

## Nick Lampone

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**From:** Nick Lampone  
**Sent:** Friday, January 29, 2021 7:59 AM  
**Subject:** The Morning CORE  
**Attachments:** Core logo.png

**Happy Soul Train Friday** <https://bit.ly/39tdRda> Why is the guy in the red tank top dancing with a duster?

**US Futures-World Markets:** For all the chatter on Robinhood traders and GameStop, there was an old-fashioned BTFD rally yesterday. Stellar corporate earnings and a sell-off had investors buying REAL companies with REAL earnings power. S&P futures are lower this morning with deleveraging as Reddit stocks trade higher pre-market. It has been a crazy week, but the Robinhood trading cohort of retail investors is here to stay. Disruption is never comfortable, but it's here and I don't expect it to be a fad. Elizabeth Warren wouldn't know a gamma short squeeze from a gamma-ray, but I foresee some policy advice since it will get a few headlines. I read a term from Nic Colas the other day that made a ton of sense: micro and macro excess. Understand and know the differences between 'micro-excess' (bubble in few particular stock symbols) versus 'macro-excess (think 2008 financial bubble before the crisis). Speculative excess can reward you financially, but it is fundamentally (pun intended) different from investing. It pays to grasp the distinction between both. Does anyone know where Hertz is trading today? Neither do I. The Hertz joke is just a reminder that the news cycle moves fast, so keep up, but don't forget to keep everything in perspective. Bitcoin is +12% after Elon Musk tagged it in his Twitter bio. Chevron is -1% after reporting a miss this a.m. Biogen is +11% premarket on FDA news. S&P Futures vs. Fair Value: -25.40, 10-Yr Yield: 1.071%

### **CORE Headlines:**

- Wall Street braced for the return of an army of amateur investors to trading in GameStop and other hot stocks whose surges this week and subsequent suspension have pitched the little guy against short-selling hedge funds.-Reuters
- Eli Lilly posted a 41.5% rise in quarterly profit, helped by demand for its diabetes and cancer drugs, and as it benefited from the U.S. government's move to stock up on the drug maker's COVID-19 antibody drug for emergency use.-Reuters
- Novavax said on Thursday its coronavirus vaccine was 89.3% effective in preventing COVID-19 in a trial conducted in the United Kingdom, and was nearly as effective in protecting against the more highly contagious variant first discovered in the UK, according to a preliminary analysis.-Reuters
- "The US economy shrank in 2020 for the first time since the financial crisis, but grew rapidly in the fourth quarter and is forecast to continue recovering following its worst year since the 1940s."-WSJ
- State lawmakers and businesses in New Mexico are trying to figure out how President Biden's move to suspend new federal drilling leases could undercut their oil-dependent economy and budget.-WSJ
- A former Green Beret and his son moved a step closer to being extradited to Japan to face criminal charges in the dramatic escape of former **Nissan** chairman Carlos Ghosn, after a federal judge ruled against the duo's latest legal challenge.-WSJ
- After months of sounding the alarm on what she claimed was a stolen presidential election, Arizona Republican Party chairman Kelli Ward is facing questions about her own reelection, with her rival asking for an audit of the results.-USA
- A probe by the New York attorney general's office found Covid-19 deaths of nursing home residents in the state may have been undercounted by as much as 50 percent because of poor infection-control practices and understaffing.-USA (I'm guessing this wasn't on the network evening news last night.)

- Jaime Rogozinski, the creator of the **Reddit** forum at the center of the ongoing stock market frenzy, called the recent coordinated strategy to pump ailing stocks like **GME** and **AMC** a “train wreck.”-NYP
- President Biden ordered the Affordable Care Act’s health insurance marketplaces reopened, and took steps to restore coverage mandates Trump had undermined, including protecting those with pre-existing medical conditions.-NYT
- Democrats are preparing to bypass Republican objections to push President Biden’s \$1.9T economic aid package through Congress, even as officials and congressional moderates hold out hopes of passing a bill with bipartisan support.-NYT
- In an interview with the FT, Viktor Gaspar of the International Monetary Fund said fiscal policy should focus on stimulus in the immediate future, and that advanced economies can live with higher levels of public debt after the pandemic. -FT (Why not? It isn’t his money.)
- The day-trading surge in **GME** and **AMC**, along with other companies, has benefited some large firms—**Silver Lake** and **Mudrick Capital Management** swapped debt for equity, earning hundreds of millions of dollars in profits.-FT (Underreported story yesterday.)

### Interesting Reads/Charts:

- ZeroHedge: Piece from last year, but timely on Citadel, Robinhood, and the front-running of retail order flow <http://bit.ly/2MAib5s>
- Bloomberg: Robinhood app drew on credit lines from banks during chaos <http://bloom.bg/2NMr9sV> (I don’t think most investors realize what happens behind the scenes when markets go ballistic. Portnoy can crush the CEO, but Vlad Tenev is running a business with consequences.)
- A16: Trends driving the future of bio and healthcare <http://bit.ly/3r28Yhg>
- Marshall Project: Using crisis responders instead of police for some 911 calls <http://bit.ly/3aaggJu>
- CNBC: Hard seltzer sales were up 160% in 2020. Amazing. <http://cnb.cx/39rdeAW>

### Charts from The Daily Shot:

Concerned about out-of-control growth in unsettled securities and a rising risk of a dramatic price gap, clearing firms boosted margin requirements for online brokers in many of the high-flying stocks.

## Reddit Stock Mayhem ‘Generated Substantial Risk’ for Brokers

“When volatility increases, **portfolio margin requirements increase** too,” the Depository Trust & Clearing Corp. said Thursday in an emailed statement.

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

## GameStop Trading Restrictions Blamed on Wall Street’s Clearing Firm by Online Broker

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

- As a result, brokers imposed trading limits.

