

Nick Lampone

From: Nick Lampone
Sent: Thursday, December 17, 2020 8:13 AM
Subject: Morning CORE
Attachments: Core logo.png

US Futures-World Markets: S&P futures are green before the opening bell. Bitcoin remains on fire with a breakout above 20,000. “Lower for longer” is the theme of the day after we heard from Fed Chair Powell. While he did not announce aggressive action on longer-term rates, he was clear on his intention to keep interest rates low. These low rates help justify our current equity surge. The message has been lever up and buy stocks. Scary, but tough to argue for now. We’re still waiting on a fiscal stimulus package from DC. As always, it comes down to the wire with politicians as govt. funding runs out tomorrow night. Sounds like they are near an agreement on a \$900 billion package. Jobless claims are due at 8:30am ET. Median estimate is for 815k. That is slight decline from last week. Massachusetts filed a complaint against Robinhood for aggressively marketing to inexperienced investors. Well, no sh*t. That’s their whole business model, along with selling the order flow to Citadel. This is the same state that forcefully markets the lottery (a regressive tax on the poor) while plopping casinos everywhere. Chipotle hit a fresh record high yesterday after Stifel upgraded from Hold to Buy with a new \$1,500 price target. Thanks, Scoop. The stock is already +67% YTD. Great Sebastian Maniscalco clip on Chipotle <https://bit.ly/3mpTGQv> S&P Futures vs. Fair Value: +18.90, 10-Yr Yield: 0.925%.

CORE Headlines:

- U.S. airlines are on the brink of receiving a four-month extension of a government assistance program that is expected to provide another \$17 billion to fund payroll costs.-Reuters
- A panel of outside advisers to the U.S. Food and Drug Administration is expected to endorse emergency use of Moderna's coronavirus vaccine during a meeting.-Reuters
- Tyson (**TSN**) fires 7 managers who were making bets on which workers would get coronavirus.-NPR (I’m love gambling, but you have to draw the line somewhere. I did chuckle, though.)
- White House will hold urgent daily meetings on cyber-attacks linked to Russia.-Bloomberg
- Toyota (**TM**) President Akio Toyoda says electric cars are overhyped and Japan would run out of summer power if all cars were running on electric power.-WSJ
- The November retail sales report and other readings on the US economy suggest the recovery is slowing after a burst of growth over the summer—restaurants, department stores and vehicle dealerships all reported sharp sales declines in November, with clothing and furniture purchases falling as well.-WSJ (It’s tough to grow when governors continue to lockdown.)
- California’s strict Covid-19 restrictions, including a ban on indoor and outdoor dining, are prompting defiance and anger—some restaurants are remaining open, while numerous complaints led officials to reverse course and allow playgrounds to remain open.-WSJ
- Pinterest agreed to make changes to improve its workplace culture after a monthslong review and the \$22.5 million settlement of claims of discrimination and retaliation by its former operating chief.-WSJ
- Moderna’s shares are down after **SVB Leerink** analyst Mani Foroohar noted most of the adverse events from the **PFE-BNTX** vaccine were resolved quickly, while side effects on Moderna's vaccine appeared to last more than a week and "the overall profile is optically less tolerable."-IBD
- **UBER, LYFT:** The ride-hailing companies face a long road ahead in creating more racial equity at the top of their organizations, a new USA TODAY analysis shows, though Lyft has made more progress in hiring black executives than Uber.-USA

- America's mass-vaccination campaign is facing serious obstacles that are worrying nursing home executives, industry watchdogs, elder-care lawyers, and medical experts, who expect nursing homes to be the most challenging front in the mission to vaccinate Americans.-NYT
- The SEC adopted new regulations that spare US-listed energy and mining companies from doing the detailed anti-corruption reporting that is required in Europe and Canada, such as project-by-project breakdowns.-FT
- The Treasury labeled Switzerland and Vietnam currency manipulators for holding their currencies lower to prevent effective balance of payments adjustments, a move that allows Washington to take punitive action unless its concerns are satisfied.-FT
- China is forcing Australia to confront the fact that the coal era is coming to an end—Beijing has officially blocked coal imports from Australia after months of restrictions that slowed trade and left coal transport ships stranded at sea.-NYT
- Environmentalists are excited that Biden is expected to tap Gina McCarthy to coordinate the White House's climate effort, which they say will help him take a whole-of-government approach to climate change.-TheHill

