

## Nick Lampone

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**From:** Nick Lampone  
**Sent:** Tuesday, October 27, 2020 8:05 AM  
**Subject:** Morning CORE  
**Attachments:** Core logo.png

**US Futures-World Markets:** S&P futures are higher ahead of today's open. It was nice to see a bounce to close above 3400. CNBC recap of yesterday <https://cnb.cx/2TxgSQL>. The good news is we're one week away from the election. Will we see the Democratic sweep polls are predicting? As polls tighten, maybe a \$14 trillion stimulus package (slight exaggeration) isn't such a lock. I'm looking forward to watching televised sports without 7,000 political advertisements. It's time to focus on corporate earnings today with major co.'s reporting. Pfizer and Eli Lilly both missed estimates on lower demand for their medicines and increased costs to develop COVID treatments. AMD announced an all-stock deal to buy Xilinx for \$35 billion. Stock was +79% YTD at yesterday's close. 3M beat estimates, but is down slightly. European indices are lower with the exception of the UK, which is helped from BP earnings. French govt. is considering tighter lockdown measures in large cities. Microsoft earnings hit after the bell today. The VIX is -1%. S&P Futures vs. Fair Value: +16.28 10-Yr Yield: 0.802%.

### CORE Headlines:

- Treasury Secretary Steven Mnuchin and House Speaker Nancy Pelosi (D-CA) did not reach a stimulus agreement after talks yesterday and a deal before the election is unlikely. Senate left Washington, DC last night for a campaign recess period.-Bberg
- Supreme Court votes 5-3 to mandate that all mail-in ballots must be received by Election Day in Wisconsin, rejecting a planned 6 day extension.-NYT
- Amy Coney Barrett, a conservative appeals court judge and protégée of former Justice Antonin Scalia, was confirmed to the Supreme Court, handing Trump a victory ahead of the election and tipping the court to the right for years to come.-NYT
- Hospitals are holding off as long as possible before halting procedures to make room for fresh waves of Covid-19 patients, a reversal from earlier this year when facilities postponed care, leading to steep financial losses and public-health risks.-WSJ
- So-called pandemic fatigue is emerging a formidable roadblock for governments that are counting on a high degree of public cooperation with the latest rounds of restrictions to flatten the infection curve.-WSJ
- Fewer major US companies are defaulting on their debt than investors feared just months ago, a trend that is giving a boost to corporate bond prices and acting as an encouraging sign for the economy.-WSJ
- The US Postal Service recommends voters using mail-in ballots send them in by tomorrow, one week from Election Day—vote-by-mail deadlines vary by state, whether the deadline applies to when a ballot must be received or when it must be postmarked.-USA
- New York City's struggling restaurants appear to have given up hope that they will be allowed to double their indoor seating on November 1 amid rising infection rates and radio silence from Albany.-NYP
- Apple is reportedly eyeing new designs for its pricey AirPods, and their distinctive, white "stems" could become a major casualty, making the buds resemble recent offerings from **AMZN** and **Google**.-NYP

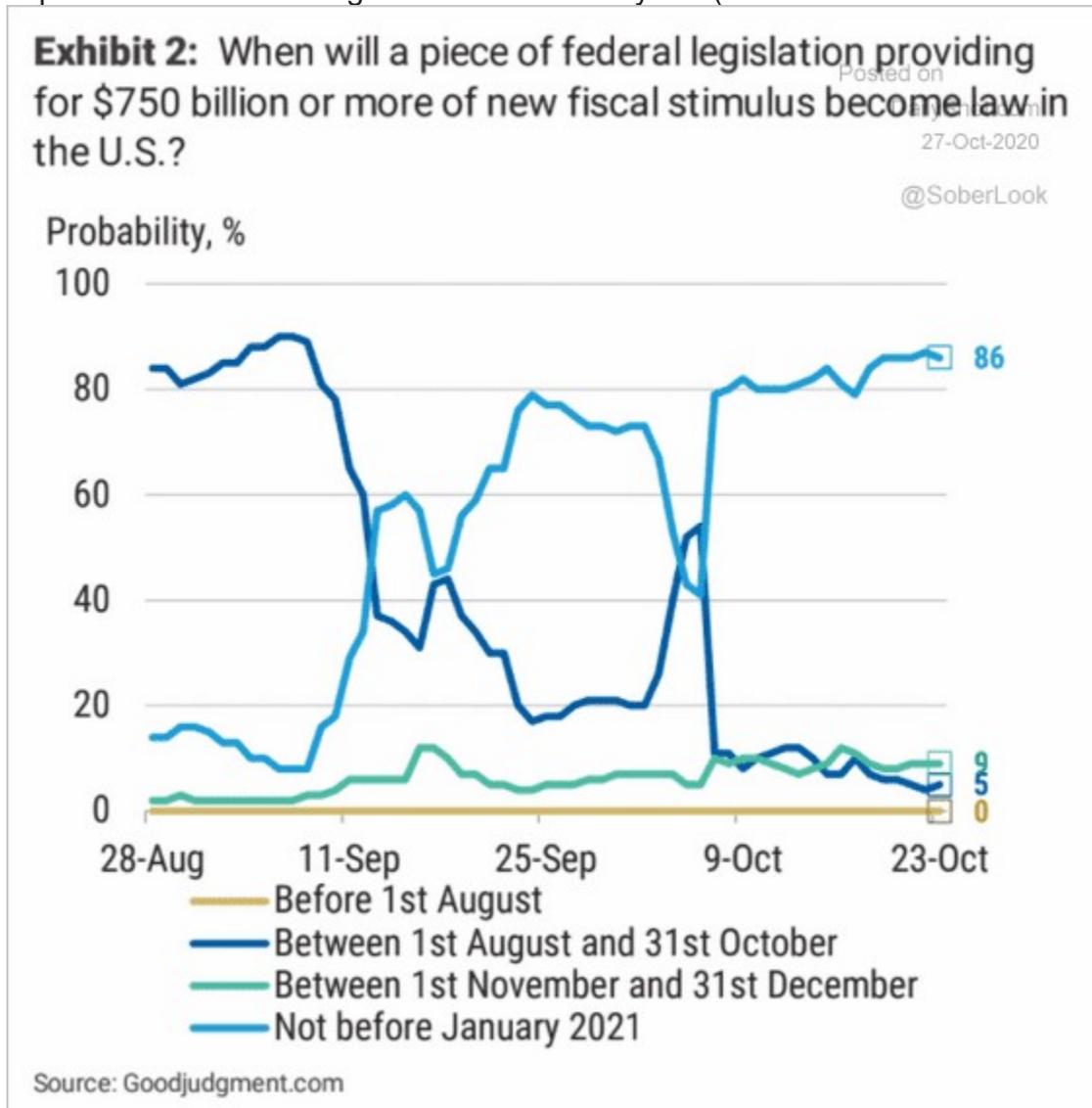
- Japanese prime minister Yoshihide Suga said the country will be carbon neutral by 2050, an ambitious pledge to sharply accelerate the country's global warming targets even as it plans to build more than a dozen new coal-burning power plants.-NYT
- Russia offered to halt deployment of its controversial 9M729 missile in its western regions in an attempt to convince the US to restart talks on arms control in Europe after the Trump admin withdrew from the 1987 Intermediate-Range Nuclear Forces Treaty last year.-FT
- With unemployment twice the national average, New York City's economic recovery is likely to lag behind the rest of the US.-NYT
- Senate Democrats want Google (**GOOG**) and Facebook (**FB**) to pay local newspapers for content.-WSJ (What? The newspapers should just have a paywall.)