## Robinhood, Other Brokerages Restrict Trading on GameStop, AMC

Posted on

DailyShot.com

29-Jan-2021

Move comes amid extreme volatility this week as once-unpopular stocks have soared

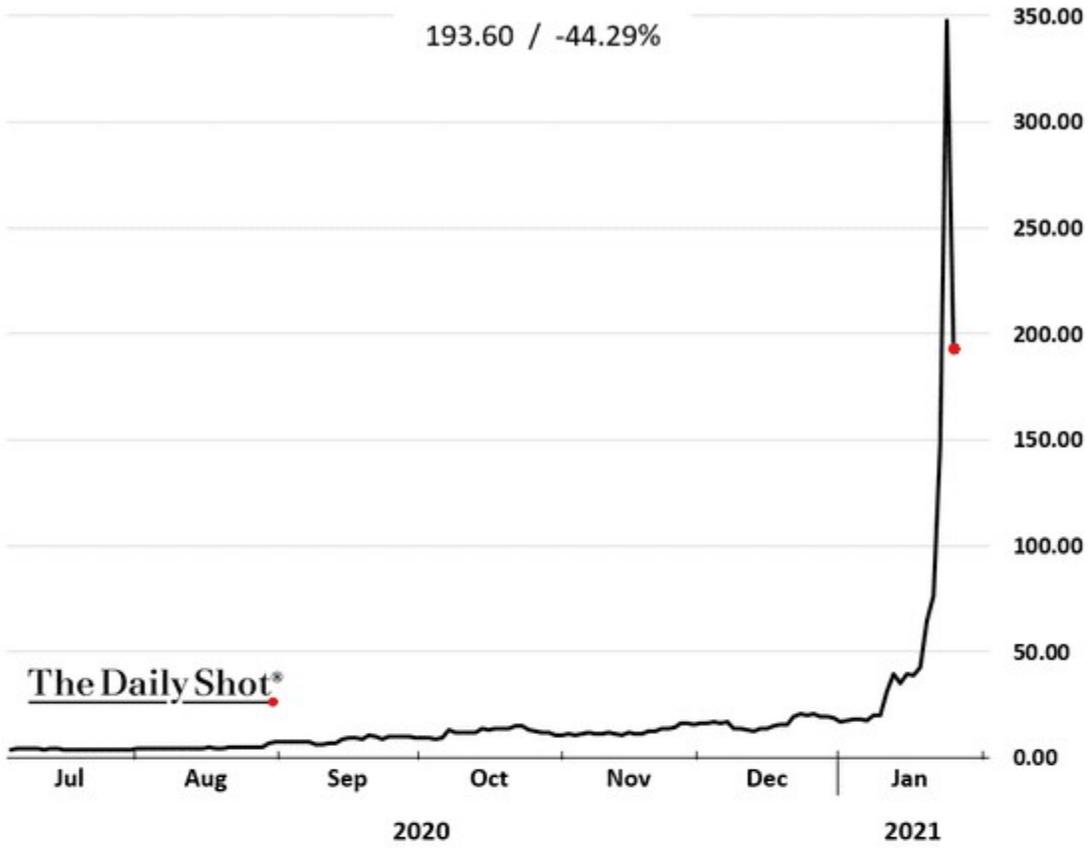
Source: @WSJ [Read full article](#)

- The Reddit favorites sold off sharply.

