

Nick Lampone

From: Nick Lampone
Sent: Friday, October 30, 2020 8:03 AM
Subject: Morning CORE

After a crazy week for stocks, let's have a smile with Soul Train Friday: <https://bit.ly/3e7IF3Y>

US Futures-World Markets: S&P futures are lower after yesterday's oversold rally. Recap from CNBC <https://cnb.cx/34GA6Kr>. Mega-cap tech names beat earnings expectations after the bell, but most are lower except for Google (+6%). Though these companies are crushing it, tough comps make it difficult to surprise to the upside when valuations are higher. Apple is -4% and Twitter is -15% in pre-market trading. Can you own Twitter after realizing a homeless person runs the company? Zoom Video now has a larger market cap (total dollar market value) than Exxon Mobil. How the times change. The Dow is on track to have its worst finish since March. S&P Futures vs. Fair Value: -25.60, 10-Yr Yield: 0.83%.

CORE Headlines:

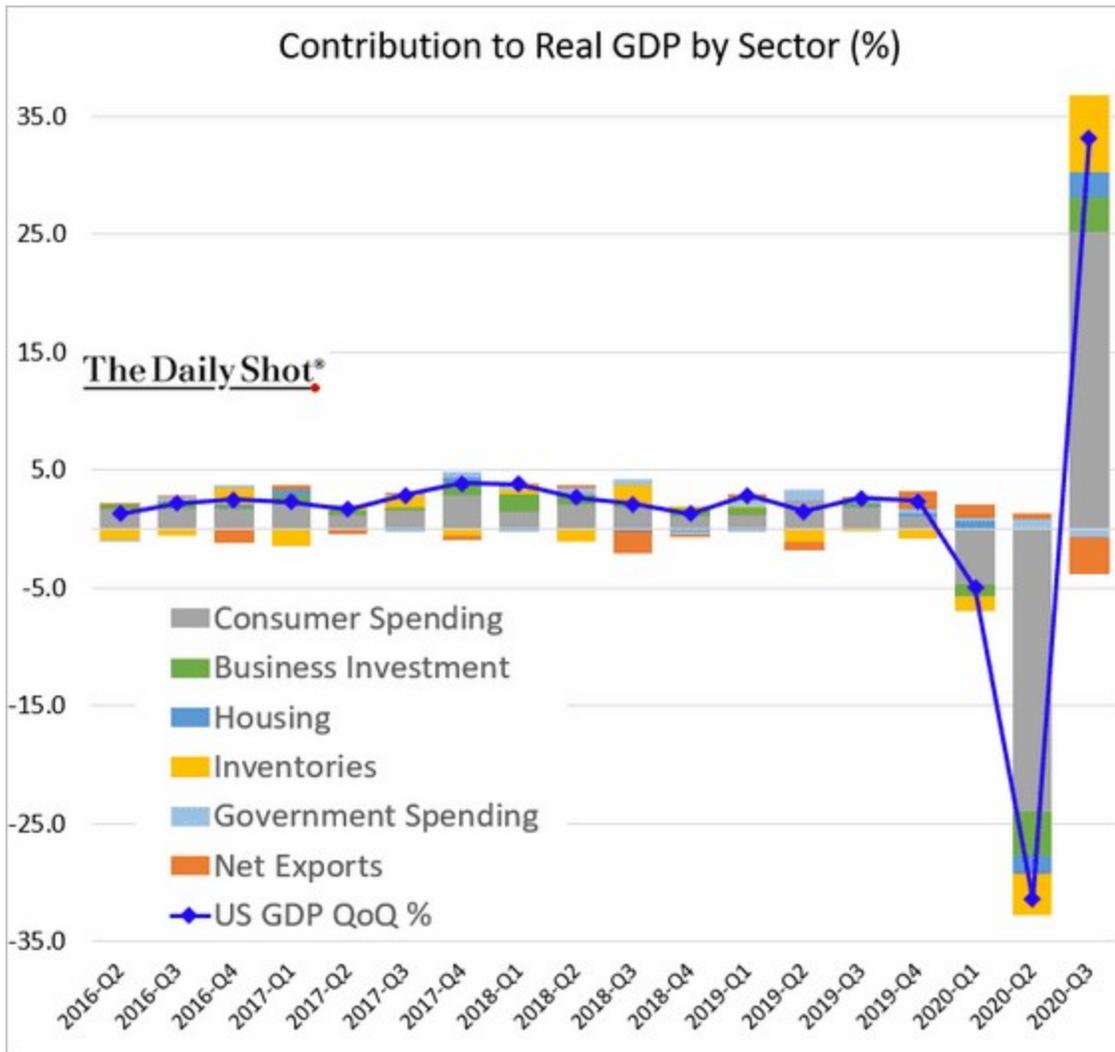
- President Donald Trump and Democratic challenger Joe Biden will barnstorm across battleground states in the Midwest where the coronavirus pandemic has exploded anew, as they head into the final weekend before Tuesday's Election Day.-Reuters
- Retail investors placed bids for a record \$3 trillion of shares in Ant Group's initial public offering (IPO), set to be the world's biggest, as mom-and-pop savers bet on demand for its financial services in China.-Reuters
- Wal Mart (**WMT**) temporarily removes firearms from shelves as a precaution ahead of Election Day.-Bloomberg
- US economic output increased at the fastest pace on record last quarter as businesses began to reopen and customers returned to stores. But the economy has climbed only partway out of its pandemic-induced hole, and progress is slowing.-NYT
- US tech giants reported strong quarterly sales and profits that showed how pandemic-era demand for their digital services and gadgets is driving them to new heights even in the midst of a debate about their market power.-WSJ
- Medical centers across the US are bracing for aggressive cyberattacks after security companies and the federal government warned that Russian cybercriminals had hobbled operations at several hospitals over the past week.-WSJ
- Even as the coronavirus continues to infect Americans, survival rates, even of seriously ill patients, appear to be improving—at one NY hospital system where 30% of coronavirus patients died in March, the death rate had dropped to 3% by the end of June.-NYT
- Young people, who often don't vote, are showing rare levels of enthusiasm in this election, even as college students face new obstacles from the coronavirus pandemic and from elected officials seeking to impede college voting.-NYT
- The European Central Bank will boost support of the eurozone's economy in December, seeking to cushion the region from fallout of a new wave of coronavirus infections that once again threatens the monetary union.-WSJ
- One measure of the Covid-19 pandemic's impact has proven impossible to pin down—the number of recovered cases—highlighting the challenges in assembling data that would help authorities to track the virus and people to fight it.-WSJ

- Story says that while many Americans are wondering whether their 401(k) plans would do better under Trump or Biden, the stock market cares more about which party controls Congress than it does about who wins the White House.-USA
- **MCD:** A civil rights class-action lawsuit filed Thursday accused the fast-food chain of steering black franchisees into predominately black, inner-city or rural communities where they make less money than their white counterparts and have higher operating costs.-NYP
- **GILD:** Story says the FDA's decision to grant full approval for Covid-19 drug remdesivir has puzzled some outside experts, who say that it may not deserve the agency's stamp of approval because it is, at best, a mediocre treatment for the disease, though it will likely be a blockbuster.-NYT
- A federal judge temporarily halted the extradition of two American citizens that have been accused of helping former Nissan chairman Carlos Ghosn escape last year from Japan, where he was under house arrest for his alleged role in financial improprieties at the automaker.-FT
- Amtrak conducts random drug tests on conductors and engineers but fails to include about 4,000 other employees who work in safety-related positions, the company's inspector general said in a new report.-RollCall

Interesting Reads/Charts:

