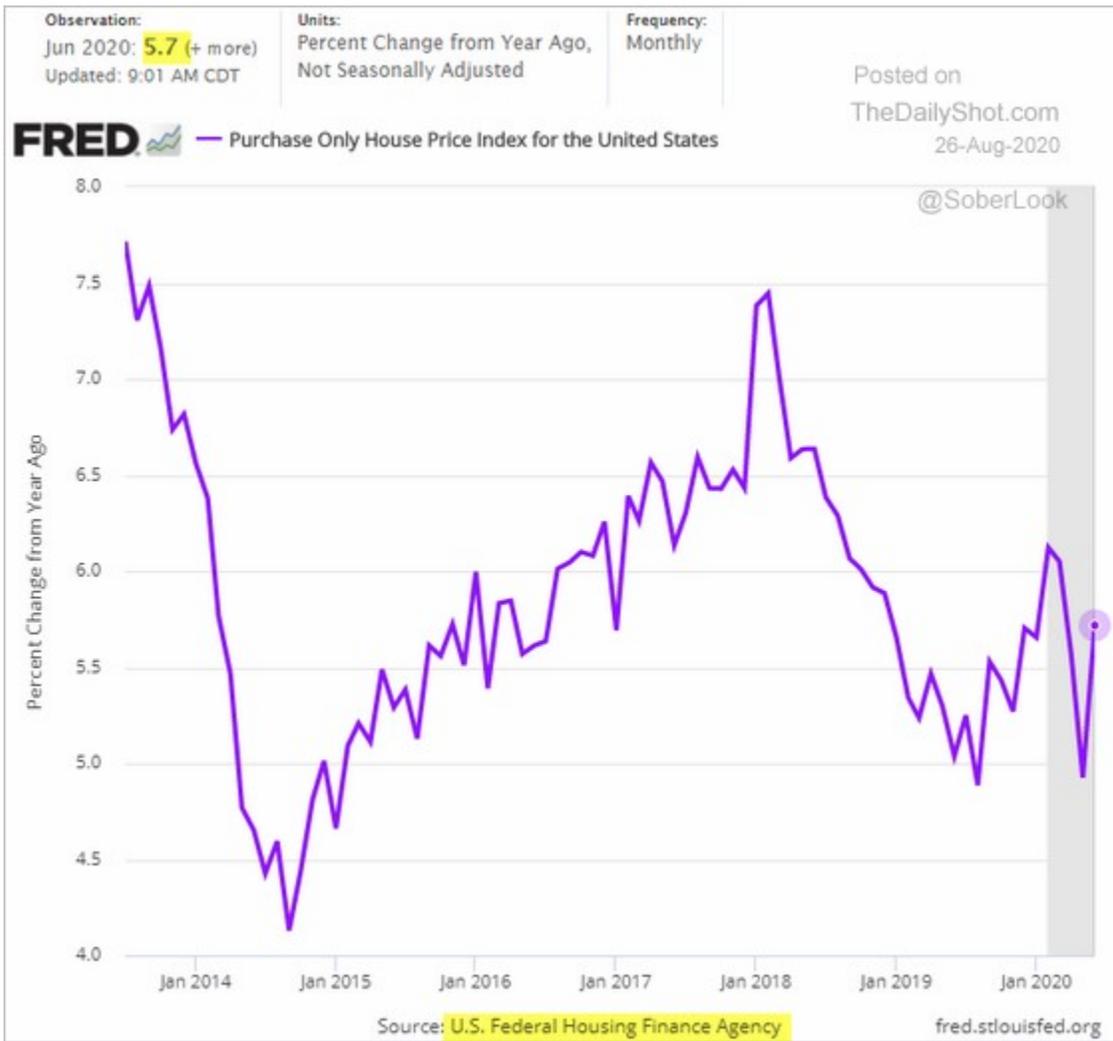


- Active listings of homes tracked by Realtor.com have collapsed this year. The lack of homes for sale will accelerate price increases.



- As of June, housing price appreciation reports have been mixed.

- Year-over-year price changes tracked by the FHFA:



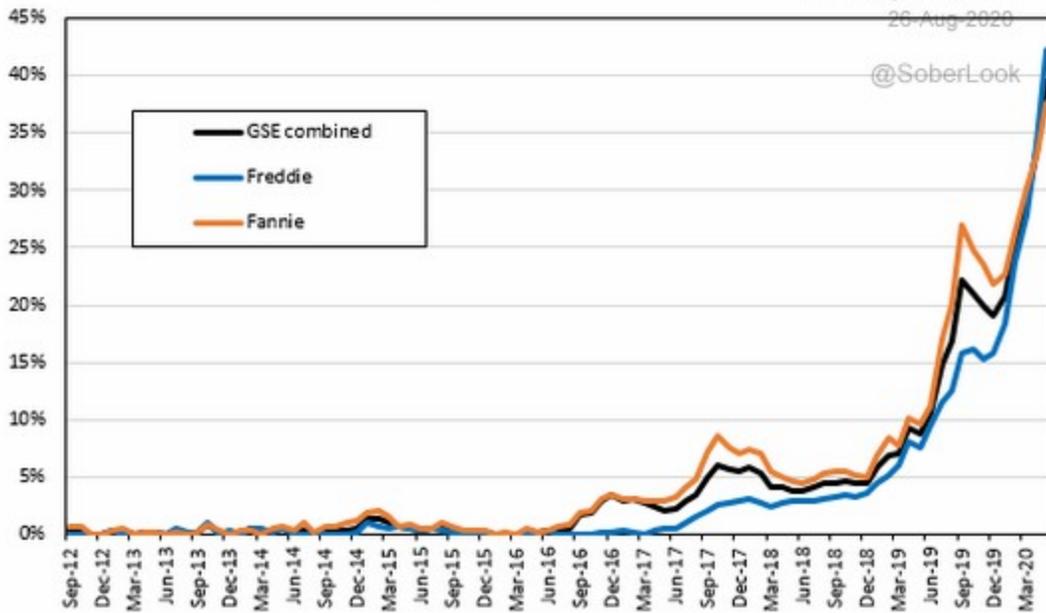
Freddie and Fannie have increasingly been waiving housing appraisals in mortgage originations. (I had no idea about this.)