28-Jan-21

### GameStop Corporation

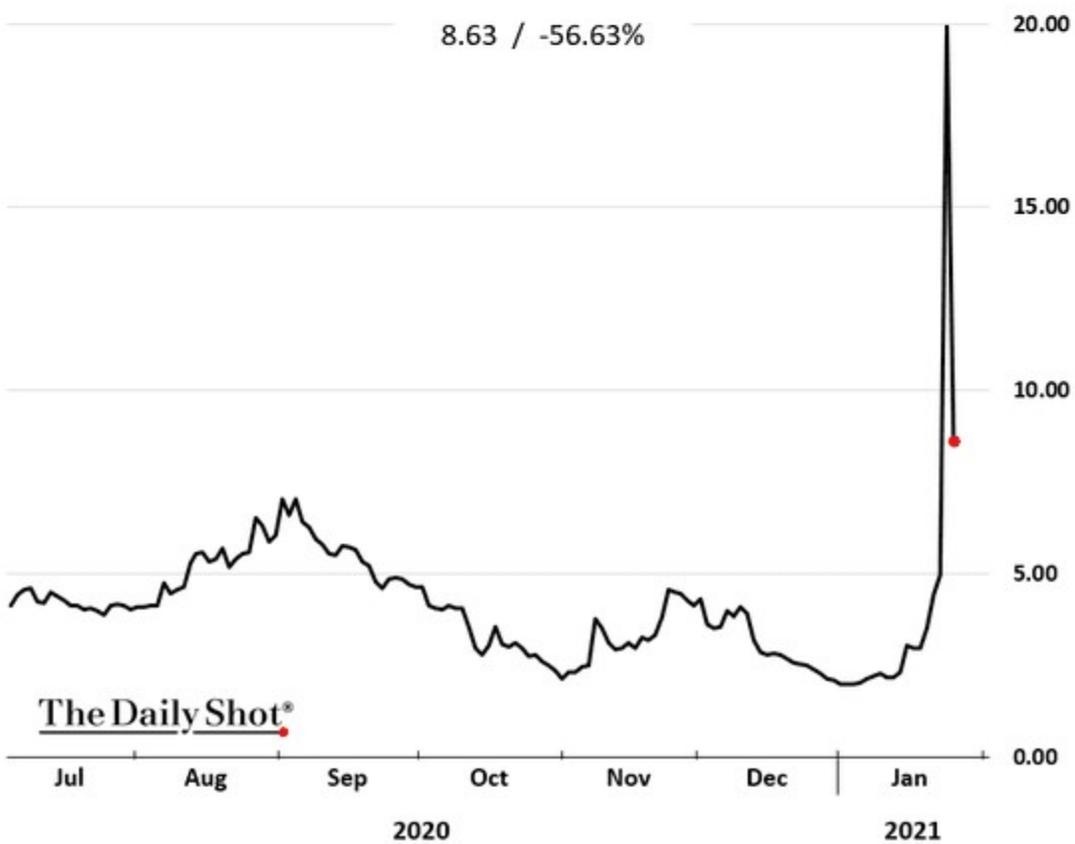
193.60 / -44.29%



28-Jan-21

### AMC Entertainment

8.63 / -56.63%



- To cover the new margin requirements, Robinhood tapped its bank credit lines.

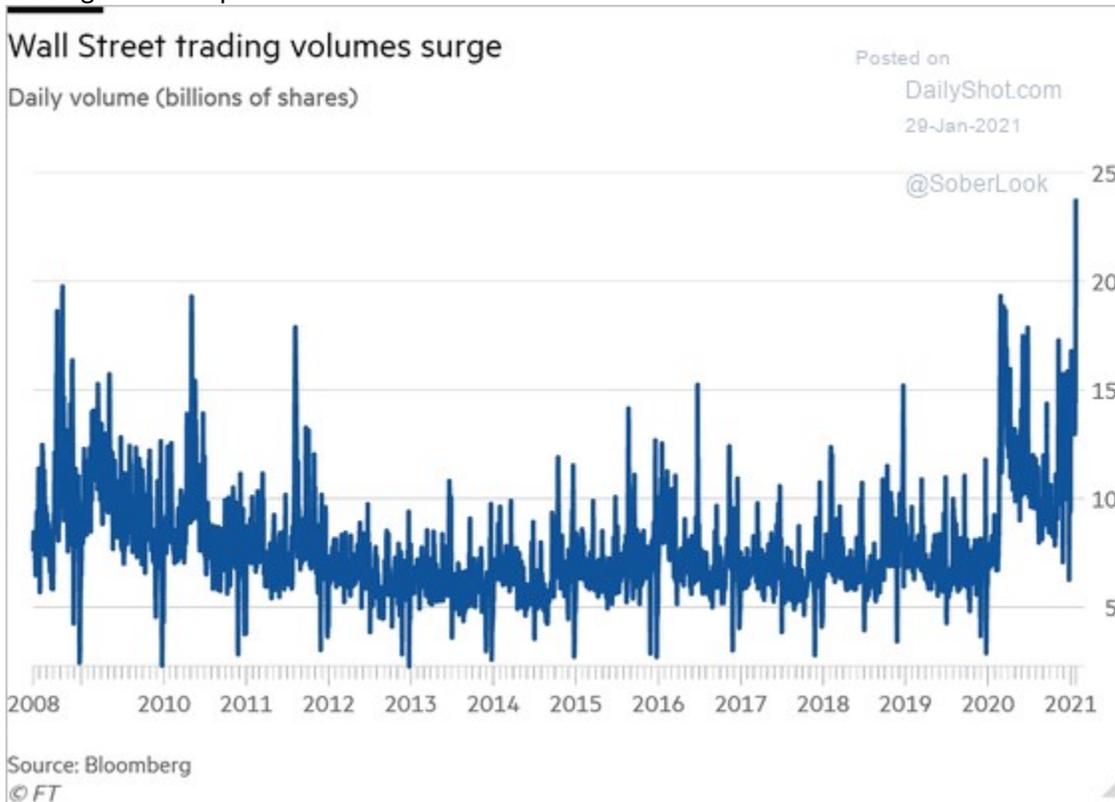
## Robinhood Is Said to Draw on Bank Credit Lines Amid Tumult

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

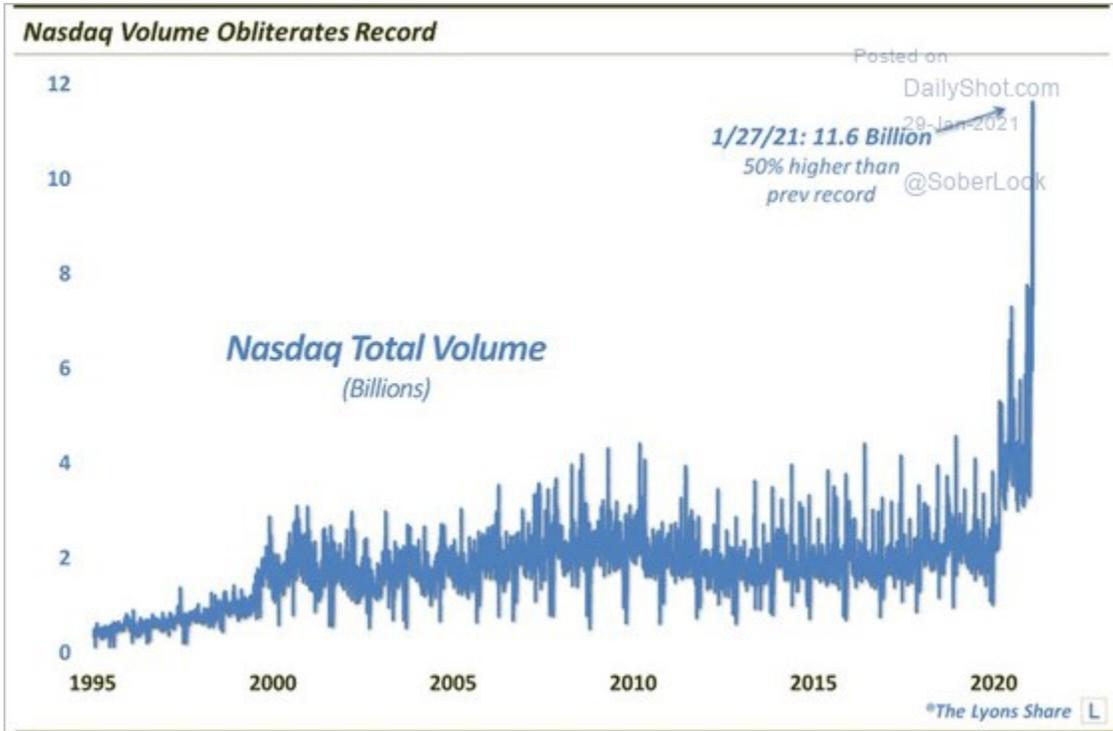
## Robinhood Raises \$1 Billion in Dash for Cash After Trader Revolt