Interesting Reads/Charts:

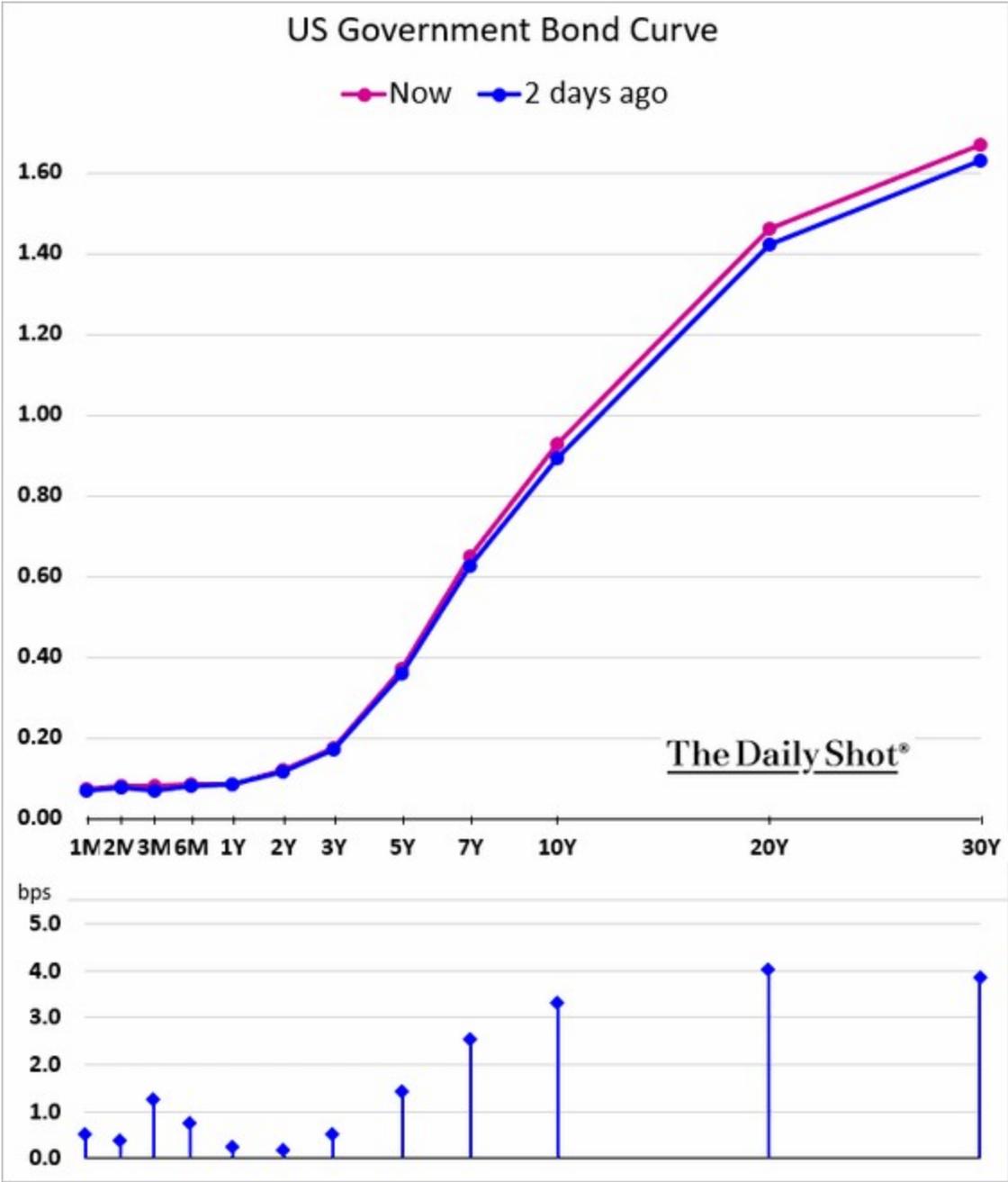
- Harvard Business Review: How to lead when your team is exhausted and you are too <http://bit.ly/3mrZWHq>
- Fast Company: The 15 best productivity apps of 2020 <http://bit.ly/38a6lq5>
- Sixth Tone: Chinese men are being seduced by chat bots <http://bit.ly/34k7uGh> Creepy, but believable

Charts from The Daily Shot:

The Fed provided guidance for its asset purchases on Wednesday, with language suggesting that QE could continue for some time.