Share of all loans with appraisal waiver: by origination month

Posted on
TheDailyShot.com

26-Aug-2020

@SoberLook



Note: Data are for loans for which the appraisal flag is non-missing. For loans originated in 2020, nearly 100% of loans have this flag reported.

Source: [AEI Housing Center](#)

a look at the labor market.

- The sharp drop in US unemployment insurance benefits (loss of the extra \$600) ...

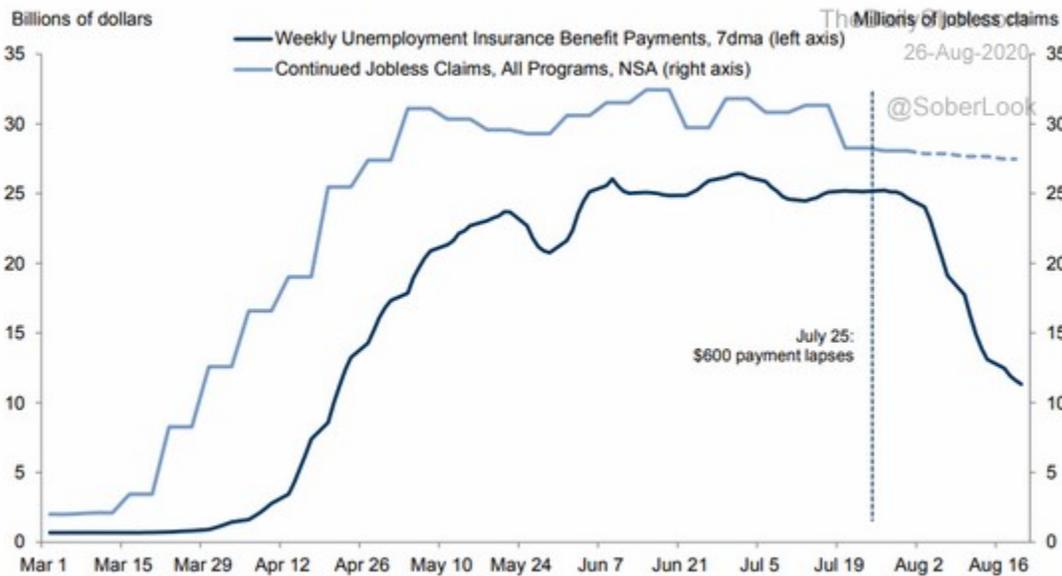
Exhibit 1: Weekly Unemployment Insurance Payments Have Fallen by About \$15bn per Week

Posted on

TheMillions of jobless claims

26-Aug-2020

@SoberLook

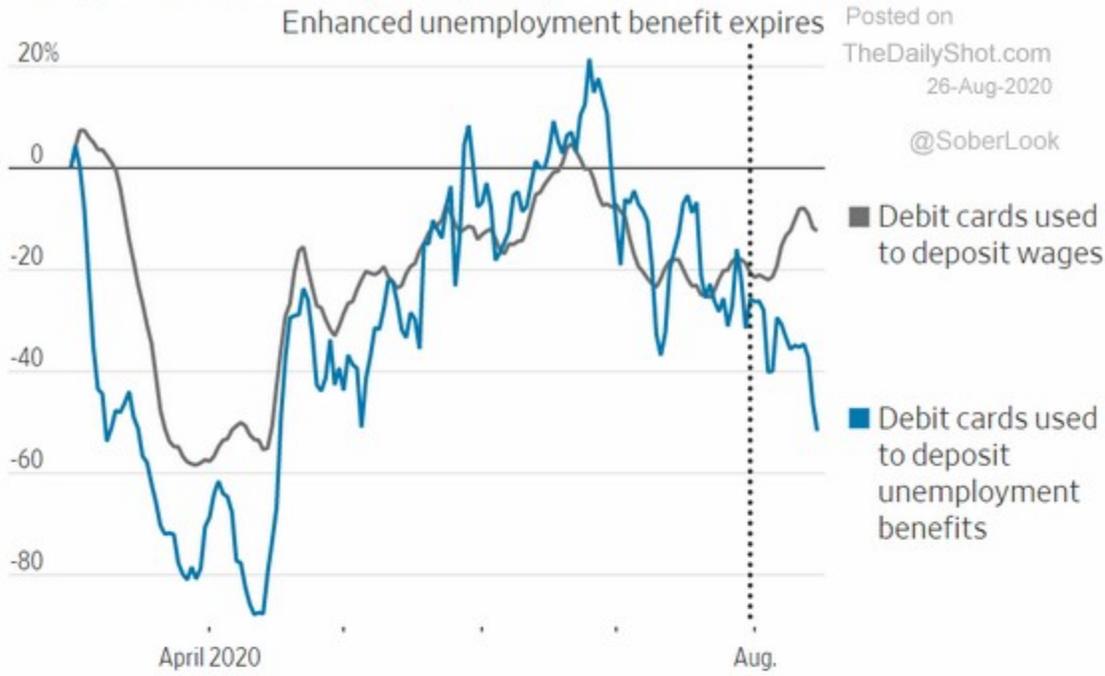


Source: Treasury, Department of Labor, Goldman Sachs Global Investment Research

Source: [Goldman Sachs](#)

... is showing up in debit card payments (unemployment payouts are often deposited into dedicated debit card accounts).