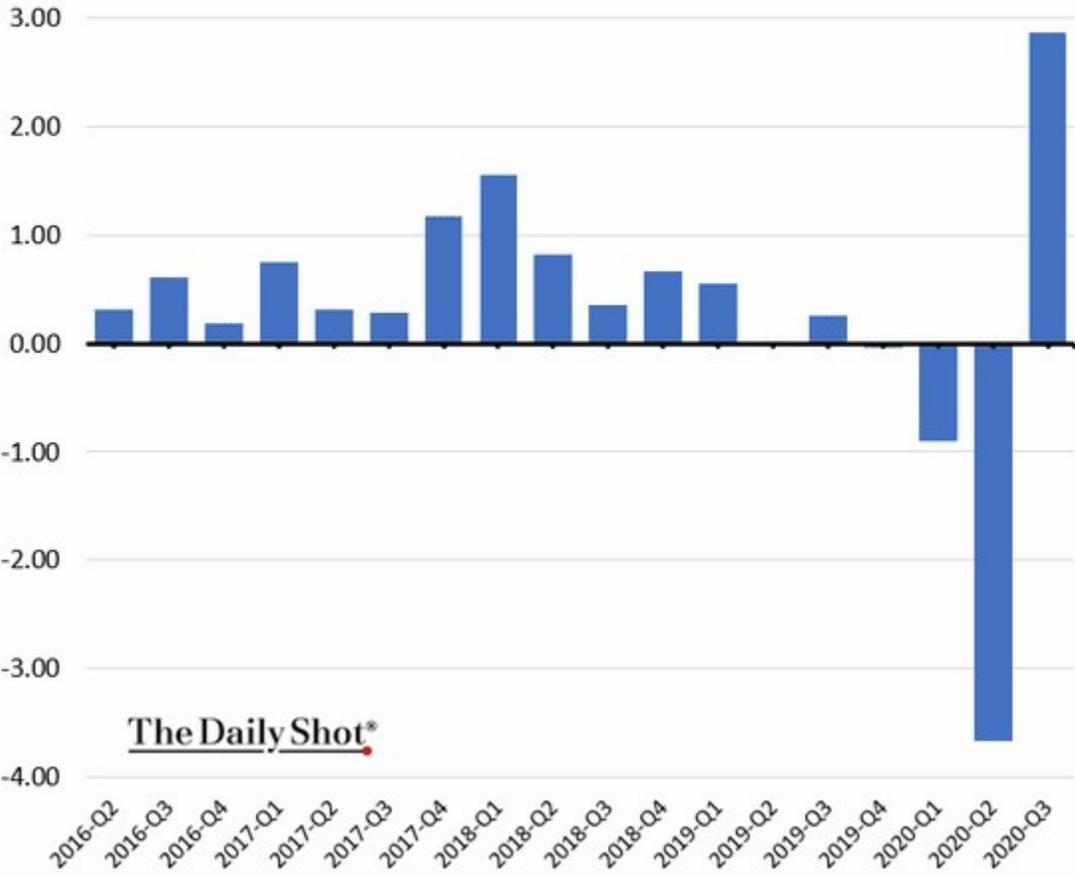
- Atlassian: Research-backed practices that strengthen emotional resilience <https://bit.ly/3e5J8DA>
- ABC: Rare blue moon to light up the sky on Halloween <https://abc13.co/34GSLFV>
- StatNews: Vaccine timeline continues to slip further out <https://bit.ly/32dvwBZ>

The economy rebounded in the third quarter, with the GDP climbing 33% (the highest increase on record).

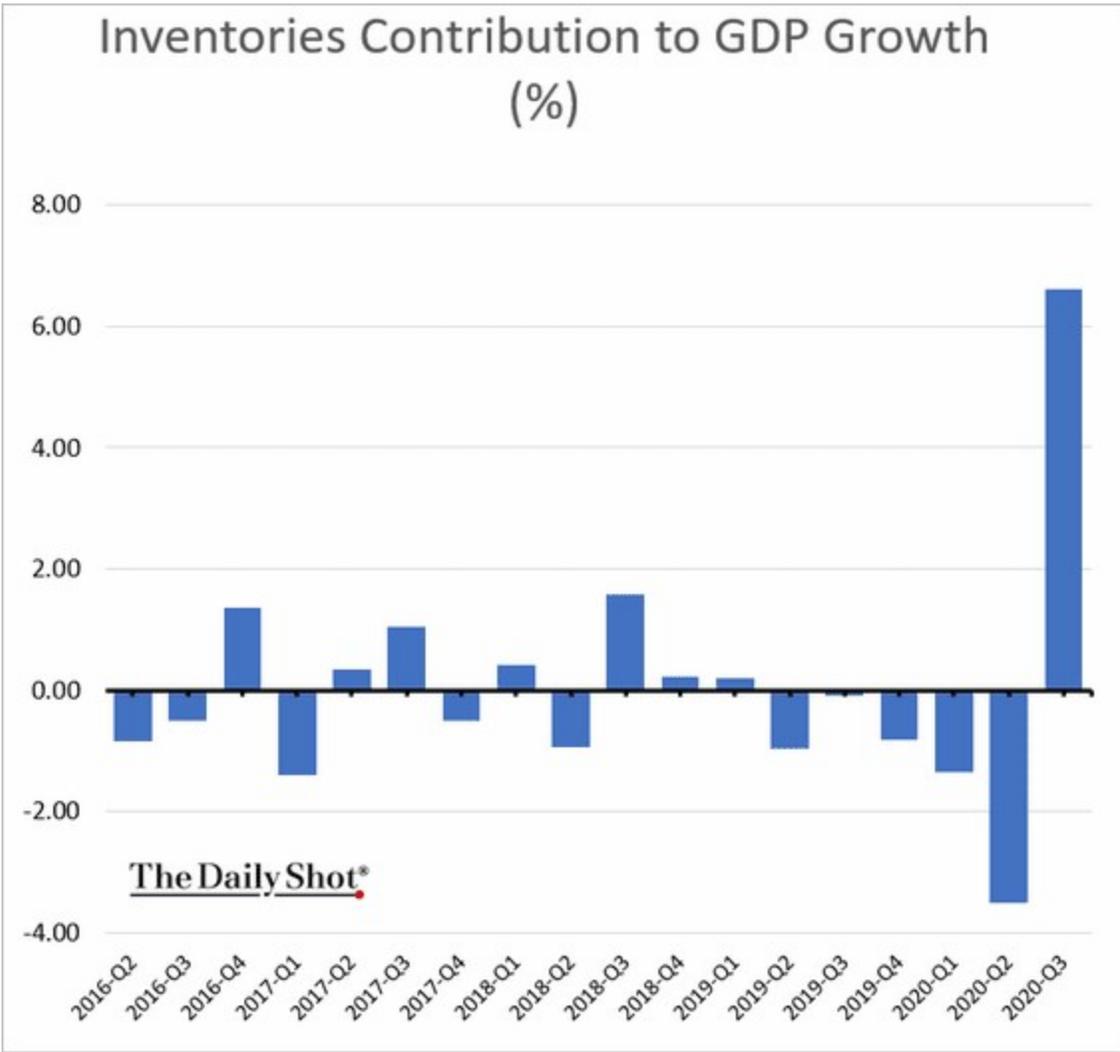


Consumer spending, business investment, housing, and inventory rebuilding contributed to growth.

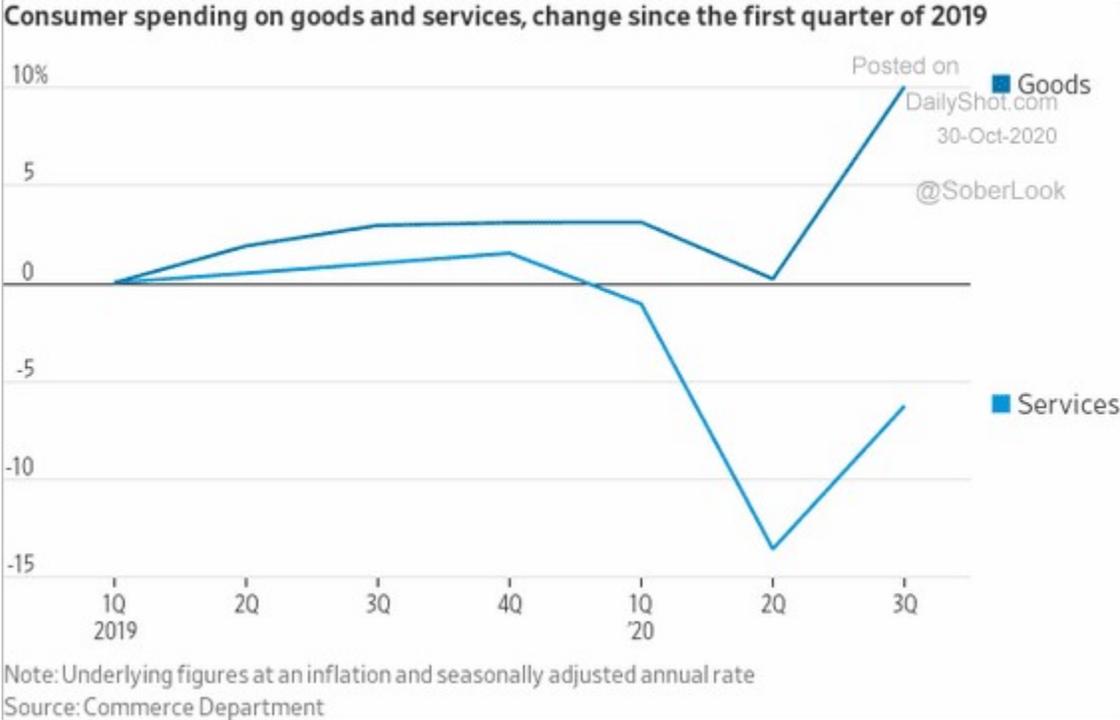
Business Investment Contribution to GDP Growth (%)



