

Nick Lampone

From: Nick Lampone
Sent: Wednesday, January 20, 2021 8:00 AM
Subject: The Morning CORE
Attachments: Core logo.png

US Futures-World Markets: US equity futures are higher as corporate earnings roll in. Netflix is +13% premarket after a beat in subscriber growth and expectation of FCF to break-even in 2021. Procter & Gamble (+2% pre-market) beat and raised 2021 estimates above consensus. We've mentioned sell-side analysts having to raise 2021 numbers for the next leg higher. This helps the cause with a lot of optimism already priced in. President-elect plans 15 executive actions as his term starts today. Why even have a Congress at this point? We can just drive from one side of the ditch to the other. S&P Futures vs. Fair Value: +12.10, 10-Yr Yield: 1.098%.

CORE Headlines:

- Roughly 60k were approved for more than \$5B in forgivable loans during the first week of the reopened Paycheck Protection Program, the Small Business Administration said Tuesday.-WSJ
- In an interview with the Journal, incoming CDC director Rochelle Walensky said her “to do” list includes helping states fix Covid-19 vaccination programs and persuading exhausted Americans to wear masks and take other precautions.-WSJ
- The WHO was poorly prepared to prevent a disease like Covid-19 from becoming a pandemic, and wasn’t adapted for a globalized era of easy travel and extensive trade, according to the Independent Panel for Pandemic Preparedness and Response.-WSJ
- The parent company of Office Depot believes a sale of its retail and consumer-facing e-commerce operations to **Staples** or a joint venture is preferable to a full takeover, according to an internal document.-WSJ (I’m all for competition, but how many companies do we need that sell \$25 calendars?)
- **KR**: Grocery chain is testing new smart shopping cart technology in the Cincinnati area that eliminates paying at checkout—using artificial intelligence, the technology will enable shoppers to assemble their order without having to scan items.-USA
- Apple is said to be considering bringing back Touch ID to iPhones after phasing out the home button on its handsets—it is now testing a version that will live under the iPhone’s display.-NYP
- NY governor Andrew Cuomo warned that the state was facing an enormous \$15B deficit as he unveiled a 2022 budget proposal that raised the possibility of increasing the state income tax for top earners.-NYT (DeSanctis must love this proposal.)
- **GS** chief David Solomon said the recent boom in special purpose acquisition companies, or blank-check firms, is unsustainable and suggested that issuance of the financing tools, which raised nearly \$79B from investors last year, had gone too far.-FT (He’ll keep cashing those checks, though.)
- US hedge fund Elliott Management is shutting down its Hong Kong office after having a presence in the administrative region for 15 years and will relocate staff there to its offices in London and Tokyo, which will become its only base in Asia.-FT
- Health insurer UnitedHealth Group beat quarterly profit estimates for the fourth quarter, helped partly by lower medical costs due to fewer elective surgeries as hospitals made room for COVID-19 patients.-Reuters

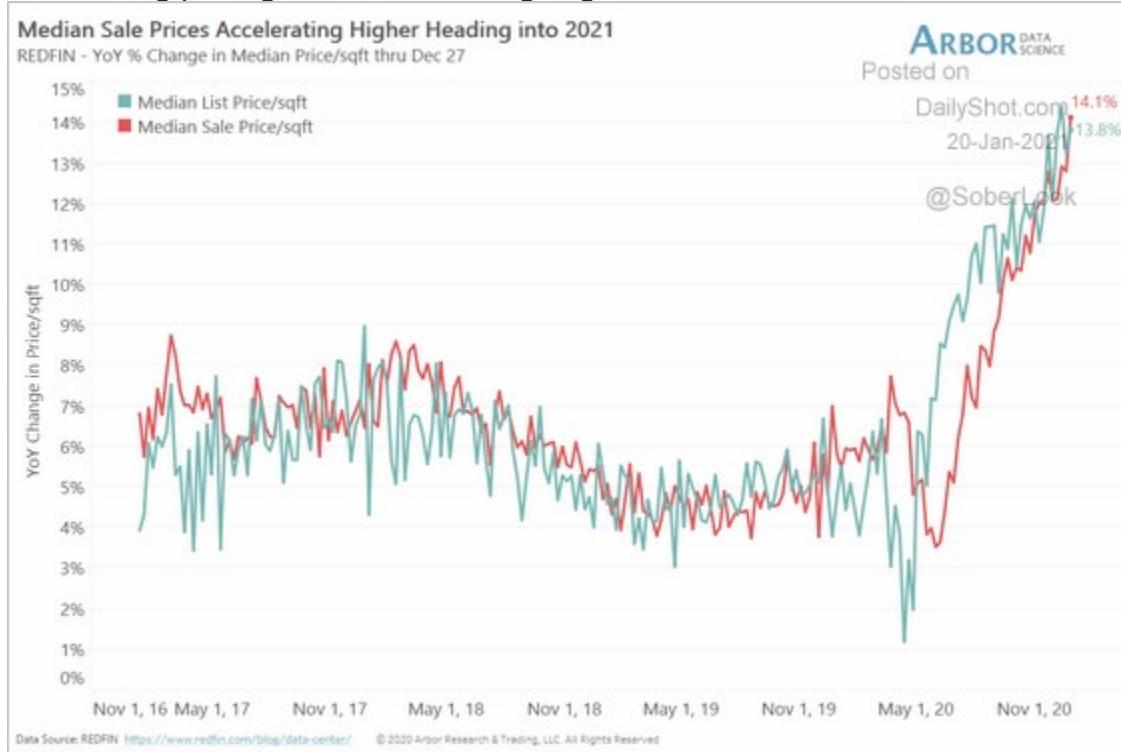
- Alibaba Group founder Jack Ma made his first public appearance since October when he spoke to a group of teachers by video, easing concern about his unusual absence from the limelight and sending shares in the e-commerce giant surging.-Reuters
- Senator Mitch McConnell (R-KY) wants commitment from Senator Chuck Schumer (D-NY) to preserve legislative filibuster as part of a power-sharing agreement.-Politico

Interesting Reads/Charts:

- Elad Gill on Israel's vaccination success <http://bit.ly/3bQqMhL> (Could be a personal bias that I liked this article. Keep sh-t simple, especially for politicians.)
- Fast Company: Common sense ways to make flying less miserable <http://bit.ly/35W80jp>
- Institutional Investor: Why ESG funds fail to scale <http://bit.ly/3bU6qGq> (ESG has never been bigger, but my issue is that true ESG is in the eye of the beholder. Too subjective a test.)
- Foreign Affairs: How America can shore up balance and legitimacy in Asia <http://fam.ag/3p3Ydu8> (A little wonky if you are into stuff like this.)
- CNBC: Dimon says JP Morgan should be 'scared sh—less about fintech" <http://cnb.cx/3iDJy6J> (and McDonald's should be scared of Chipotle, Chick-Fil-A, etc.)

