

## Nick Lampone

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**From:** Nick Lampone  
**Sent:** Thursday, October 1, 2020 7:58 AM  
**Subject:** Morning CORE  
**Attachments:** Core logo.png

**US Futures-World Markets:** Think of September as the hangover after a full summer party for the stock market. Obligatory Anchorman clip: <https://bit.ly/3jkgvqap>. All eyes are focused on the election, but we have earnings season around the corner. Corporate earnings drive stock multiples, so do your best to eliminate the noise and fixate on what matters. Right now, the market is telling us we will see a recovery next year. S&P futures are higher on hopes of a stimulus deal ahead of economic data this morning. The estimate for initial jobless claims (released 8:30) is for 850k. That isn't much improvement from last week's 870k. More companies are laying off employees: American Airlines and United Airlines will cut 32k positions, but that seems like a negotiating tactic to receive govt. support in a relief package. Lawmakers plan to leave DC tomorrow, so negotiations, as always, go down to the wire. The Tokyo Stock Exchange halted trading after a hardware glitch and aims to reopen Friday. S&P Futures vs. Fair Value: +28.90, 10-Yr Yield: 0.698%.

### **CORE Headlines:**

- House Speaker Nancy Pelosi (D-CA) agreed to delay floor vote and allow additional time for stimulus deal to emerge. Treasury Secretary Steven Mnuchin made a \$1.5 trillion stimulus offer to House, but that is below the current \$2.2 trillion offer from House Democrats.-WaPo (whatever they are paying Mnuchin, it can't be enough to deal with both Trump and Pelosi)
- Stocks finished a second straight quarter of big gains, and the strong performance is generally seen as being tied to a steadily improving economy—though it is still not where it was at the start of the year—and a powerful surge in big tech stocks.-WSJ
- Beijing has been deeply involved, often from behind the scenes, in a wave of acquisitions across Europe over the past decade through state-owned or state-controlled companies, including some in advanced technologies, according to research by Dutch consulting firm Datenna BV.-WSJ (Merkel playing checkers to Beijing's chess?)
- +/- **AAPL, AMZN, FB, GOOG:** Democratic lawmakers on the House Antitrust Subcommittee are close to finalizing a 15-month investigation of tech giants, and are expected to call on Congress to blunt the power of big technology companies, possible by forcing them to separate platforms.-WSJ
- Governor Gavin Newsome of California signed legislation that will require the boards of publicly traded companies based in the state to have at least one racially, ethnically or otherwise diverse director by 2021, part of a growing national effort to improve diversity on corporate boards.-WSJ
- Ford confirmed price cuts Wednesday for the all-electric 2021 Mustang Mach-E SUV that is scheduled to be built and delivered later this year, and though it's not typical for an automaker to cut prices on new vehicles, this move raised eyebrows.-USA
- Walmart is looking to airport terminals for design inspiration as it revamps the layout and signage of its stores to speed up shopping and better cater to smartphone-armed customers.-NYP (Does anyone want to feel like they are in an airport when shopping?)
- The US could fall behind in its global competition with China without additional resources to develop better intelligence on Beijing, and spy agencies must focus more on the challenge of pandemics and trade, according to a report by Democrats on the House Intelligence Committee.-NYT
- The Cuban government is moving forward with plans to devalue the peso for the first time since the 1959 revolution as a shortage of tradable currency presents the gravest crisis in the island since the fall of the Soviet Union, the result of the pandemic, US sanctions, and other issues.-FT

- Biden's campaign hauled in nearly \$10M during the first presidential debate, smashing its own single-hour fundraising record, as small-dollar donors continue to fuel the former vice president's mounting money advantage.-Politico
- PepsiCo forecast full-year profit above market expectations as homebound consumers buy more of its snack foods and drinks.-Reuters
- Alphabet's Google plans to pay \$1 billion to publishers globally for their content over the next three years, its CEO said, a move that could help it win over a powerful group amid heightened regulatory scrutiny worldwide.-Reuters

#### **Interesting Reads/Charts:**

- Institutional Investor: A good background on ZeroHedge website <https://bit.ly/34aDZ8S>
- GeekWire: Seattle adopts minimum wage for Uber and Lyft drivers <https://bit.ly/33japyT>
- EatThis: 11 bad kitchen habits to stop immediately <https://bit.ly/30qJPBT>
- TheOnion: California firefighters massage 2.5 million gallons of moisturizer into forests to prevent dryness <https://bit.ly/30nLmZj>

#### **Charts from The Daily Shot:**

Stocks rose on Wednesday, with futures climbing further on Thursday morning in response to a potential relief plan breakthrough.

01-Oct-2020 02:27

Since Sep-25th

Thursday Session

S&P 500 Futures

2.73%

0.75%

Dow Jones Futures

3.20%

0.88%



The Daily Shot®

## Exclusive: Mnuchin coronavirus relief plan includes more state, local funds

Proposal would renew federal unemployment benefit at \$400 a week; has more money for COVID-19 testing, schools

Source: @lindsemcpherson, @rollcall [Read full article](#)