The Daily Shot®



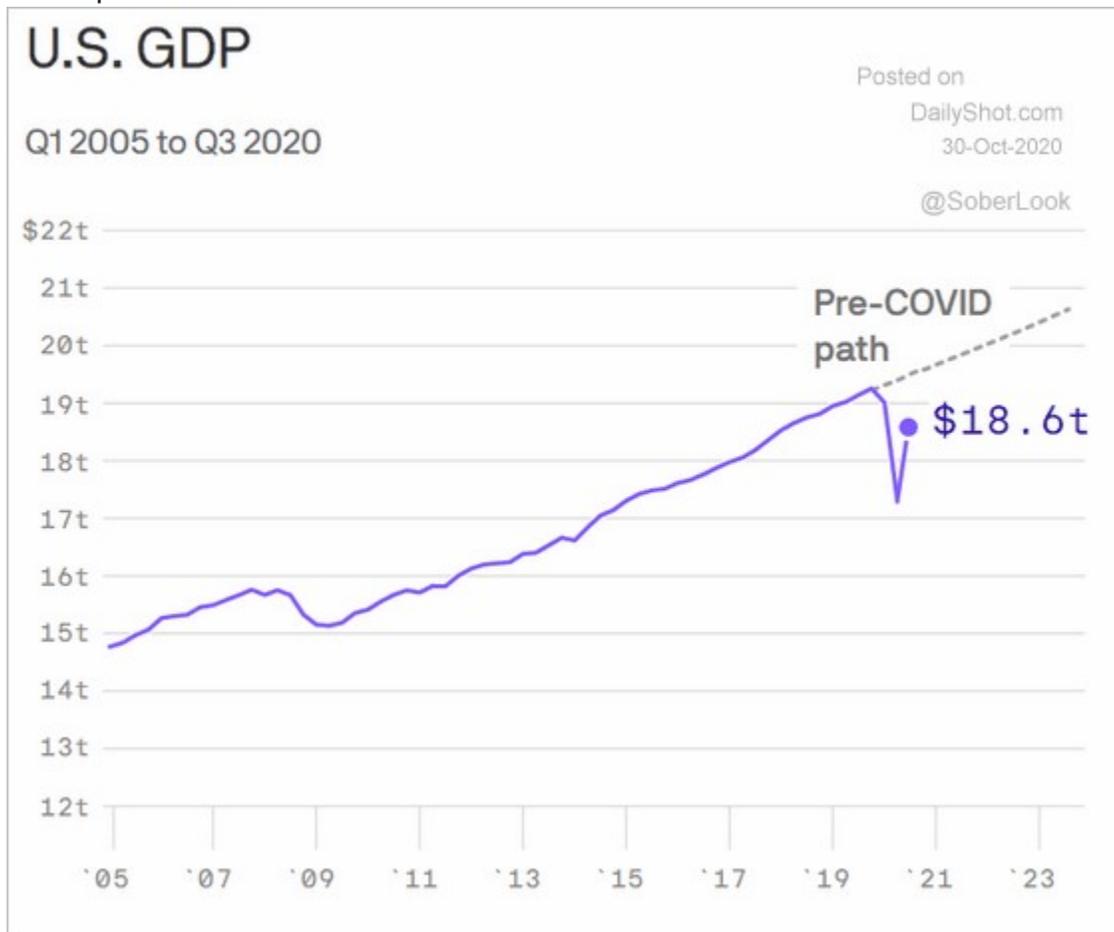
This chart shows quarterly changes in consumer spending on goods and services.



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

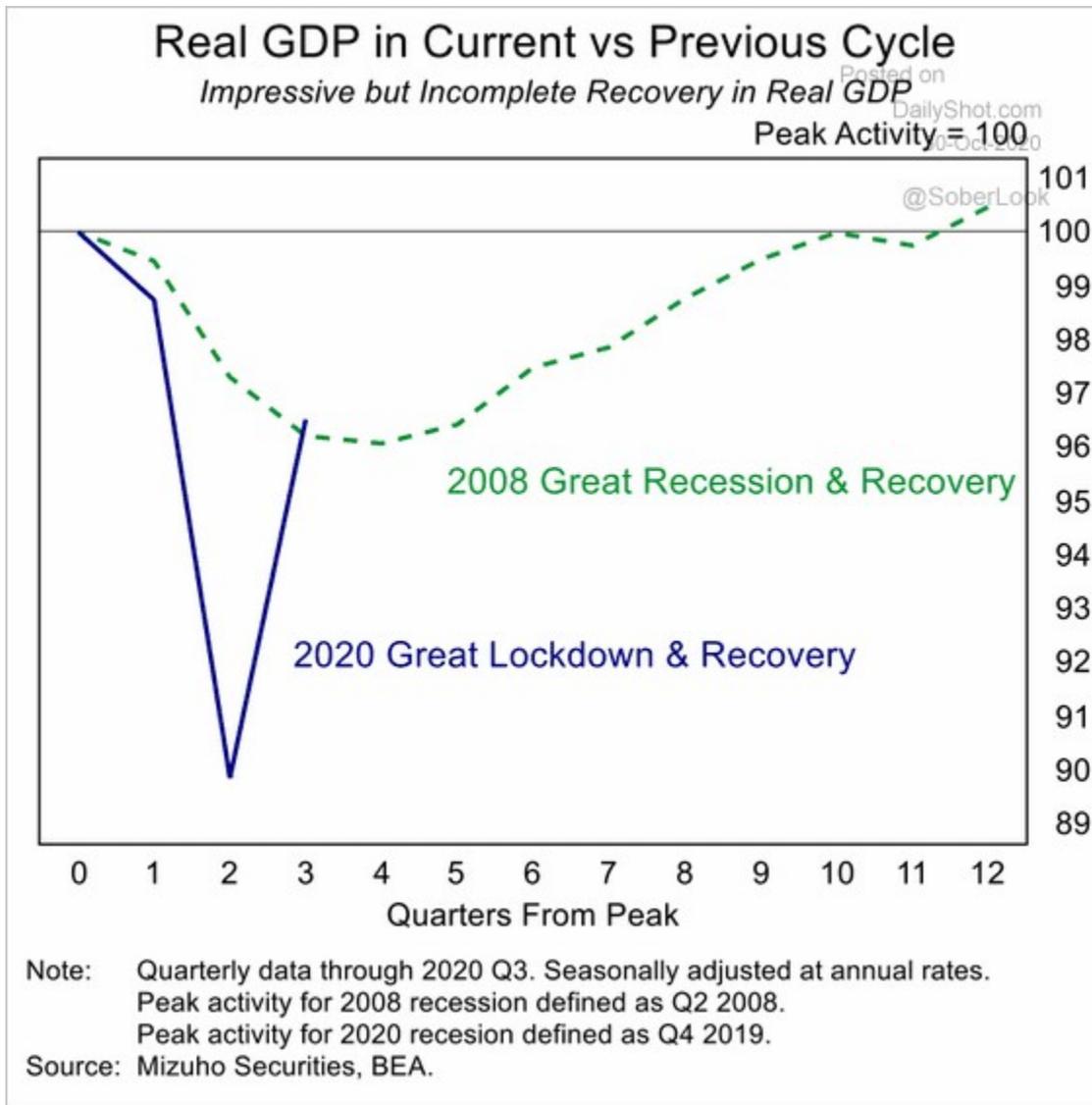
Here are some comparisons of the current GDP trajectory vs. ...

- The pre-COVID trend:



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

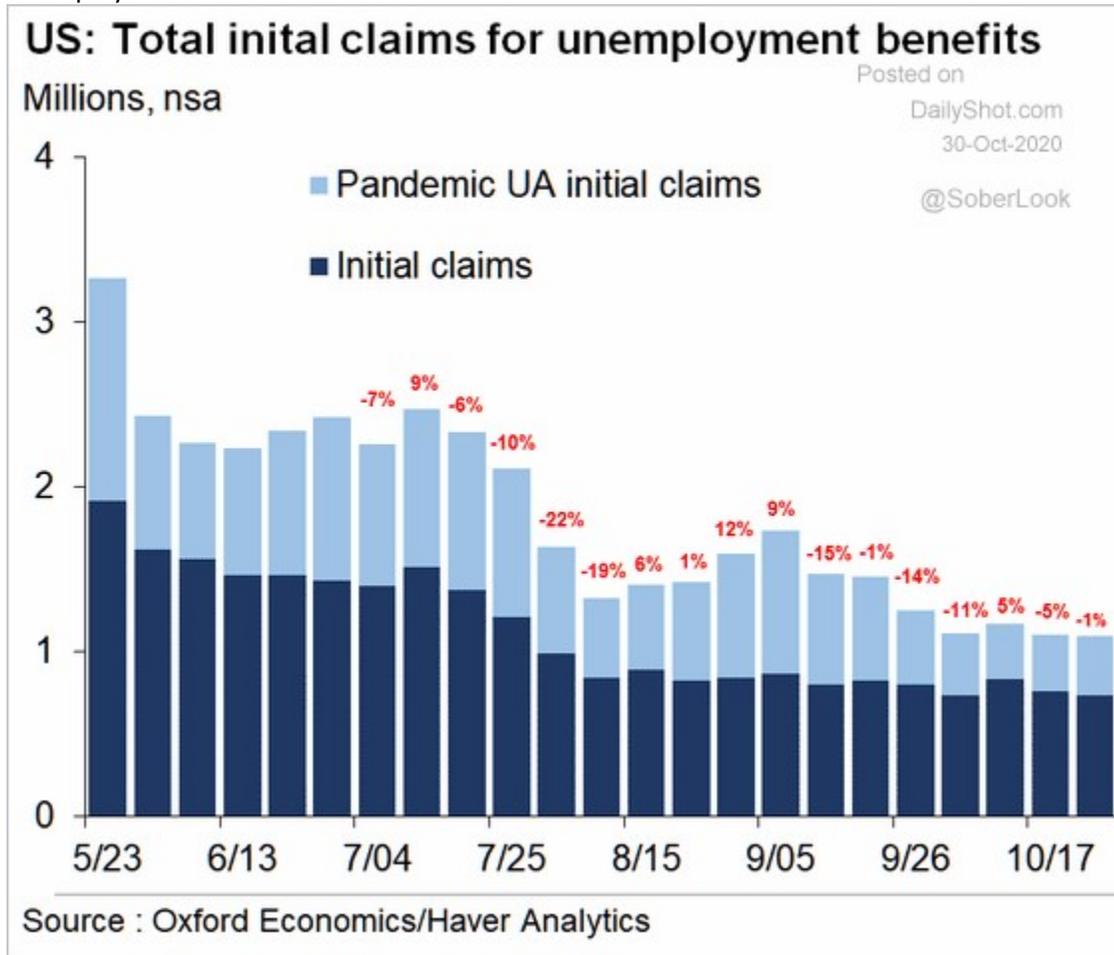
- The Great Recession:



Source: [Mizuho Securities USA](https://www.mizuho.com/us/en/insights/economy/real-gdp-recovery)

Initial jobless claims have been drifting lower, but we continue to see more than one million Americans a week file for

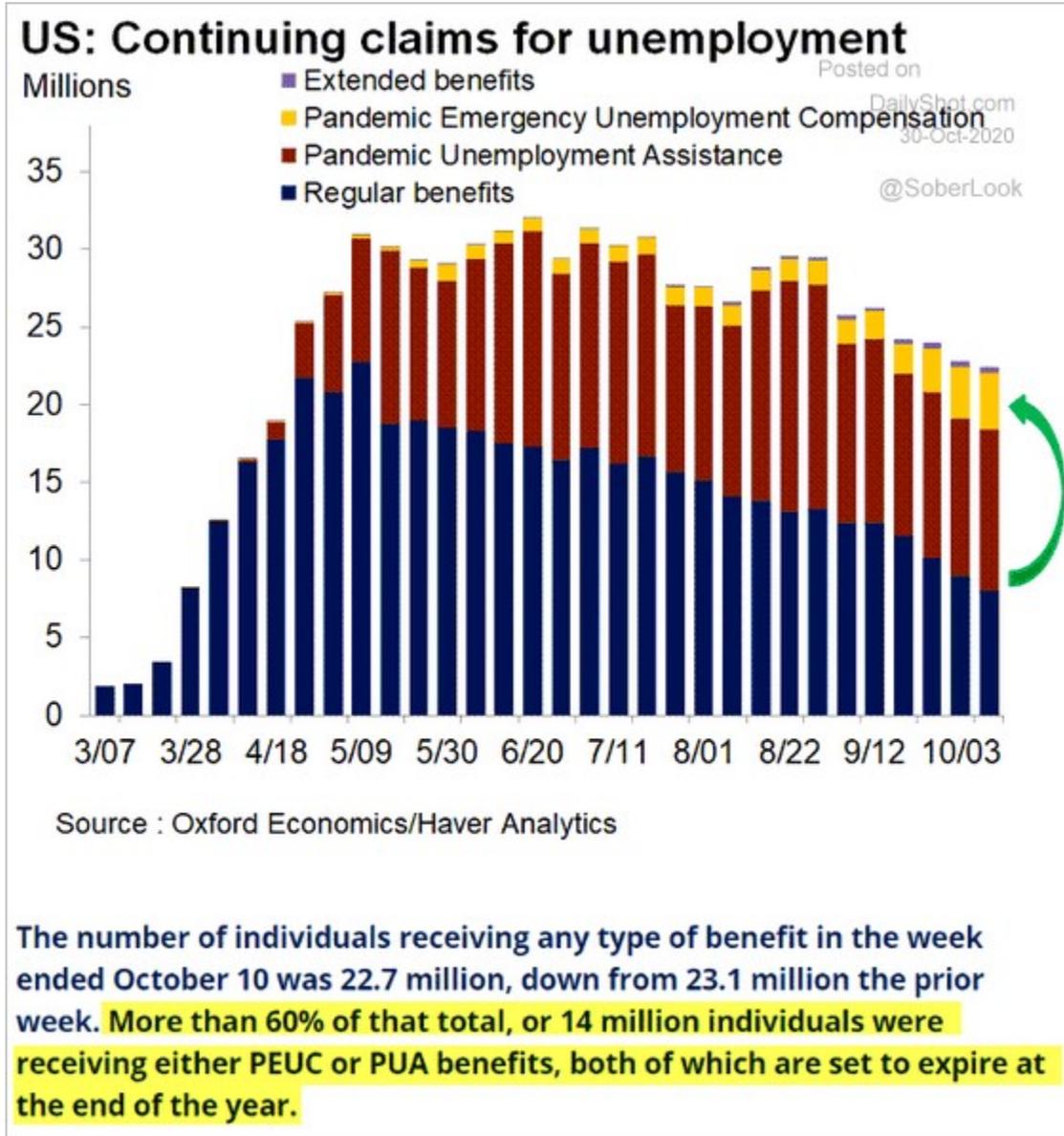
unemployment benefits.



Source: [Oxford Economics](#)

This chart shows the total number of people receiving jobless benefits. Below the chart is a comment from Nancy Vanden Houten (Oxford Economics). This year-end income cliff is one of the key reasons economists would like to see

another stimulus bill.



Source: @GregDaco, @nanc455 [Read full article](#)

Pending home sales remain robust (well above 2019), but we are beginning to see some loss of momentum in housing. The second chart shows pending sales without seasonal adjustments.