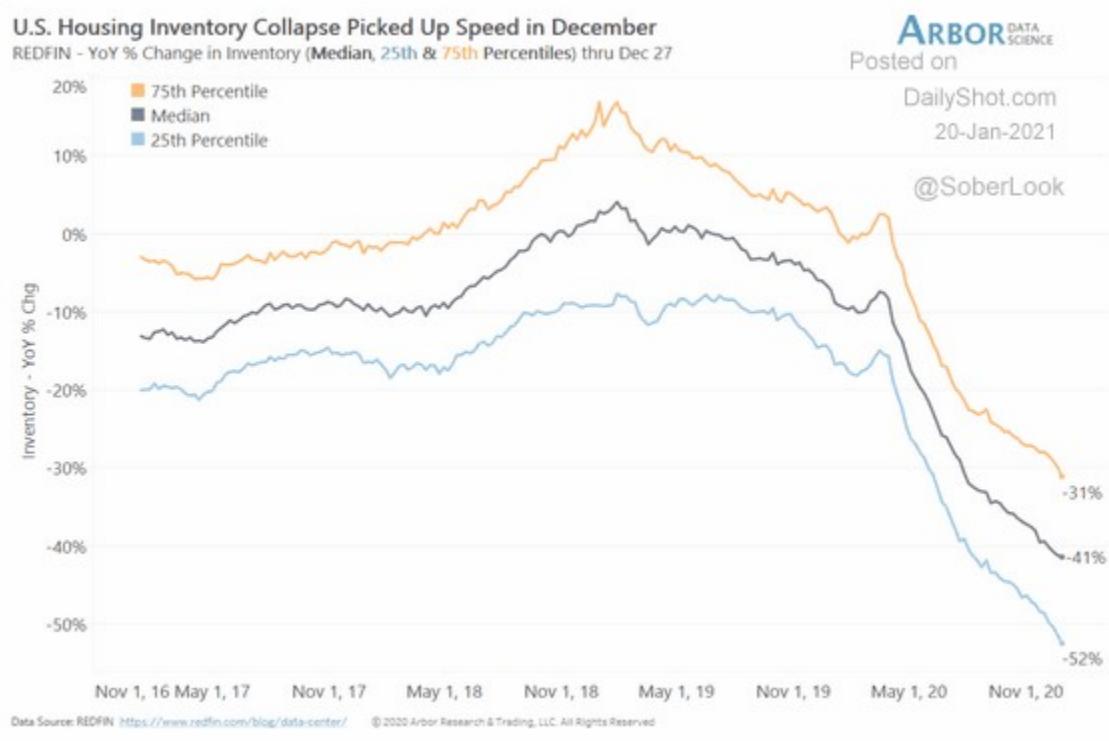
Charts from The Daily Shot:

US housing price gains accelerated going into 2021, ...

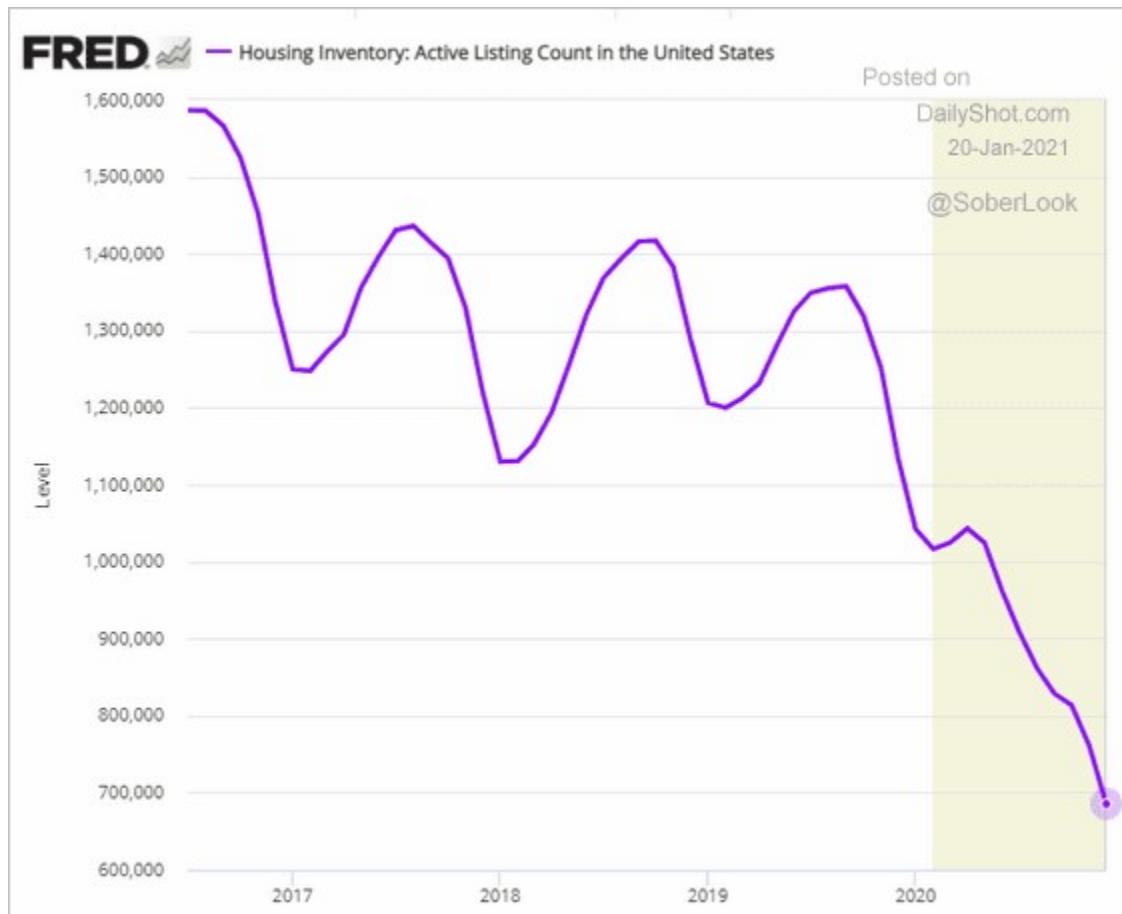


Source: [Arbor Research & Trading](#)