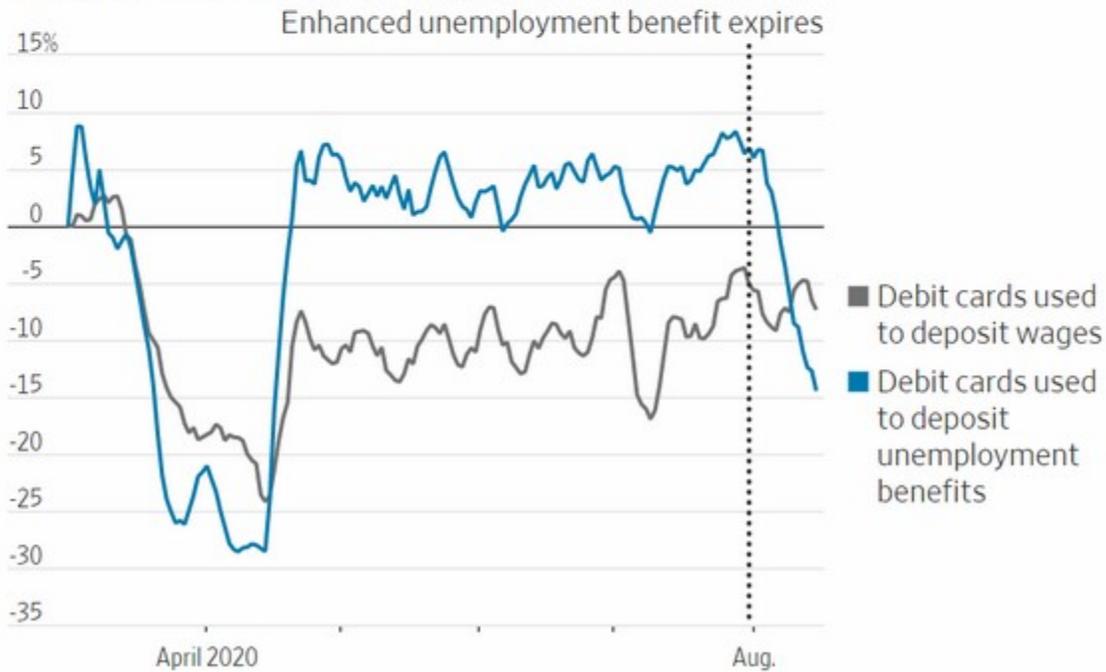
Change in U.S. debit card spending at department stores since March 1