29-Oct-20

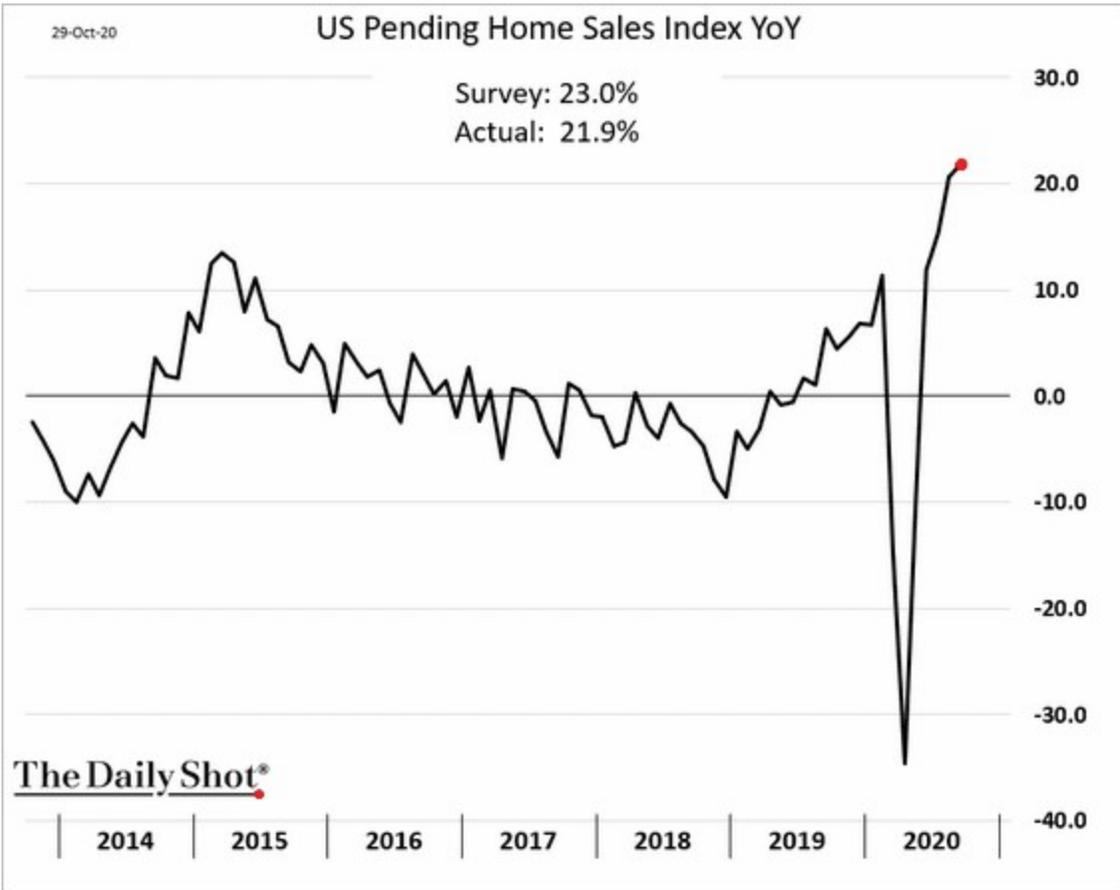
US Pending Home Sales Index YoY

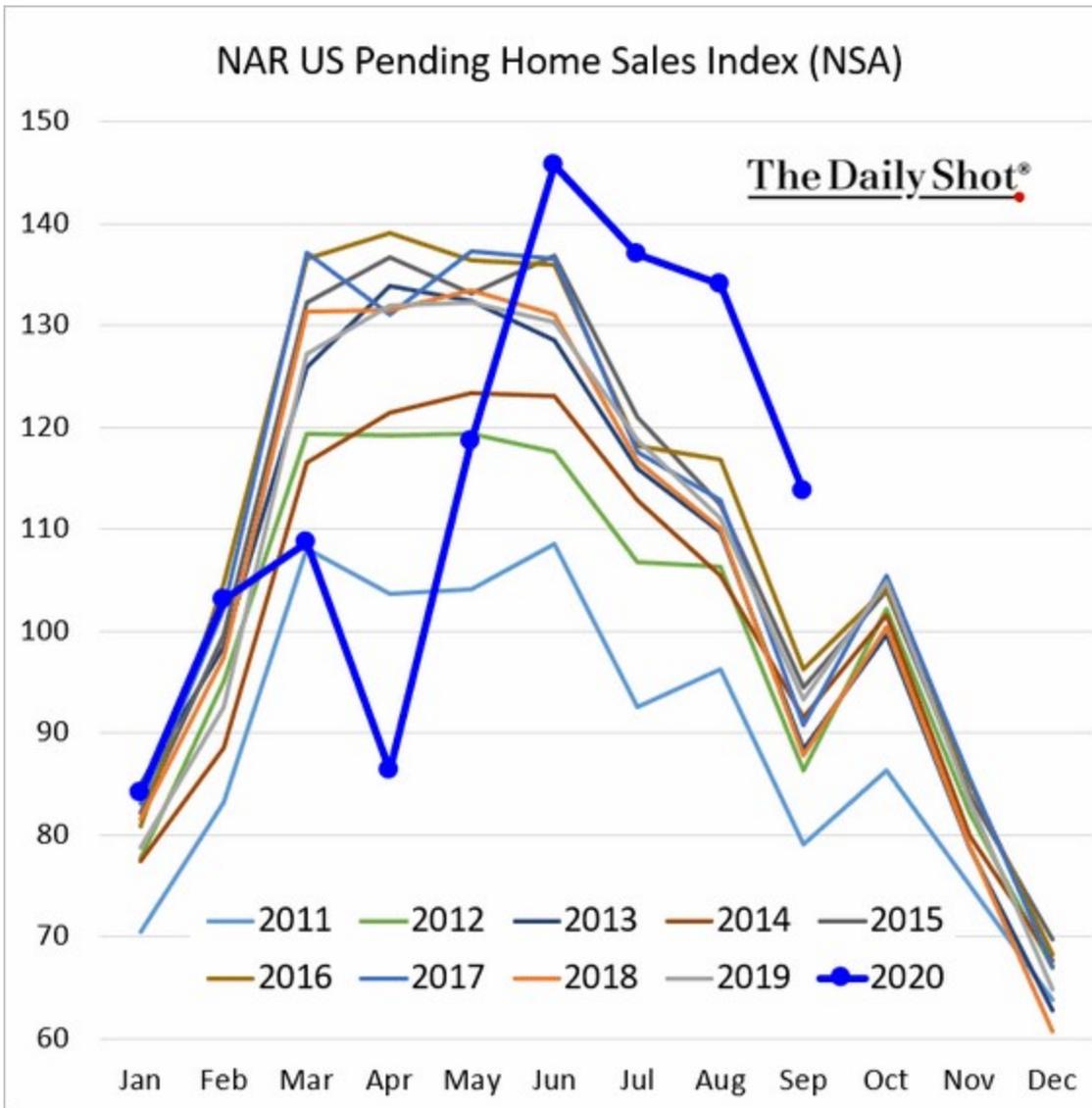
Survey: 23.0%
Actual: 21.9%

30.0
20.0
10.0
0.0
-10.0
-20.0
-30.0
-40.0

The Daily Shot®

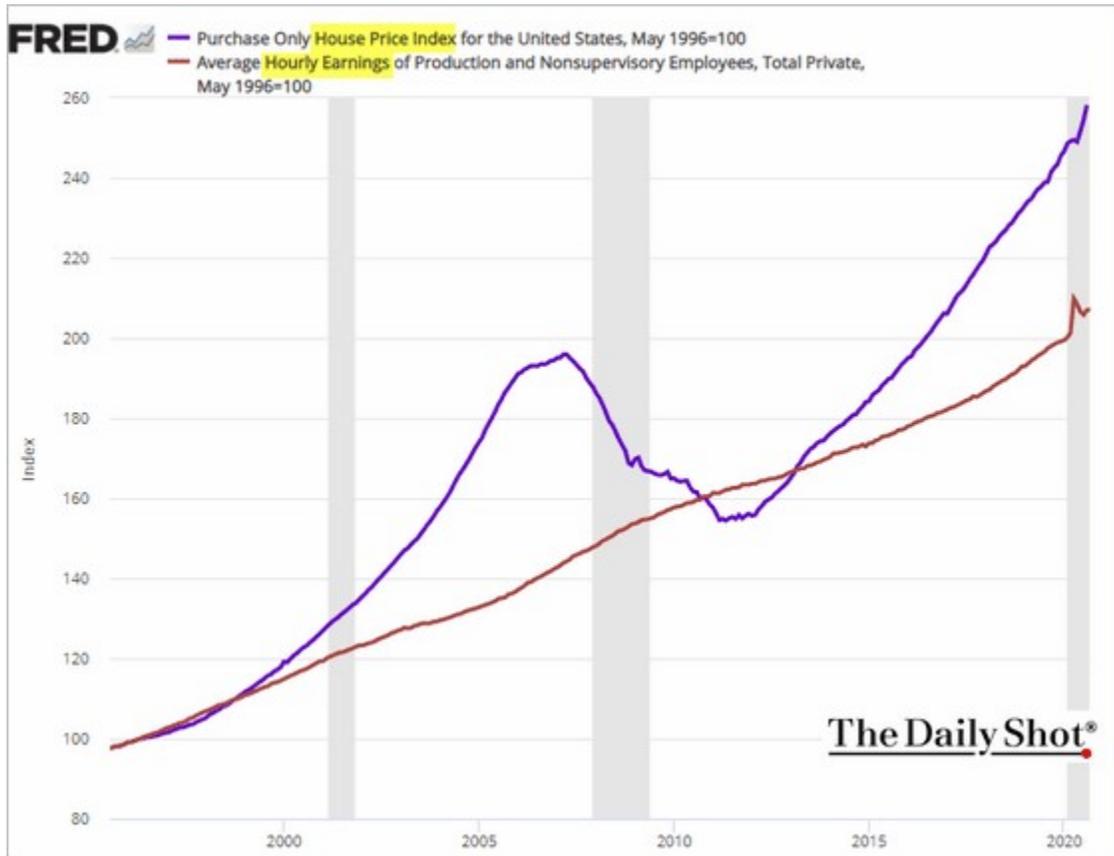
2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020





Driven by falling mortgage rates, home prices have been outpacing wages. But mortgage rates appear to have bottomed

for now.