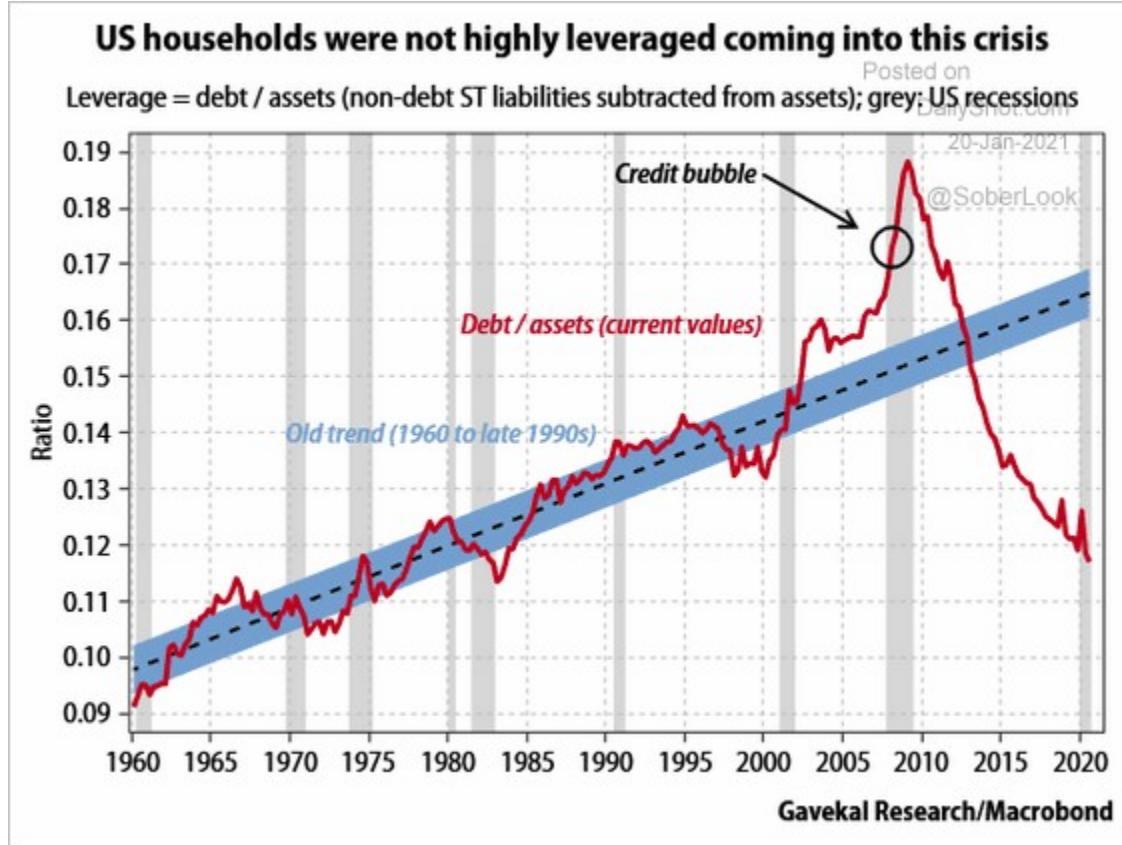
as inventories tightened further (2 charts).



Source: [Arbor Research & Trading](#)



US household leverage hit a multi-decade low last year.



some updates on inflation.

- According to Evercore ISI, the headline CPI will hit 4% (year-over-year) in April due to [base effects](#).

HEADLINE

U.S. CPI

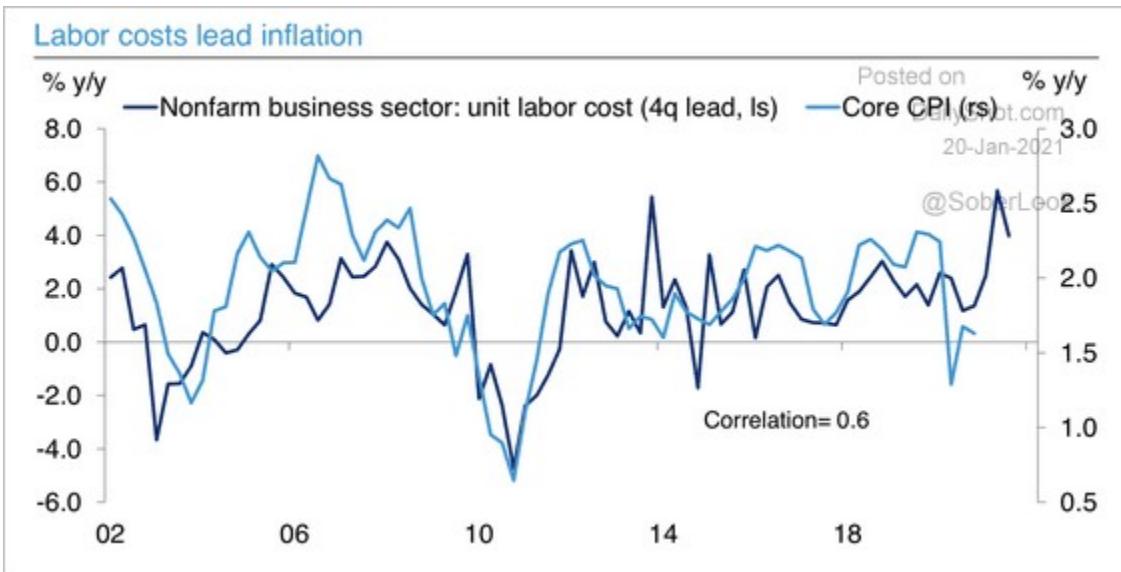
Posted on
DailyShot.com
20-Jan-2021
@SoberLook

The CPI plunged in Mar/Apr of last year. So because of a basis effect, it will likely be up +4.0% y/y by Apr of this year.