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

- CNBC: Uber and Lyft are spending big on Facebook ads to protect California business <https://cnb.cx/3kzdSiL>
- Fast Co.: Google is using augmented reality to tackle everyday tasks <https://bit.ly/34wRZLu>
- The Ringer: Biggest questions ahead of the NFL trade deadline <https://bit.ly/3mrAHWm>

Charts from The Daily Shot:

Stocks sold off on Monday amid rising COVID threat and stimulus uncertainty. Forecasters now don't expect to see stimulus legislation before next year. (These forecasters must be real geniuses.)

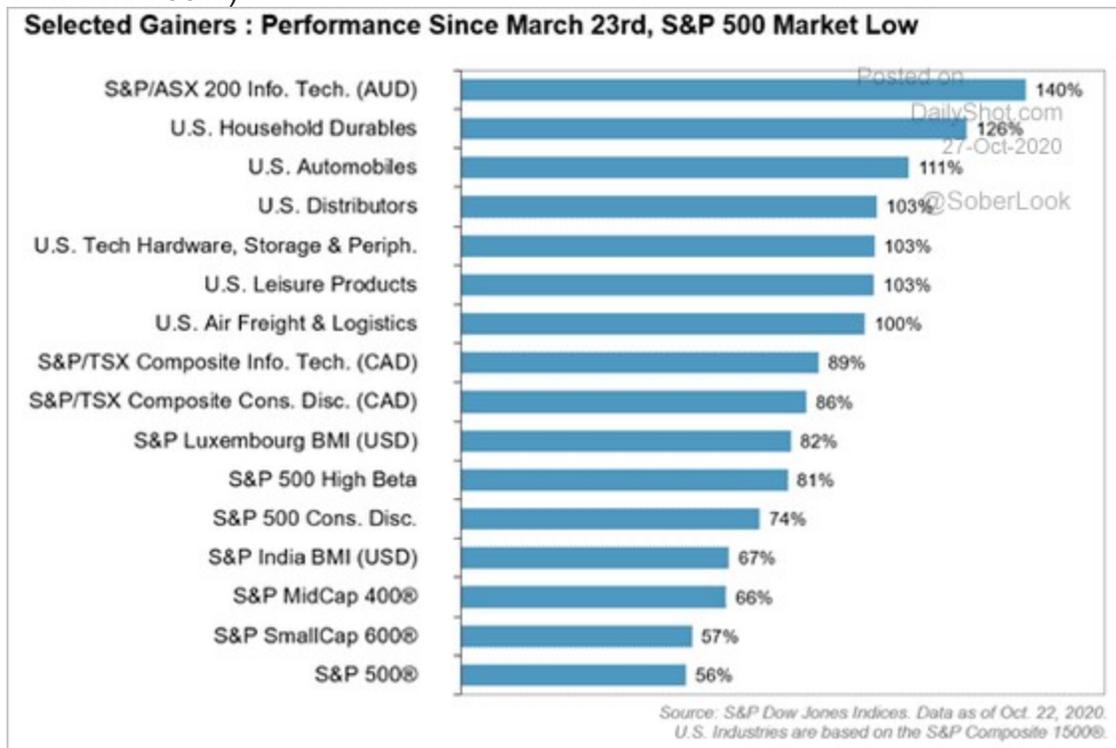


Source: [Morgan Stanley Research](#)

However, the S&P 500 held support at [3400](#).

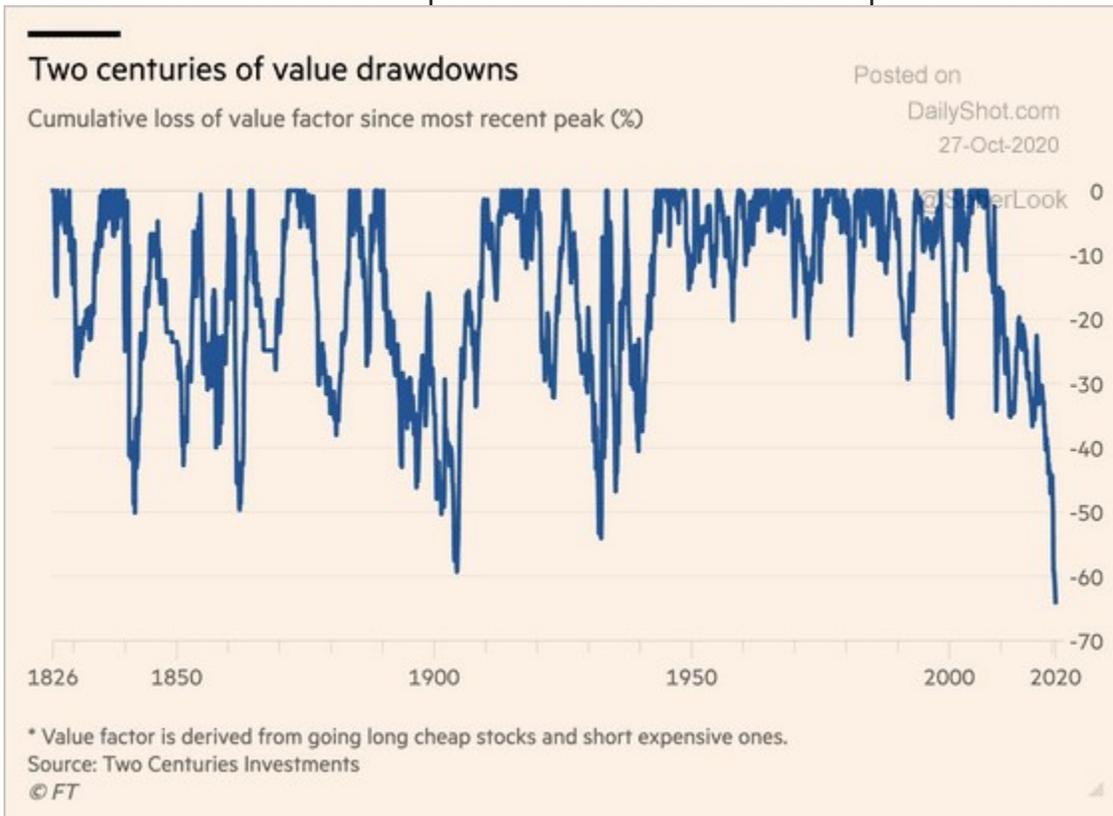


This chart shows various sector performances since the March bottom. Australian tech stocks have had a stellar run. (Who would've guessed US autos in the middle of a pandemic when GDP in the US contracted 35%)