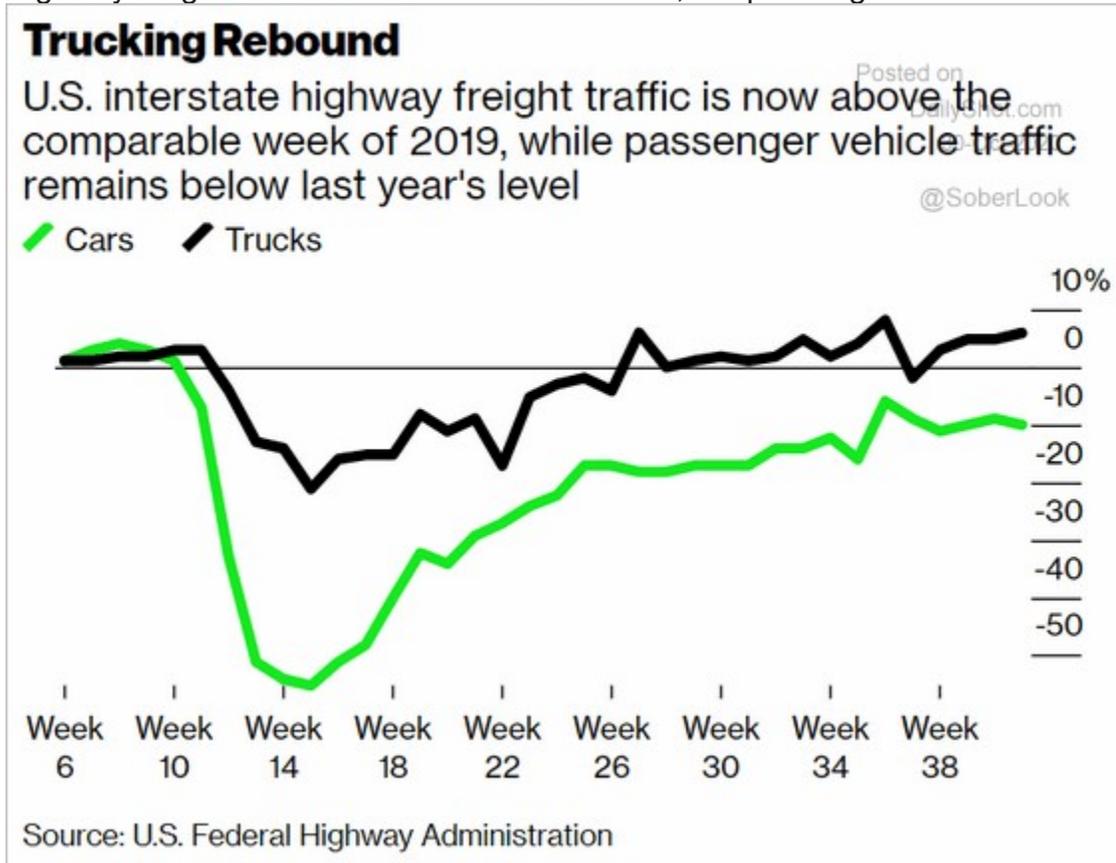


The recent slowdown in restaurant activity points to further troubles for the airline industry.



Source: [Pantheon Macroeconomics](#)

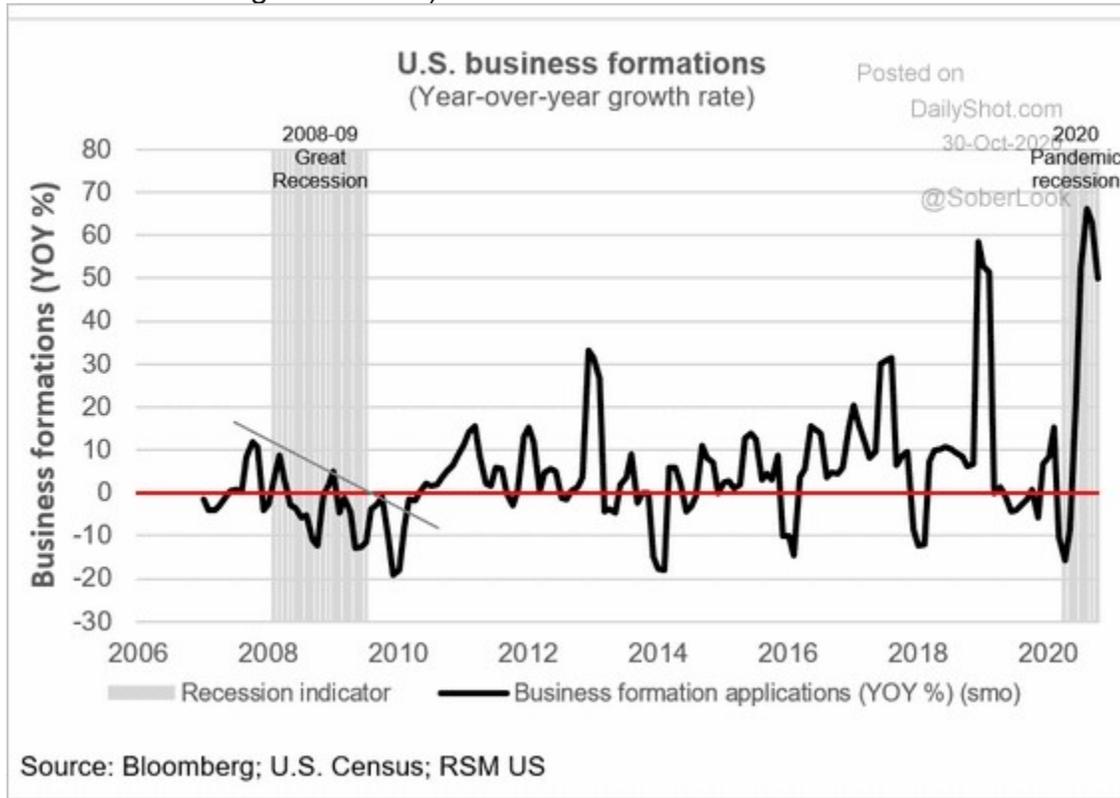
Highway freight traffic is now above 2019 levels, but passenger vehicle traffic is not.



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

One of the reasons for this year's spike in business formations is all the newly unemployed and furloughed employees trying to launch their own businesses. Anecdotal evidence suggests that working from home also prompted some to start a business on the side. (This is what makes America great. People want to work and create wealth for themselves. Most don't want to sit home and collect

a check from the government.)



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

Holiday retail sales forecast (year-over-year):



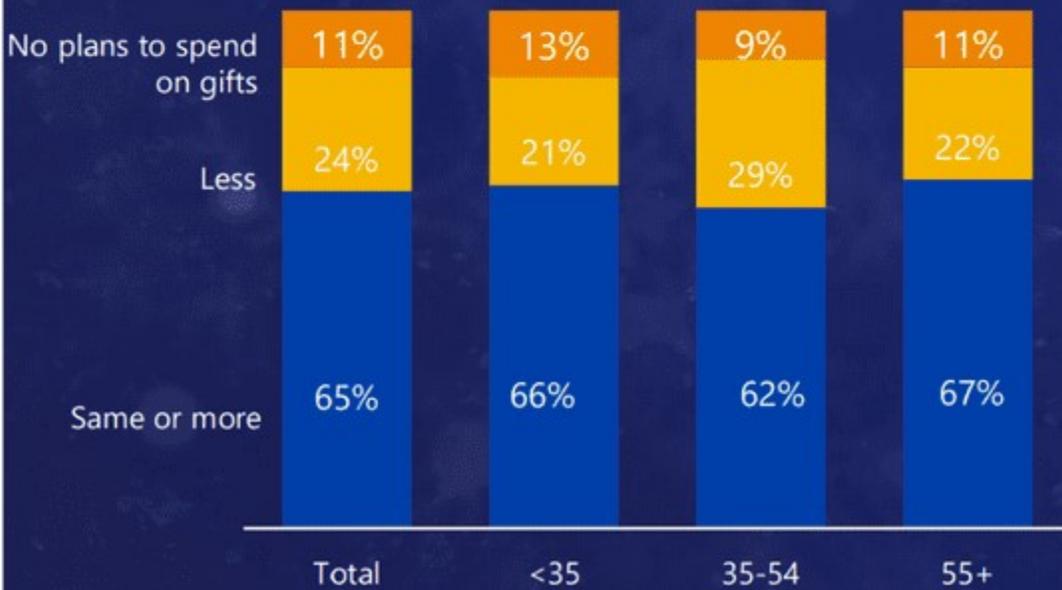
Holiday retail spending (retail sales excluding autos, gas and restaurants, YoY percent change)²

30-Oct-2020

@VisaRetail



Do you plan to spend more, the same or less on holiday gifts this year than you did last year?¹