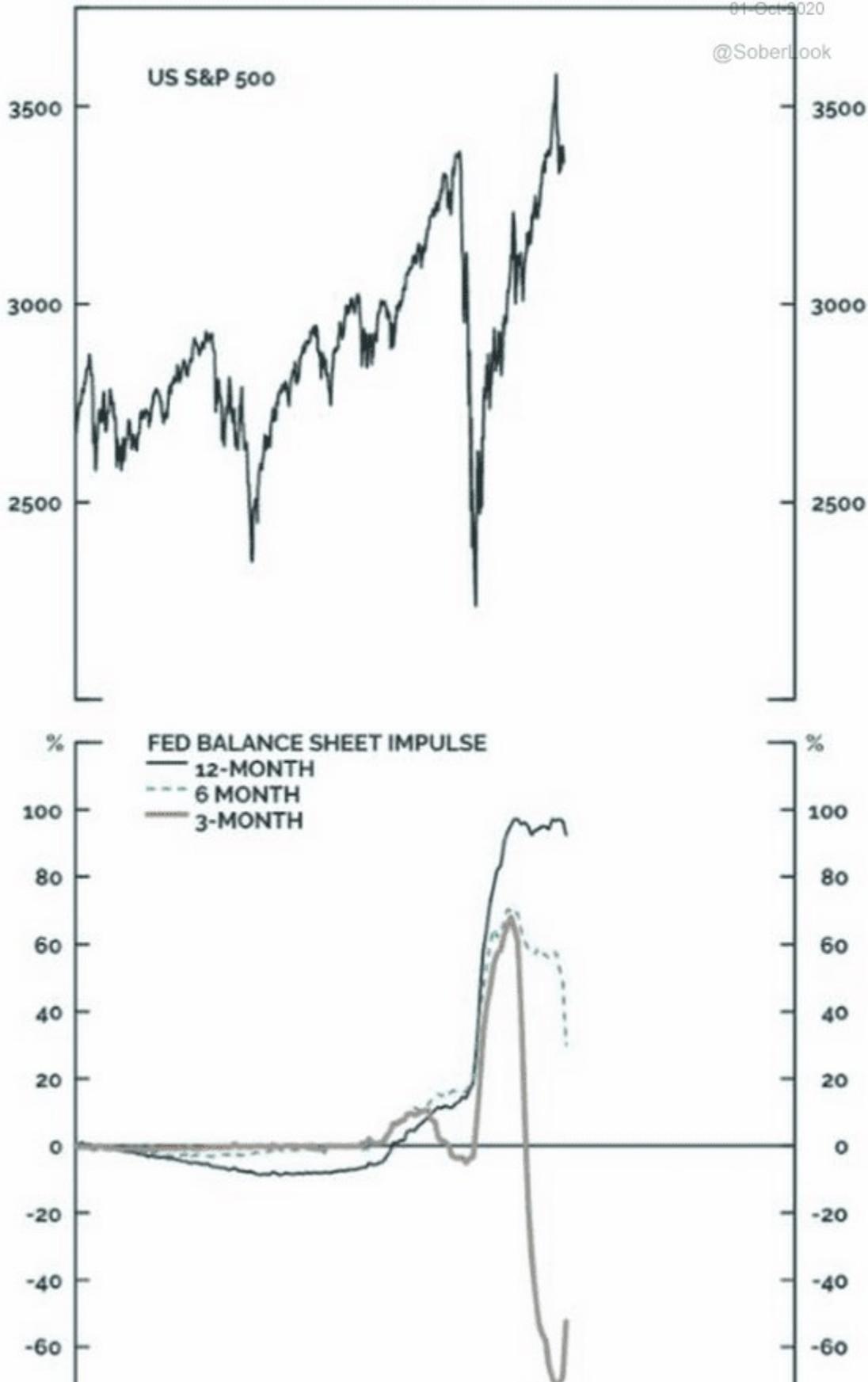
This development is a necessary condition for the rally to continue.

# Running Out Of Thrust

Posted on  
TheDailyShot.com

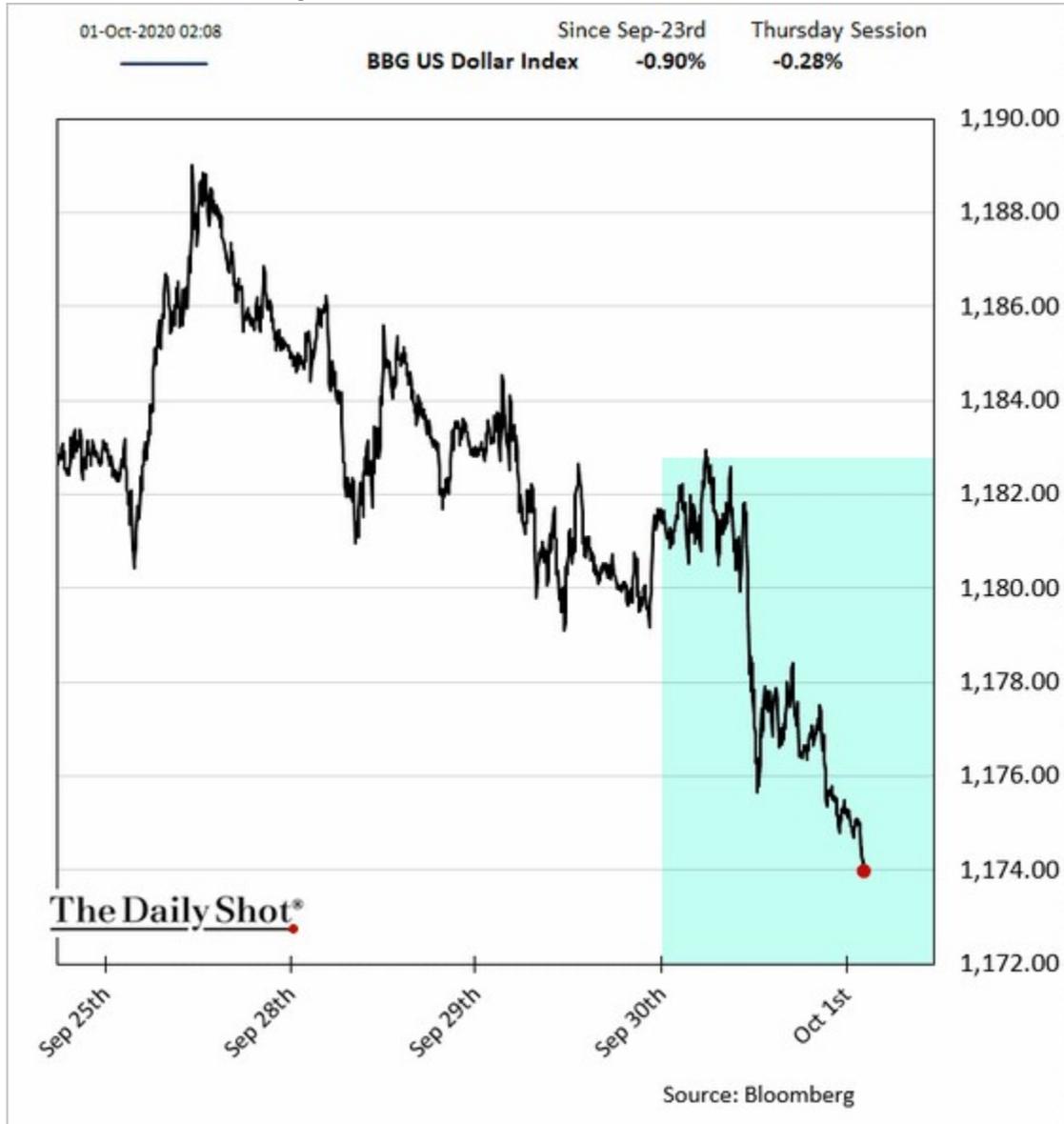
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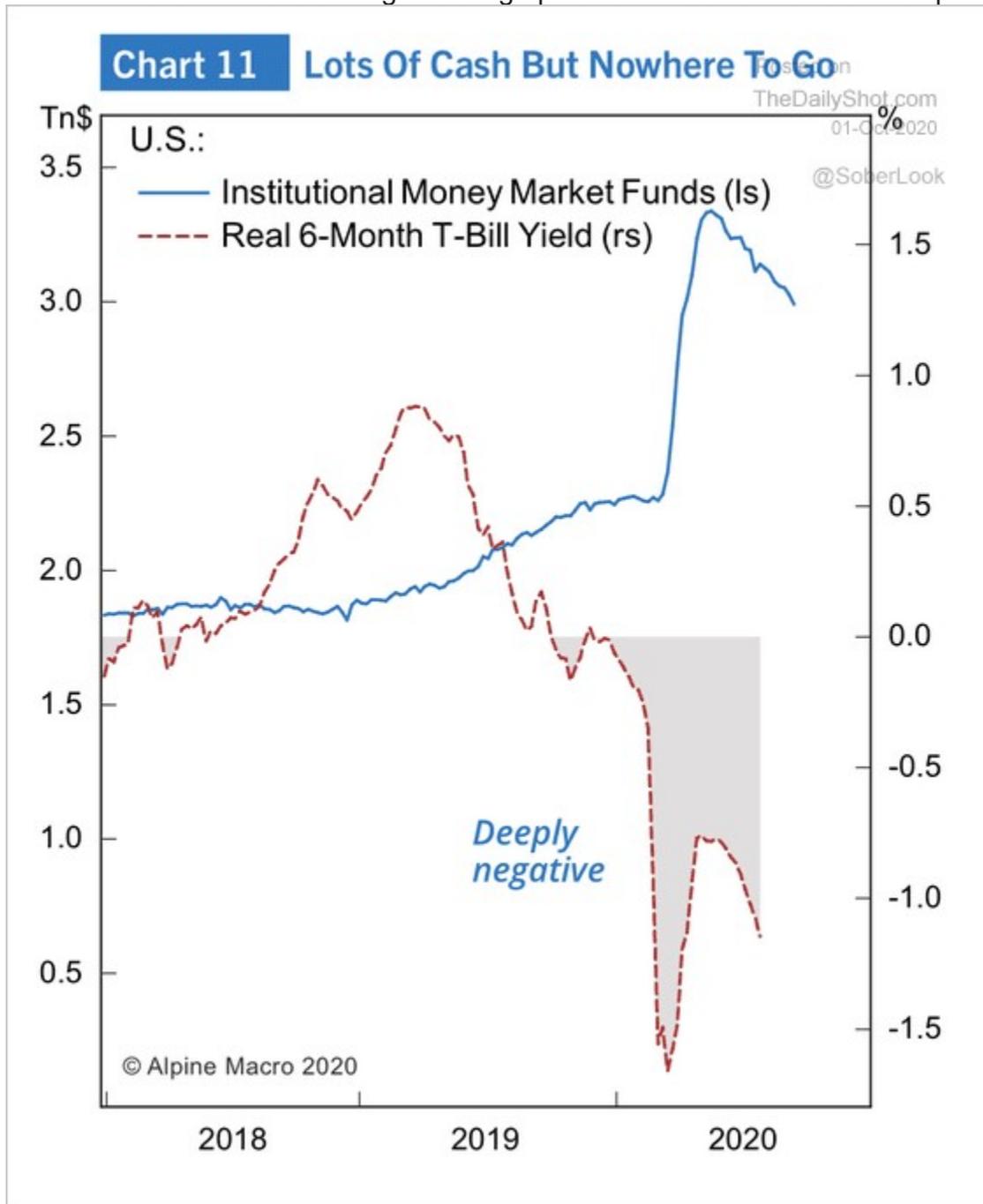


