

Nick Lampone

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

US Futures-World Markets: S&P futures trade lower as we read a million headlines on stimulus talks in DC. It is exhausting at this point. McConnell is holding a hard line on federal limits for COVID lawsuits against businesses. The only thing more annoying is Brexit headlines. Wake me up when they cut a deal. UK vaccine rollout started today and marks a major milestone that is unprecedented. US approval coming on Thursday? Tesla announced they may sell up to \$5 billion worth of stock in ATM offerings (definition <https://bit.ly/33T0ttW>). Somehow the stock is only down 1% this morning. One thing about Robinhood/millennial traders, they don't give a sh*t about dilution. Stitch Fix is +35% pre-market after earnings. This is the best part about Wall St. Every sell-side analyst raised their price target on SFIX this morning to get the mark. Stifel raised their price target from \$30 to \$52. Deutsche Bank went from \$34 to \$54. Gee, thanks guys. Comical. S&P Futures vs. Fair Value: -17.20, 10-Yr Yield: 0.936%.

CORE Headlines:

- Remaining disagreements between Senate Majority Leader Mitch McConnell (R-KY) and House Speaker Nancy Pelosi (D-CA) could push stimulus talks into the weekend or may scuttle an agreement all together. There is also hurdles remaining on government funding notwithstanding an agreement to extend funding until December 18.-TheHill
- Senator Josh Hawley (R-MO) says he will not vote for a stimulus bill without direct payments and Senator Elizabeth Warren (D-MA) also criticized the bill for the same reason.-Politico (I agree with Elizabeth Warren! Put a timestamp on this headline! I'm old enough to have used a timestamp on the trading desk.)
- The United States imposed financial sanctions and a travel ban on 14 Chinese officials over their alleged role in Beijing's disqualification last month of elected opposition legislators in Hong Kong, prompting China to say it will retaliate.-Reuters
- House and Senate have enough votes to override President Trump's veto on defense authorization bill. Mr. Trump said he would veto the bill unless social media legal protections were repealed.-Politico
- Redfin (**RDFN**) CEO Glenn Kelman says there is true housing demand from people who want to leave expensive and high taxed coastal cities. He said it's going to be a long 5-10 years for major cities.-CNBC
- Hospitals are rushing to firm up plans for deciding which health-care workers can receive the Covid-19 vaccine first, with initial supplies widely expected to fall short of the amount needed to vaccinate all high-priority workers.-WSJ (How many of these workers actually want the vaccine?)
- A Trump administration regulation that cut the tax bills of some multinationals could be poised for reversal in 2021 as the Biden administration tries to deliver on its campaign promise to raise taxes on corporations.-WSJ
- Infrastructure just might be the vehicle that could smash through the political roadblocks in Washington, and perhaps demonstrate that things can get done," says columnist Gerald Seib, and it's clear that both parties see potential bipartisan action here.-WSJ
- China is increasingly flouting international sanctions on North Korea and is no longer trying to hide some of its smuggling activity as it seeks to help Pyongyang endure sanctions US officials say.-WSJ

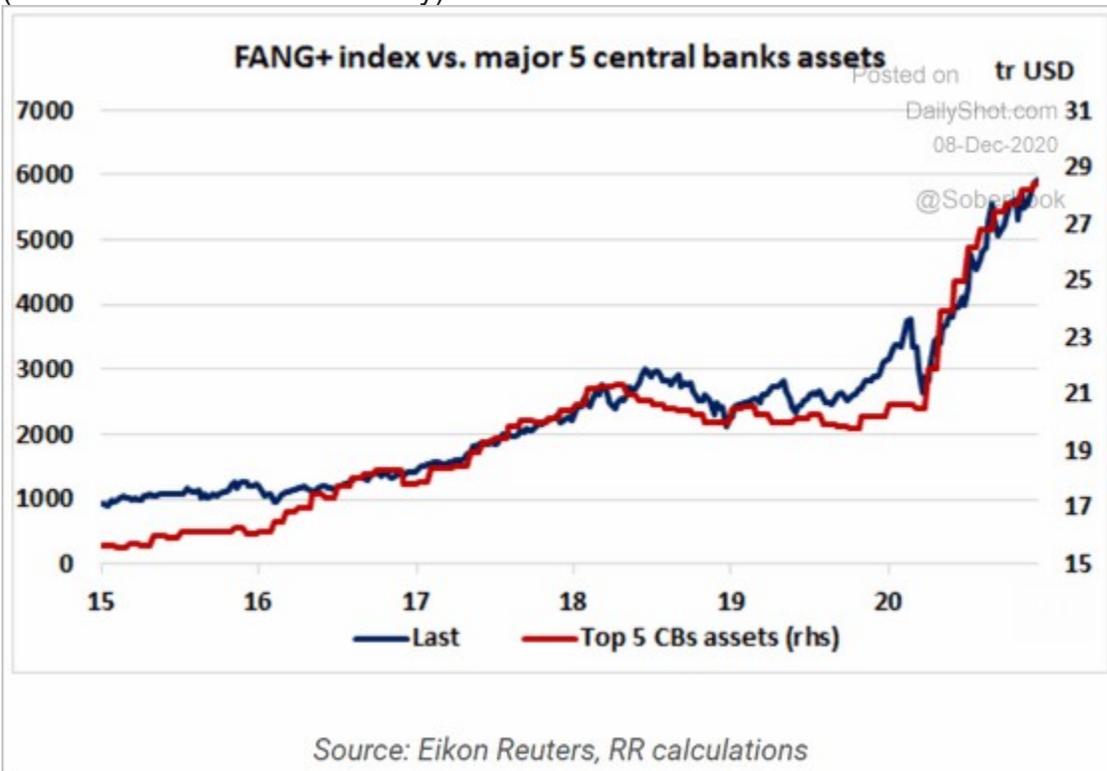
- Demand for corporate bonds is driving inflation-adjusted yields to zero, a development that highlights how demand for fixed-income assets is reducing their potential returns.-WSJ (Forcing people to own stocks)
- AMAT is poised to be an outsize winner as semiconductor equipment spending rises next year, according to **Cowen** analyst Krish Sankar, and the stock hit a record high on Monday.-IBD
- **PFE** board member and former FDA commissioner Scott Gottlieb says that instead of distributing half of its 40M coronavirus vaccines and holding back the required second doses, the govt should dispense 35M doses at once and assume second doses will be ready when needed.-USA (Gottlieb is one of the few people that has been consistent with his message during the entire pandemic.)
- Russia made its coronavirus vaccine available for free in recent days to teachers, medical workers, and social-service employees younger than 61 in Moscow, but even more than in the West, a lack of trust is hobbling Moscow's rollout of the shots.-NYT
- As research on the coronavirus spread has shifted focus from surface contact to airborne transmission, some hotels and cruise ships are scrubbing the air travelers breathe with a variety of air filtration and treatment systems.-NYT
- President Nicolás Maduro of Venezuela tightened his grip on the country after winning control of the legislature in elections that most supporters of the opposition boycotted after condemning it as a "fraud and a sham."-FT
- British prime minister Boris Johnson will travel to Brussels for "make-or-break" talks on a UK-European Union trade deal to break a deadlock and warnings that the negotiations could fail after making little tangible progress.-FT
- Britain's competition watchdog outlined a new regime for regulating tech giants such as Google and Facebook, saying it needed new powers to harness the full potential of digital markets and drive competition and innovation.-Reuters

Interesting Reads/Charts:

- ZeroHedge: Companies will sell more stock than they buy back for first time in 10 years <https://bit.ly/3gmJmHM>
- Business Insider: Ikea catalog scraped after 70 years <https://bit.ly/3os6GXg>
- Hollywood Reporter: Hollywood is not happy with Warner Bros and HBO Max on streaming deal <https://bit.ly/2VQBwwH>

