

Nick Lampone

From: Nick Lampone
Sent: Wednesday, September 9, 2020 8:05 AM
Subject: Morning CORE
Attachments: Core logo.png

This cartoon from the New Yorker sums me up right now. The election can't get here fast enough.

US Futures-World Markets: The rout in tech stocks (Nasdaq was -4.8% yesterday) looks ready to take a break with S&P futures higher. It only took three trading sessions for the Nasdaq to hit correction territory. It seems rational for investors to book some profits after the S&P Tech sector had a 100-day return of 62% on August 13 (when momentum slowed). AstraZeneca (AZN) reported that it put its COVID-19 vaccine candidate Phase 3 trial temporarily on hold due to an adverse side effect. Stock is -2% pre-market. Softbank closed down 3% and has now lost \$13 billion in market cap after news it placed massive options bets on tech stocks. Apple is +3% pre-open after shedding 16% since Sept. 1. Stan Drukenmiller was on CNBC this morning and said he is worried about inflation from what the Fed has been doing. We're still waiting on a stimulus bill from Congress this week. Tiffany is -9% after LVNH said it won't be able to complete the acquisition. Lawsuits are now pending S&P Futures vs. Fair Value: +28.60, 10-Yr Yield: 0.68%.

CORE Headlines:

- Overdose deaths are rising as the pandemic destabilizes people who struggle with addiction during a time of social isolation, job loss and stress, according to data collected by The WSJ and addiction experts.-WSJ (Is this in the "data"?)
- Democrats appear to have a firm grasp on retaining the House while the Republican-controlled Senate remains up for grabs, with both sides expecting the results to be heavily influenced by Trump's chance of winning as election day draws near.-WSJ

- Joe Biden leads President Trump 49-45% across the swing states versus 49-46% two weeks ago.- CNBC
- Boeing (**BA**) identifies another issue with 787 production.-WSJ (Can you run a company worse? They have a duopoly and still can't get it right.)
- Sen Maj Leader McConnell: GOP has tried to break the logjam over coronavirus aid talks; planned to vote on the GOP aid bill this week-TTN
- China's car sales grew at their fastest rate in more than two years in August, driven by heavy discounts and new-model debuts, adding momentum to a second-half recovery in the world's largest auto market after a pandemic-disrupted first six months of the year.-WSJ
- As school districts across the country open for online learning, many are facing technical issues, including website crashes and cyberattacks, adding to the problems of what was already set to be the momentous task of educating children online.-NYT
- Disney is facing criticism for filming parts of "Mulan," its latest blockbuster movie, in a Chinese region where Muslims are held in internment camps, and for thanking in the credits multiple Chinese Communist party departments and security bureaus.-FT (I love getting lectured by Hollywood elites, though.)
- JP Morgan is investigating whether its staff helped customers misuse the process to obtain funds from the US government's Paycheck Protection Program, saying it discovered "conduct that does not live up to our business and ethical purposes—and may even be illegal."-FT
- The admission by UK cabinet minister Brandon Lewis that the government was going to override an international Brexit treaty with the European Union related to Northern Ireland—in effect breaking international law—astonished Tory MPs and raised an alarm in Brussels.-FT
- U.S. President Donald Trump has instructed that dozens of oil refiner requests for retroactive waivers from U.S. biofuel laws be denied amid concerns the issue could cut into his support in the Farm Belt.- Reuters

Interesting Reads/Charts:

- LA Times: Profile on Mina Kimes of ESPN <https://lat.ms/35jf0af>
- WaPo: Why Broadway will be slow to rebound <https://wapo.st/3m3SP97> (Can NYC make a comeback without Broadway?)
- Overcoming Bias: How and why remote work will matter <https://bit.ly/33qnDuM>

Charts from The Daily Shot:

While small businesses are generally more optimistic, the current environment remains challenging.

– Earnings:

08-Sep-20

NFIB Small Business Actual Earnings Changes



The Daily Shot*

2014

2015

2016

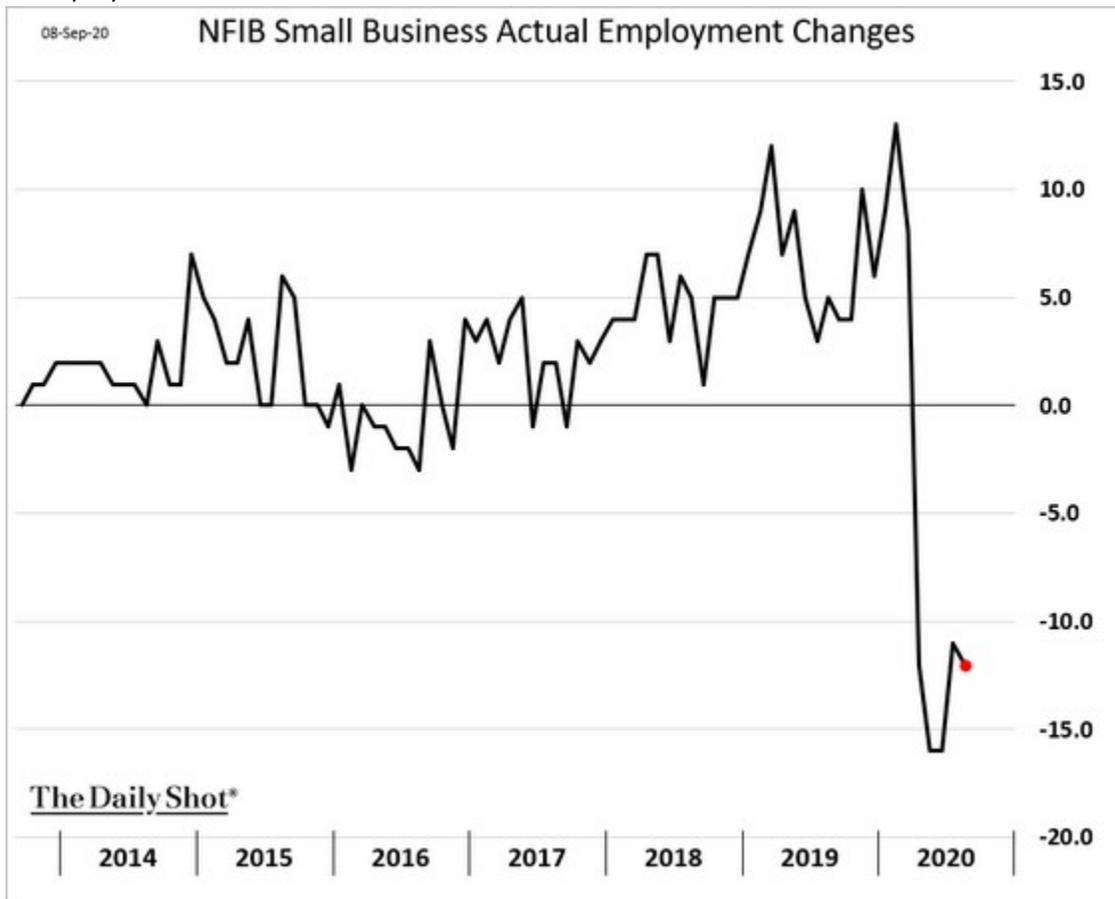
2017

2018

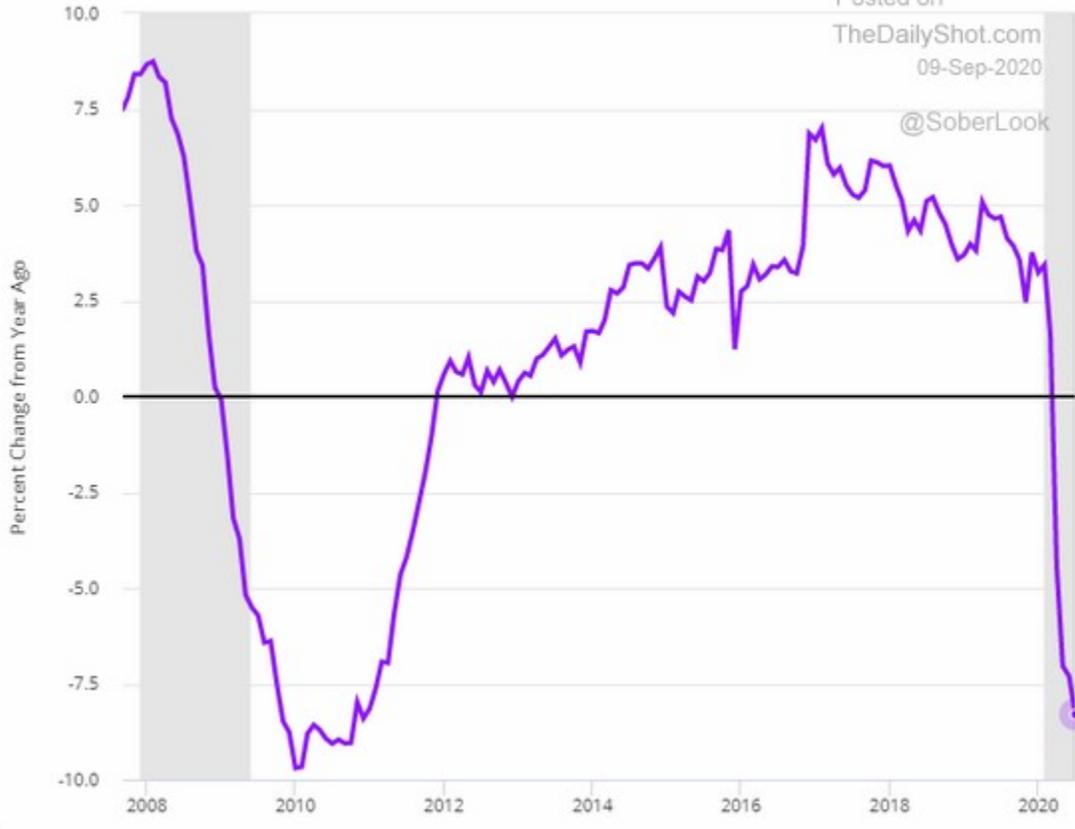
2019

2020

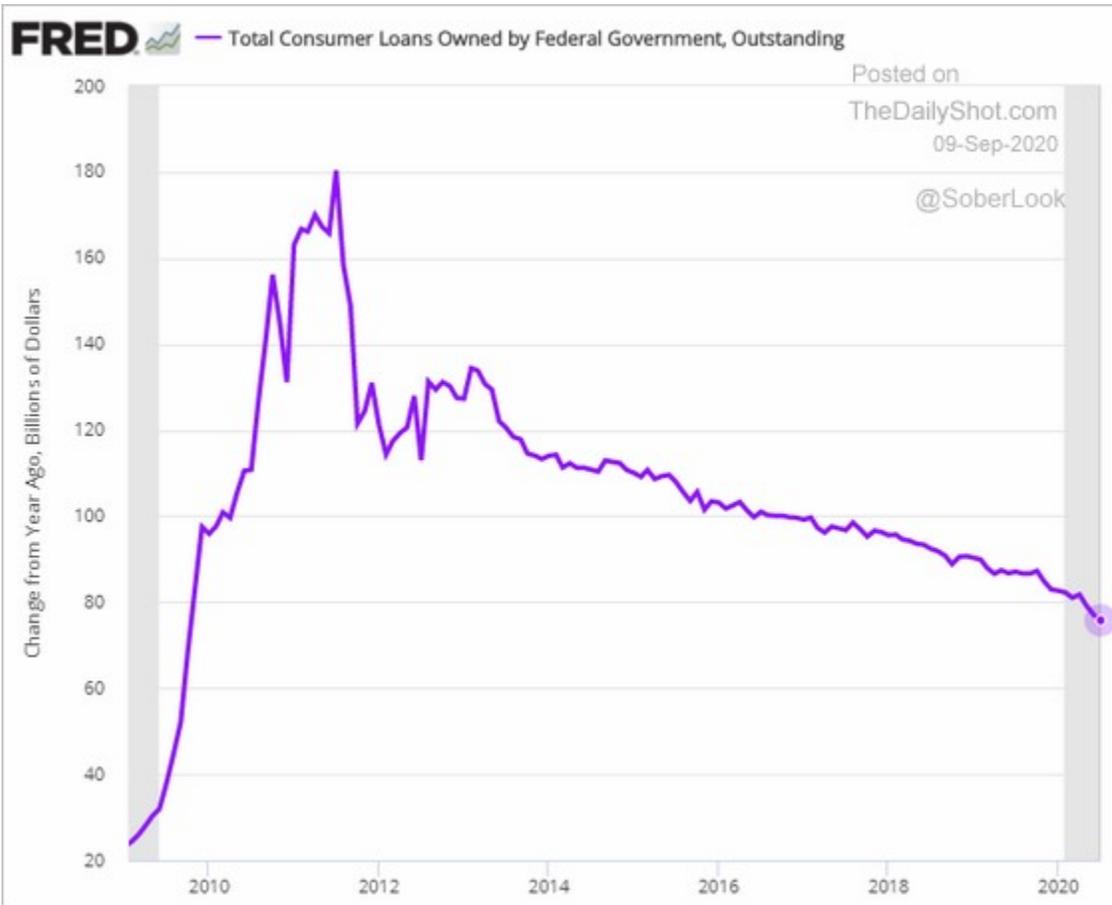