Note: Seven-day rolling average

Source: Facteus

Change in U.S. debit card spending on fast food since March 1

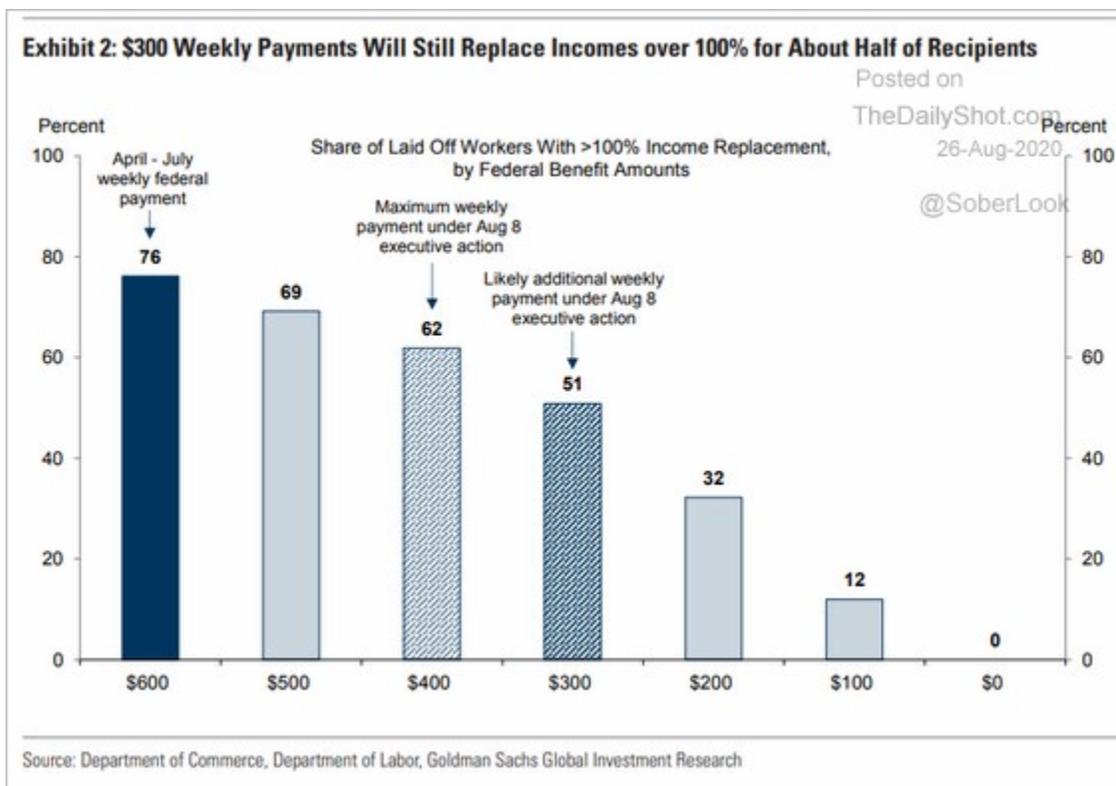


Note: Seven-day rolling average

Source: Facteus

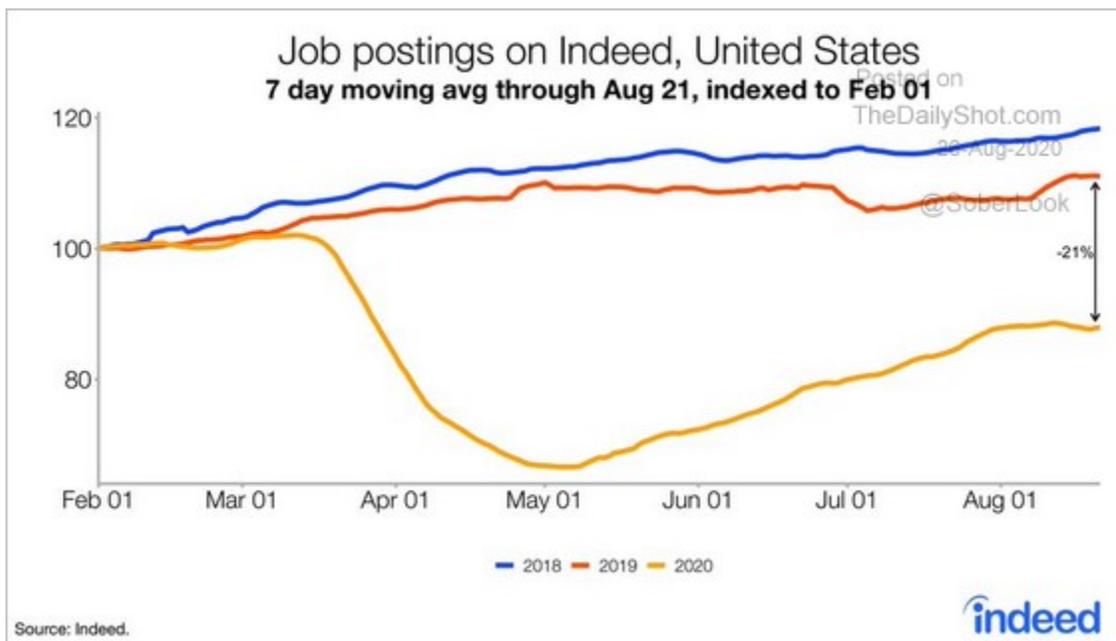
Source: @WSJ [Read full article](#)

- But even the extra \$300 payments (as opposed to \$600 paid earlier) will fully replace many Americans' lost incomes.



Source: [Goldman Sachs](#)

Job postings on Indeed remain far below last year's levels.

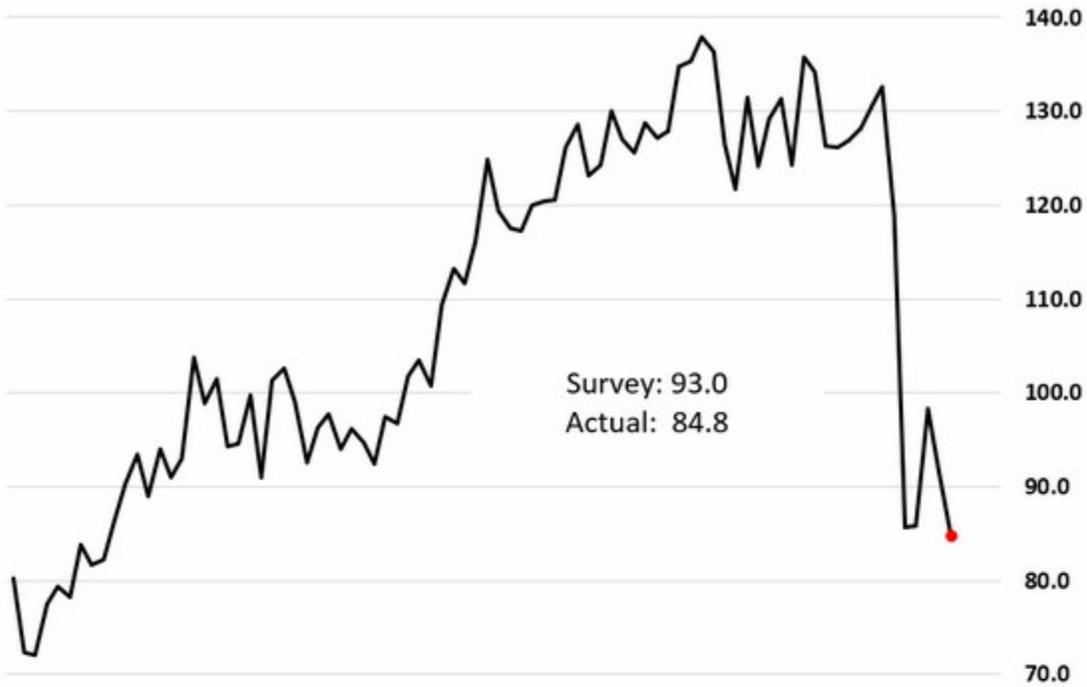


Source: @JedKolko, @indeed [Read full article](#)

The Conference Board's index of consumer confidence tumbled to the lowest level since 2014. The cut in government benefits is the key reason for the weakness.