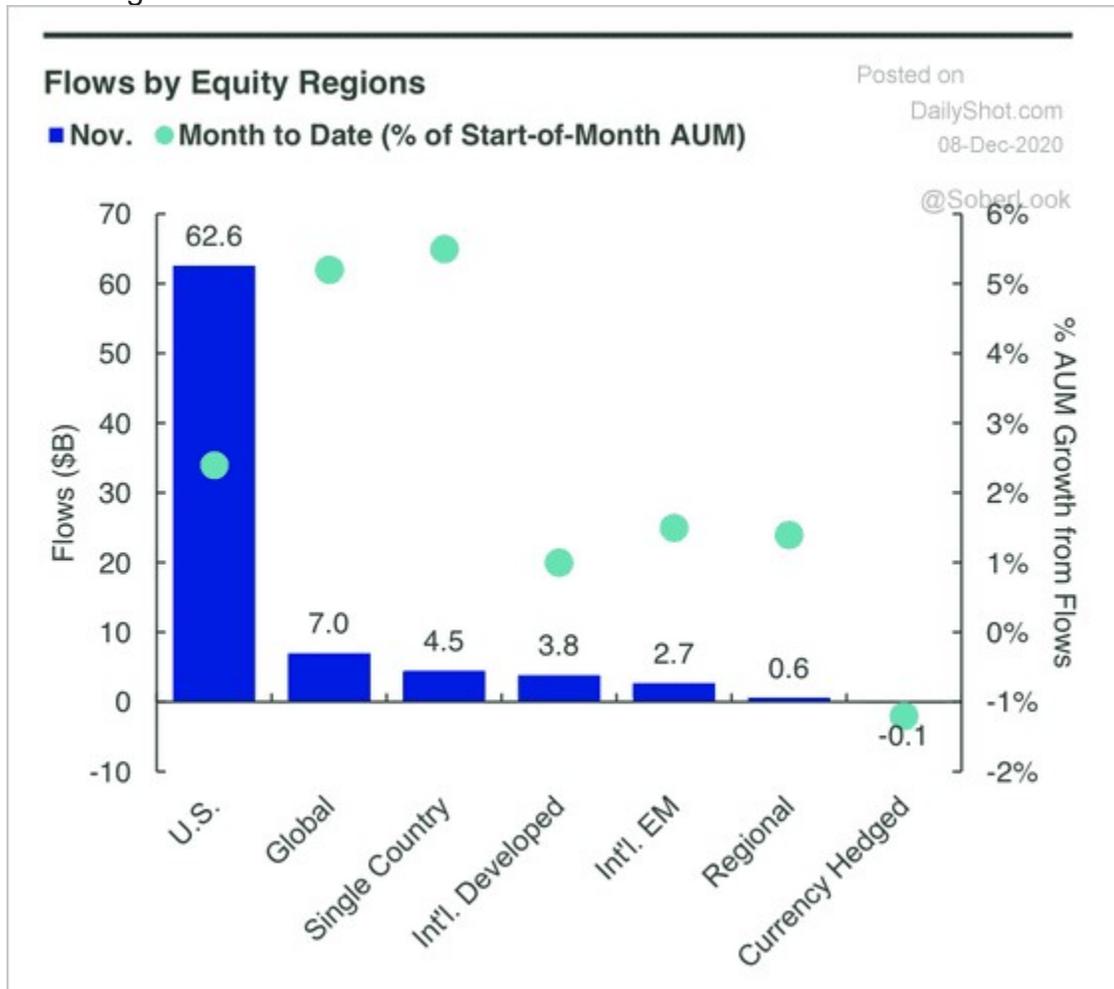
Charts from The Daily Shot:

The 2020 liquidity boost from monetary and fiscal stimulus programs was helpful for stocks. (understatement of the century)



Source: [Rothko Research](#)

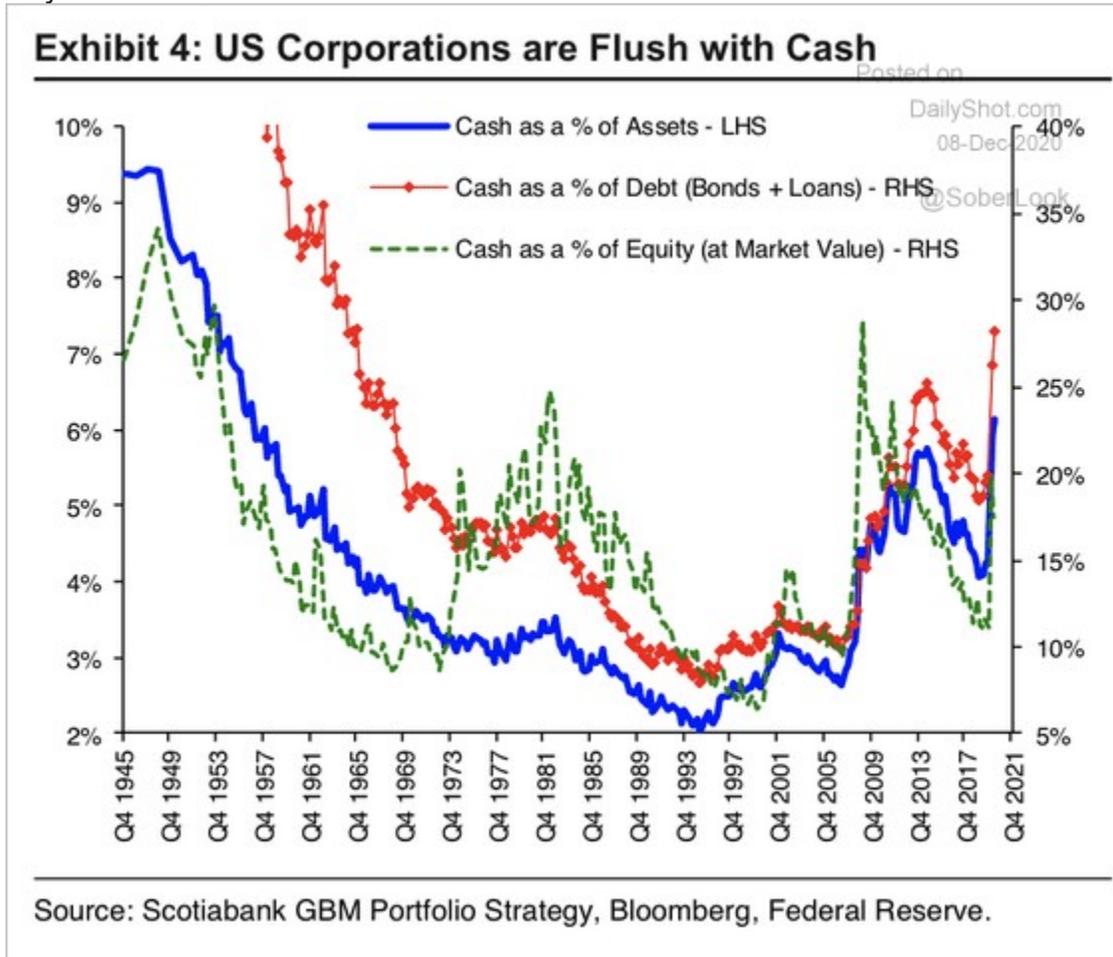
US-focused ETFs took in \$62 billion of inflows in November – the highest monthly inflow in history, according to State Street.



Source: [SPDR Americas Research, @mattbartolini](#)

Companies continue to set aside significant amounts of cash (the most since the 1950s). Dividends?

Buybacks? M&A?

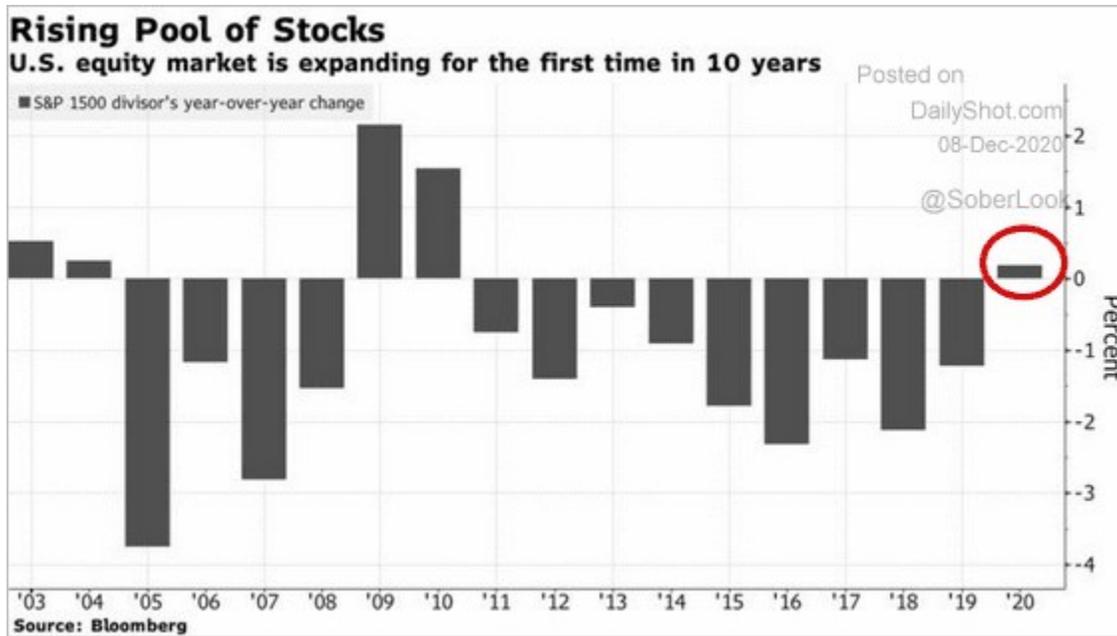


Source: [Hugo Ste-Marie, Portfolio & Quantitative Strategy Global Equity Research, Scotia Capital](#)

Higher IPO activity and a sharp decline in share buybacks have resulted in a net equity supply increase (2 charts). (Long overdue and needed)