FOMC: ... the Federal Reserve will continue to increase its holdings of Treasury securities by at least \$80 billion per month and of agency mortgage-backed securities by at least \$40 billion per month until substantial further progress has been made toward the Committee's maximum employment and price stability goals.

The market was a bit disappointed, with some expecting the central bank to boost the average maturity of bonds purchased. The yield curve steepened slightly in response.



Cyclical shares have resumed their outperformance over defensives. The market is pricing in strong global economic growth ahead. (Numbers out of China have helped fuel this view.)

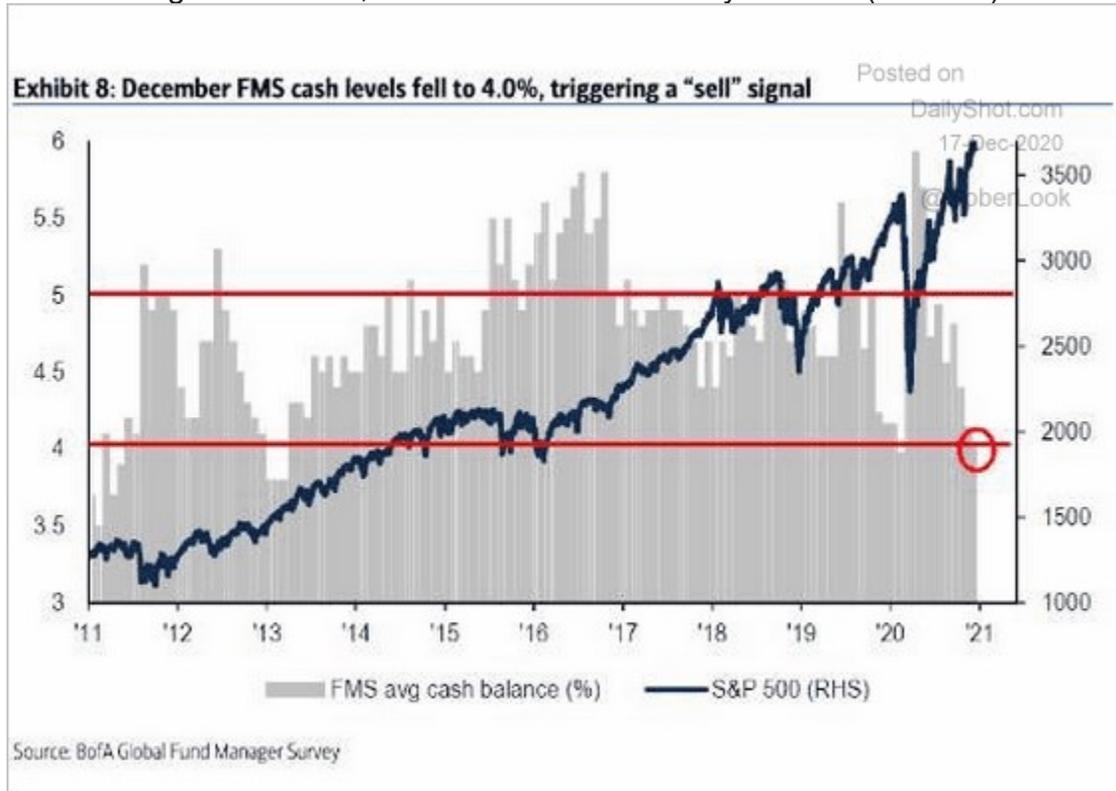


Fund managers now see “early-cycle” (the rebound phase of the economic cycle) rather than recession.



Source: [BofA Global Research, @jsblokland](#)

Fund managers are all-in, with cash levels at multi-year lows (2 charts).



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

The Russell 2,000 index is at long-term resistance. Will we see a breakout?