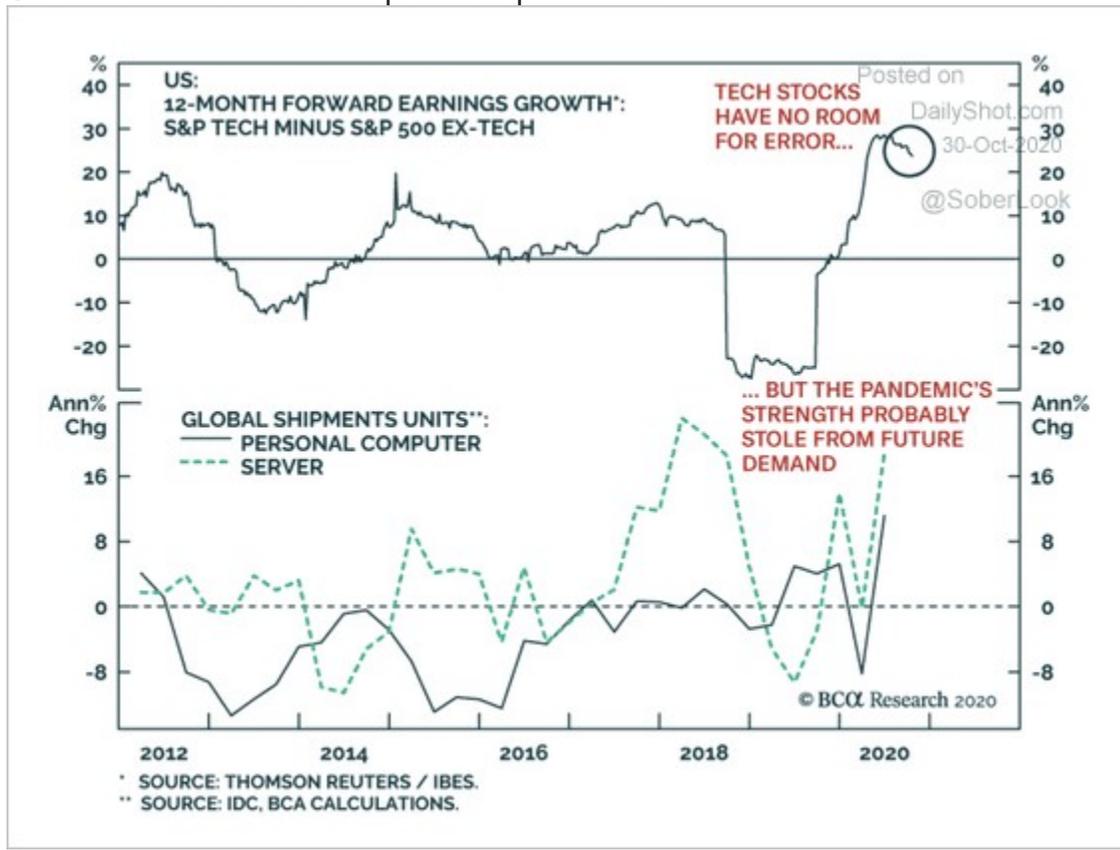
Source: [Visa Business and Economic Insights](#)

Online shopping:



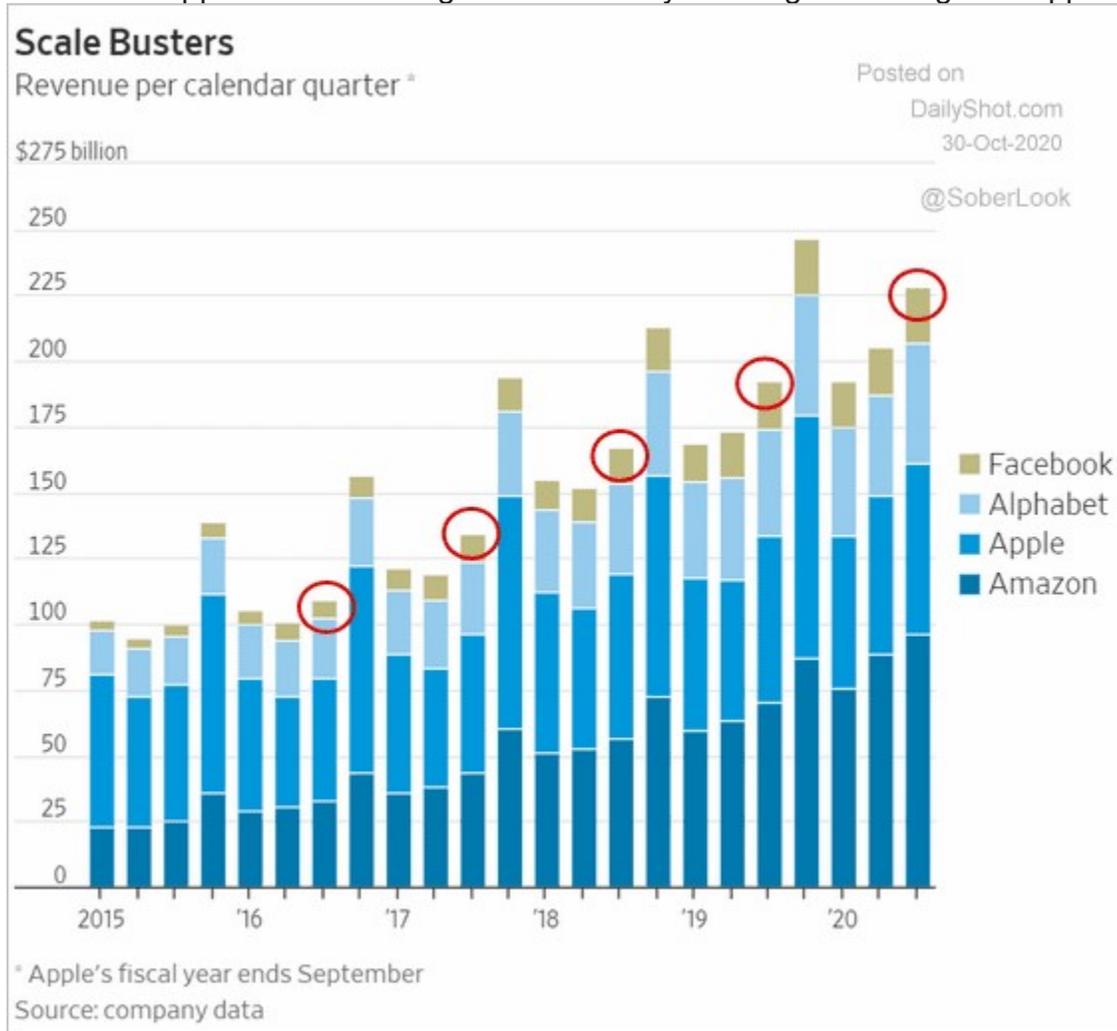
Source: [Visa Business and Economic Insights](#)

US tech stocks have been priced to perfection.



Source: [BCA Research](#)

Even what appears to be strong Q3 results may not be good enough to support lofty valuations.



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

Small caps had a good month (relative to large caps) as investors bet on Democrat-sponsored

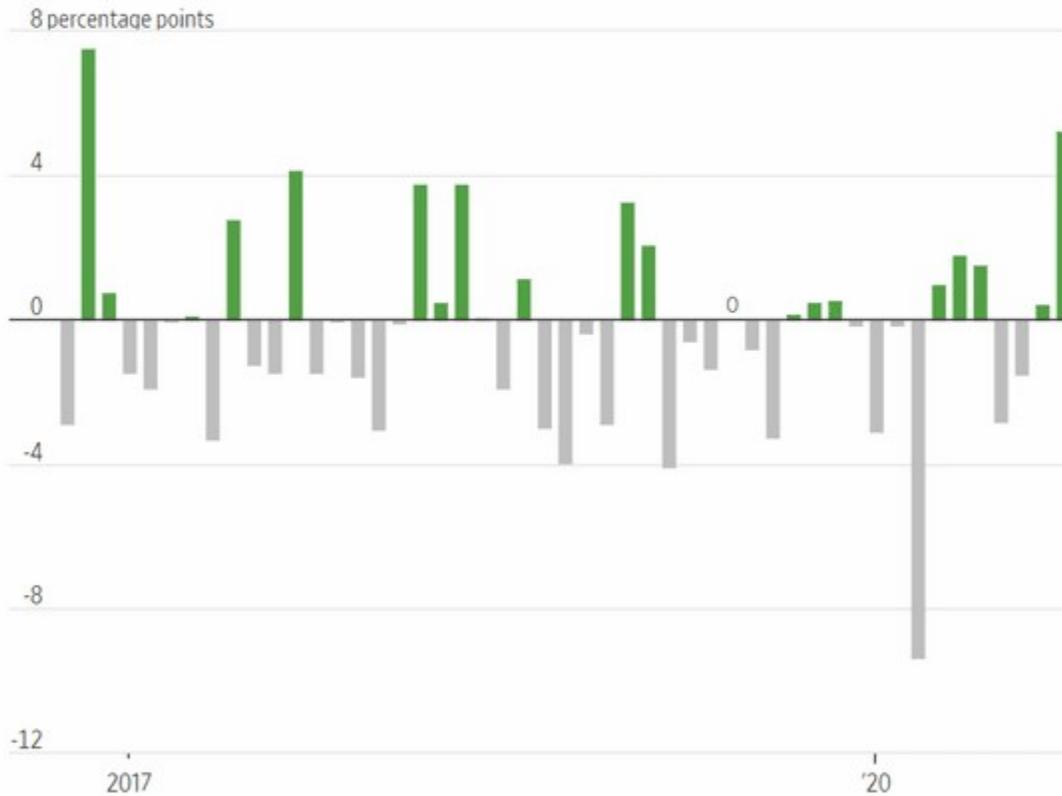
stimulus.