Source: [BCA Research](#)

The US dollar tumbled as global markets shifted into risk-on mode.

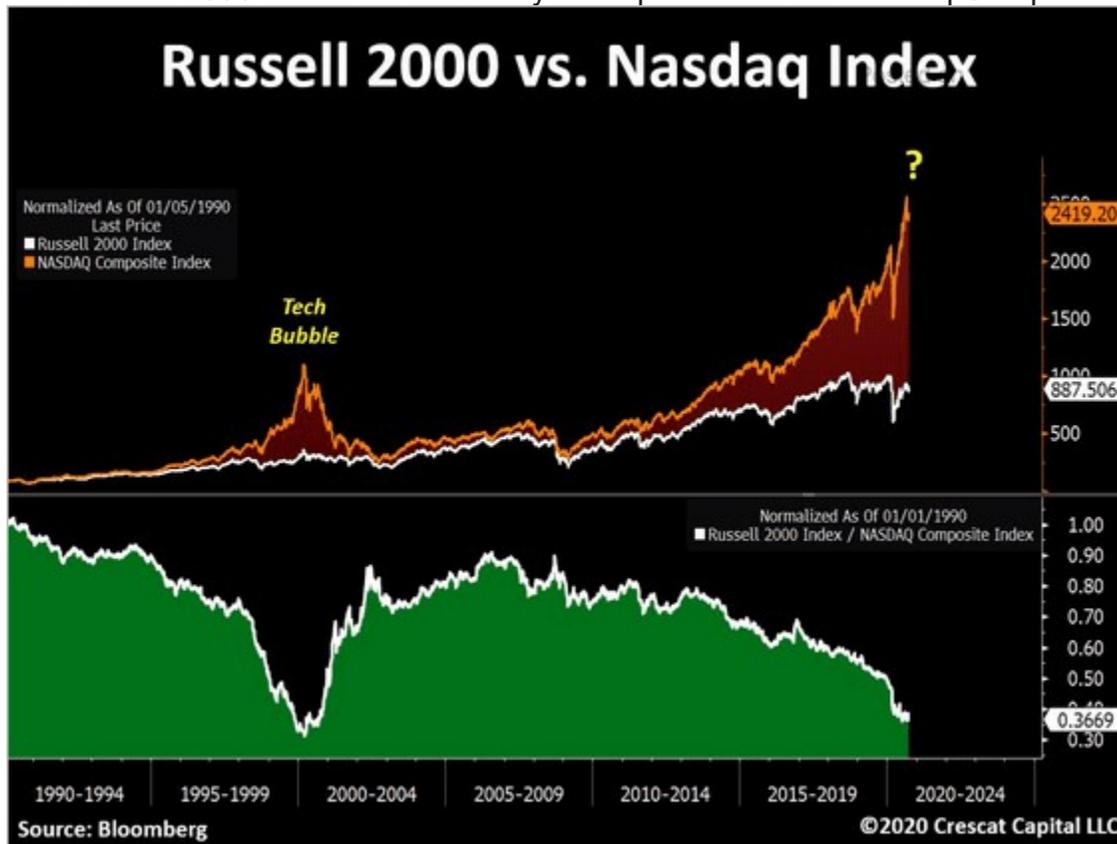


Institutional investors are sitting on a large pile of cash. Will this flow into equities?