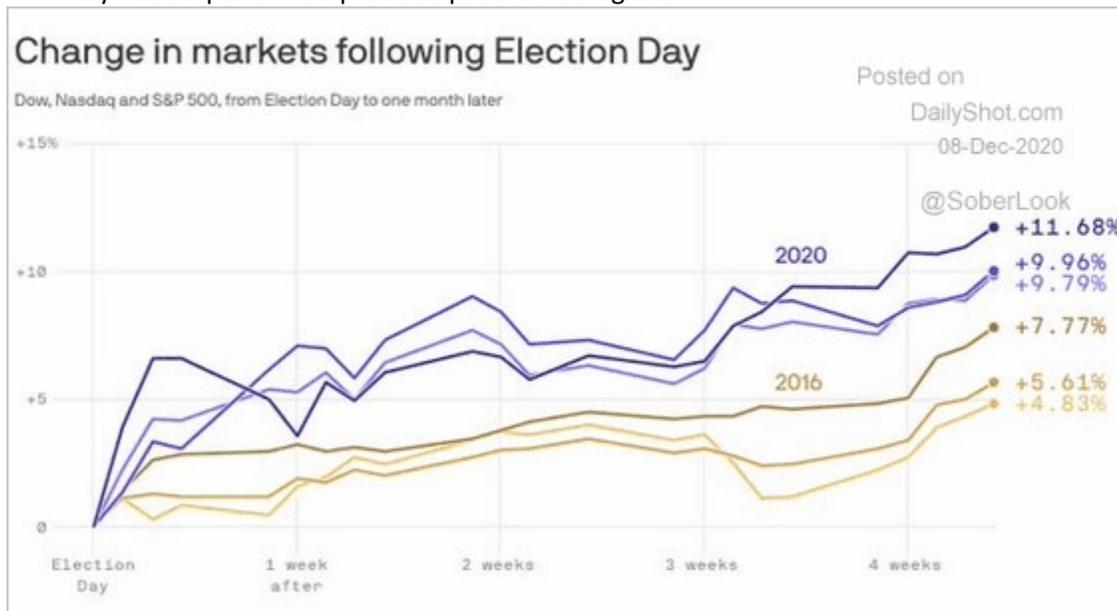


Source: EPFR, @markets [Read full article](#)



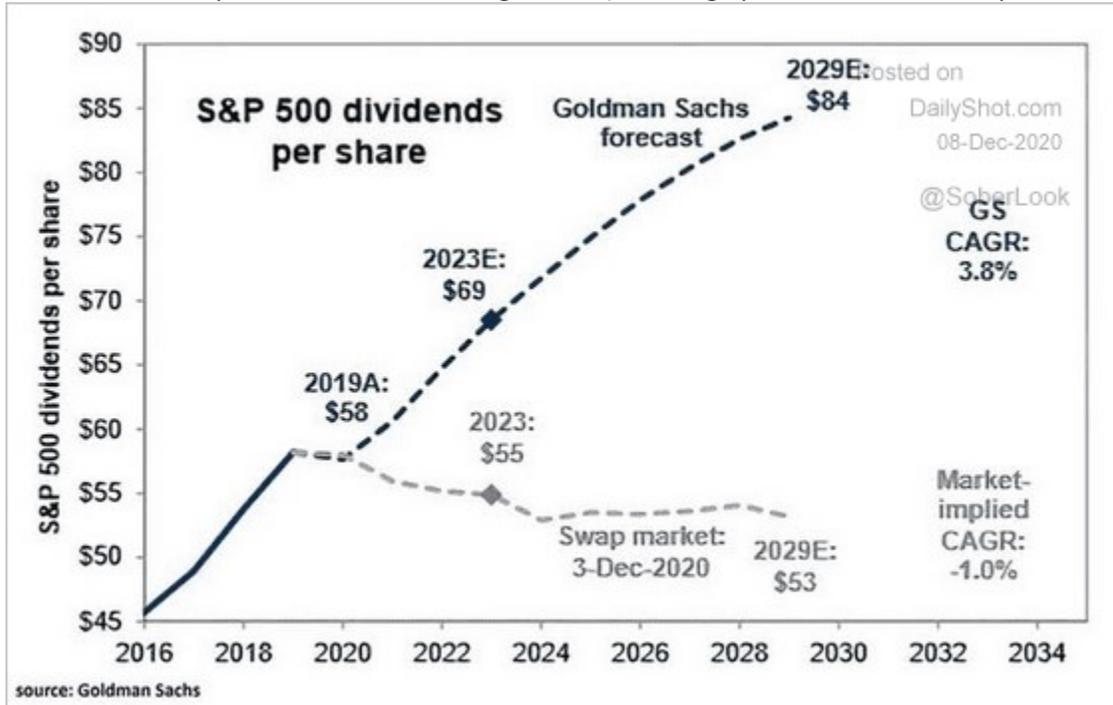
Source: @markets [Read full article](#)

This rally has outperformed previous post-election gains.



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

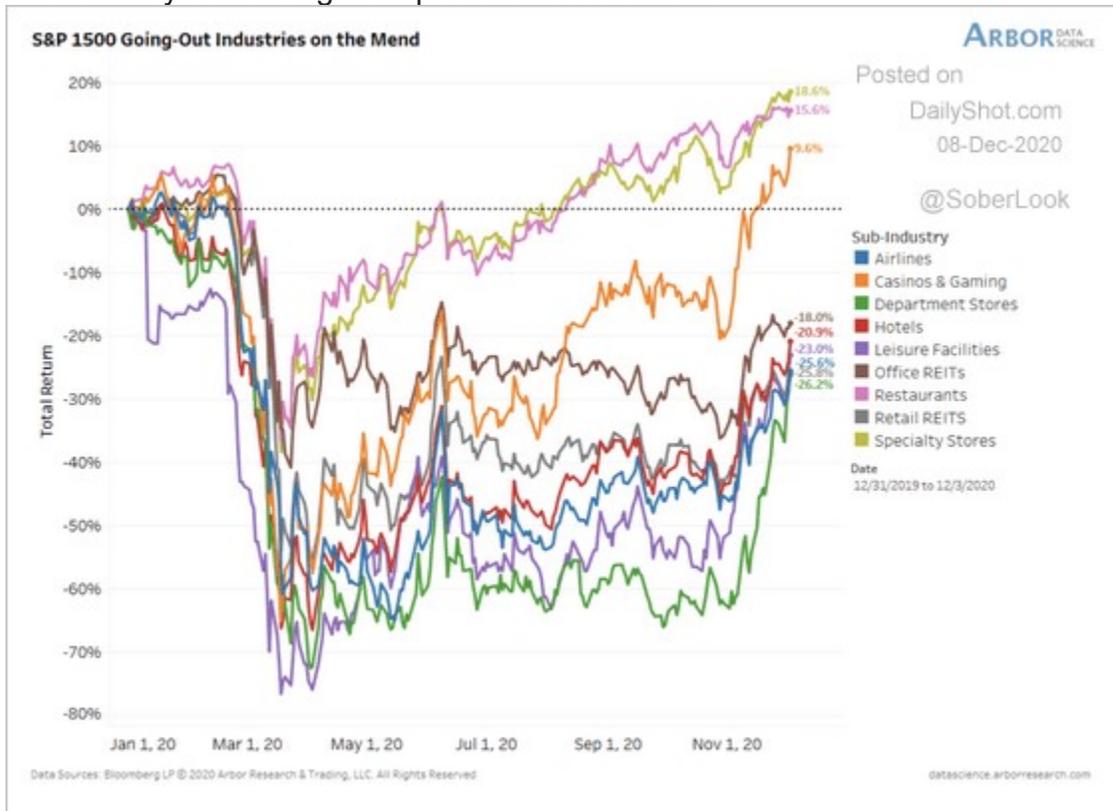
Is the market too pessimistic on dividend growth? (It's a huge part of retail investor performance.)



Source: [Goldman Sachs](#), [@ISABELNET_SA](#)

some sector-specific updates.

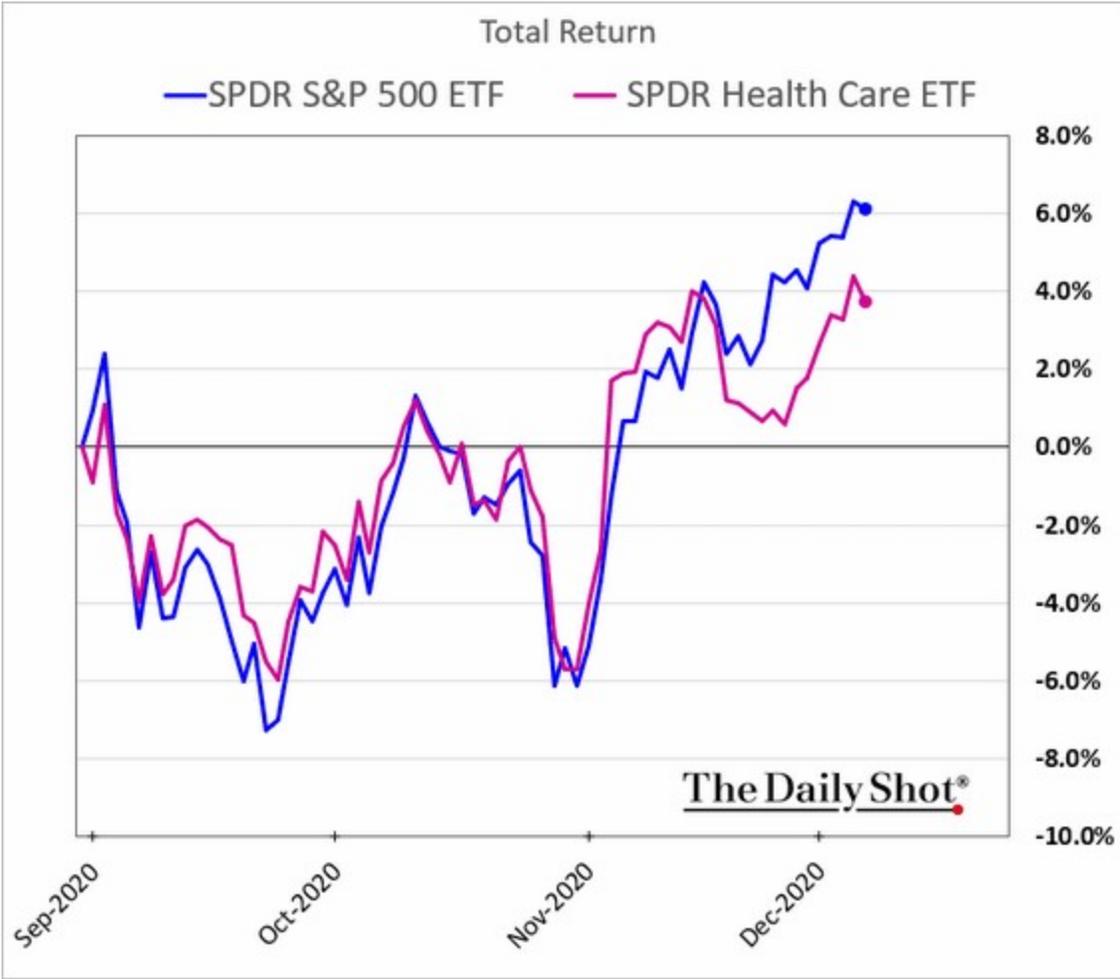
- “Going-out” (as opposed to “staying in”) industries have been playing catch-up since March lows and recently benefitting from positive vaccine news.