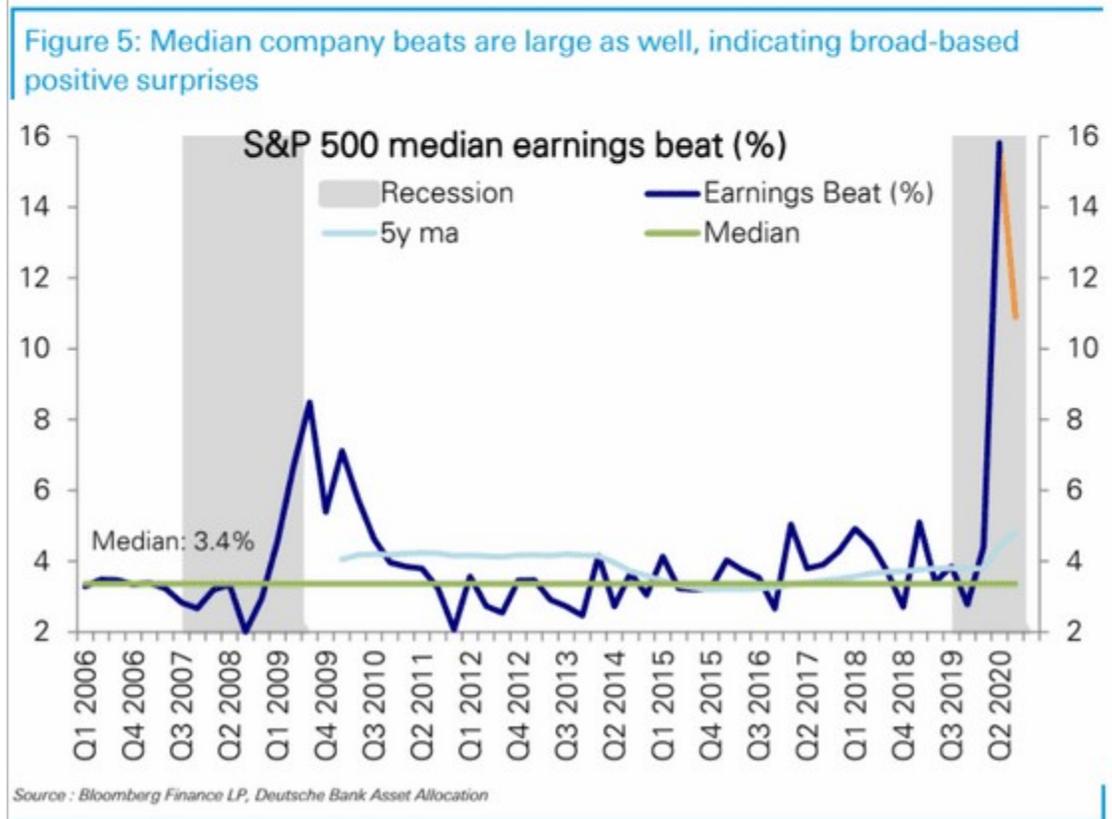
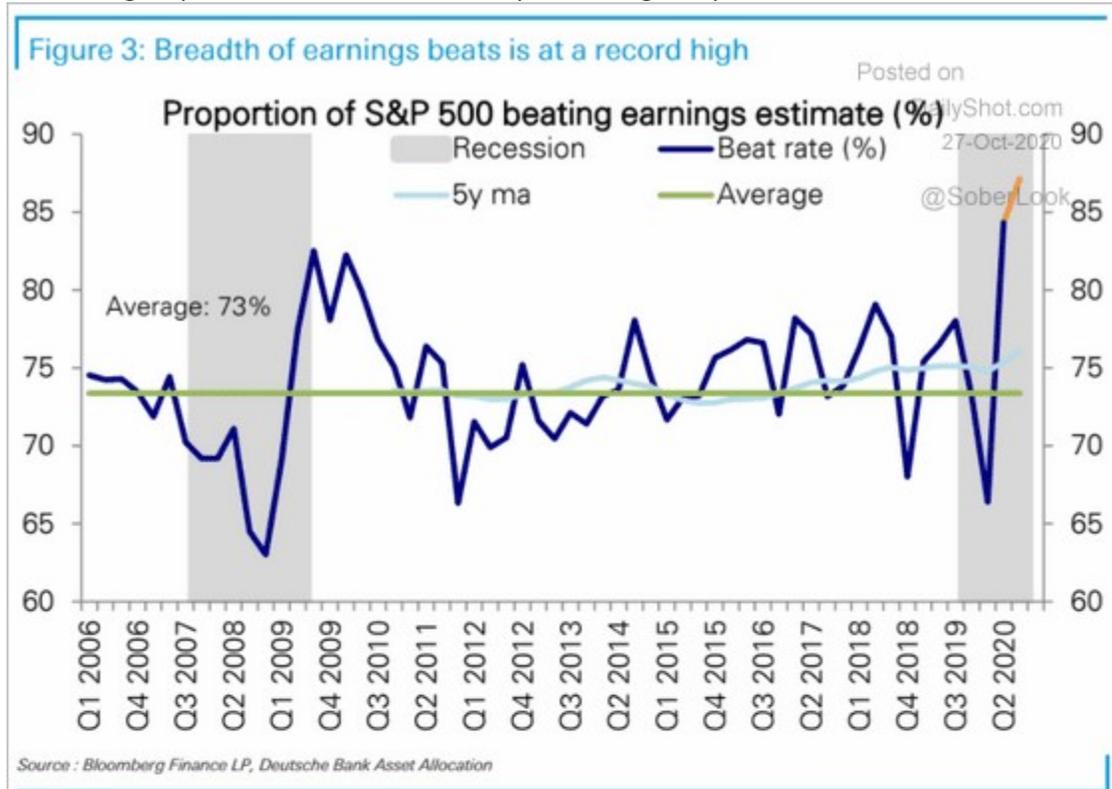
Source: [Chris Bennett; S&P Global](#)

The recent value factor underperformance has been the steepest in two centuries.



Source: @jessefelder, @FT [Read full article](#)