25-Aug-20

Conference Board Consumer Confidence

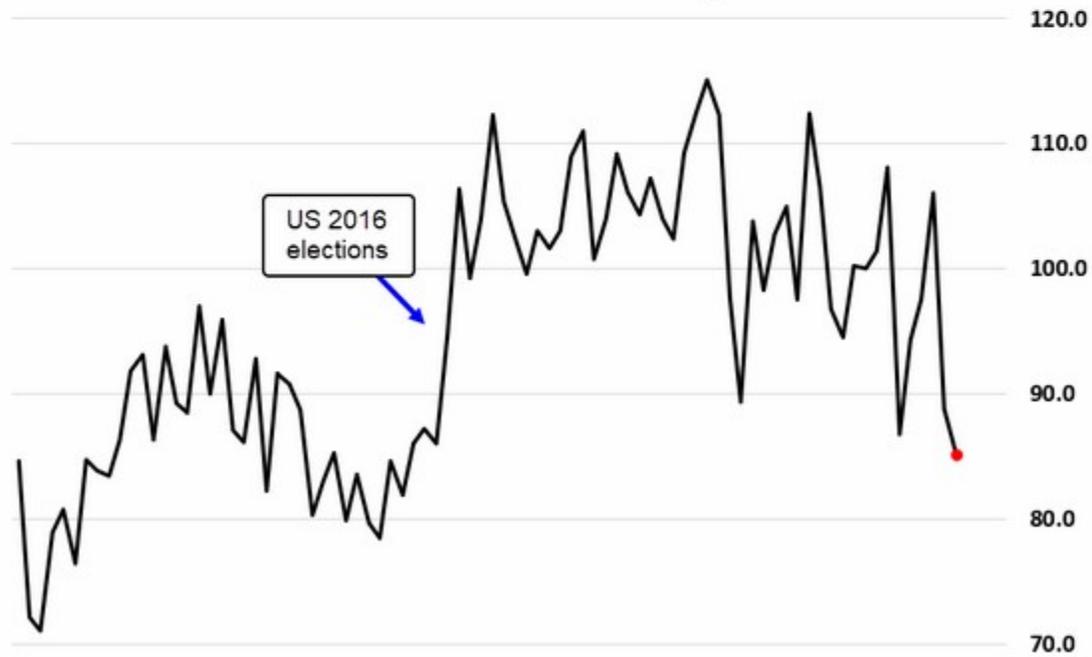


The Daily Shot*



25-Aug-20

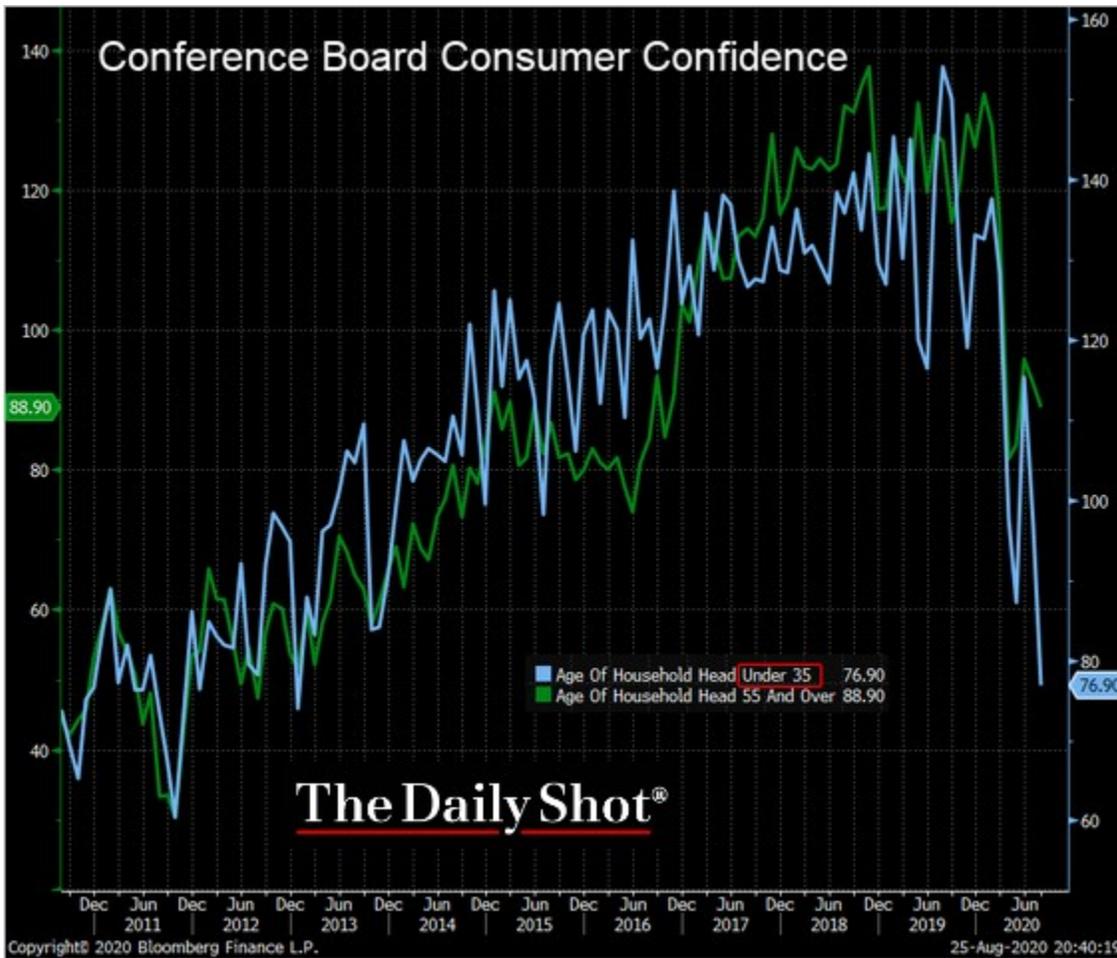
Conference Board Consumer Expectations



The Daily Shot*



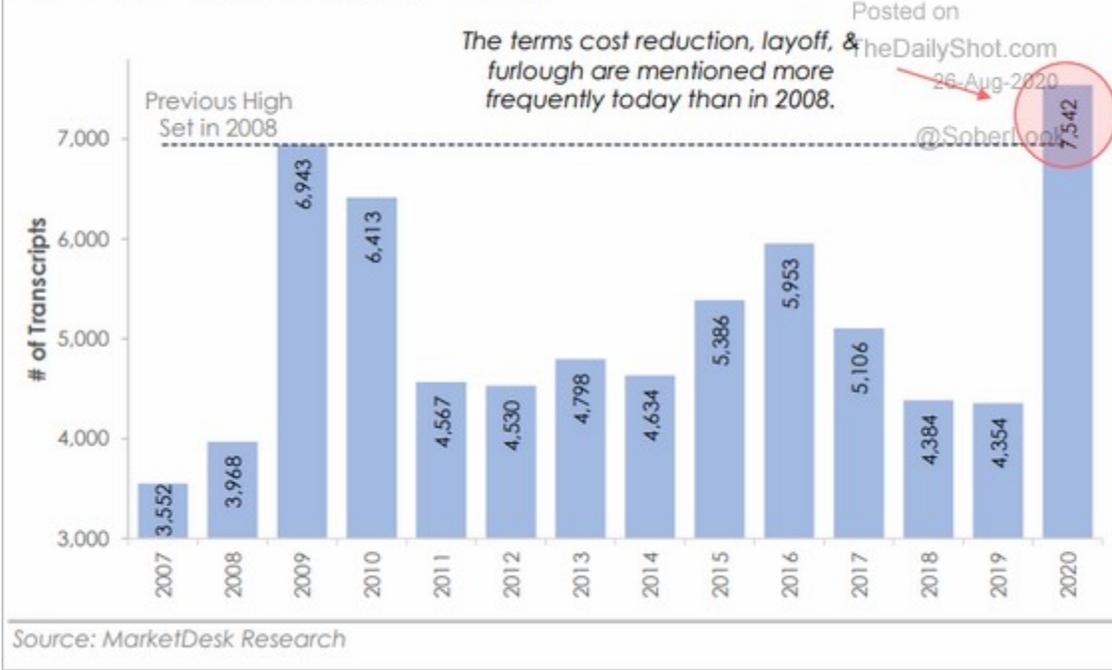
Loss of confidence among younger Americans has been particularly severe.



Source: [@TheTerminal, Bloomberg Finance L.P.](#)

Companies are benefitting from massive cost reductions this year.

FIGURE 5: Cost Reduction, Layoff, & Furlough



Source: [MarketDesk Research](#)

green” energy shares have been outperforming.

Green-Energy Shares Rise Along With Joe Biden's Polling

Posted on
TheDailyShot.com
26-Aug-2020

Democratic presidential nominee has pledged a variety of clean energy policies that could benefit related industries

Clean energy ETFs, index performance



Source: FactSet