Source: [Evercore ISI](#)

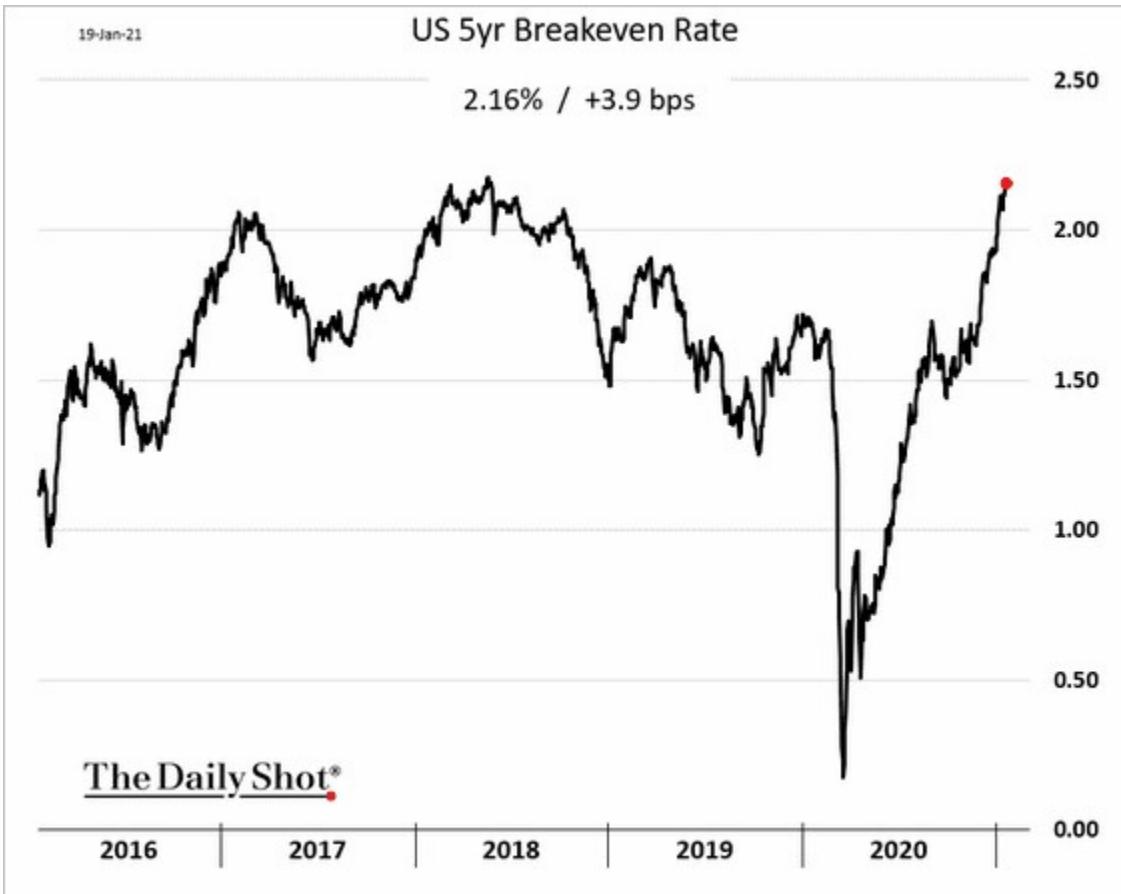
- Will steady growth in labor costs push the core CPI higher?



Source: [Deutsche Bank Research](#)

- Inflation expectations keep climbing.

- Market-based:



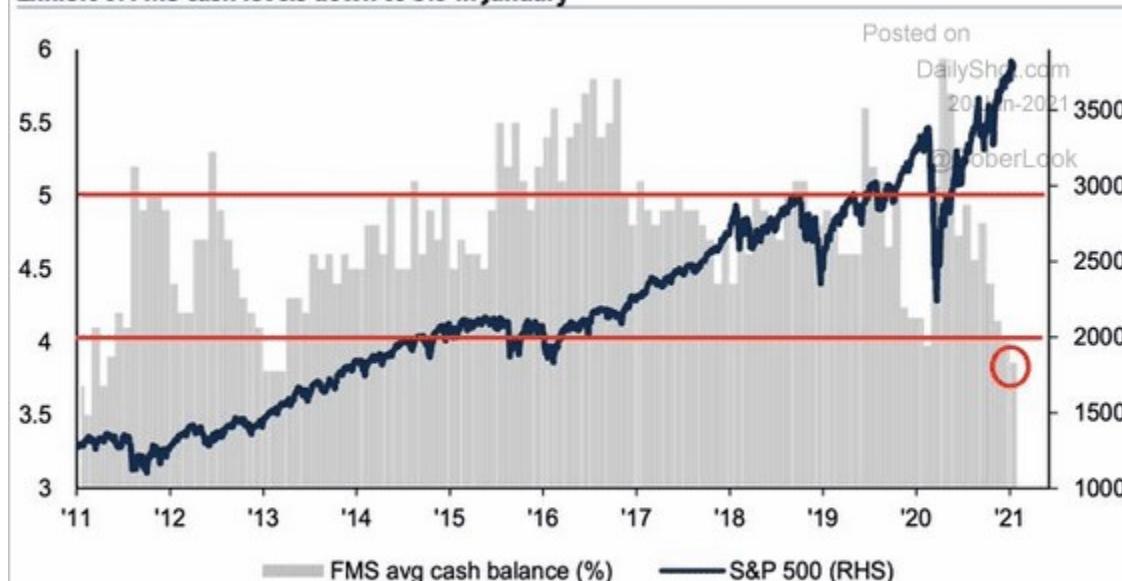
— Fund managers:

Exhibit 4: Inflation expectations at an all-time high



Fund managers' cash holdings continue to hit multi-year lows, ... (A bit scary.)

Exhibit 6: FMS cash levels down to 3.9 in January



Google search activity for “stock market bubble” is off the charts.