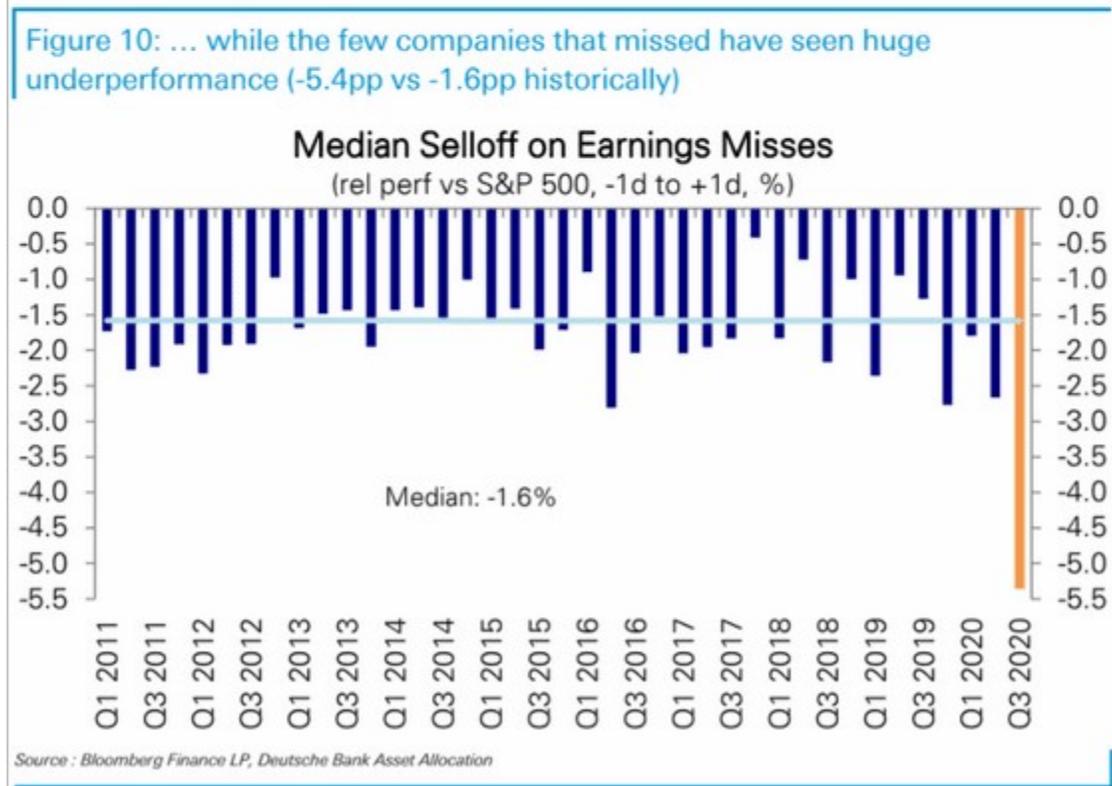
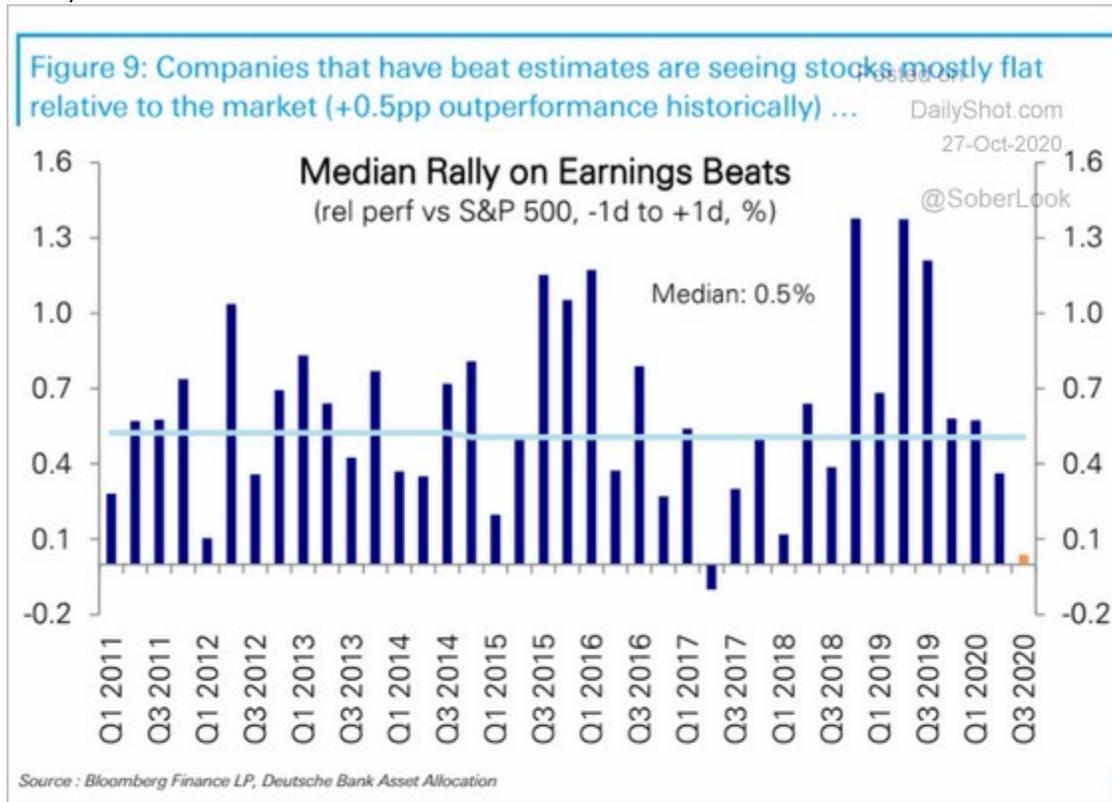
Q3 earnings reports have been substantially exceeding analysts' estimates.



Source: [Deutsche Bank Research](#)

But the market hasn't been rewarding earnings beats while punishing firms that missed estimates by most in years (2nd

chart).



Source: [Deutsche Bank Research](#)

The ratio of S&P 500 companies issuing guidance above consensus versus below has surged to new highs. (Is this because earnings are stellar or analysts have been too low on estimates? Or maybe a

bit of both?)



Source: [BofA Global Research](#)

Ant Group's IPO will be the largest on record.

Ant Group's coming initial public offering is set to be the largest ever.

Posted on

DailyShot.com  
27-Oct-2020

@SoberLook

## Biggest IPOs of all time

### Ant Group (announced\*)

\$34.4 billion

### Saudi Aramco (December 2019)

29.4

### Alibaba Group Holding (September 2014)

25

### Agricultural Bank of China (July 2010)

22.1

### ICBC (October 2006)

21.9

### SoftBank Corp (December 2018)

21.3

\*Final deal size could be increased by 15%.

Sources: Dealogic; Ant

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

some sector performance updates.

- Housing vs. banks over the past month:



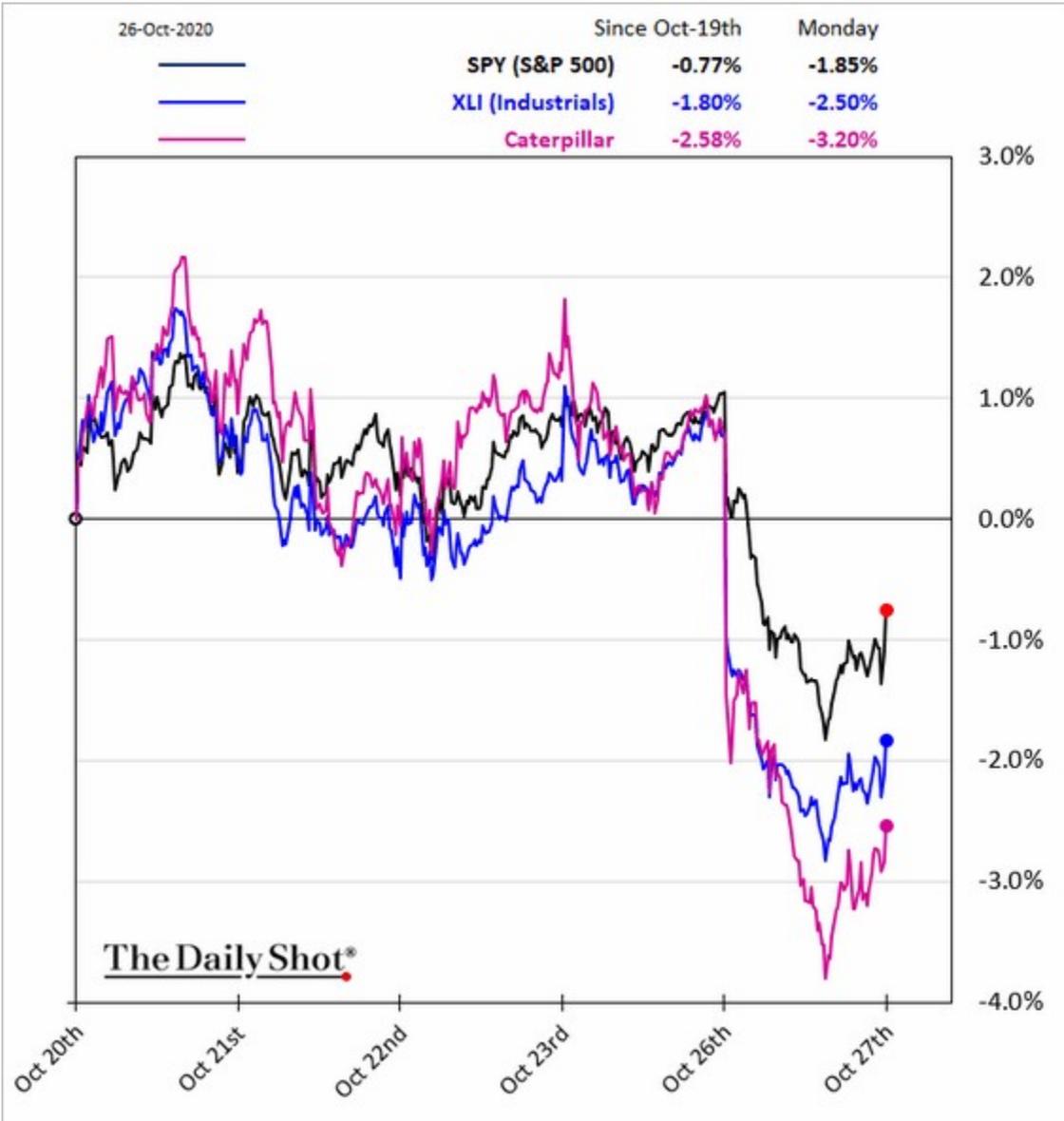
● Healthcare:



● Energy:



● Industrials:



US hedge funds have been reducing exposure to European stocks.