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

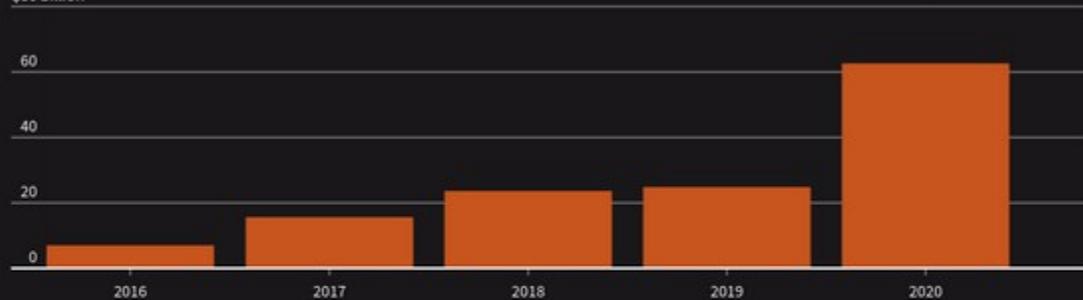
[SPAC](#) IPO and M&A activity has been unprecedented.

SPAC bonanza

Special purpose acquisition companies are set for a record year in 2020 as investors look to repeat the success of SPAC deals for the likes of space tourism company Virgin Galactic Holdings and fantasy sports and gambling company DraftKings Inc.

SPAC M&A ENTERPRISE VALUE

\$80 billion



U.S. SPAC IPO ISSUANCE

\$30 billion



For 2020 M&A volume, deals are as of Aug. 12 and include \$35.2 billion for pending transactions

SPAC Research

Joshua Franklin | REUTERS GRAPHICS

Source: Reuters [Read full article](#)

Bubble or Bonanza?

Investments in blank-check companies, or SPACs, have boomed in 2020

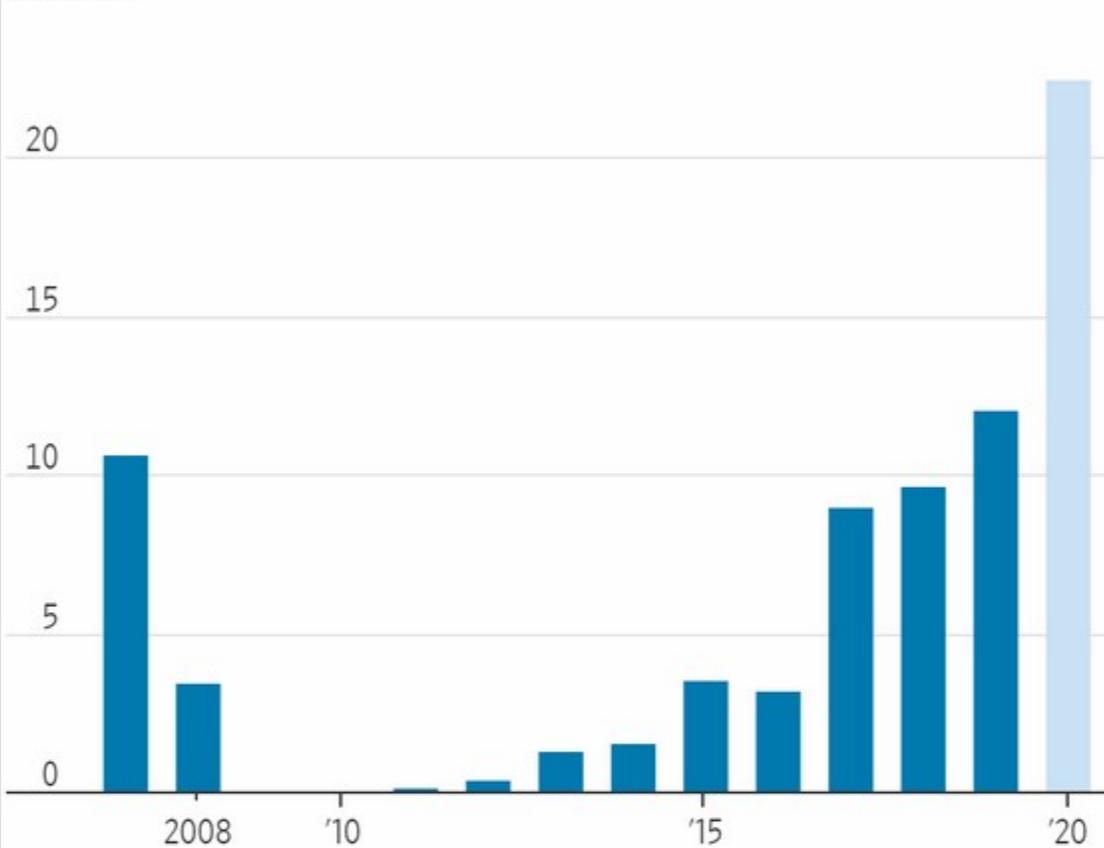
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TheDailyShot.com