Source: [Anastasios Avgeriou](#)

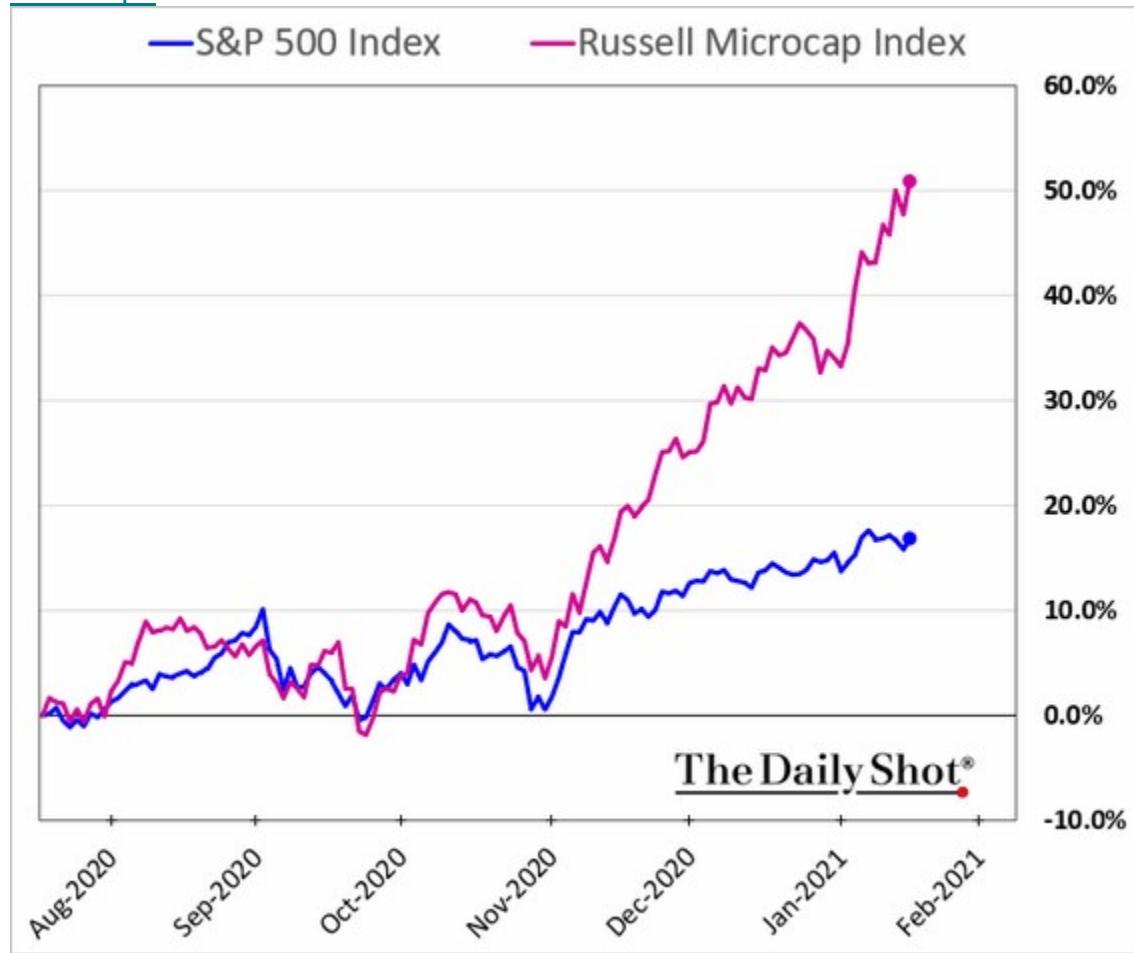
Small-cap shares continue to outperform.



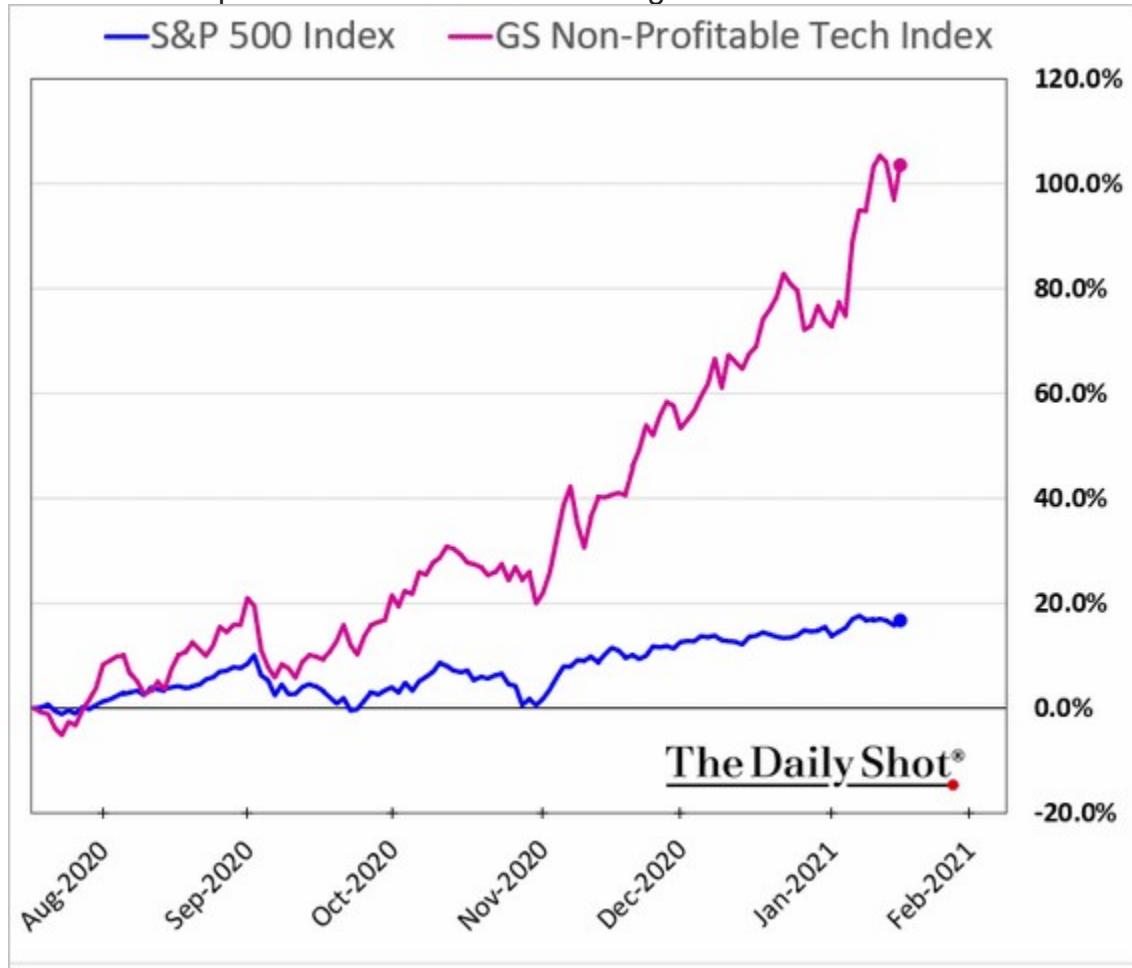
Small-cap growth stocks did particularly well on Tuesday.