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

With Robinhood ready to resume trading, these stocks jumped sharply in after-hours trading. Trading volumes spiked this week.

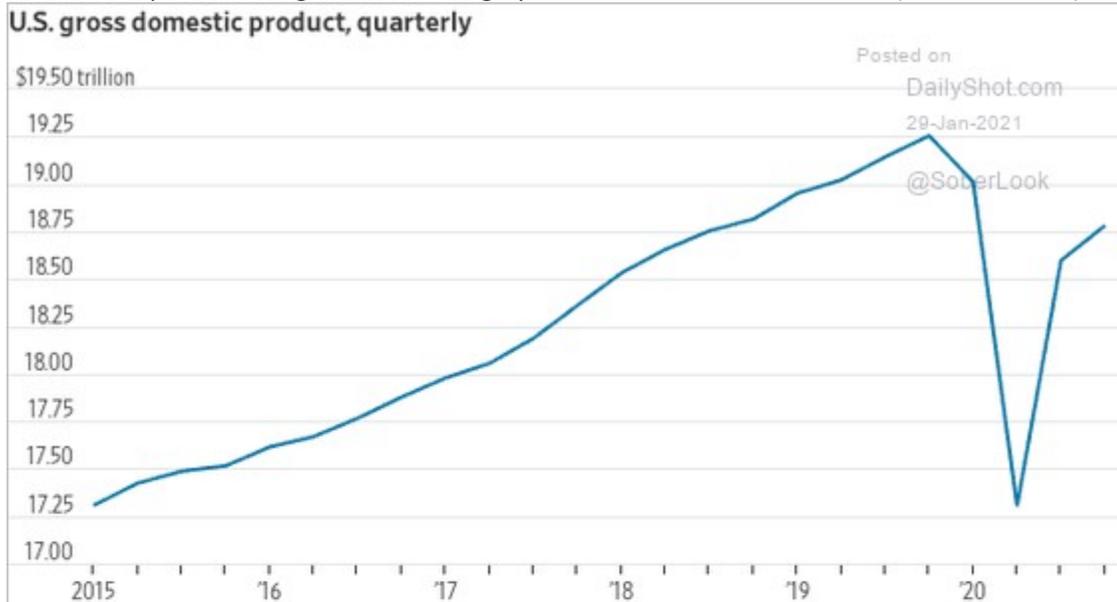


Source: @financialtimes, h/t @ISABELNET\_SA [Read full article](#)



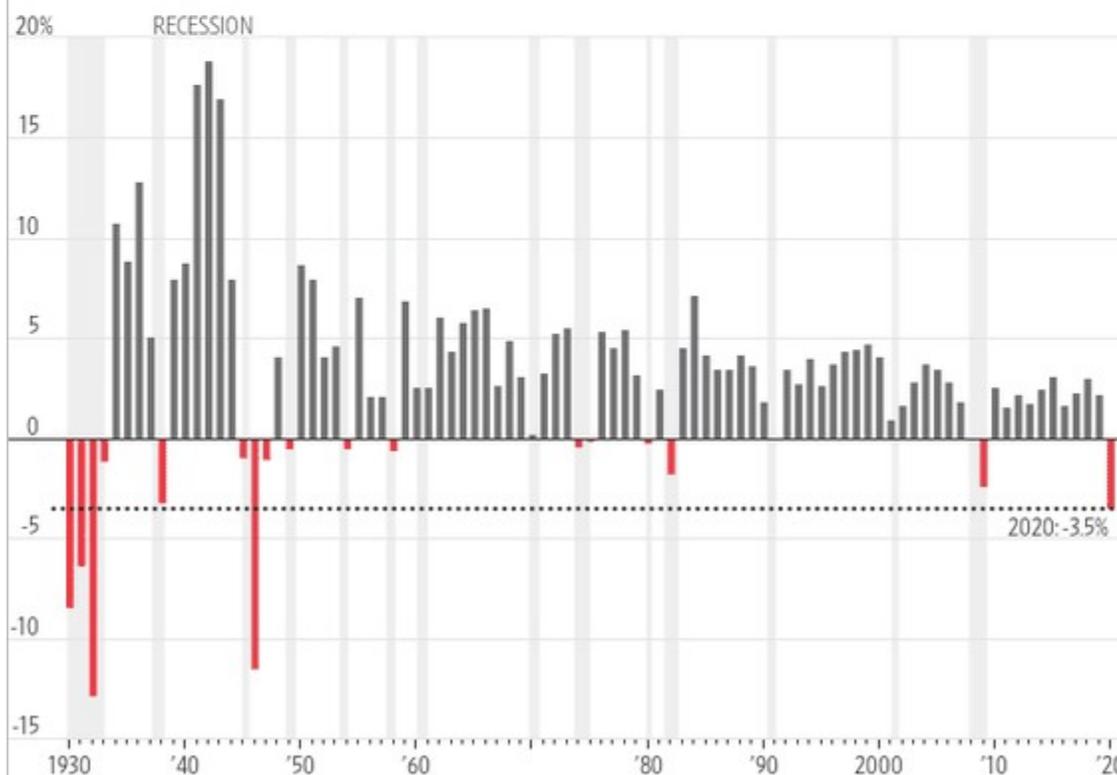
Source: @JLyonsFundMgmt

The fourth-quarter GDP growth was roughly in line with market consensus (4% annualized).