Bets on Biden-Led Stimulus Fuel Outperformance by Small Stocks

Posted on
DailyShot.com
30-Oct-2020

Many investors are hoping greater fiscal spending can offset potential corporate-tax increases or greater regulation in 'blue-wave' scenario

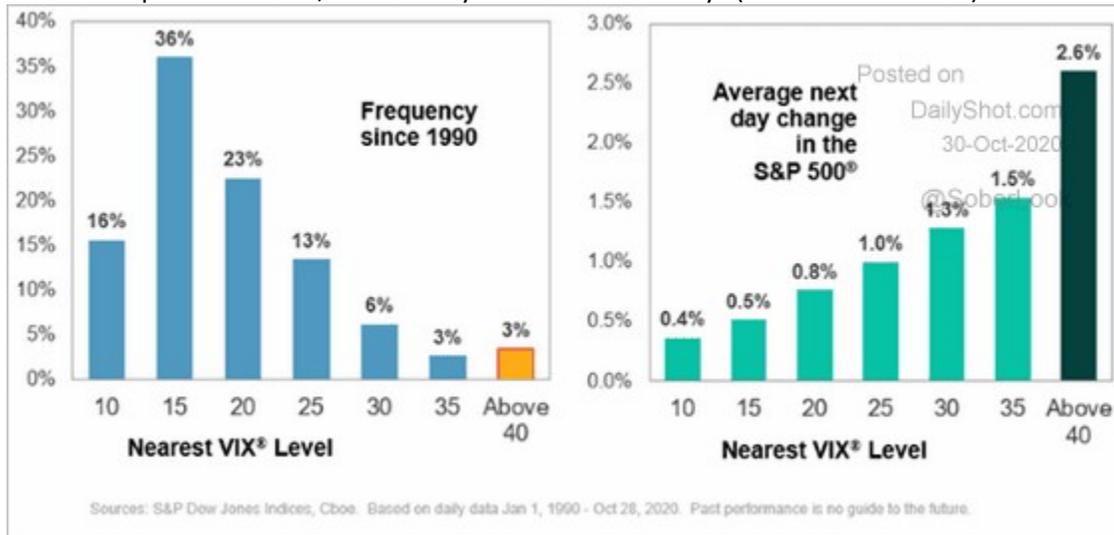
Monthly difference between Russell 2000 and S&P 500 performance



Notes: Positive numbers mean Russell outpaced S&P and negative numbers signal the opposite;
October 2020 figures through Wednesday
Source: Dow Jones Market Data

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

When VIX spikes above 40, it often stays there for a few days (vol autocorrelation).

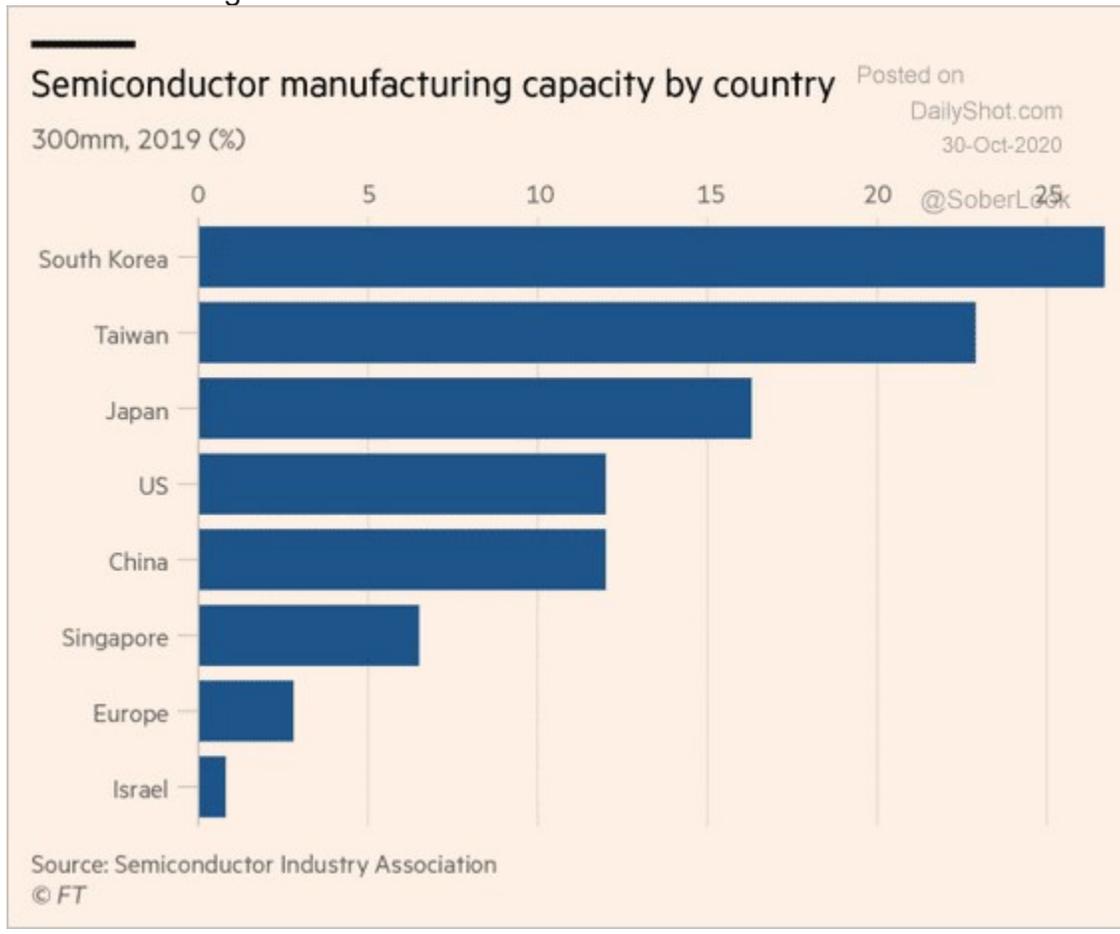


Source: [S&P Global Market Intelligence](https://www.spglobal.com/market-intelligence)

Brent crude hit the lowest level in months.

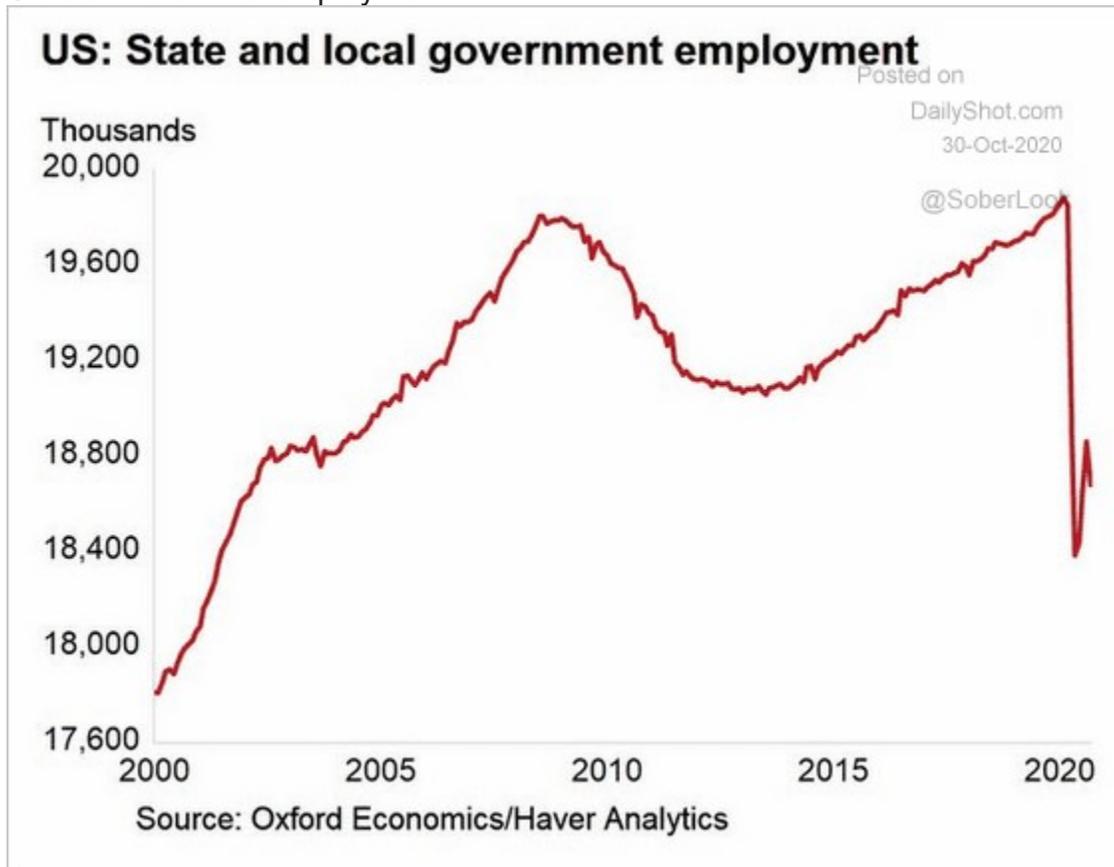


Who are the largest semiconductor manufacturers?



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

US state and local employment:



Source: [@GregDaco](#)

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