— Employment:



US consumer credit expanded again in July.



- Growth in government-sponsored student debt continues to slow.



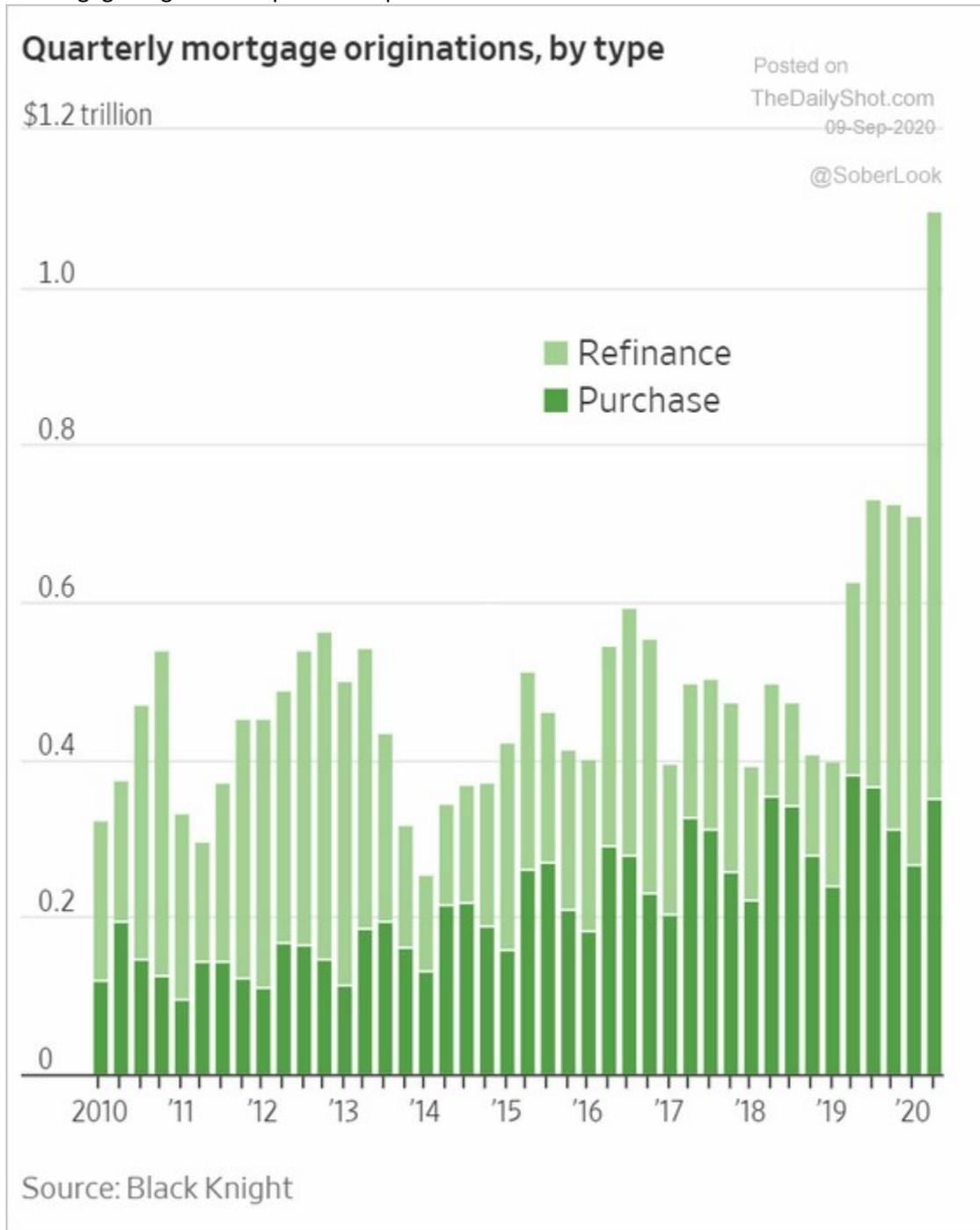
a couple of updates on the housing market.