Note: Inflation and seasonally adjusted annual rate  
Source: Commerce Department

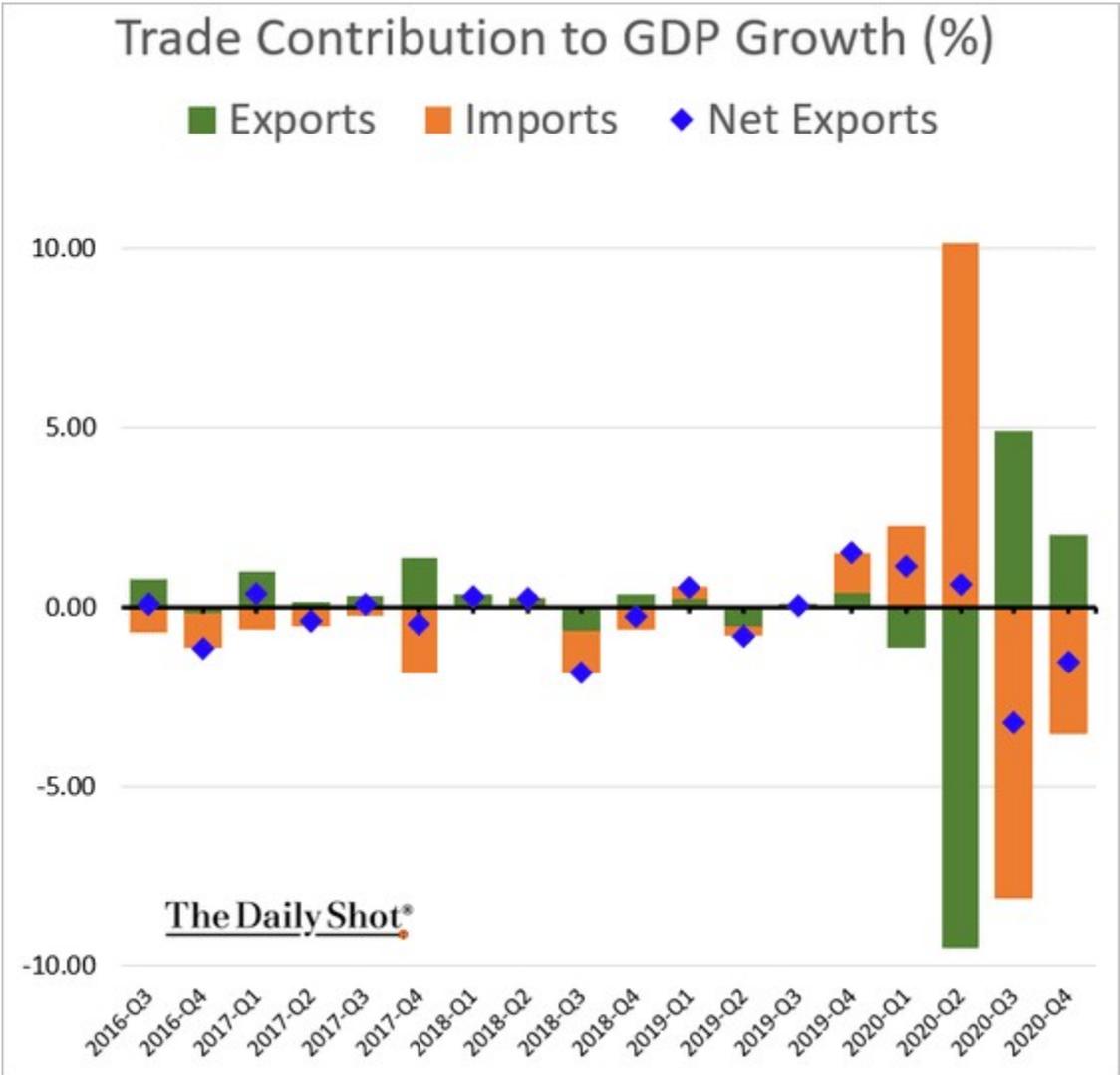
### Yearly change in gross domestic product