Source: [Arbor Research & Trading](#)

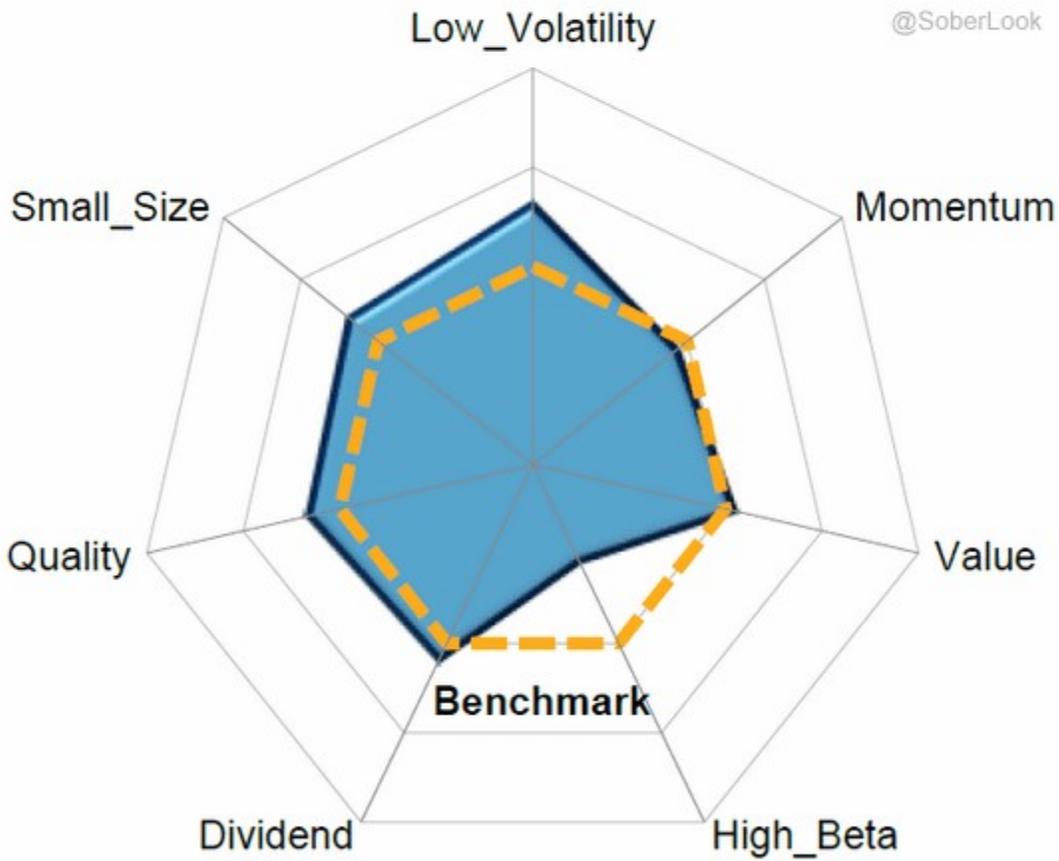
The charts below show sector performance since the end of August. We also have some of the sectors' exposure to equity factors, which helps explain post-vaccine performance shifts.

— Healthcare:



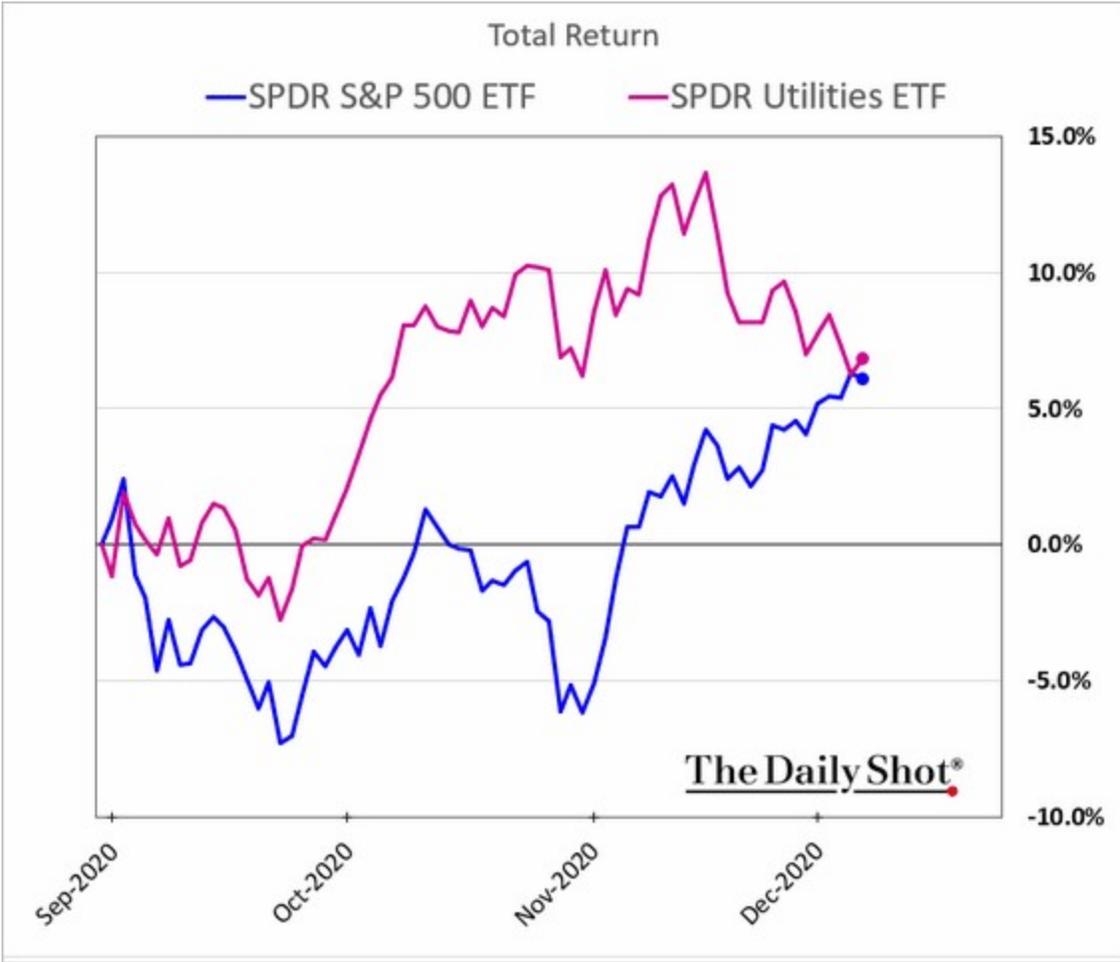
Health Care Select Sector

Posted on
DailyShot.com
08-Dec-2020
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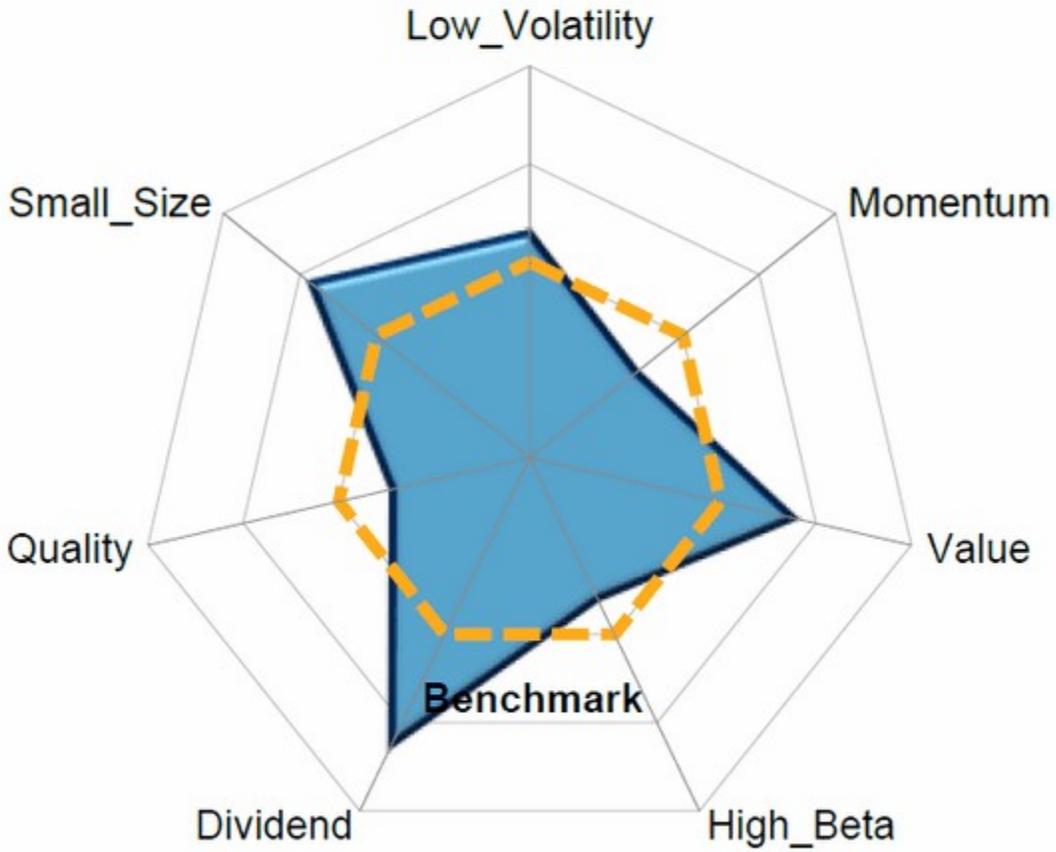
Source: [S&P Global Market Intelligence](#)

– Utilities:



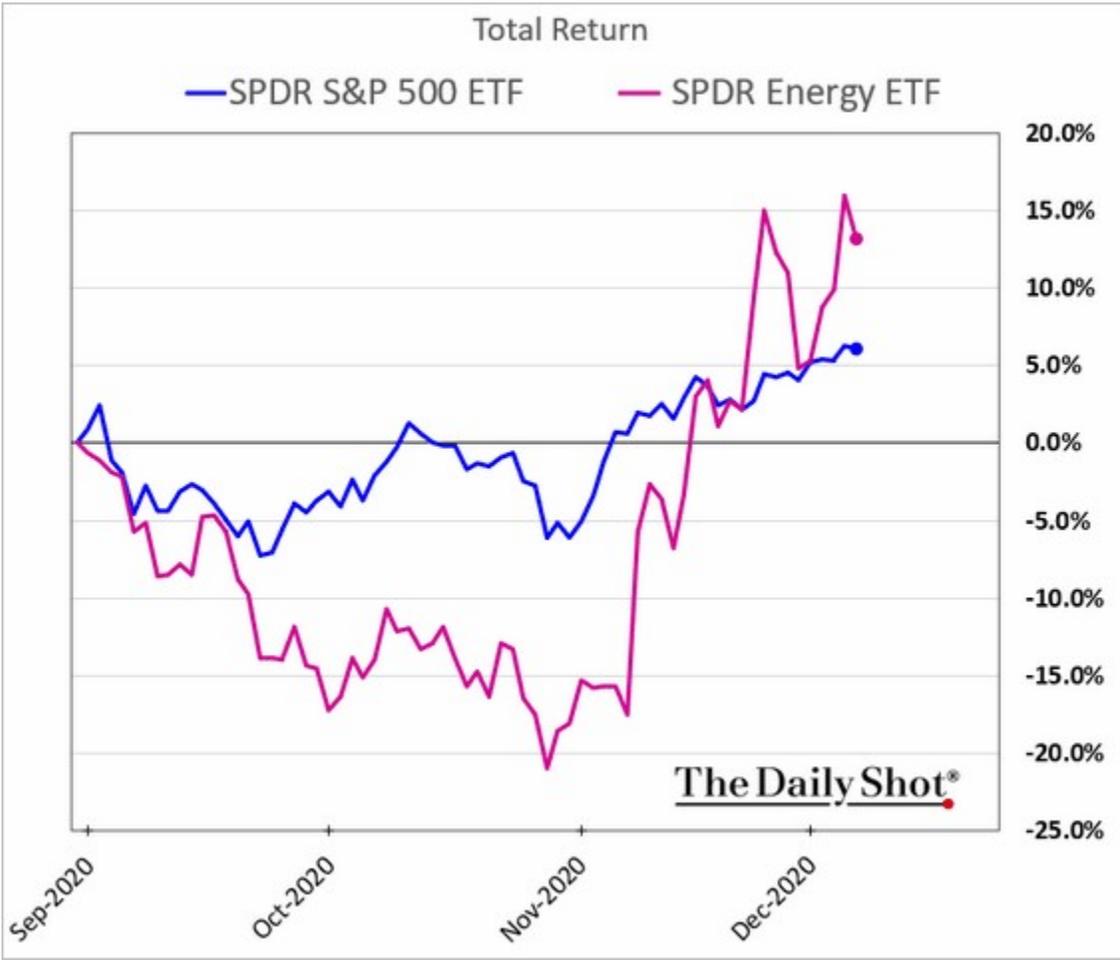
Utilities Select Sector

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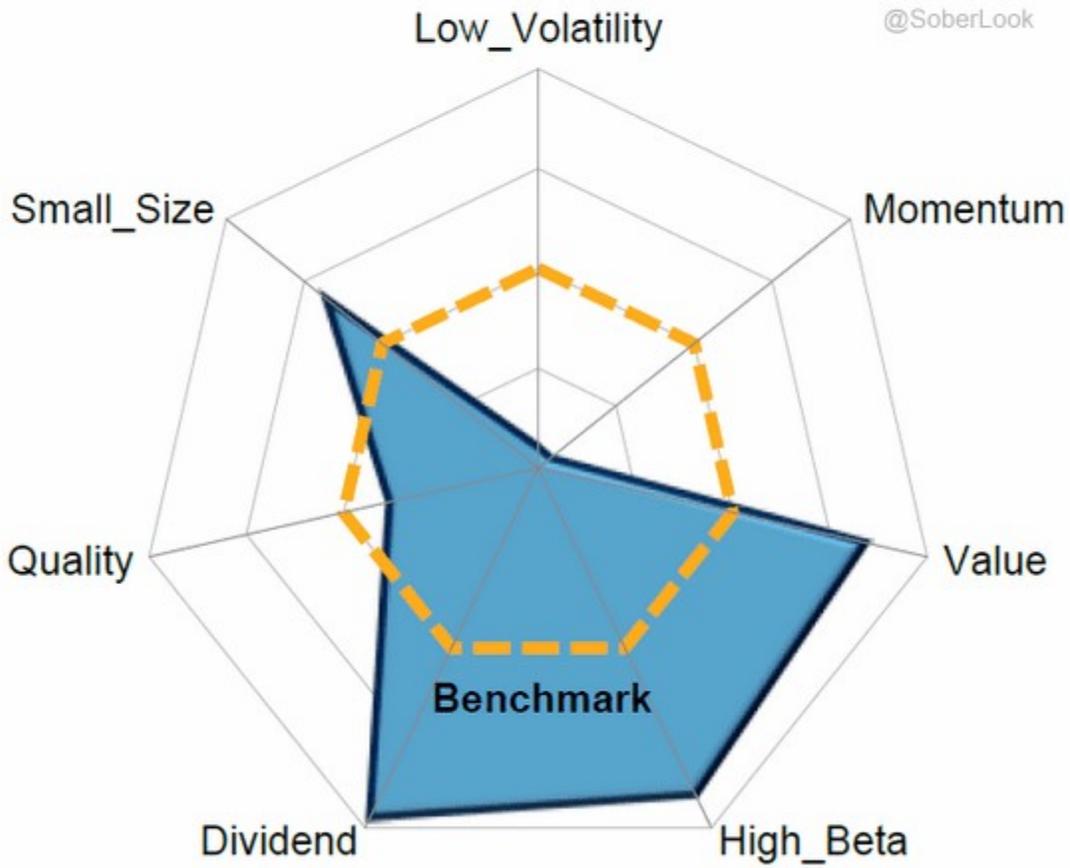
Source: [S&P Global Market Intelligence](#)

— Energy:



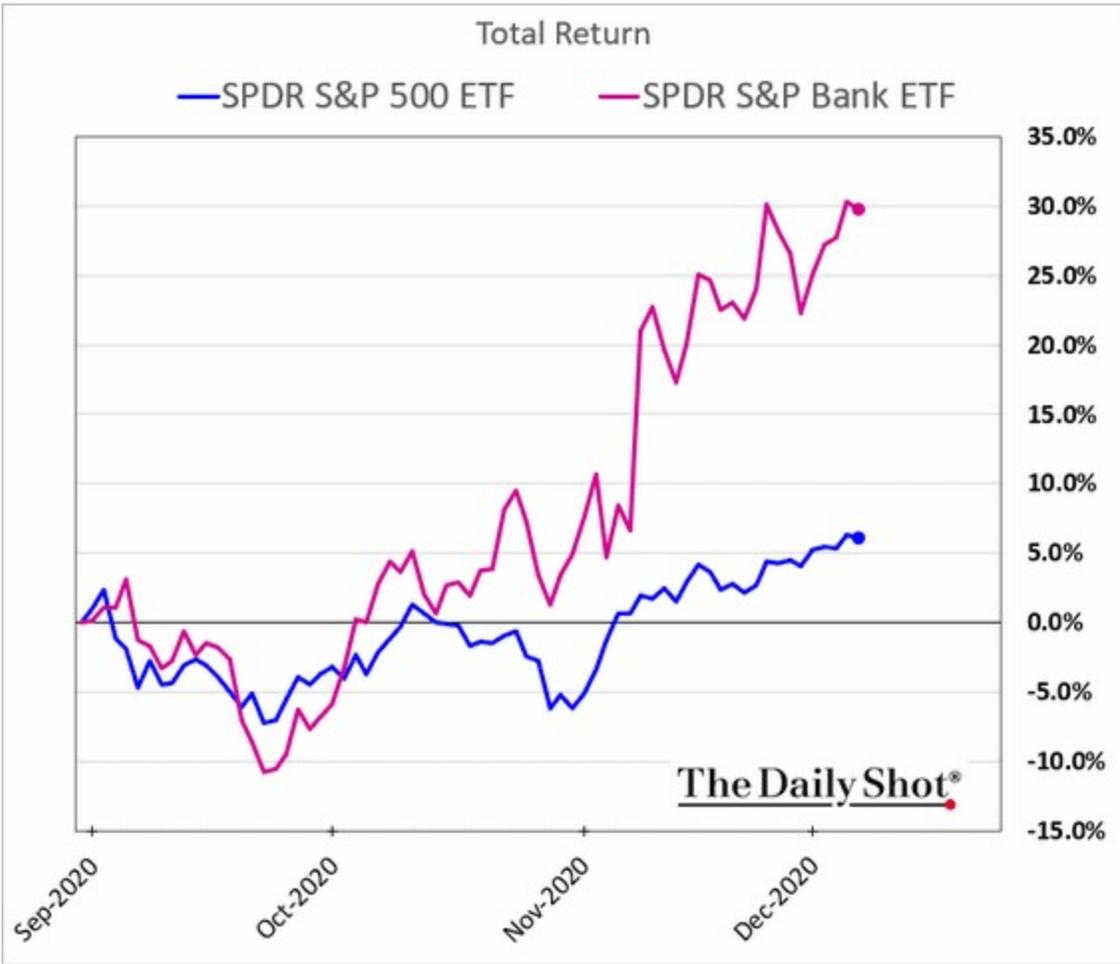
Energy Select Sector

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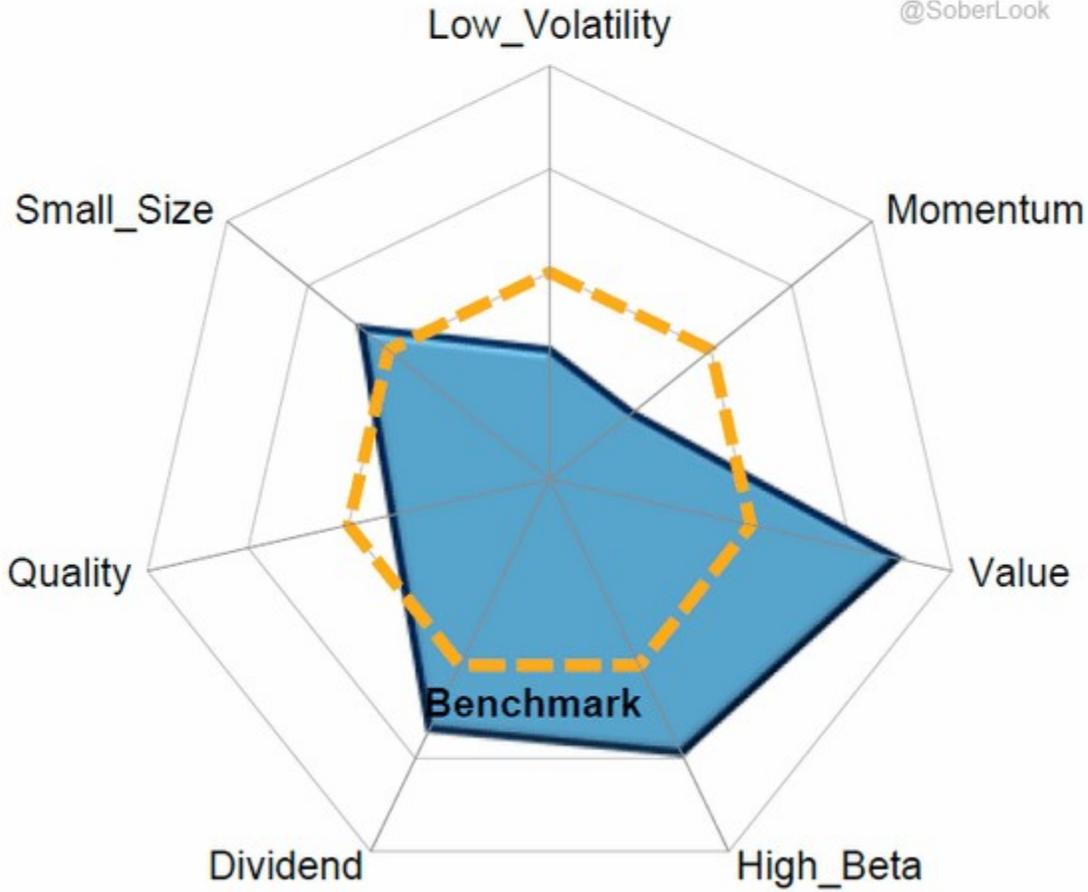
Source: [S&P Global Market Intelligence](#)

– Banks:



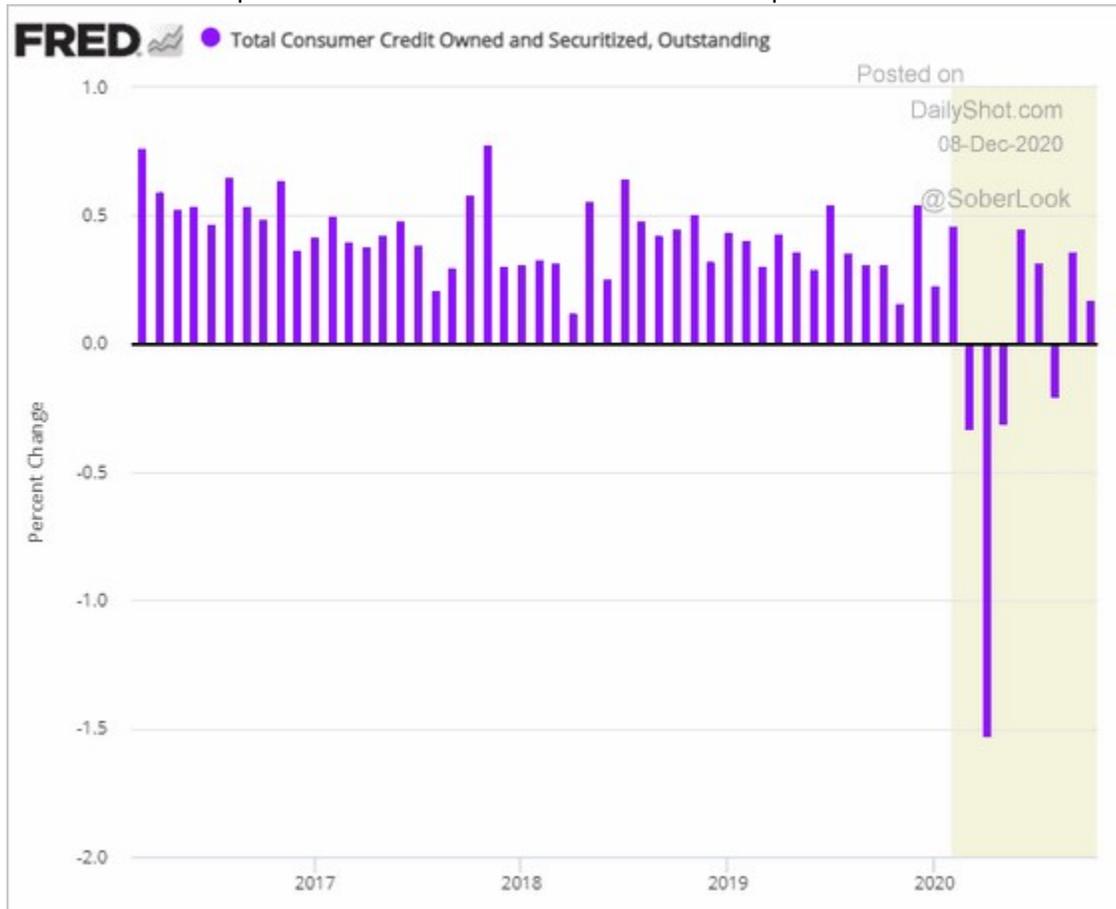
Financial Select Sector

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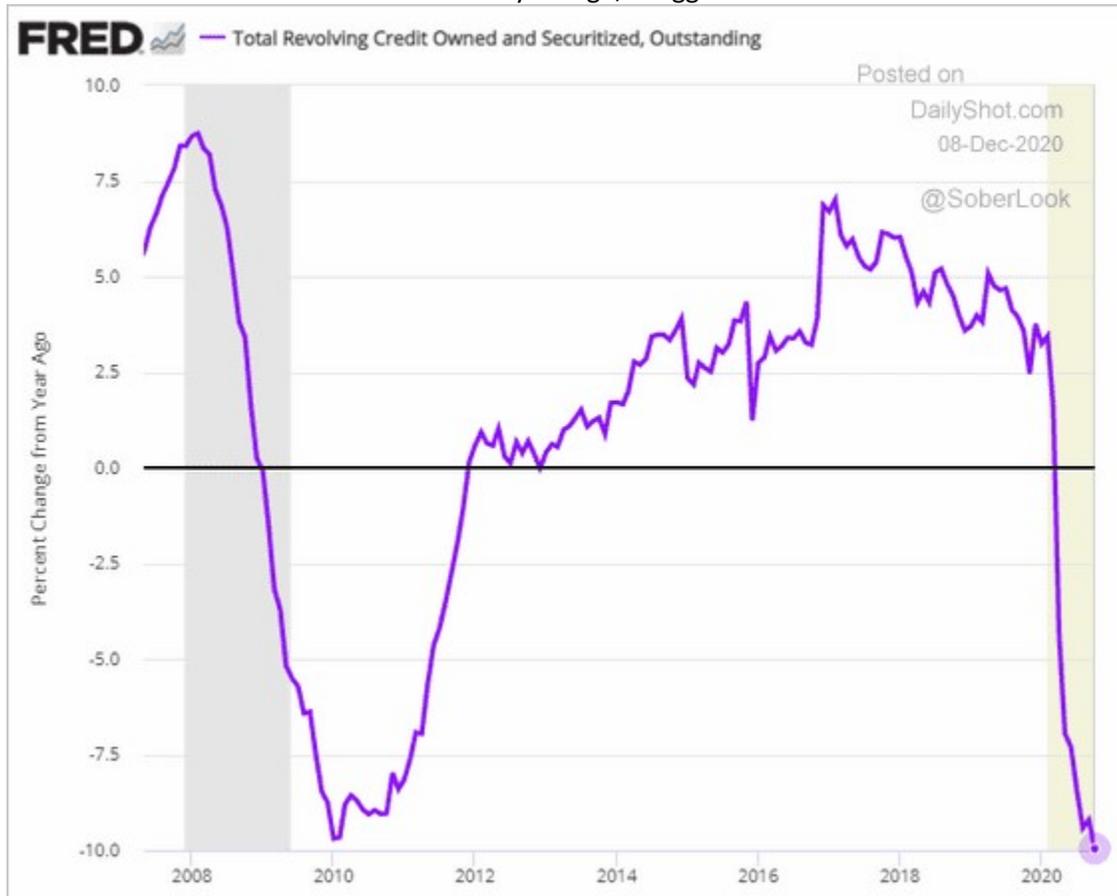


Source: [S&P Global Market Intelligence](#)

Consumer credit expansion has been weak since the start of the pandemic.

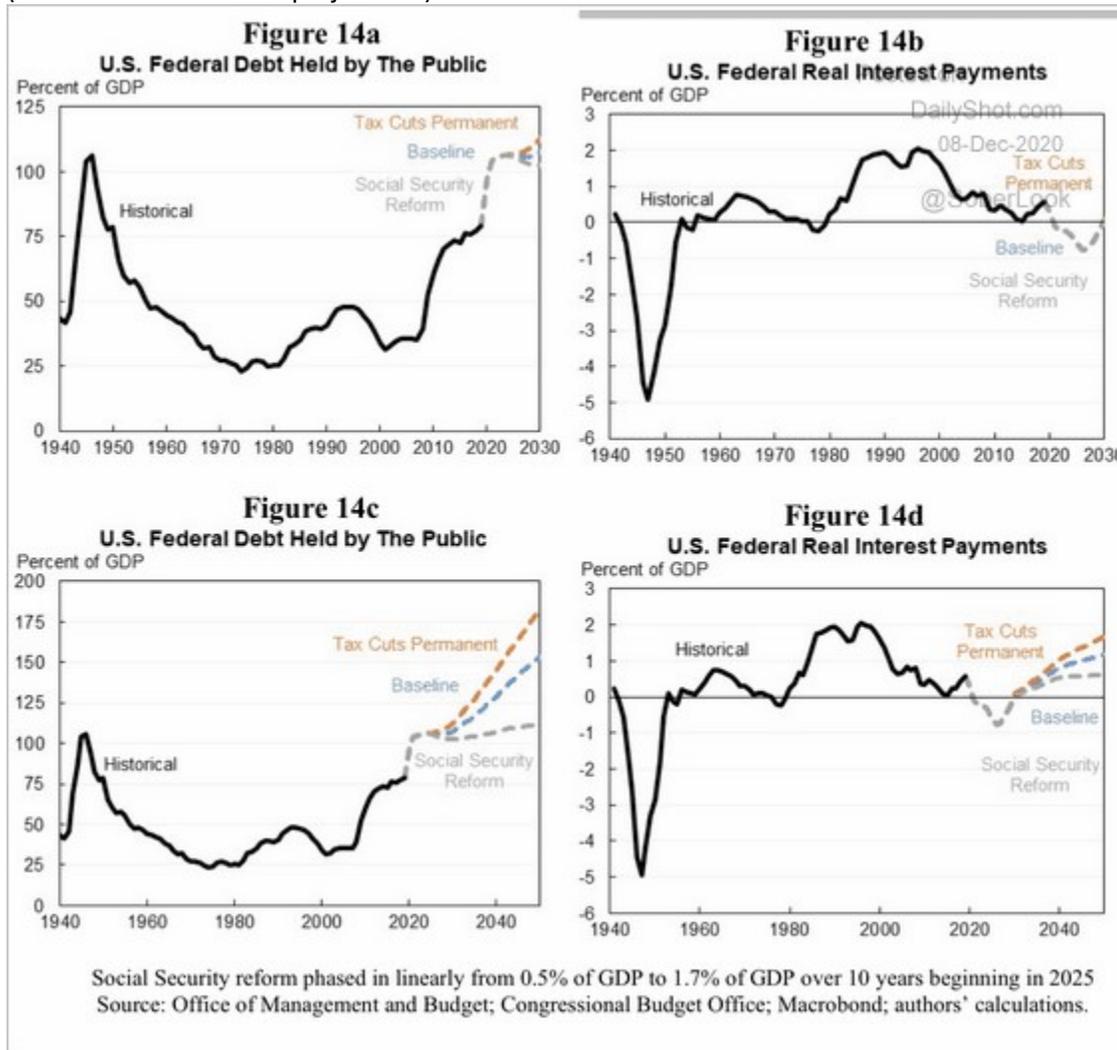


Credit card balances are down 10% from a year ago, a bigger decline than what we saw after the financial crisis.



Below is a look at federal debt and real interest payment projections based on tax cuts and social security reforms

("baseline" is from CBO projections).



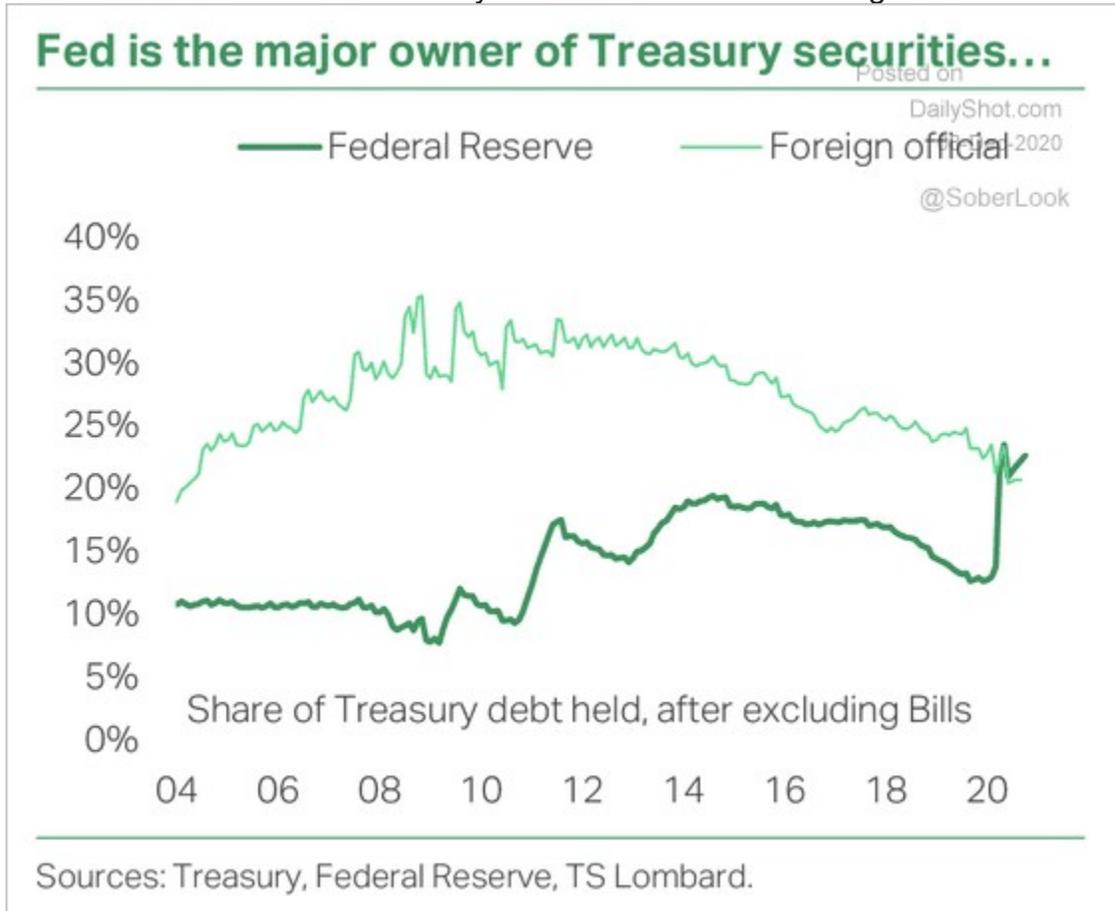
Source: Brookings [Read full article](#)