### Exhibit 4: American fund equity exposure to Europe has continued to decline this year

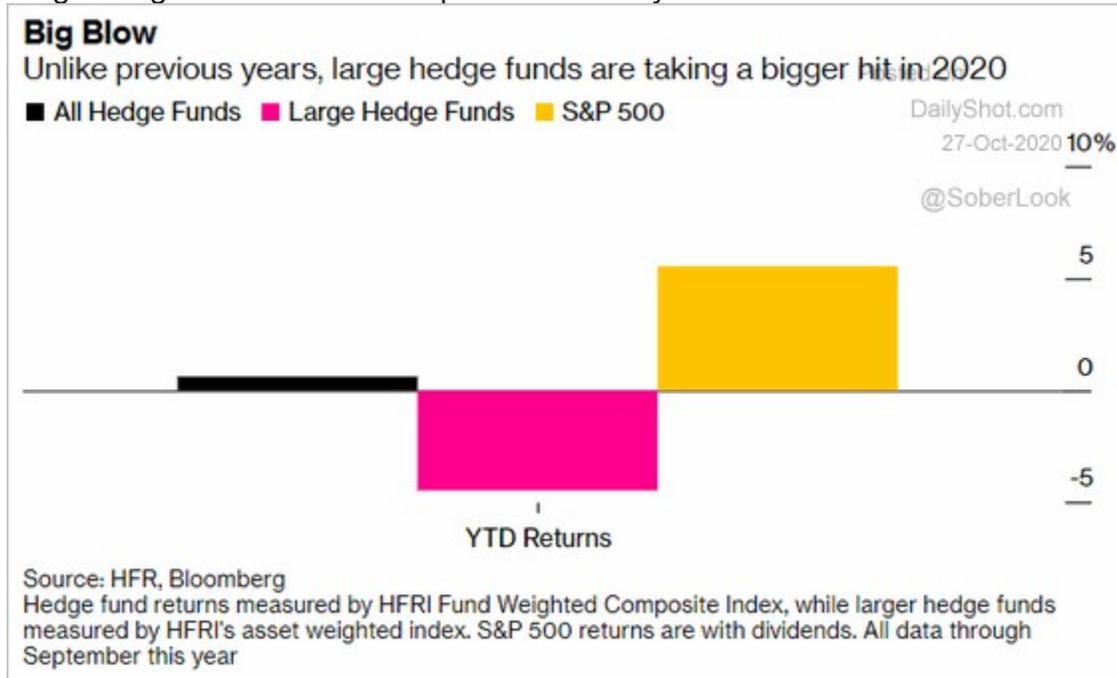
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Source: PB Content Group, Morgan Stanley Research

Source: [Morgan Stanley Research](#)

Large hedge funds have underperformed this year.



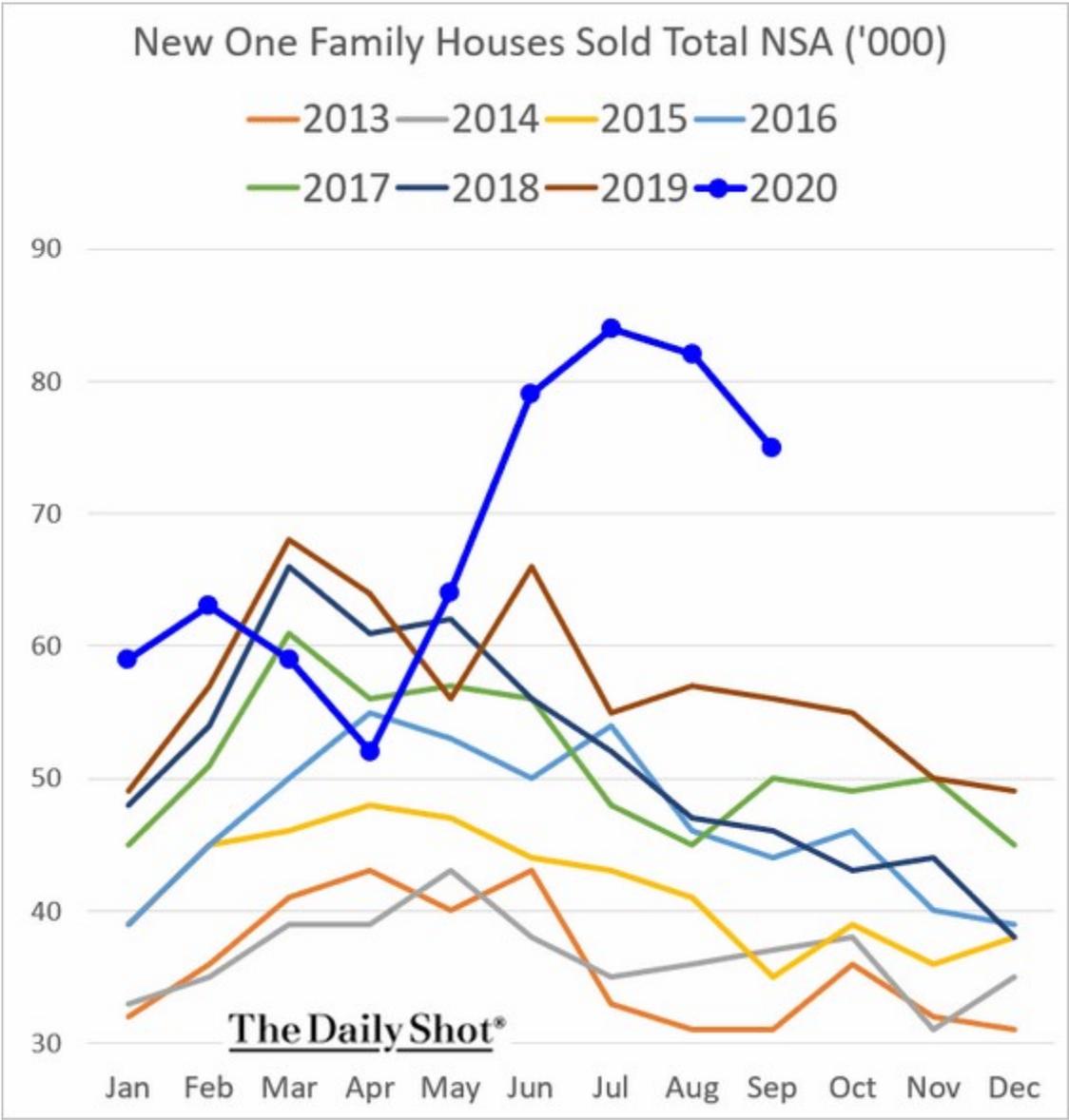
Source: @markets [Read full article](#)

Speculative accounts have been betting on the Treasury curve steepening, boosting their net short positions in the long bond.