- Search activity for property inspections and appraisals have been moderating.



Source: [Arbor Research & Trading](#)

- Mortgage originations spiked last quarter.



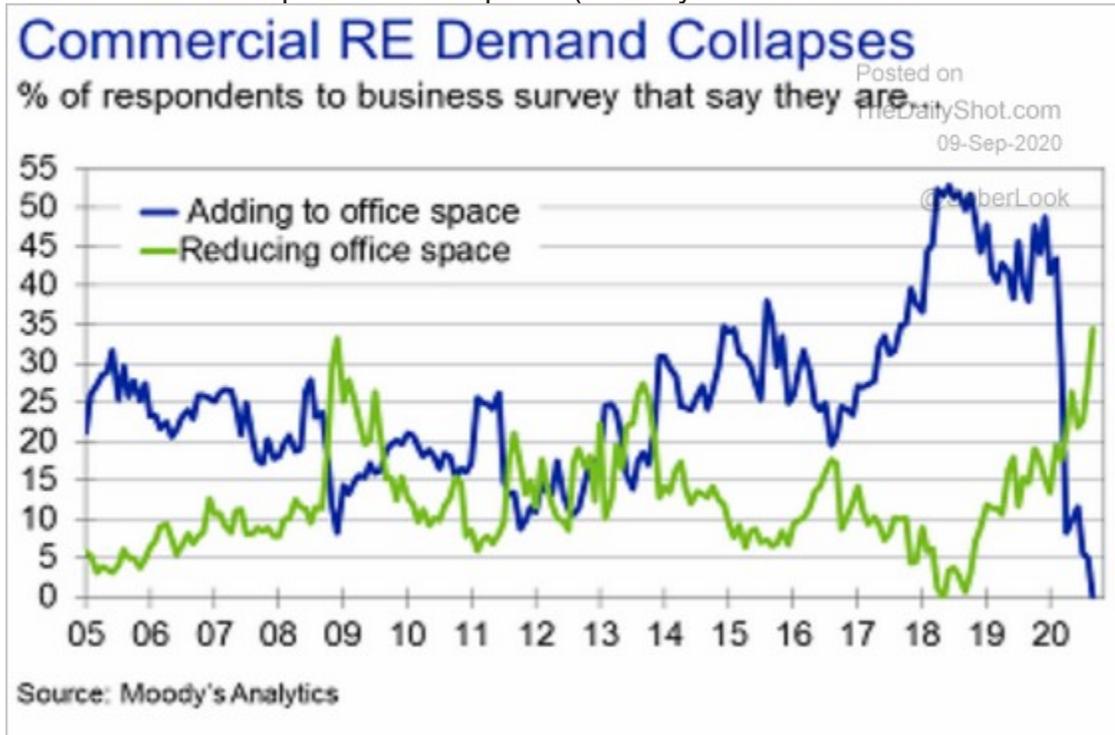
Source: @WSJ [Read full article](#)

- Gains in home sale prices have been lagging list prices.



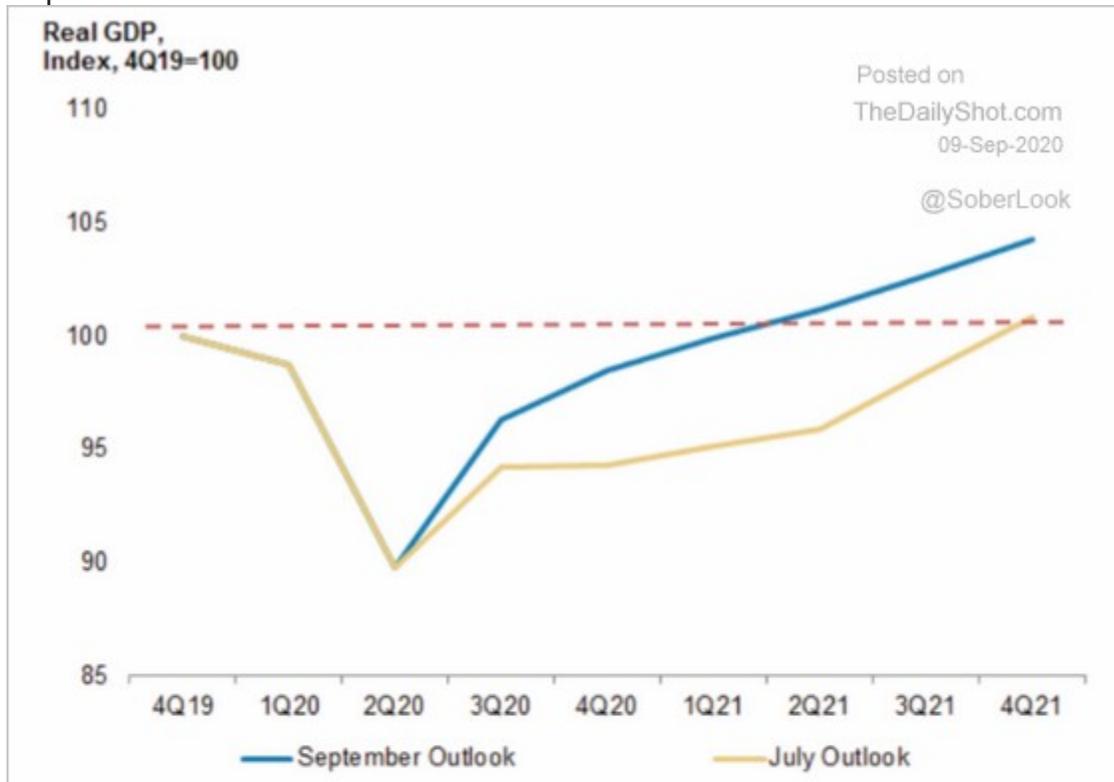
Source: [Arbor Research & Trading](#)

Demand for office space has collapsed. (Will anyone be in the office in the near future?)