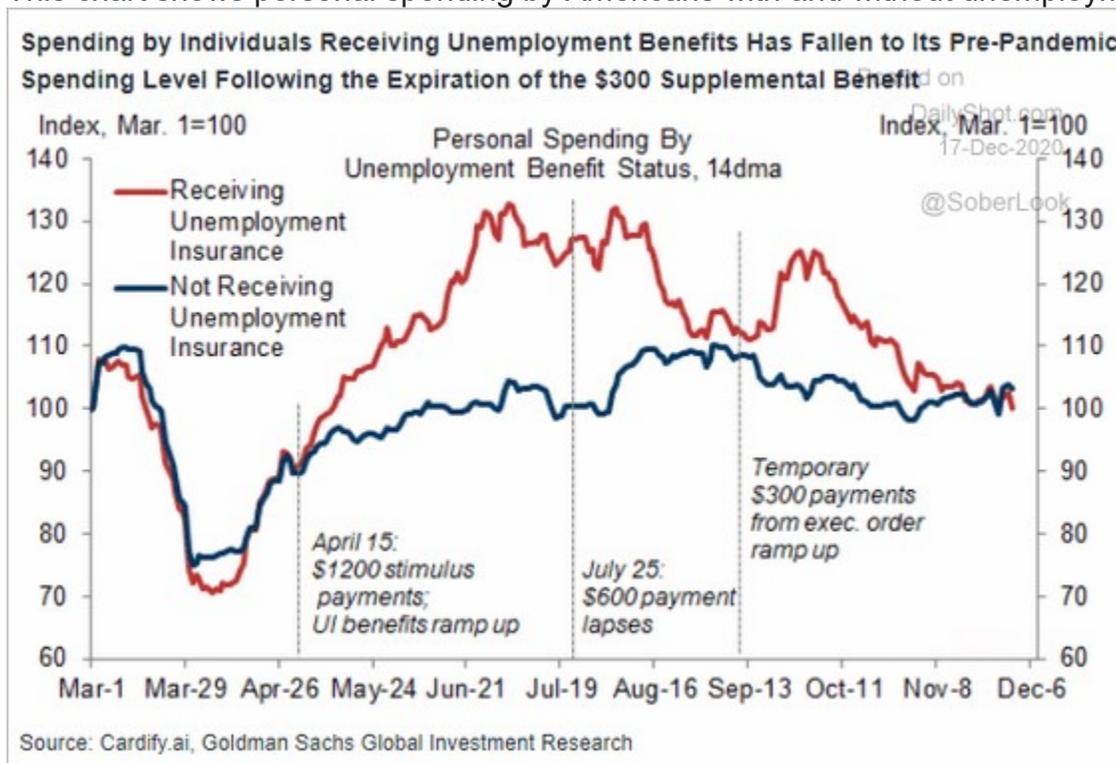
Source: [@DantesOutlook](#)

VIX has remained above 20 for most of the year.



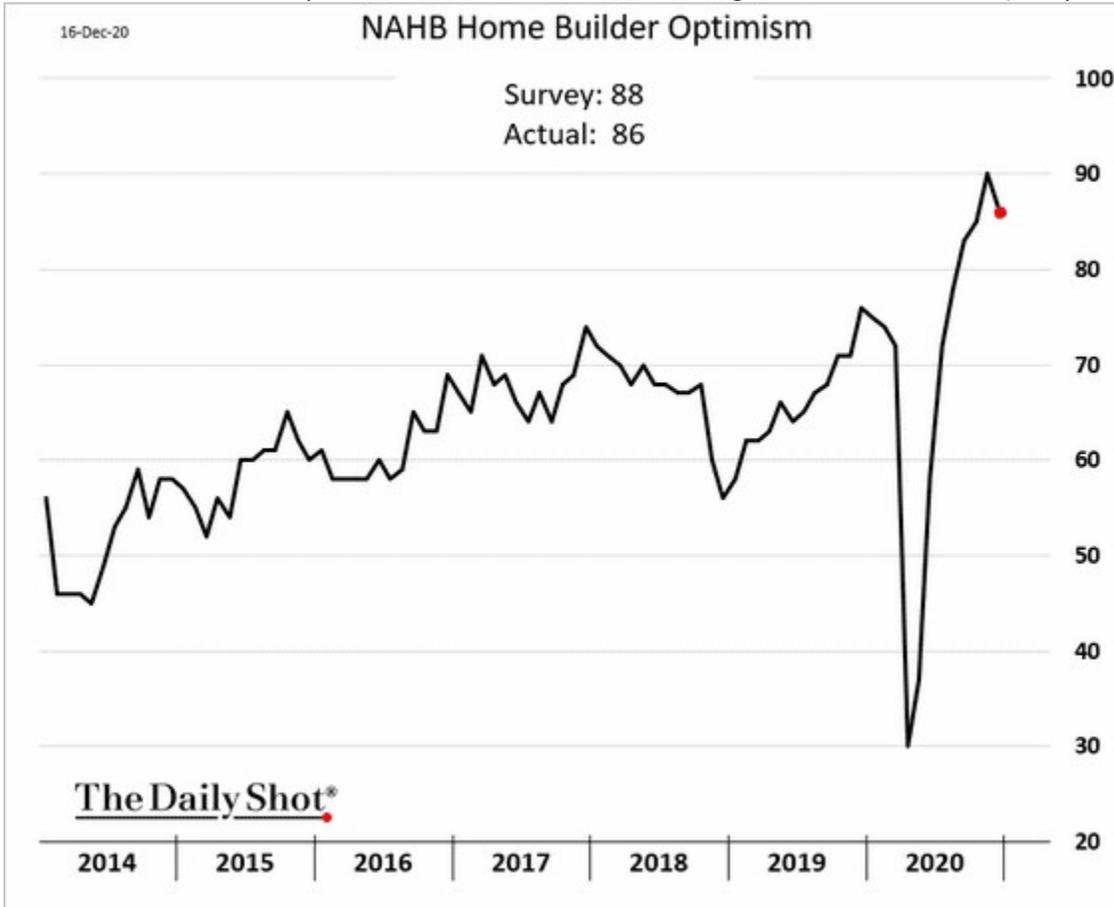
Source: [@DantesOutlook](#)