Microcaps have been on fire since the vaccine announcement.



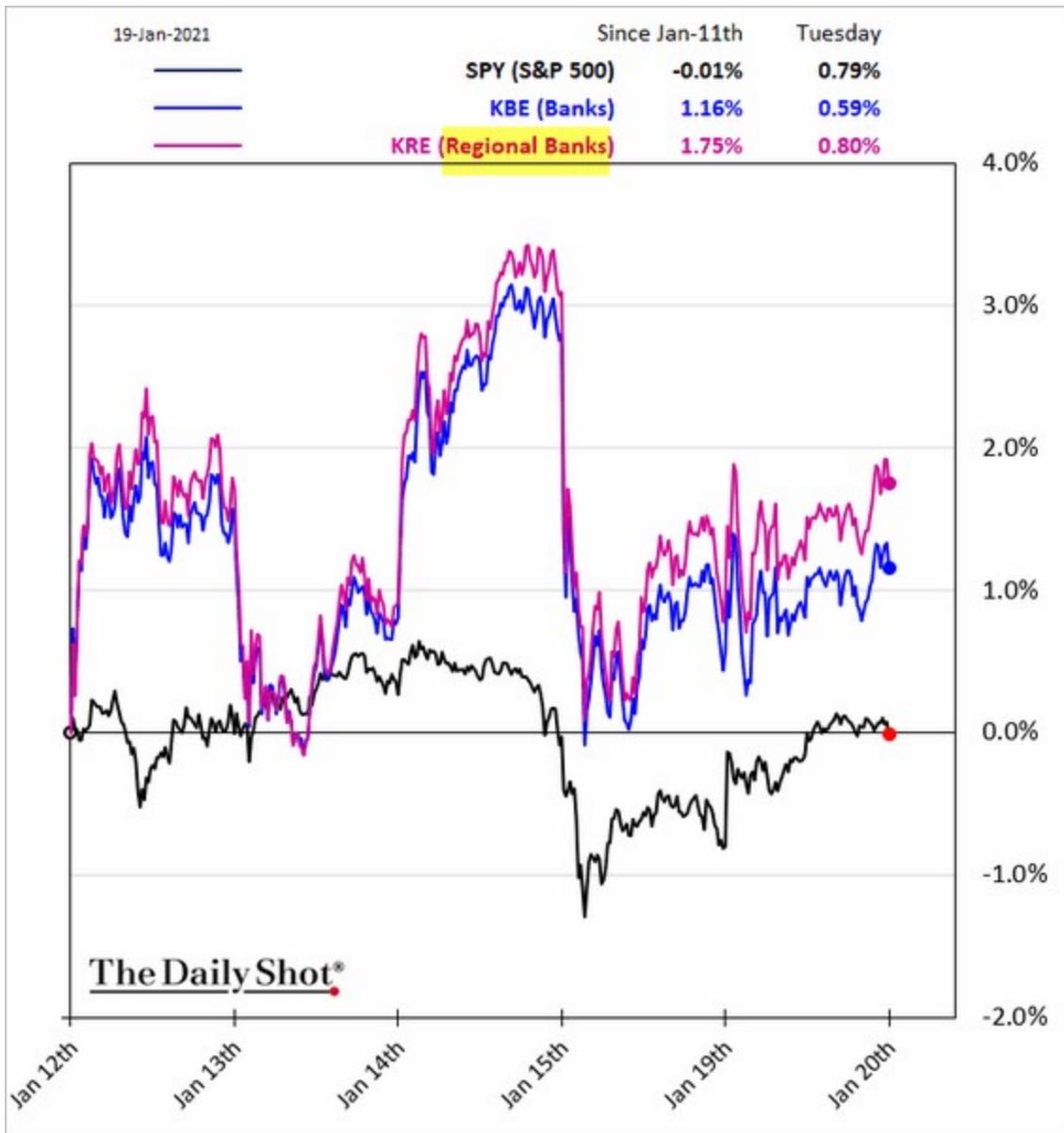
Shares of non-profitable tech firms are soaring.



h/t [@LizAnnSonders](#)

some sector/sub-sector performance charts over the past five business days.