Source: [Moody's Analytics](#)

Morgan Stanley expects Congress to pass a \$1.5-2.0 trillion “CARES 2” stimulus package in September.

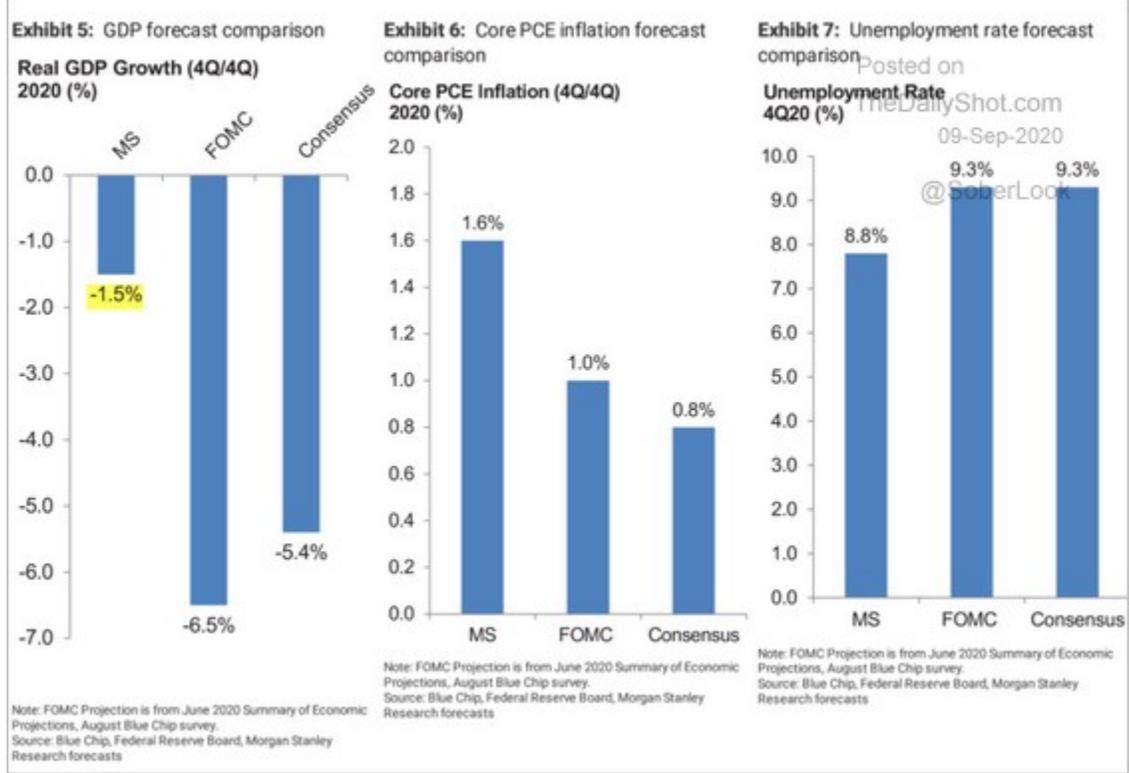


Source: Bureau of Economic Analysis, Morgan Stanley Research forecasts

Our policy strategists expect Congress to pass a \$1.5-2.0 trillion 'CARES 2' in September. A package of this size has important implications for the outlook and, alongside other positive developments, sets real GDP on the path to pre-Covid-19 levels two quarters earlier than we had previously anticipated.

Source: [Morgan Stanley Research](#)

Based on this assumption of fresh stimulus, Morgan Stanley sees much higher growth and inflation than the consensus estimates. (Maybe Drukenmiller and Jeremy Siegal will be right.)



Source: [Morgan Stanley Research](#)

Brent crude dipped below \$40/bbl.

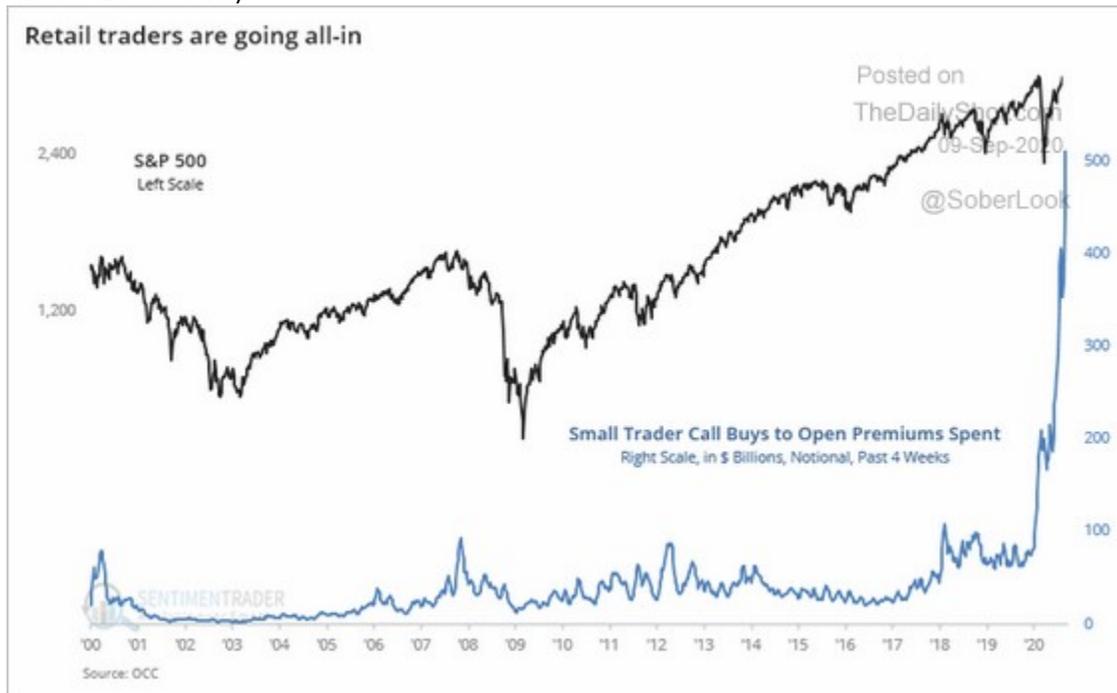


The Nasdaq 100 implied volatility has been drifting lower even as the market sold off.