The markets are signaling higher inflation ahead.

- Stocks that benefit from higher inflation are outperforming.



The Fed now owns more Treasury securities than all the foreign central banks and governments.



Source: [TS Lombard](#)

Brent held resistance at \$50/bbl.

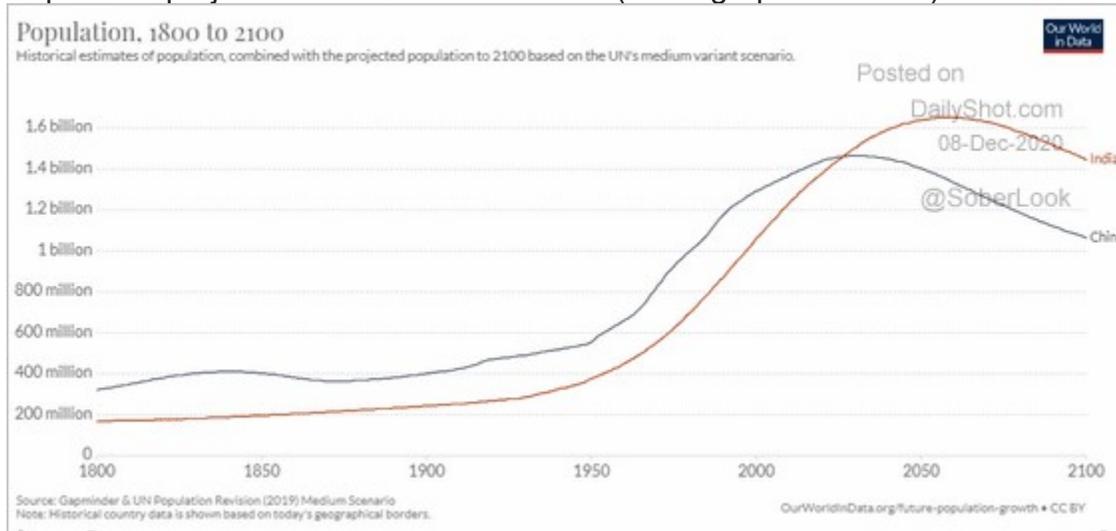


Layoffs and working from home prompted many Americans to start a business. (This is what makes America great.)



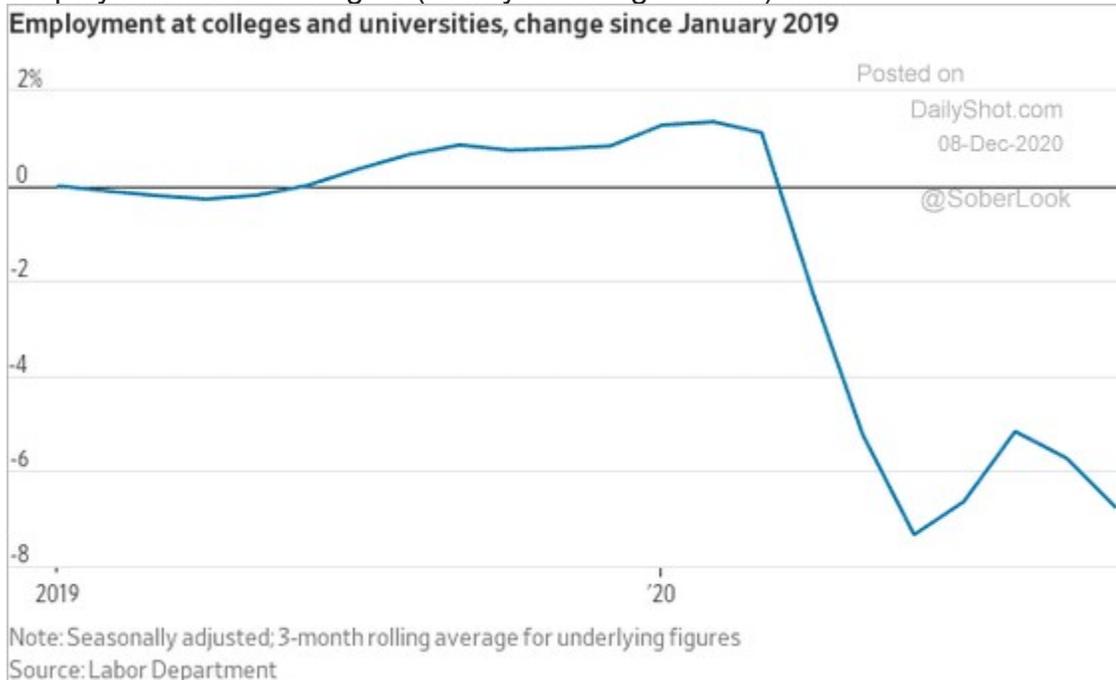
Source: @WSJ [Read full article](#)

Population projections for China and India: (Demographics matter)



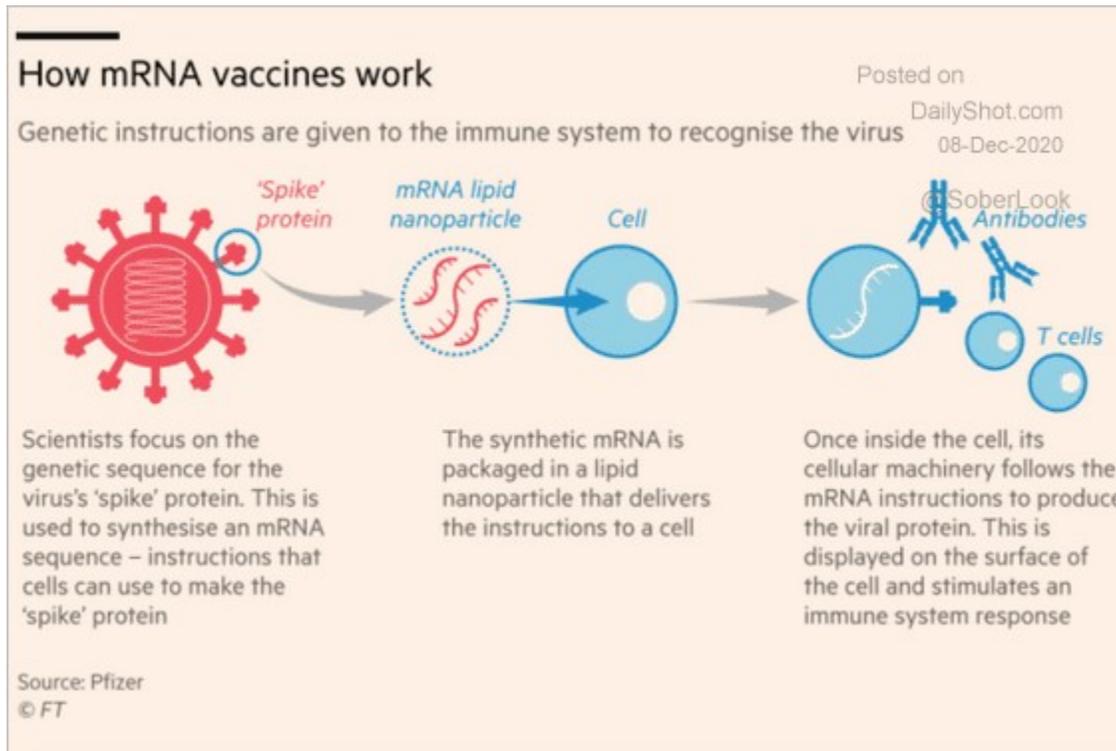
Source: Visual Capitalist [Read full article](#)

Employment at US colleges: (Finally trimming the fat?)



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

How mRNA vaccines work:



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

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