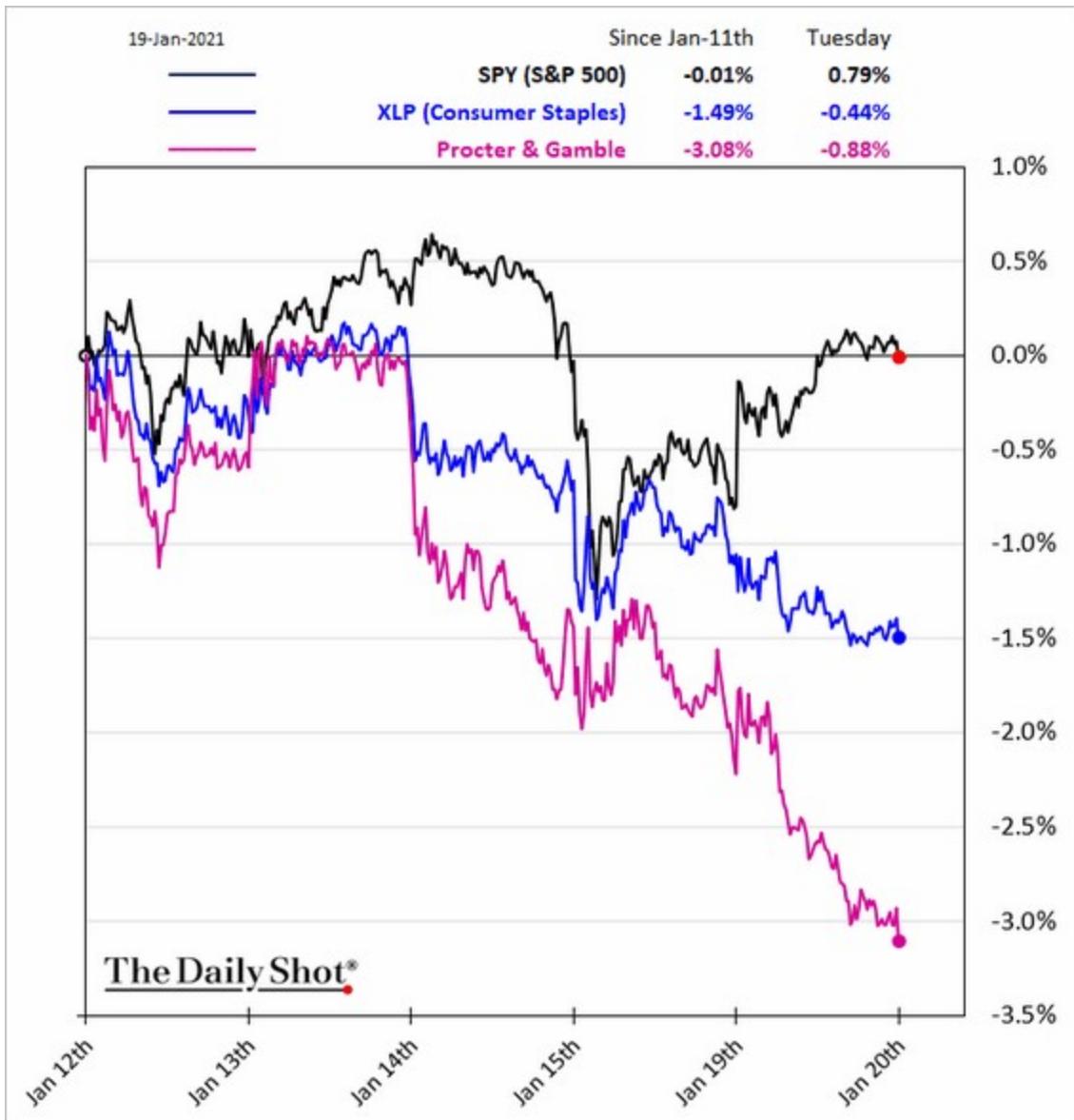
— Banks:



— Homebuilders:



— Consumer staples:



— Energy:



Some of the specialty funds favored by retail investors continue to climb.

— ARK Innovation:



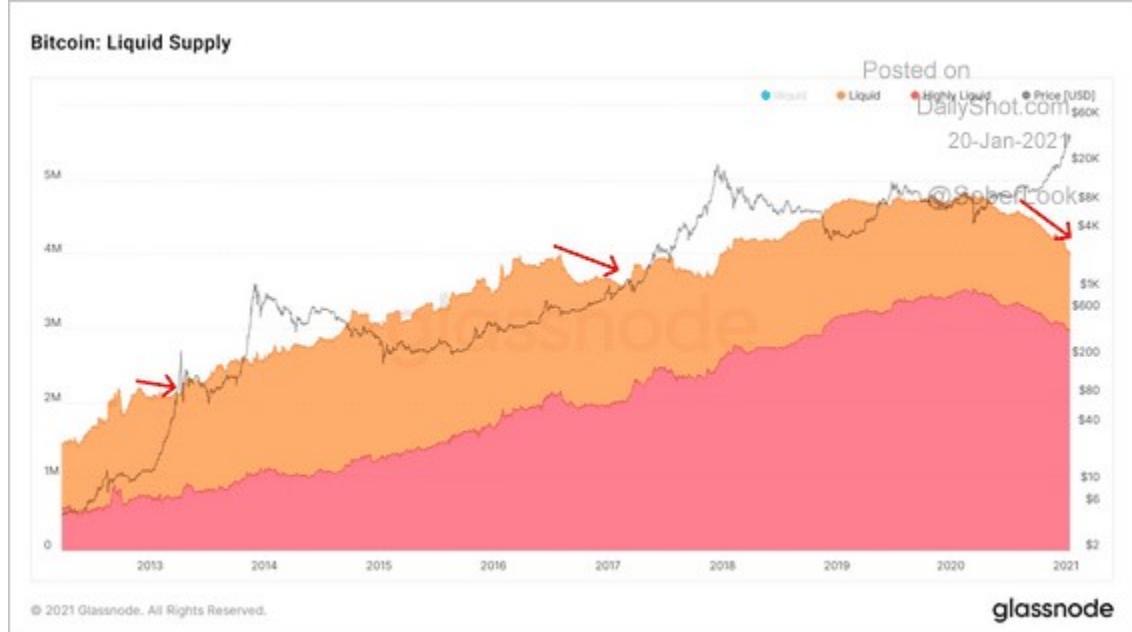
— Cannabis:



Bitcoin continues to consolidate.