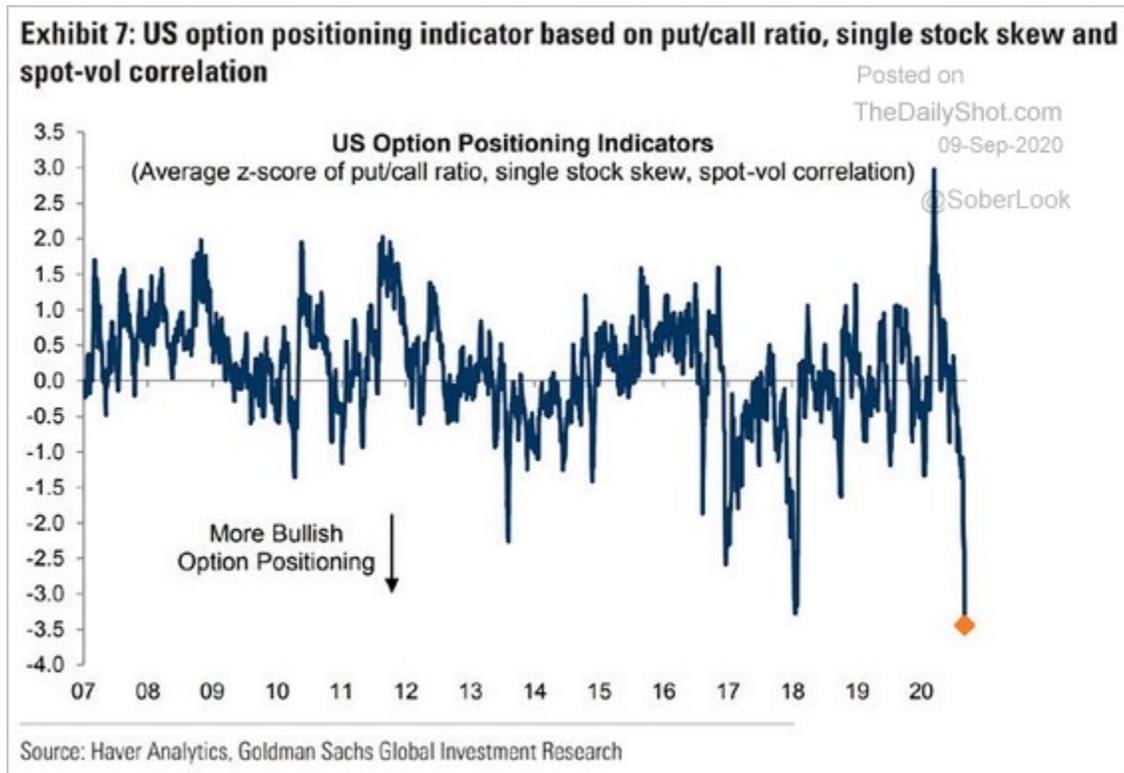


Source: [@TheTerminal, Bloomberg Finance L.P.](#)

The trend suggests that some of the massive call option bets (2 charts below) are getting unwound. (Makes sense with the SoftBank news.)



Source: @sentimentrader



Source: @ISABELNET_SA, @GoldmanSachs

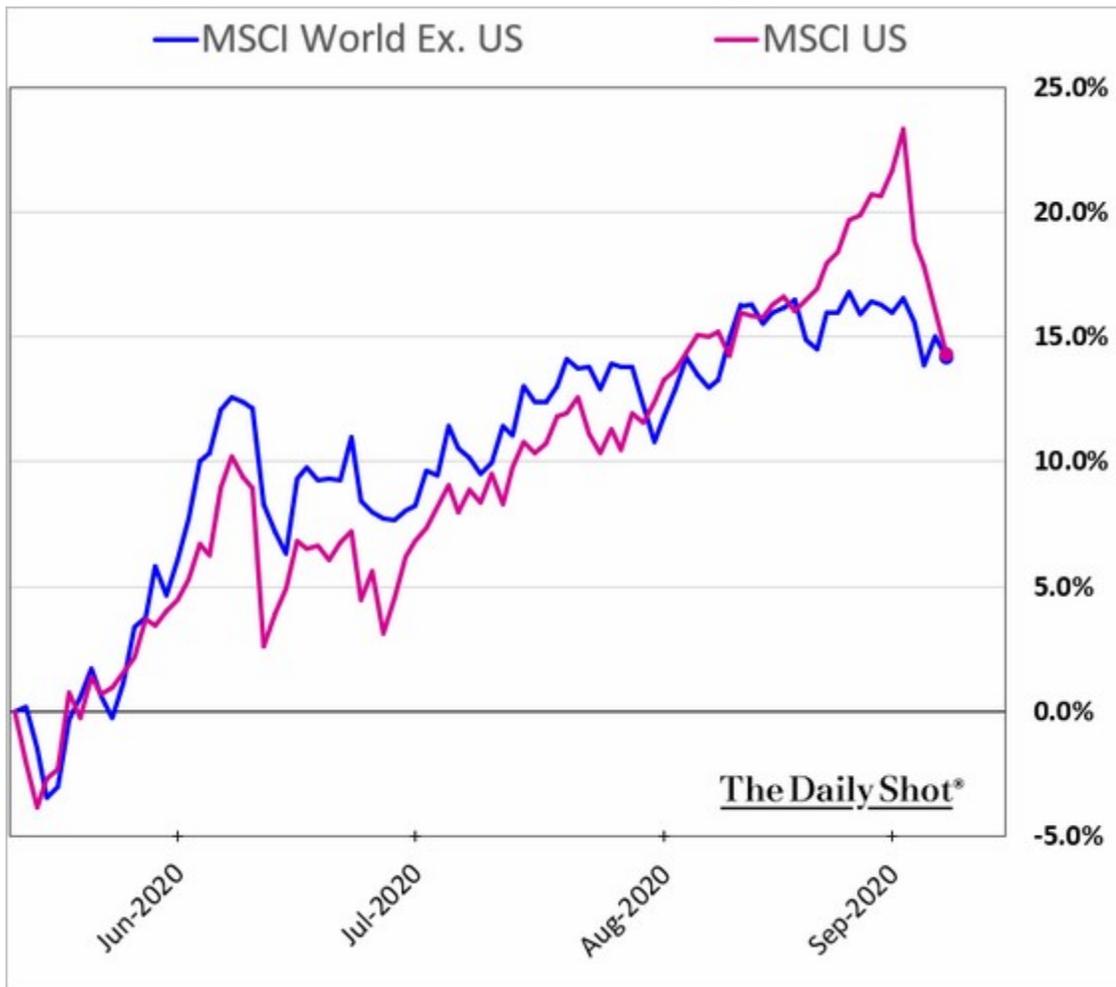
The Nasdaq 100 is at its 50-day moving average.