This chart shows personal spending by Americans with and without unemployment benefits.



Source: [Goldman Sachs](#)

The NAHB homebuilder optimism index came off its record high but is still elevated. (Crazy chart for 2020.)

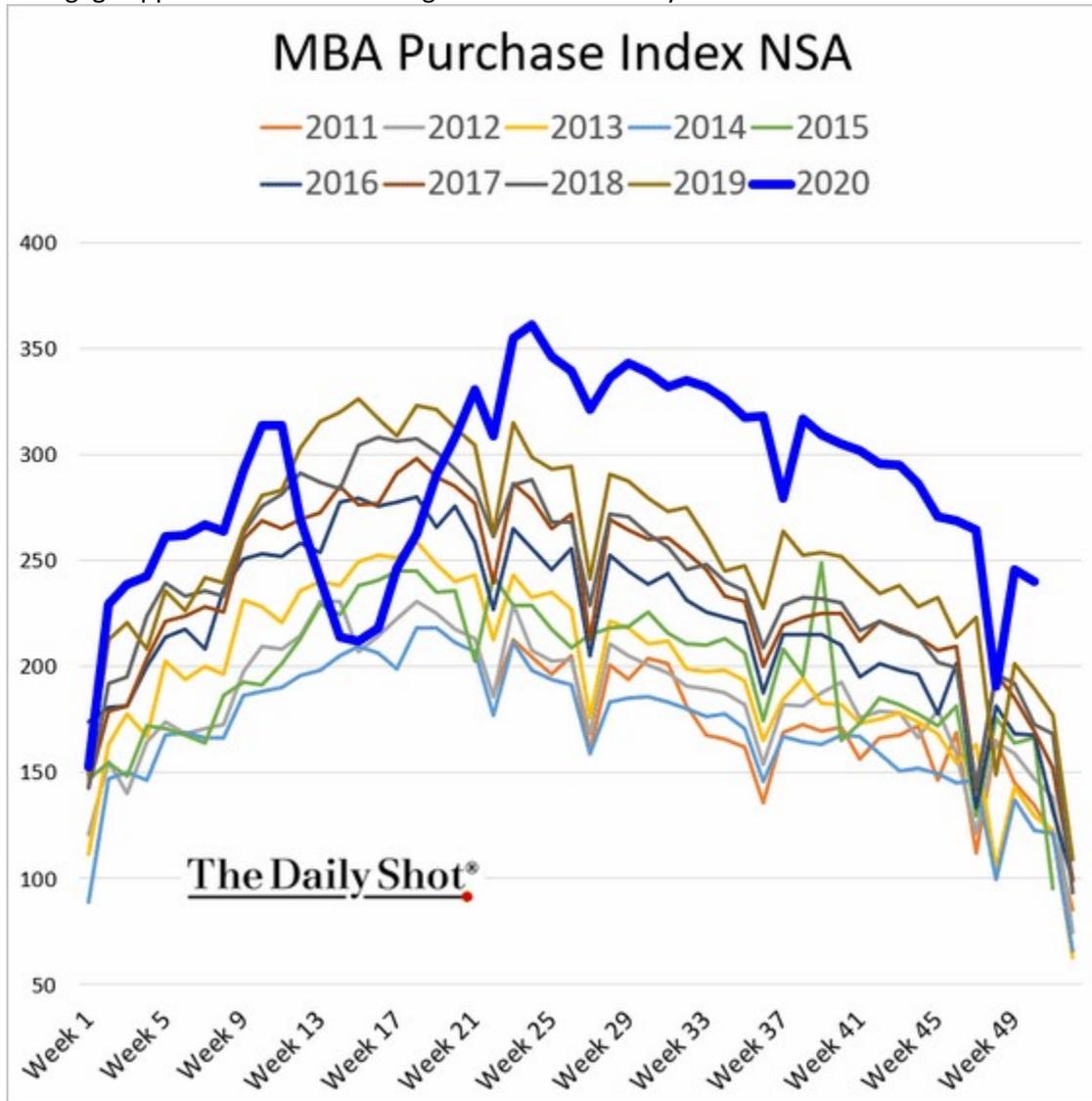


Residential construction growth is expected to stay robust.