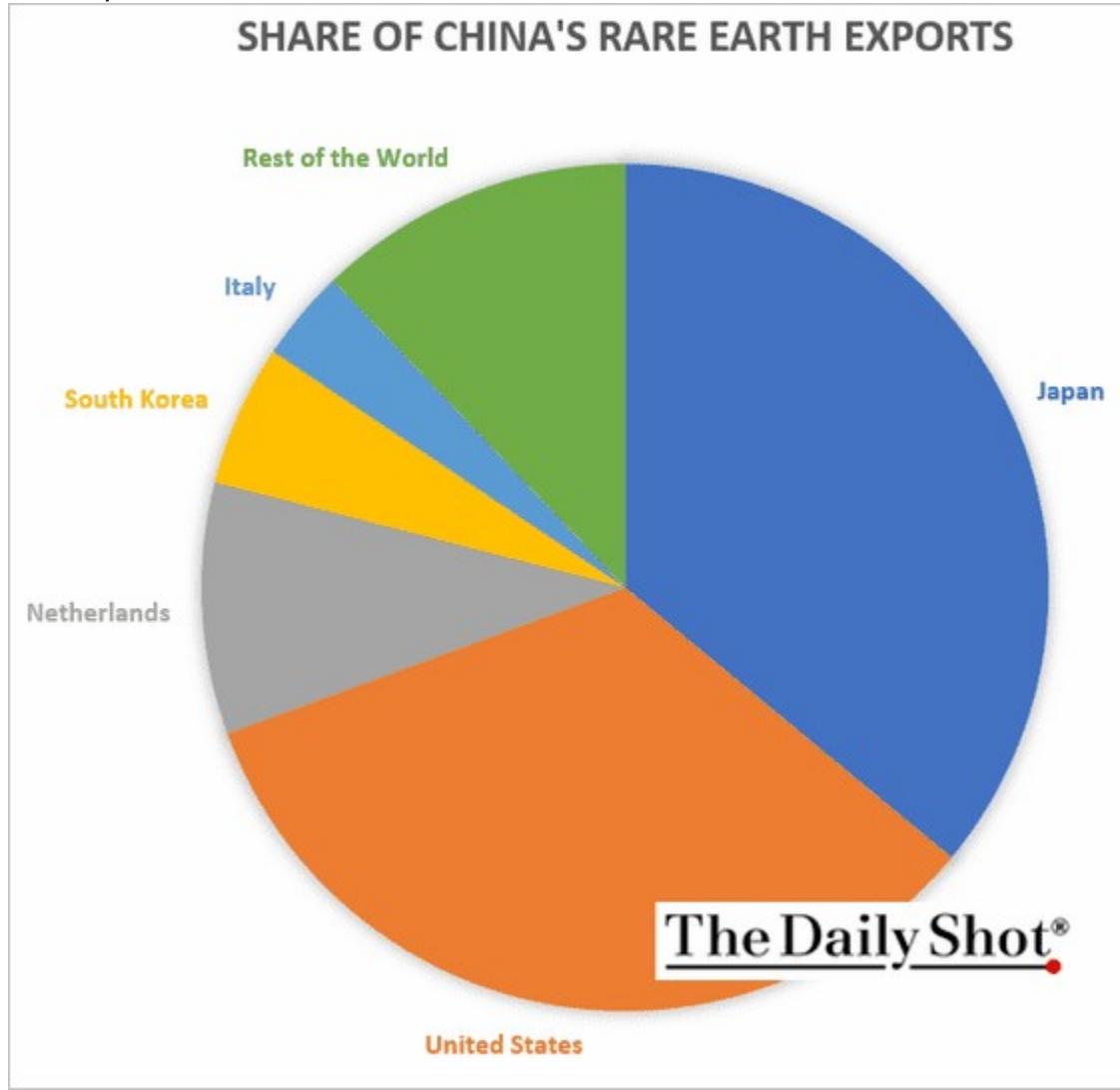


The “liquid supply” of Bitcoin is decreasing, which typically precedes price rallies.



Source: Glassnode [Read full article](#)

Who buys rare earths from China?



Further reading

Fund managers see a steeper yield curve ahead.

Exhibit 3: Steeper yield curve expectations at all-time high

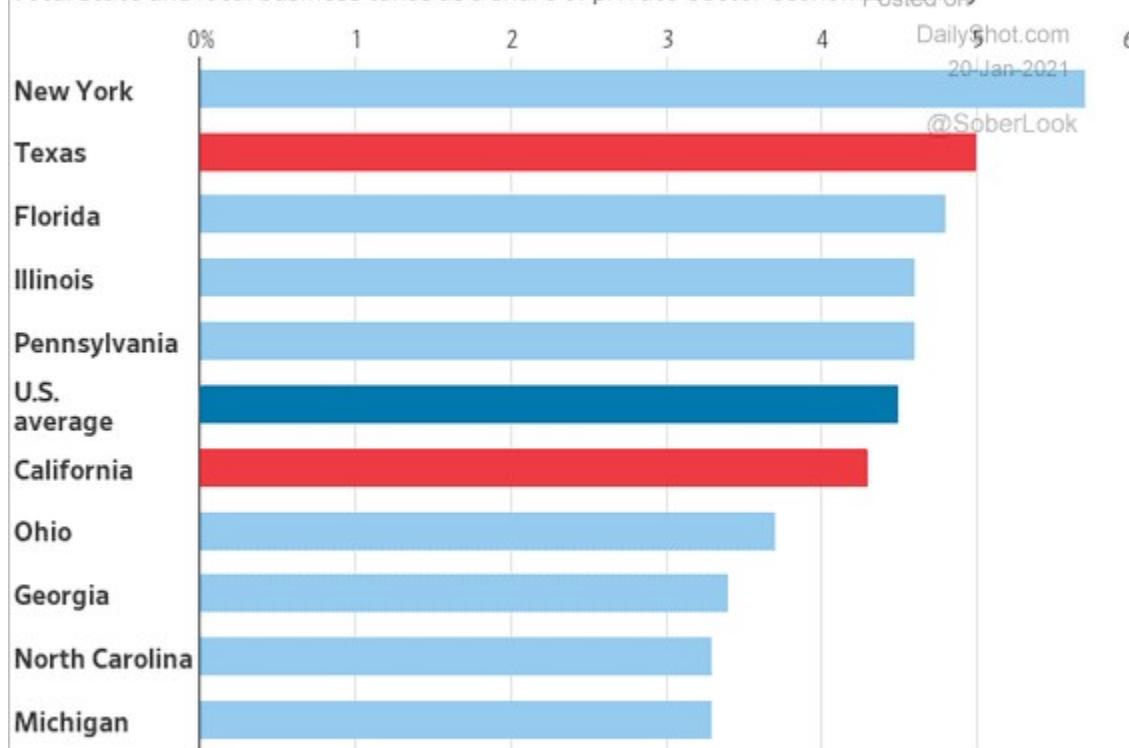


Source: [@ISABELNET_SA](#), [@BofAML](#)

Business taxes by state:

State Lines

Total state and local business taxes as a share of private-sector economic activity



Note: Gross state product reflects an average of calendar-year 2018 and calendar-year 2019

Source: Ernst & Young, Council on State Taxation, State Tax Research Institute

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

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