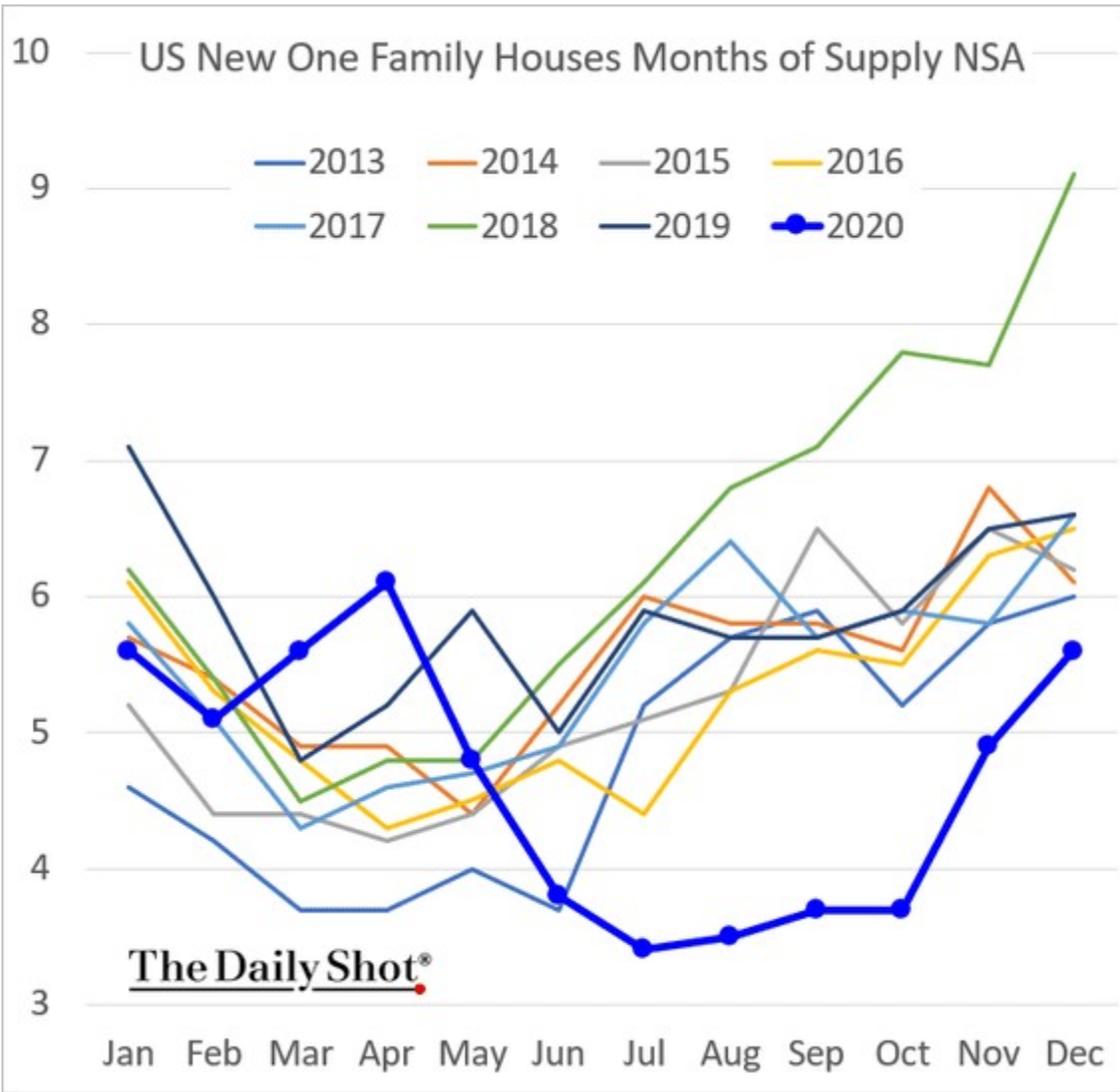
Note: Inflation adjusted  
Source: Commerce Department

Source: [@jeffsparshott](#), [@greg\\_ip](#)

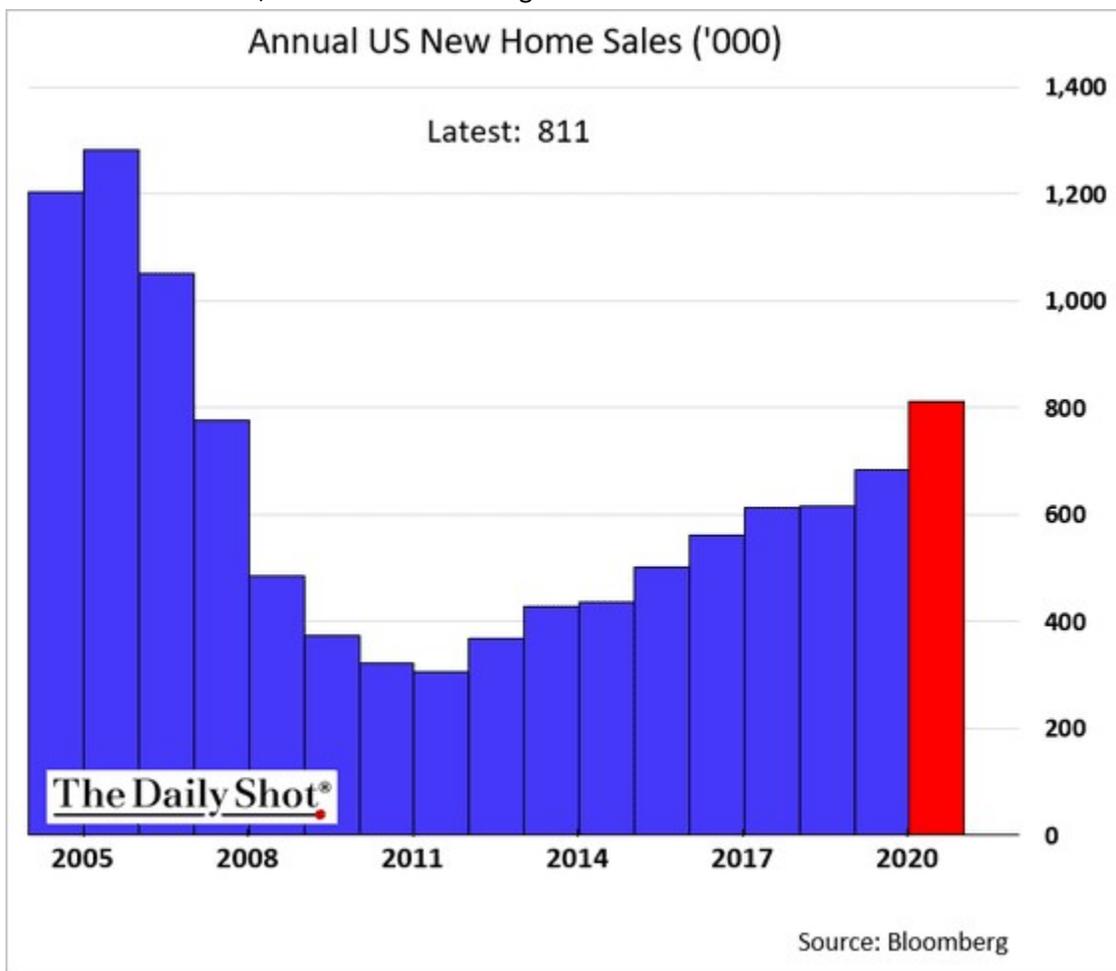
The increase in US trade deficit was a drag on growth again (imports outpaced exports).