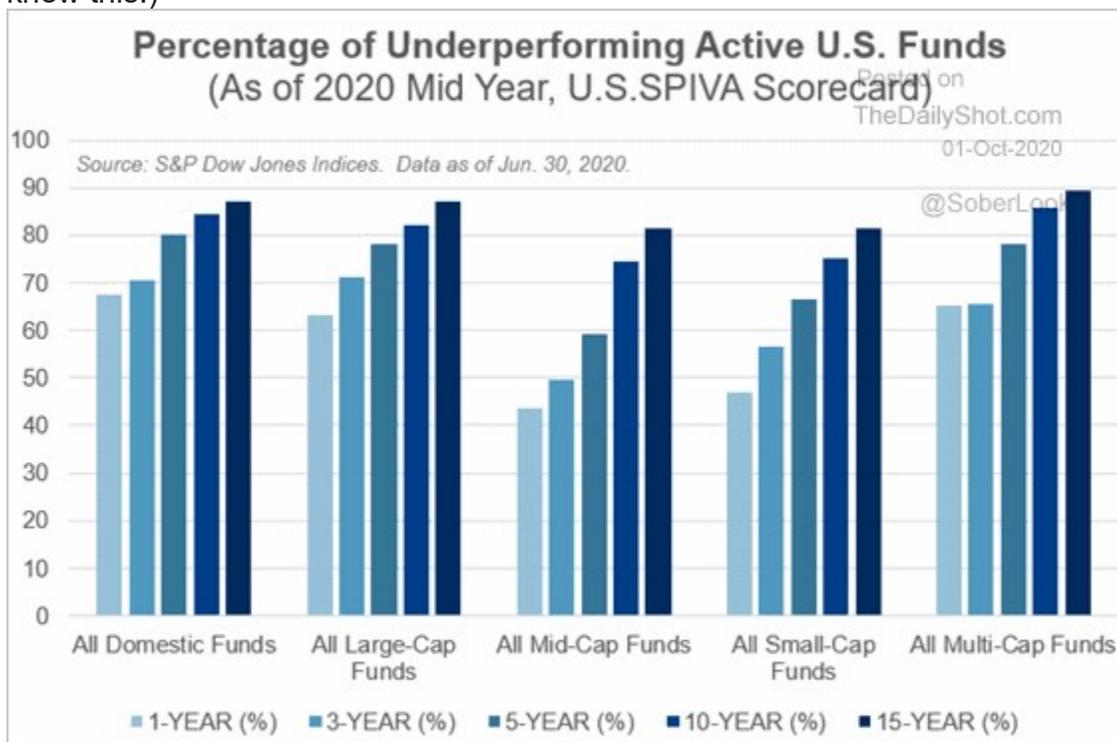
Source: [Alpine Macro](#)

The Russell 2000 index has massively underperformed the Nasdaq Composite over the past decade.



Source: [@TaviCosta](#)

Active funds continue to underperform, putting pressure on the industry. (Unfortunately, we already knew this.)



CTAs increased their exposure to equities this year.



Source: [Deutsche Bank Research](#)

Public pension funds reduced their allocation to stocks in recent years, which hurt their performance. (Someone should invent a contra-investment that mimics the EXACT OPPOSITE of what pension

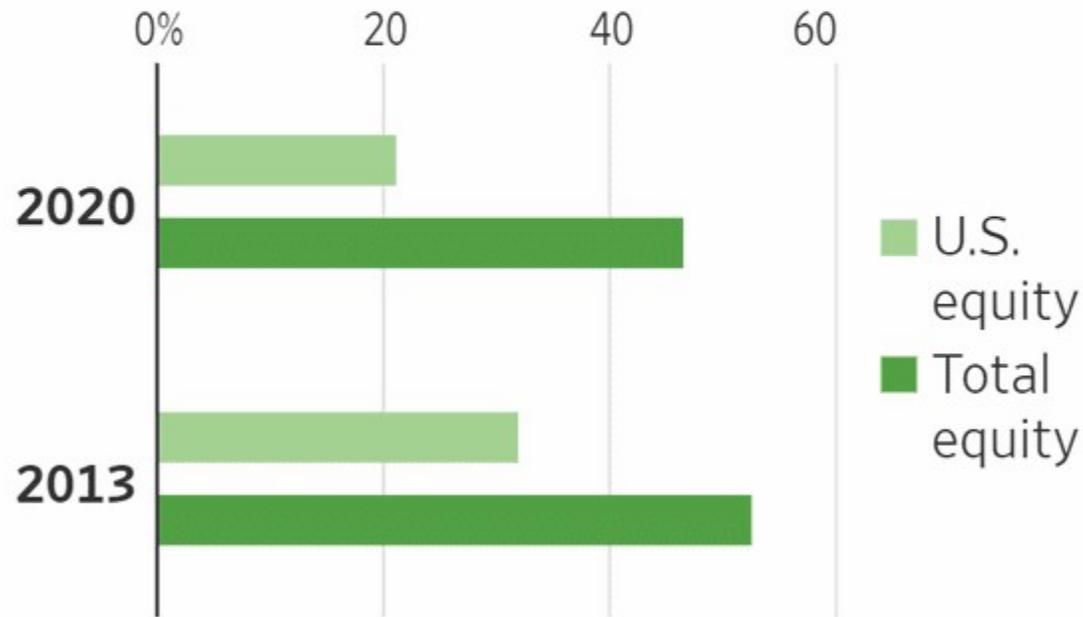
funds invest in. IE--If pensions overweight private equity, I want to own stocks.)

Pension funds have edged away from stocks, even as the market has climbed.

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01-Oct-2020

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## Median stock allocation by public pension funds



Note: As of June 30 each year

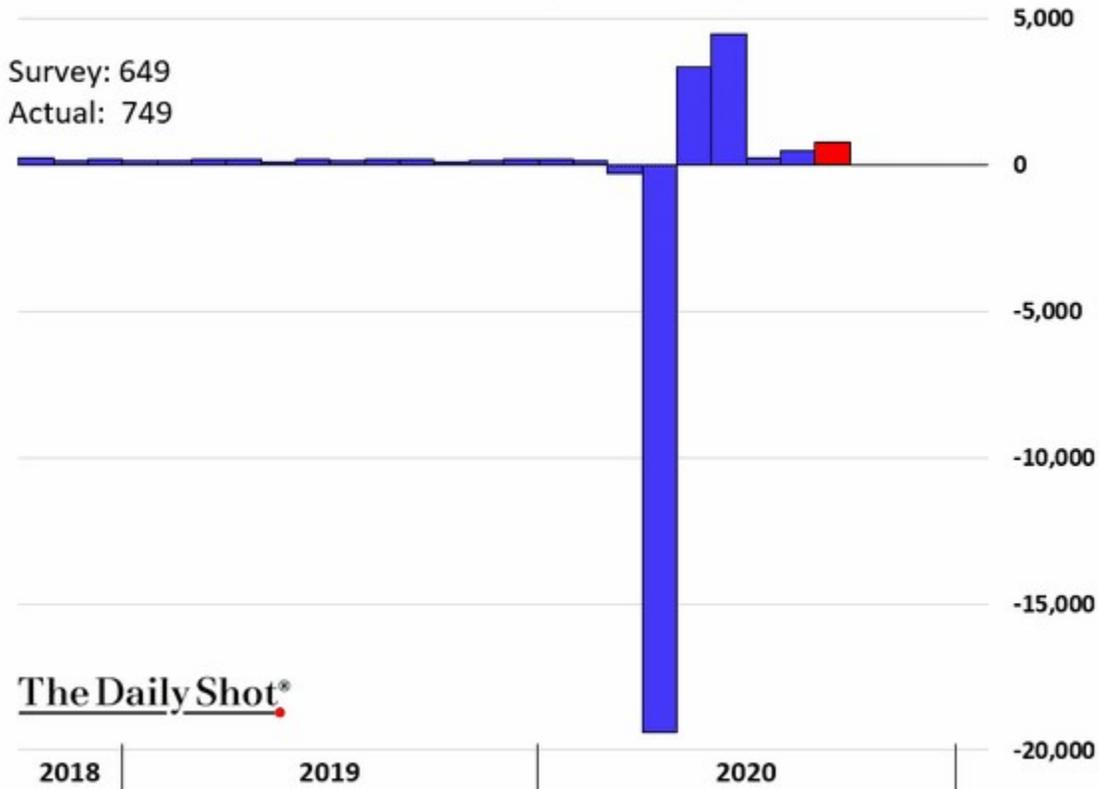
Source: Investment Metrics

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

The ADP private payrolls report surprised to the upside, pointing to continuing labor market recovery.