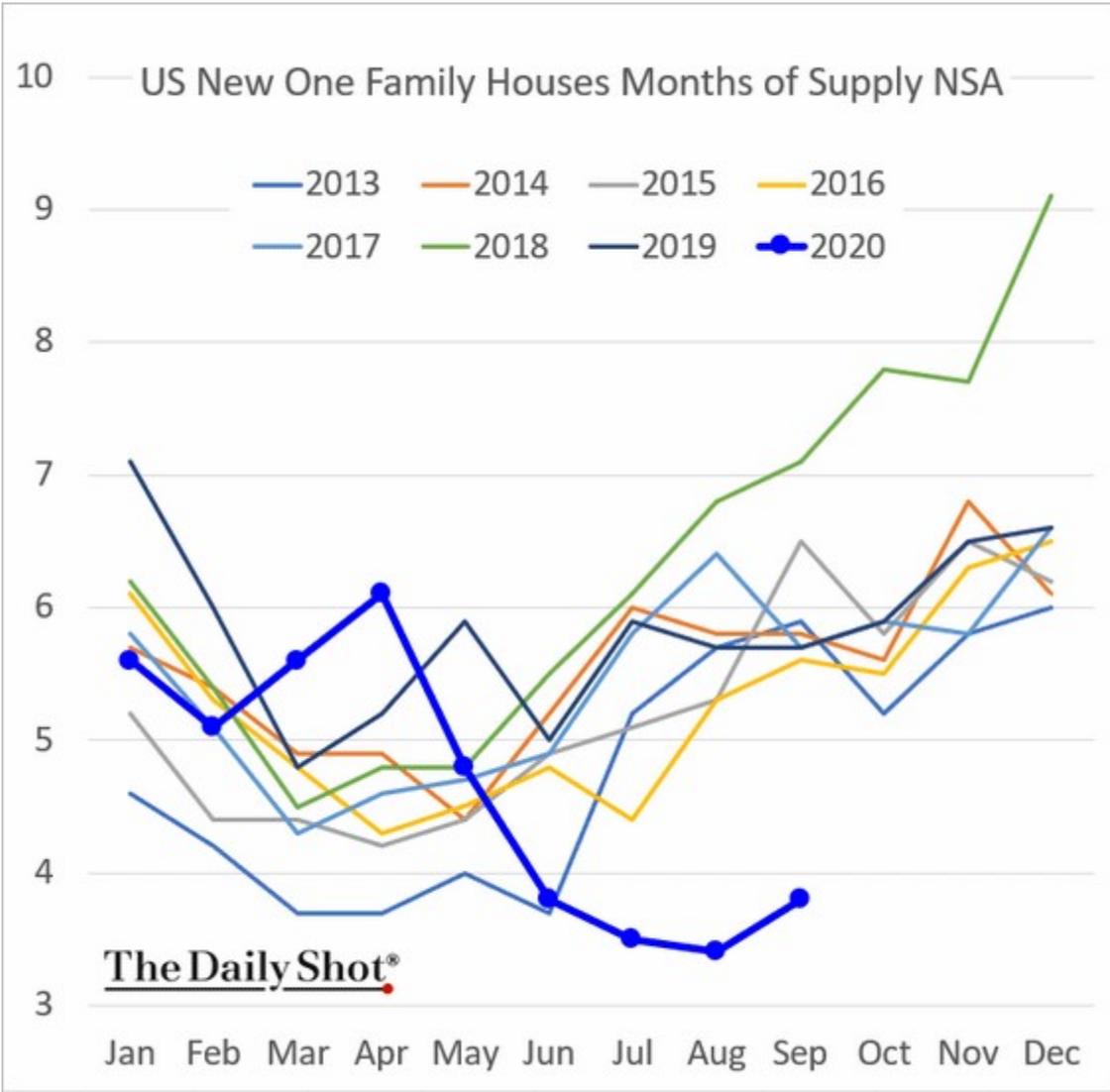


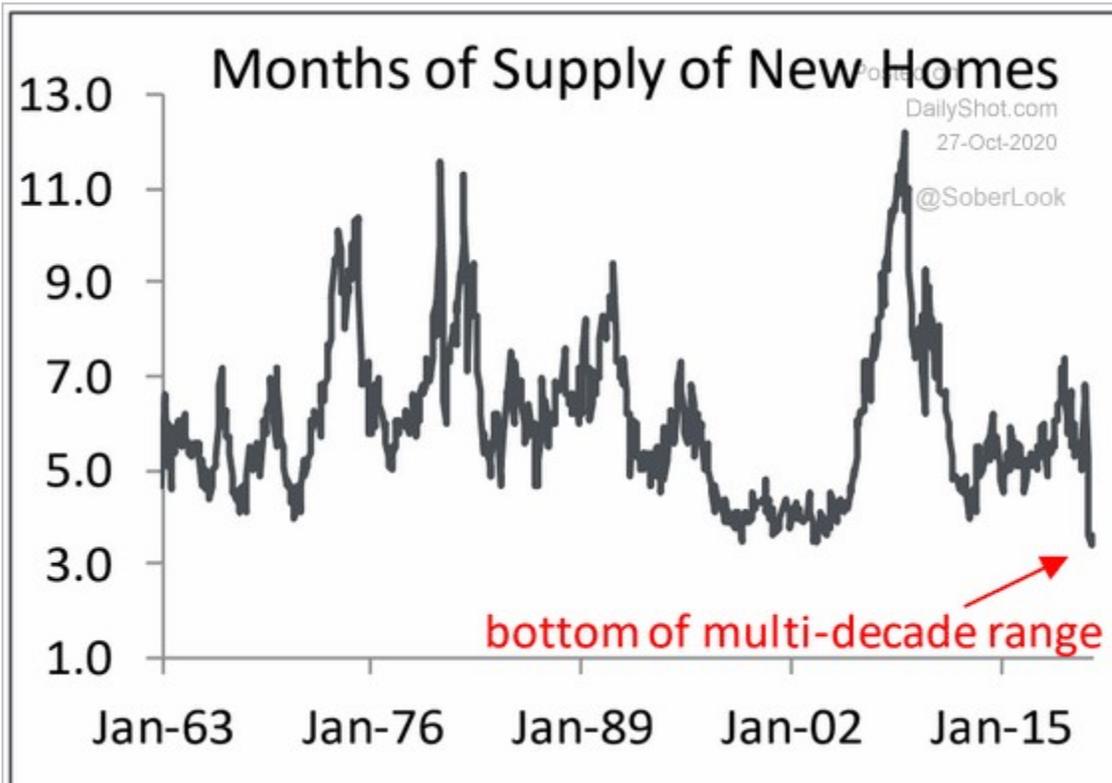
A look at the housing market.

- New home sales were below market expectations.