Inventories of new homes climbed but were still relatively low last month.



- On an annual basis, home sales hit the highest level since 2006.



Bloomberg's consumer sentiment index ticked higher.



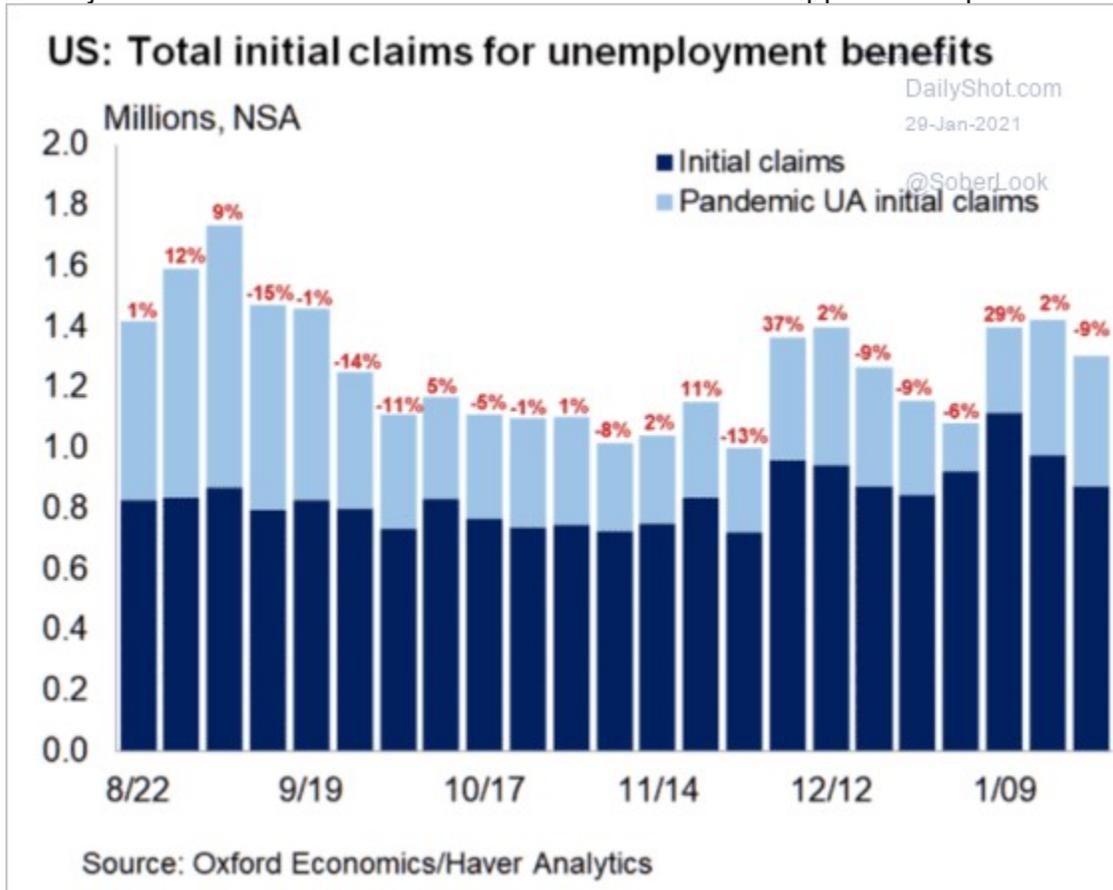
The improvement was driven by Democrats and Independents, as confidence among Republicans

deteriorated further.



Source: [@TheTerminal](#), Bloomberg Finance L.P.

Initial jobless claims remain well above one million new applications per week.



Source: [Oxford Economics](#)

Deprived of their favorite stocks, the Reddit crowd went after silver.