### ADP Private Nonfarm Payrolls MoM ('000)

Survey: 649  
Actual: 749



The Daily Shot<sup>®</sup>

Job growth in September was broad.



# National Employment Report® September 2020

Posted on  
The Daily Shot.com  
01 Oct 2020

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## Change by Business Size



Small  
1-49 Employees

↑ 192,000



Midsized  
50-499 Employees

↑ 259,000



Large  
500+ Employees

↑ 297,000

## Change by Sector & Industry



Goods-producing Sector

↑ 196,000



↑ 7,000

Natural Resources  
& Mining



↑ 130,000

Manufacturing



↑ 60,000

Construction

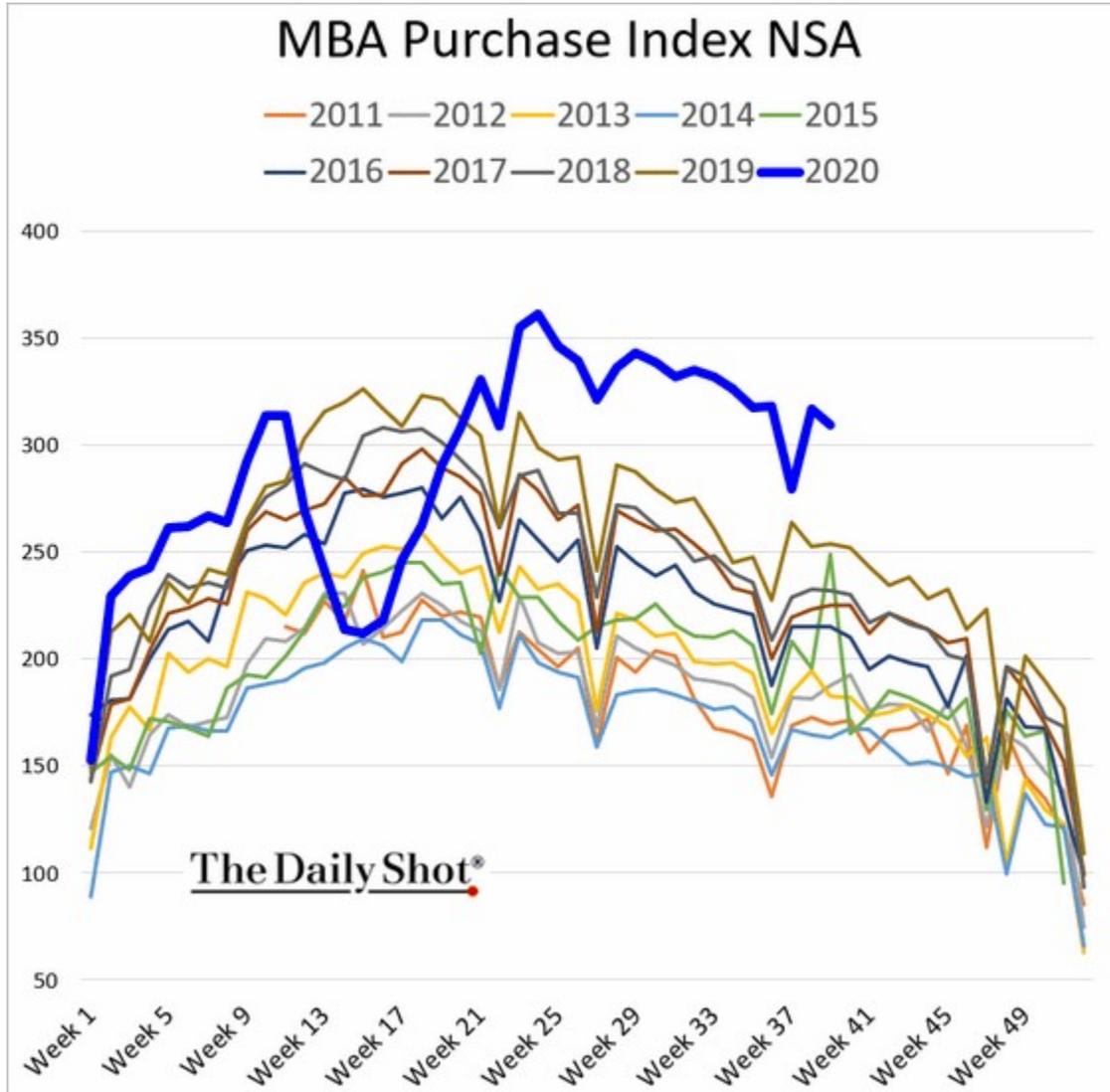


Service-providing Sector

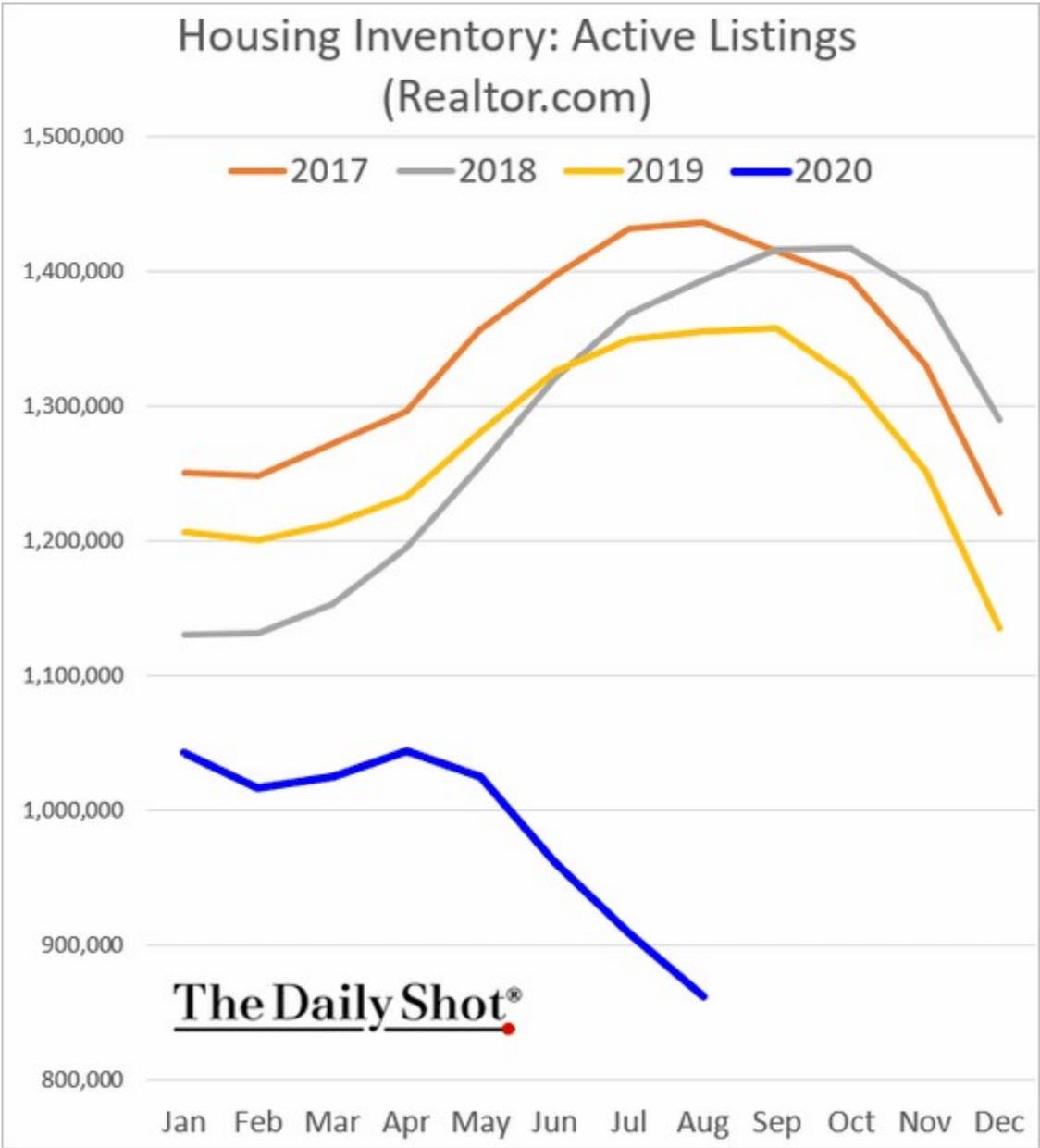
Source: [ADP](#)

some updates on the housing market.

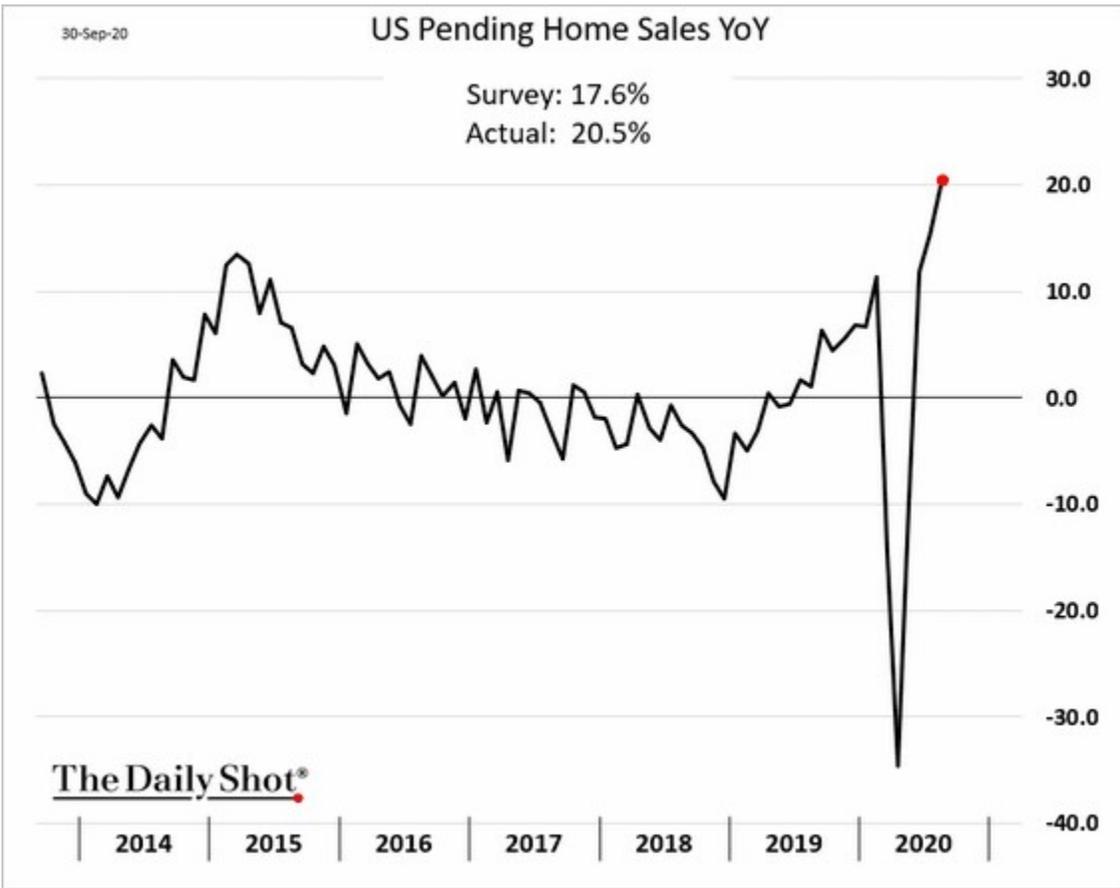
- Mortgage applications remain remarkably strong.



- Active listings of homes for sale continue to trend lower.