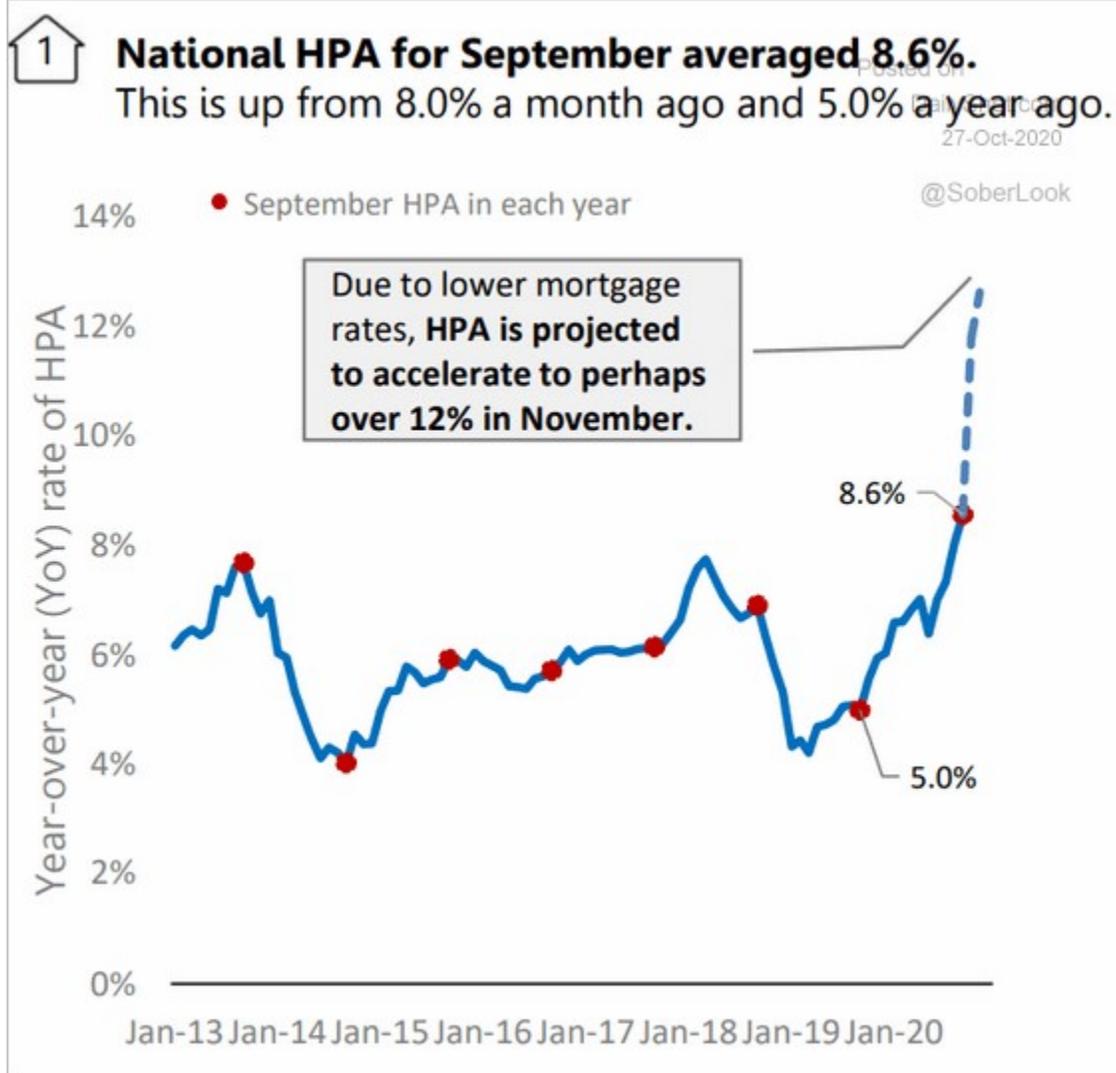
- New home inventories remain depressed (2 charts).





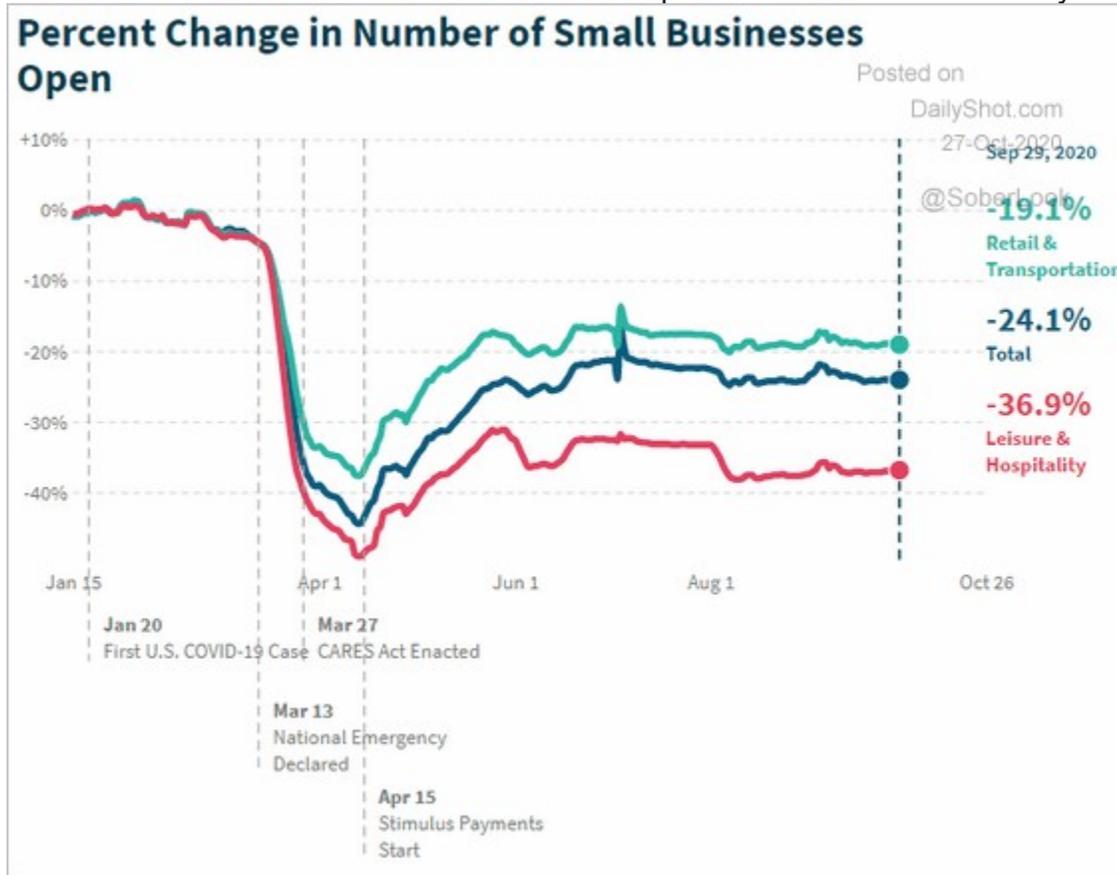
Source: [Piper Sandler](#)

Home price appreciation could hit 12% in November, according to AEI Housing Center.