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Annual value of U.S. SPAC activity

\$25 billion



Note: 2020 figures through Aug. 6

Source: Renaissance Capital

The Rise of the Blank Check

Even though SPAC returns have under performed, they have improved over the past half-decade.

Average return of completed SPACs

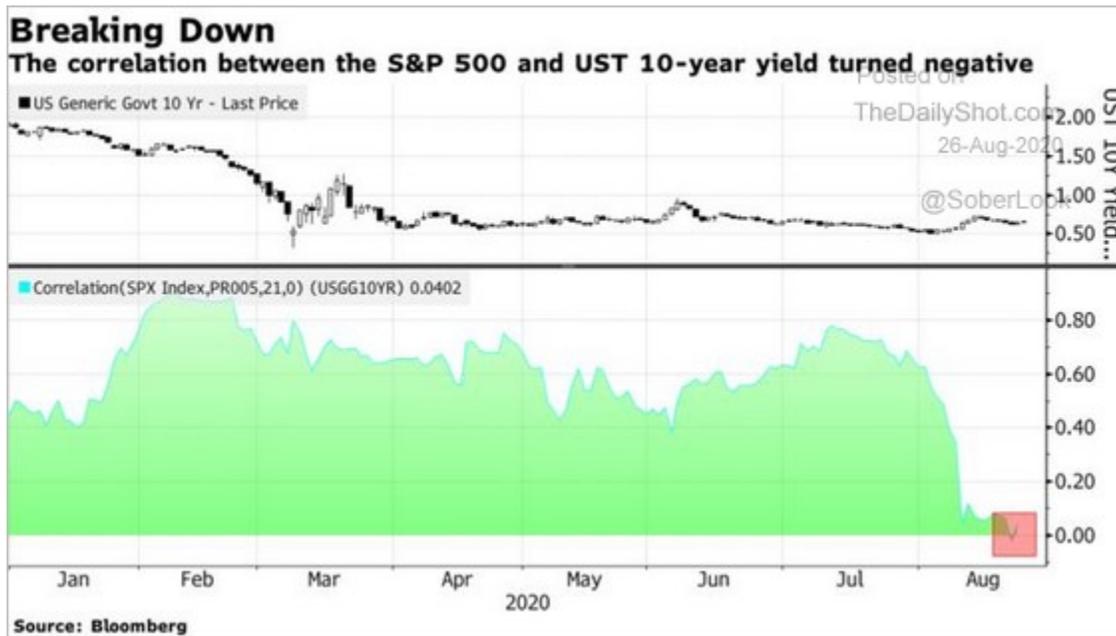
20%

10%



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

With the correlation between the S&P 500 and Treasury yields breaking down, the bond market is no longer a good hedge for stocks.



Source: @markets [Read](#)

[full article](#)

How long does it take to sell a used Tesla?