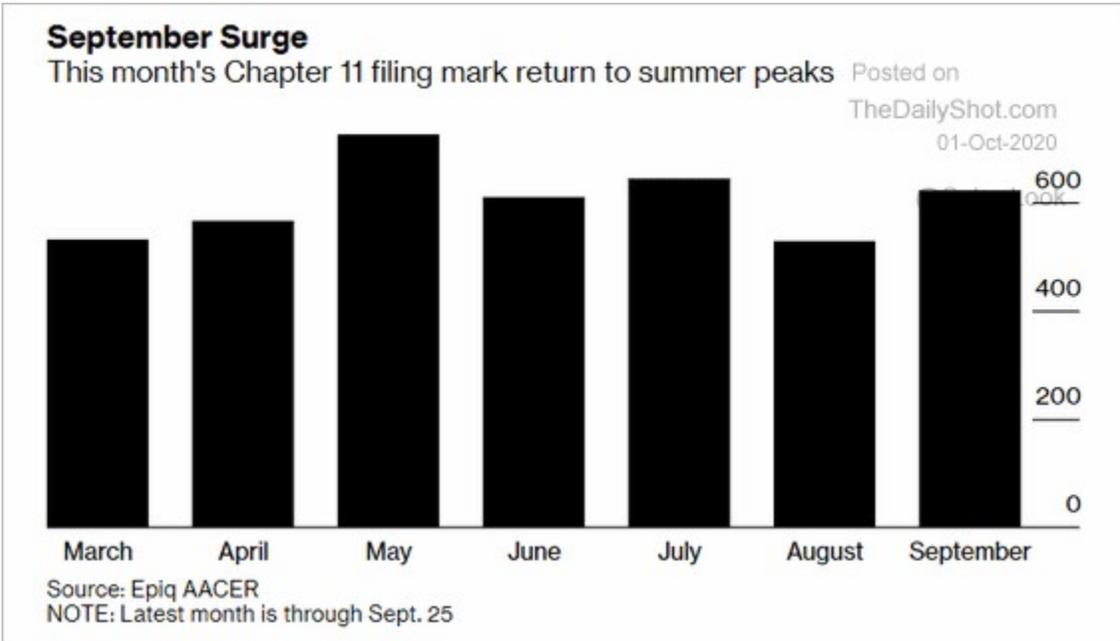


- Despite low inventories, pending home sales surged.
- Year-over-year:



a look at COVID-related corporate failures.

- Chapter 11 filings:

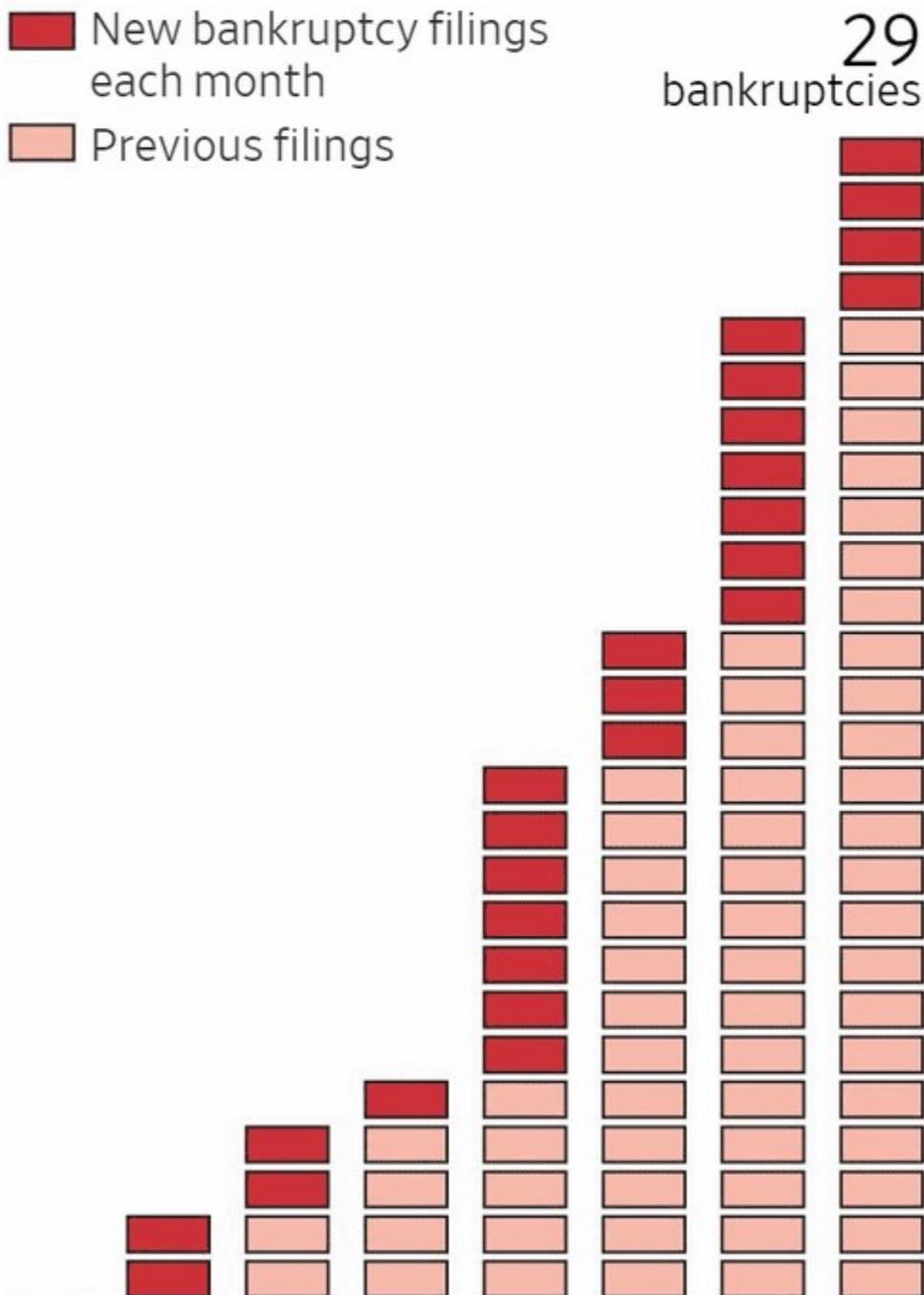


Source: @business [Read full article](#)

- Retail closures:

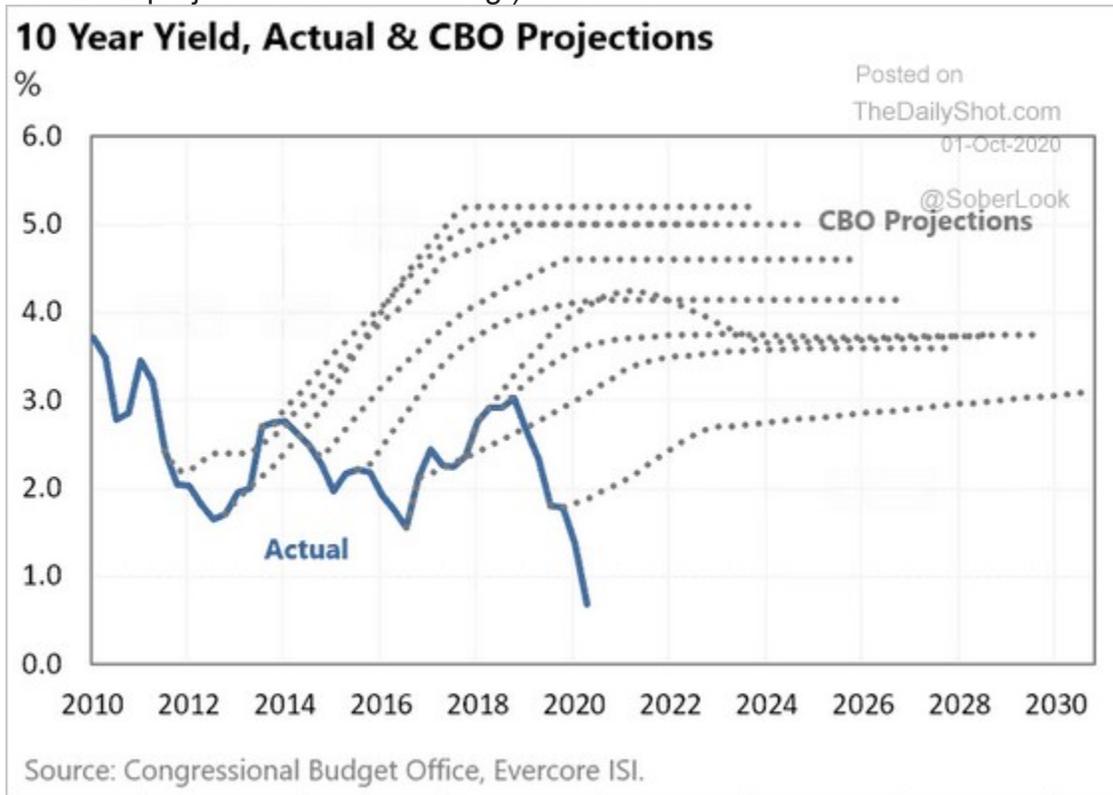
This year is on pace to rival the 48 total bankruptcy filings by retailers in 2010, following the 2007-09 recession. Retail bankruptcies in 2020 have already surpassed the 22 total filings in 2019.