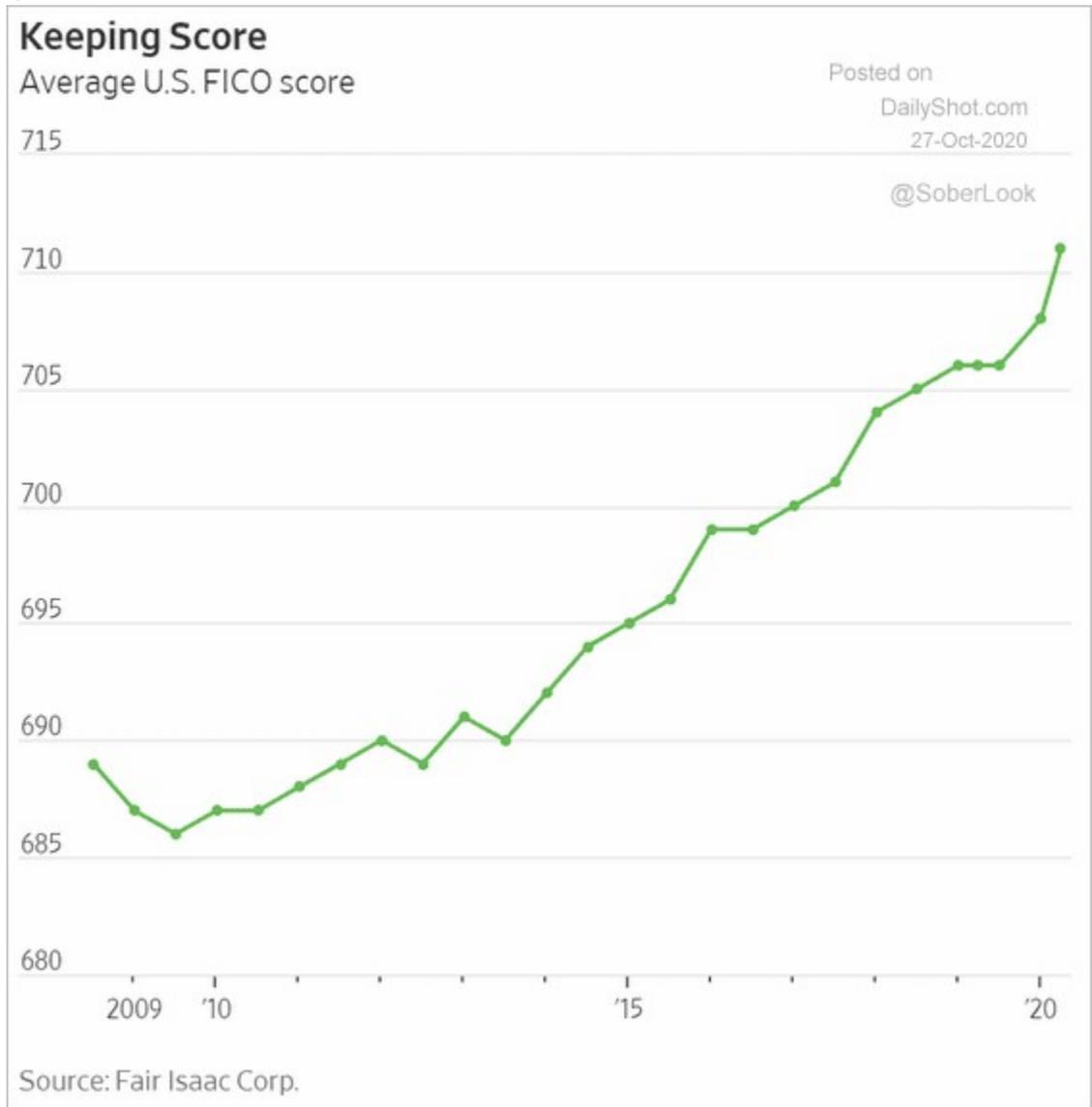
Source: [AEI Housing Center](#)

The number of US small businesses that are open is down some 24% this year.



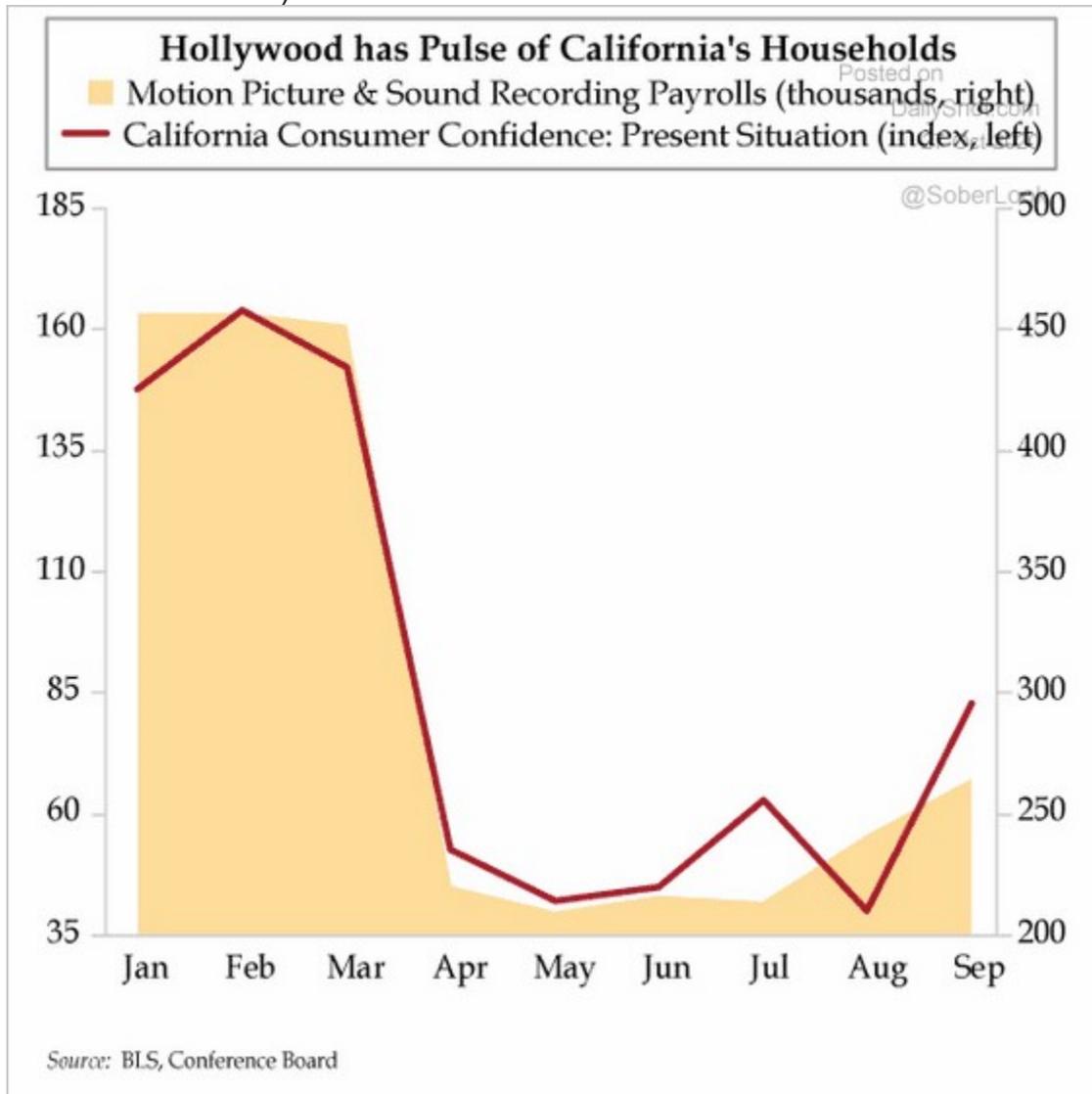
Source: [@LizAnnSonders](#), [@OppInsights](#)

Credit score inflation:



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

Motion picture industry jobs vs. California consumer confidence: (I'd like to see a chart for Broadway vs NYC confidence.)



Source: [The Daily Feather](#)

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