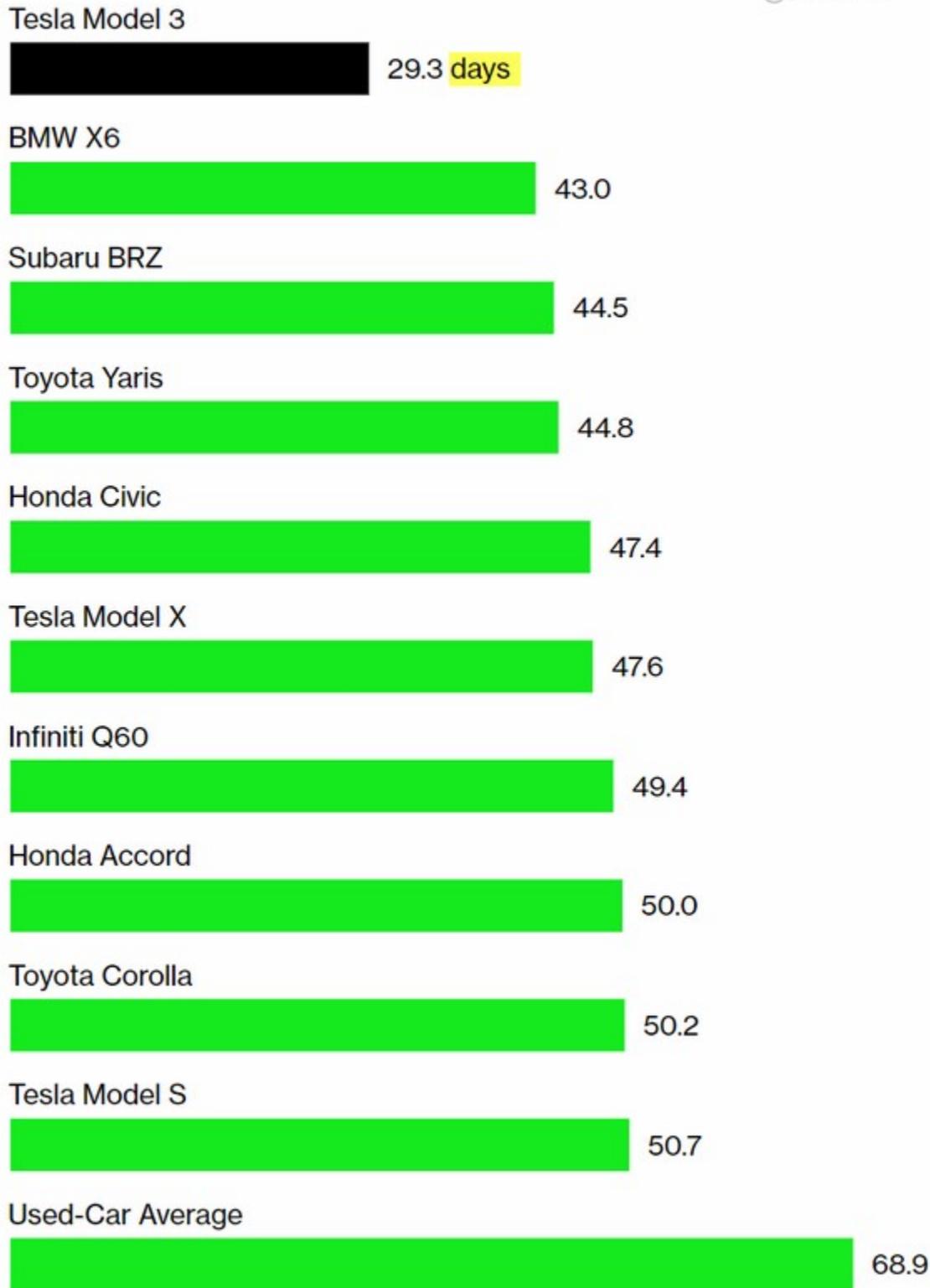
Fast Wheels

Used Tesla Model 3s sell quickly on iSeeCars.com

Posted on
TheDailyShot.com

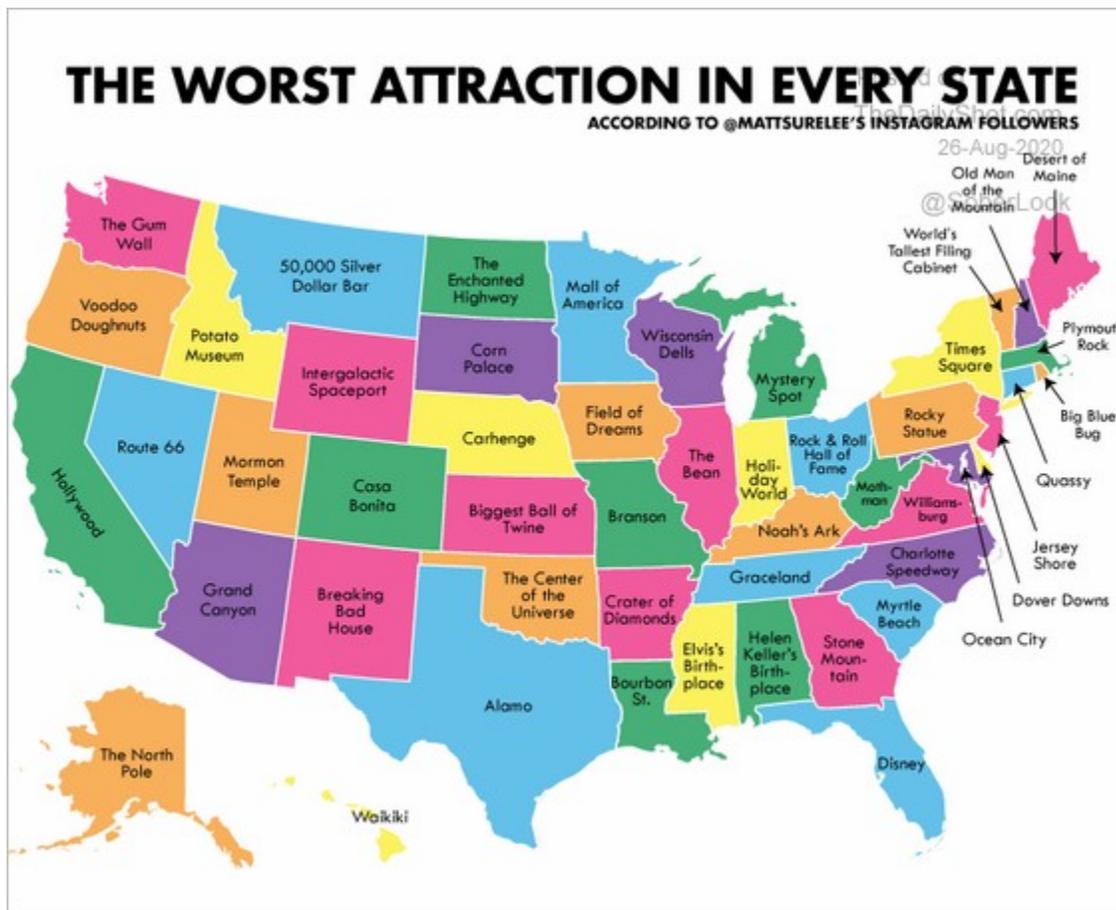
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Source: @business [Read full article](#)

The worst attraction in each state:



Source: @mattsurely

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

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