### Cumulative number of retail bankruptcies in 2020. Each block represents a company\*



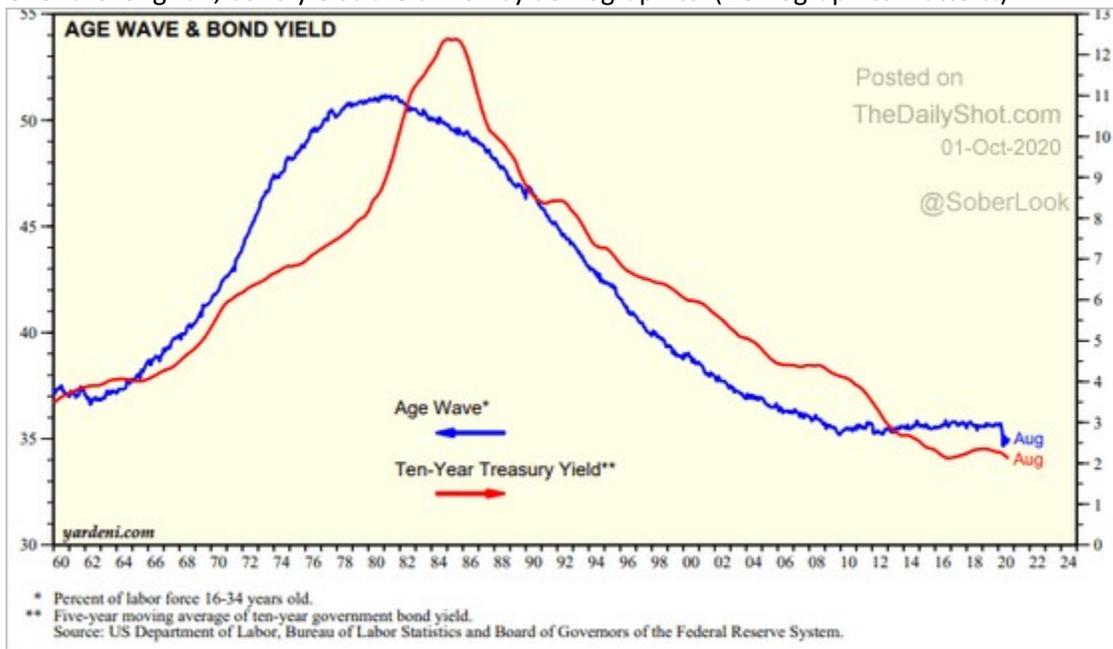
Source: @WSJ [Read full article](#)

This chart shows the history of CBO's 10yr Treasury yield forecasts. (Please remember this chart. The CBO projections mean nothing.)



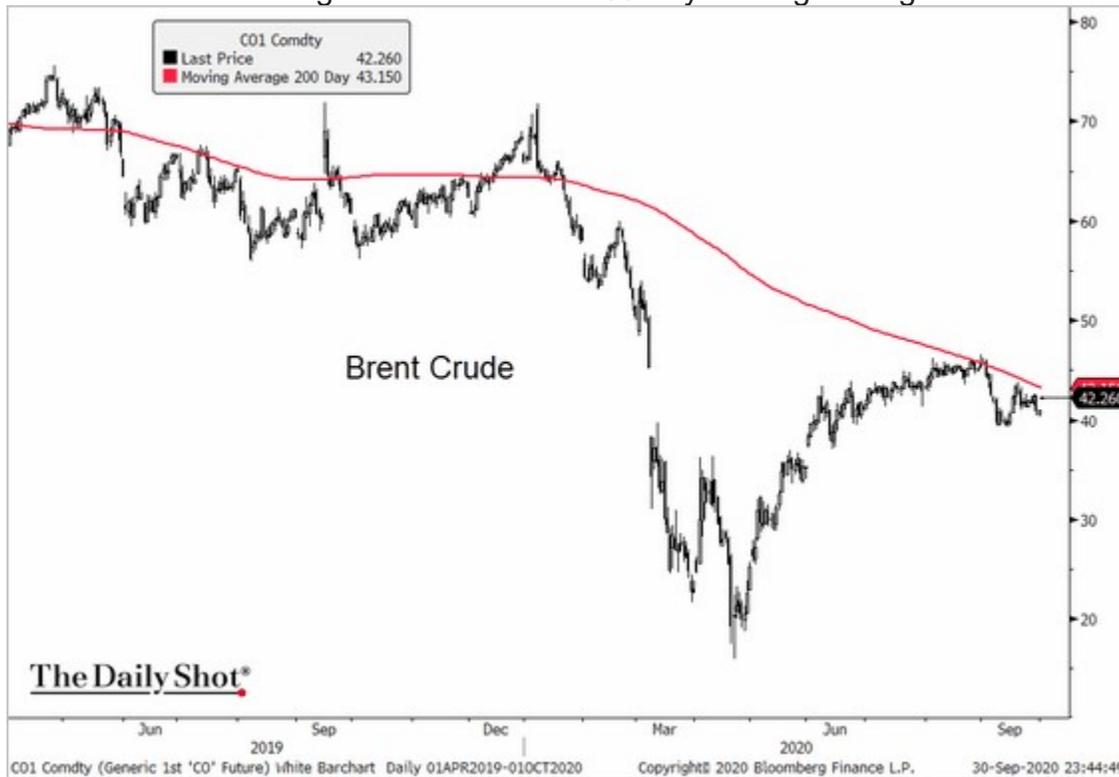
Source: [Evercore ISI](#), @ernietedeschi

Over the long run, bond yields are driven by demographics. (Demographics matter!!)



Source: [Yardeni Research](#)

Brent has been holding resistance at the 200-day moving average.



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

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

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