Despite the market pullback, stocks favored by retail investors continue to outperform.



US shares have underperformed global peers this month. (Finally, some mean reversion)



Will the market follow the typical Presidential elections pattern?

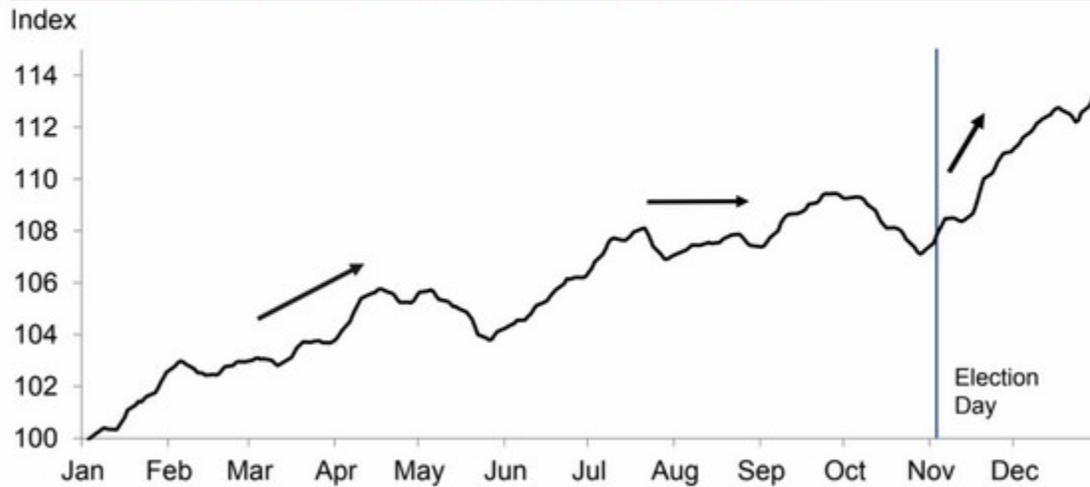
Around close Presidential elections, stock prices typically level out ahead of election and rally after



Posted on
TheDailyShot.com
09-Sep-2020

@SoberLook

S&P 500 around close Presidential elections (mean, 5d ma)



*elections in 1952, 1968, 1976, 2004, 2012 and 2016; excludes recession years 1960, 1980, 2000 and 2008

Source: S&P, DB Global Asset Allocation, Deutsche Bank

Deutsche Bank
Luzzetti, Ryan, Weidner

September 2020

92

Source: [Deutsche Bank Research](#)

The increase in alcohol sales during the pandemic:

Retail alcohol sales during the pandemic compared to the year-earlier period. *

Posted on
TheDailyShot.com
09-Sep-2020

Total alcohol

@SoberLook



Spirits



Wine



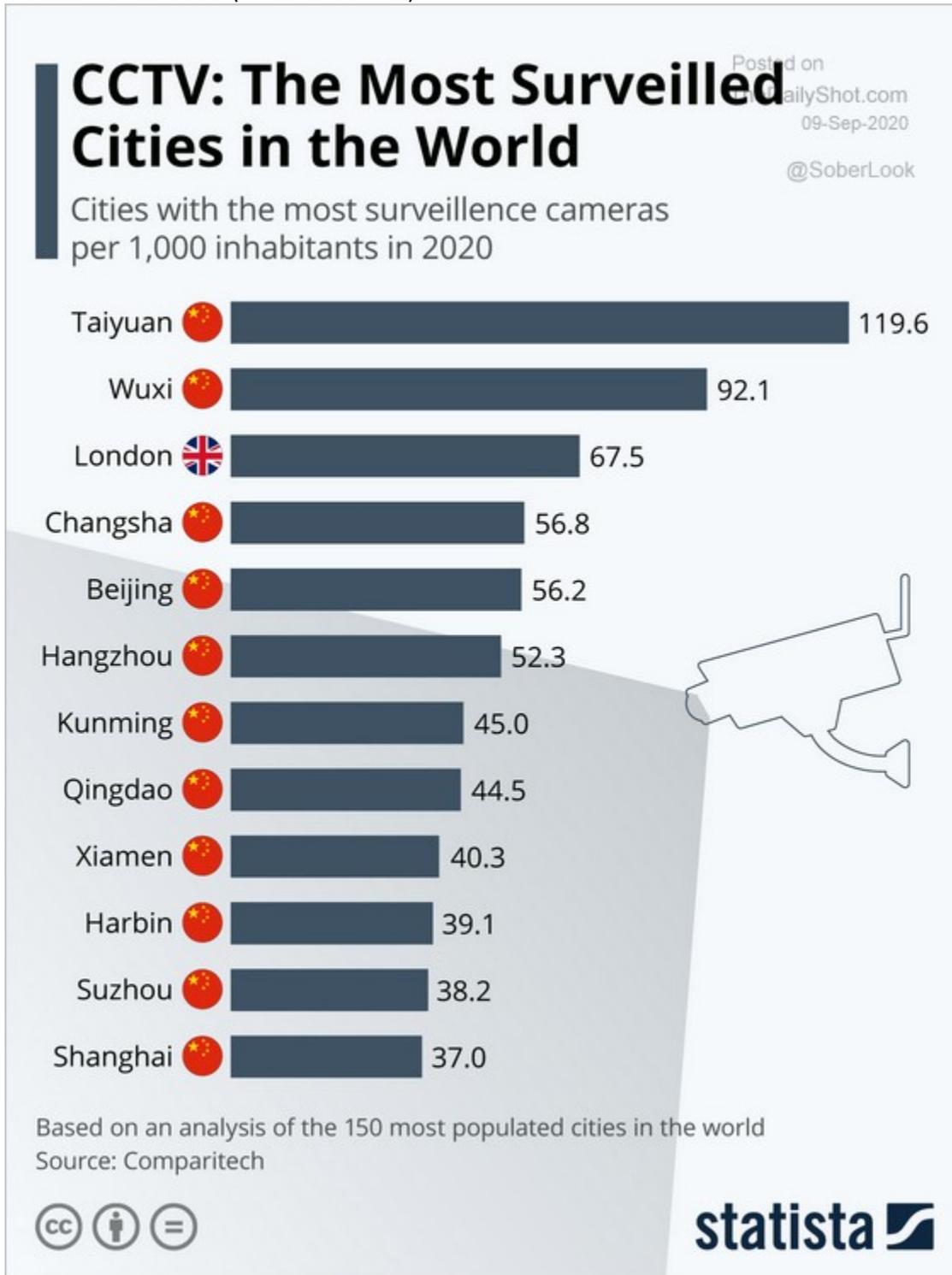
Beer/flavored malt beverage/cider



*22-week period from the beginning of March through Aug. 1. Note: U.S. sales in grocery, liquor stores, convenience stores and other retail spaces
Source: Nielsen

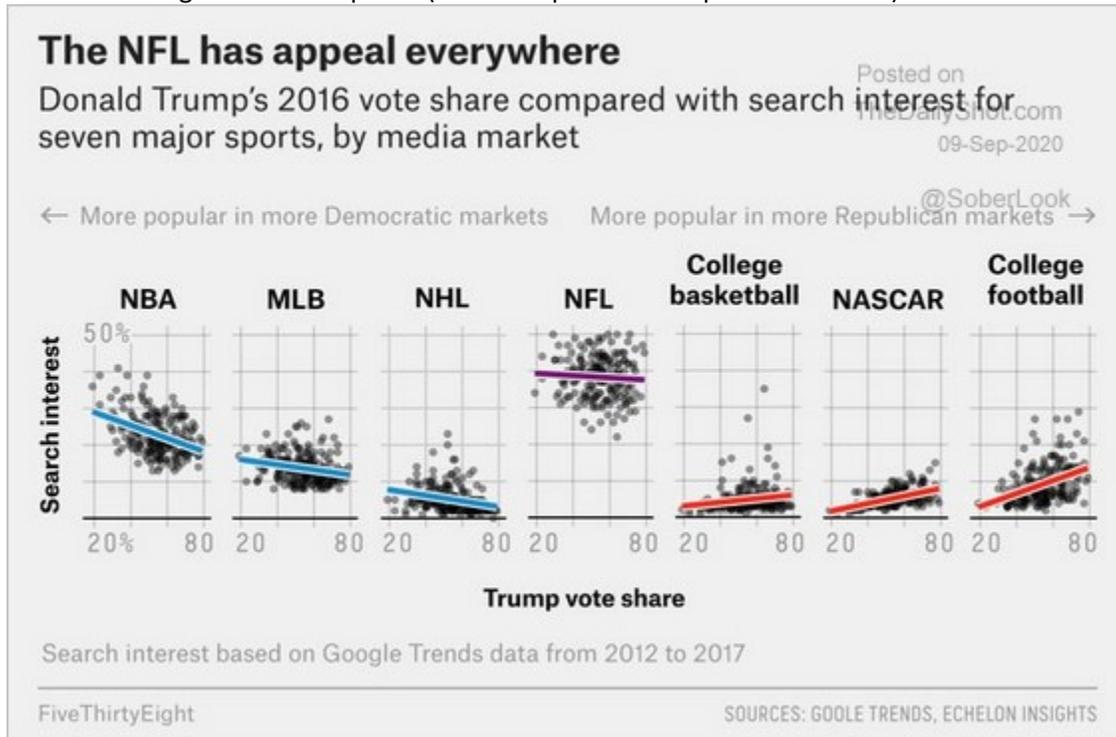
Source: @WSJ [Read full article](#)

Most surveilled cities: (I'm sure it's fine.)



Source: [Statista](#)

Political leaning in different sports: (Sad that sports is now political theater)



Source: @FiveThirtyEight [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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