Source: Pantheon Macroeconomics

Mortgage applications remain strong for this time of the year.



Bitcoin breached \$20k and just kept going. This print shows Bitcoin above \$22k.

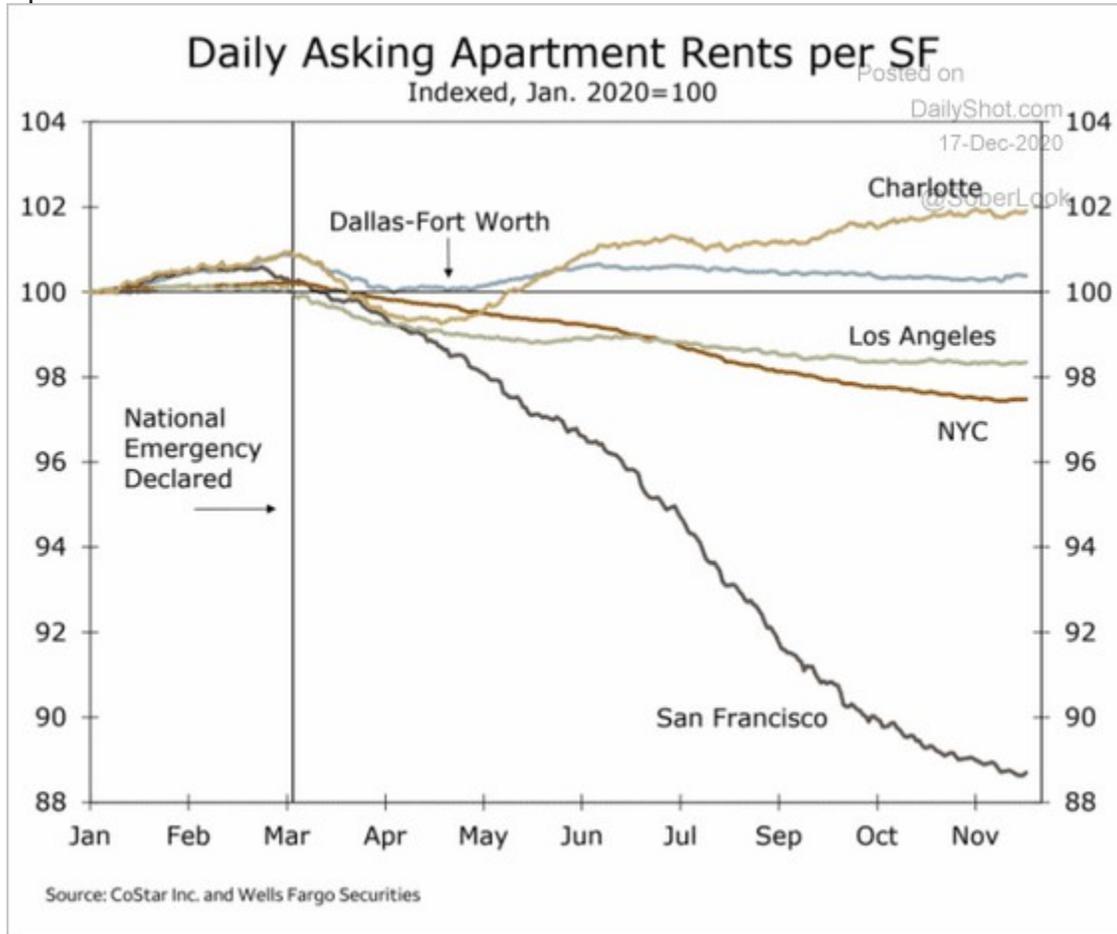


Ripple's XRP massively outperformed other major cryptocurrencies over the past month.



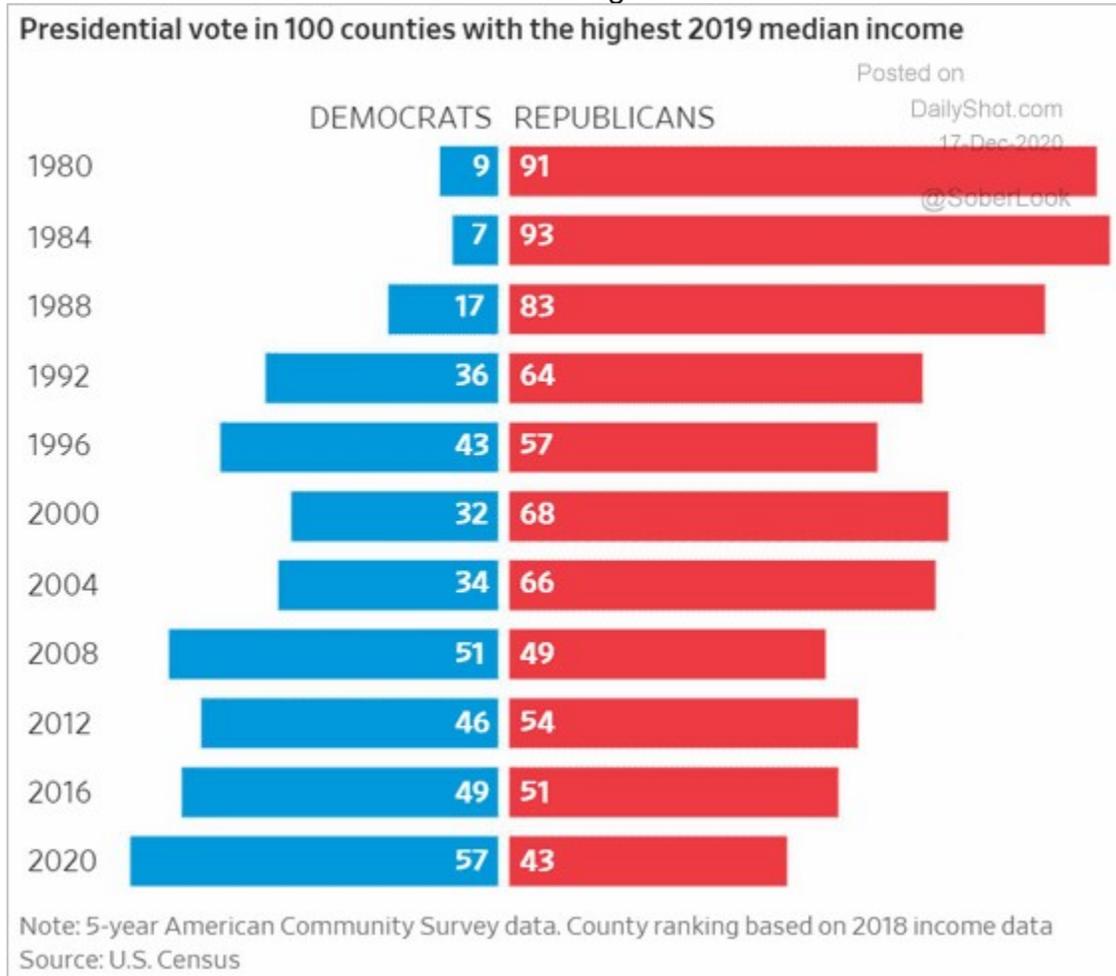
Source: [FinViz](#)

Apartment rents in select cities:



Source: [Wells Fargo Securities](#)

Presidential vote in US counties with the highest median income:



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

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