## Silver Surges as GameStop Day Traders Move Into Other Assets

DailyShot.com  
29-Jan-2021

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

28-Jan-21 17:00

### Silver

26.50 / +4.89%

28.00

27.50

27.00

26.50

26.00

25.50

25.00

24.50

24.00

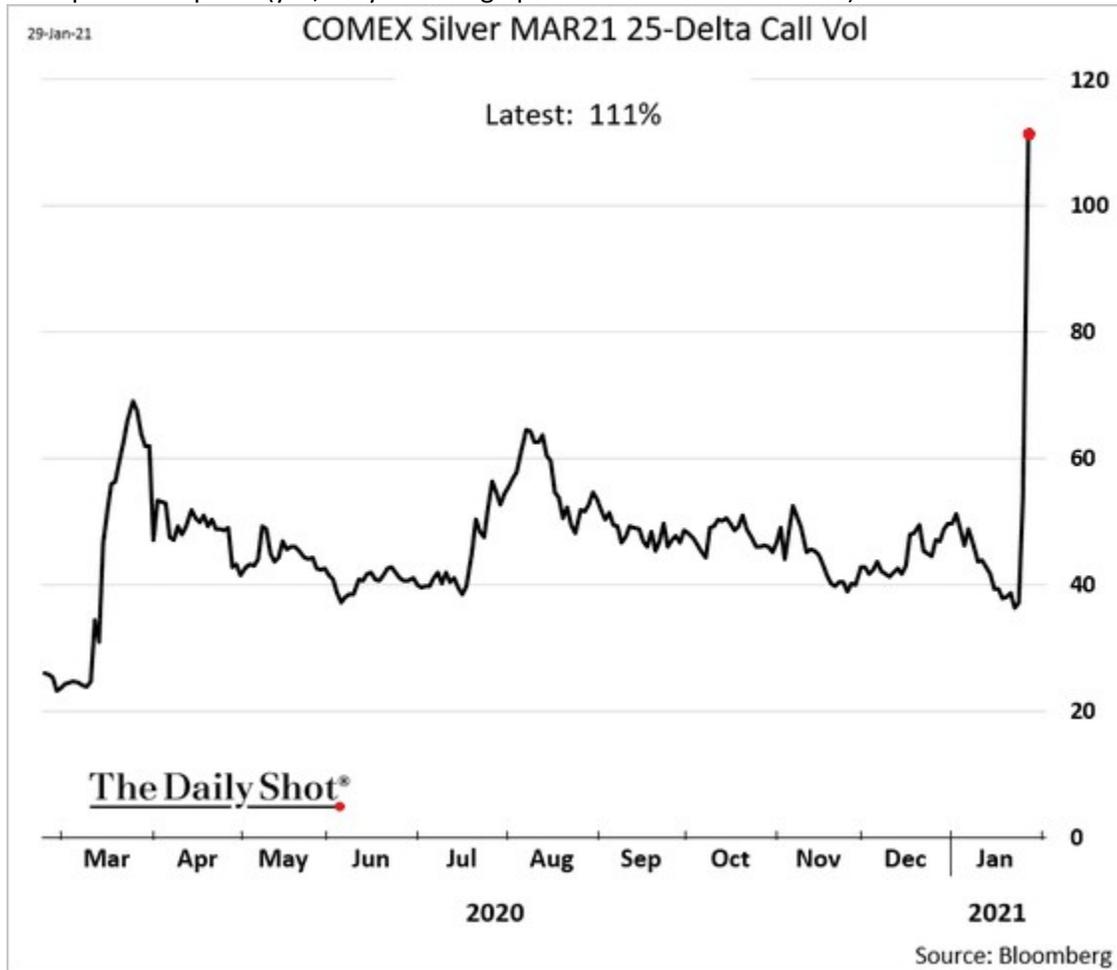
The Daily Shot<sup>®</sup>

4 5 6 7 8 11 12 13 14 15 18 19 20 21 22 25 26 27 28 29

January



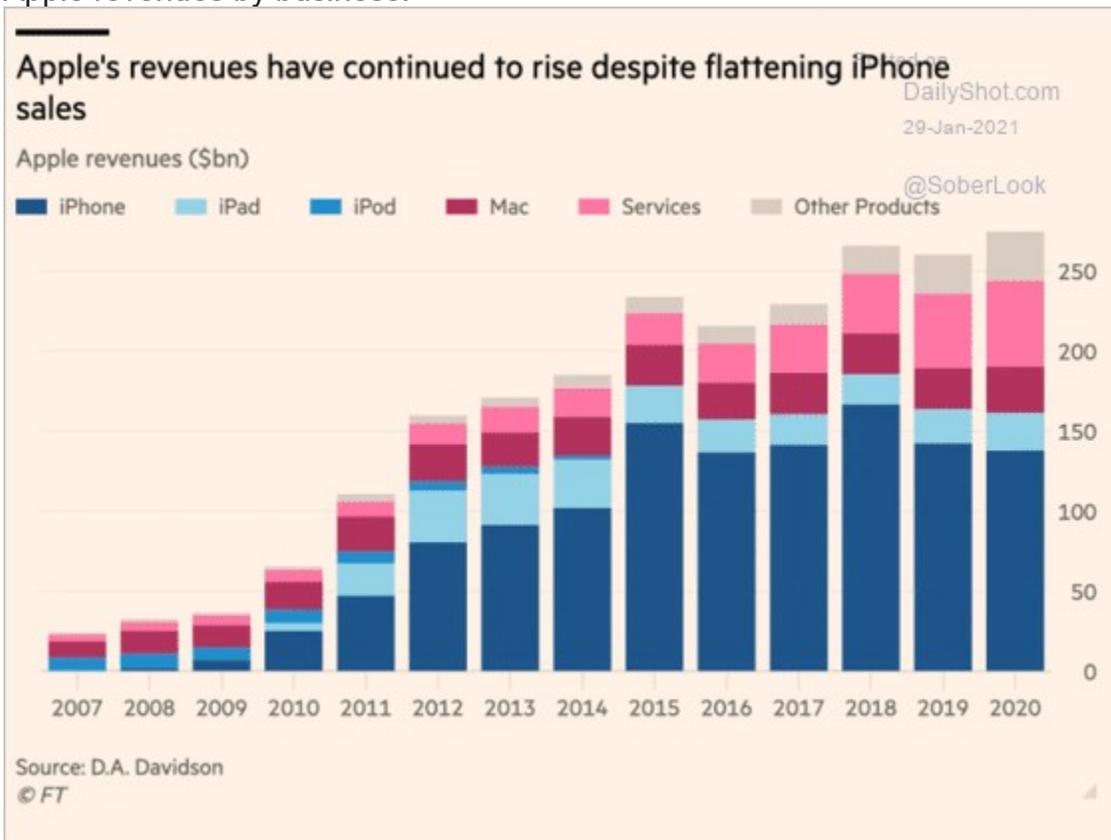
Call option vol spiked (yes, they are using options in this market as well).



The US 3-month LIBOR is near the lows amid ample liquidity in money markets.

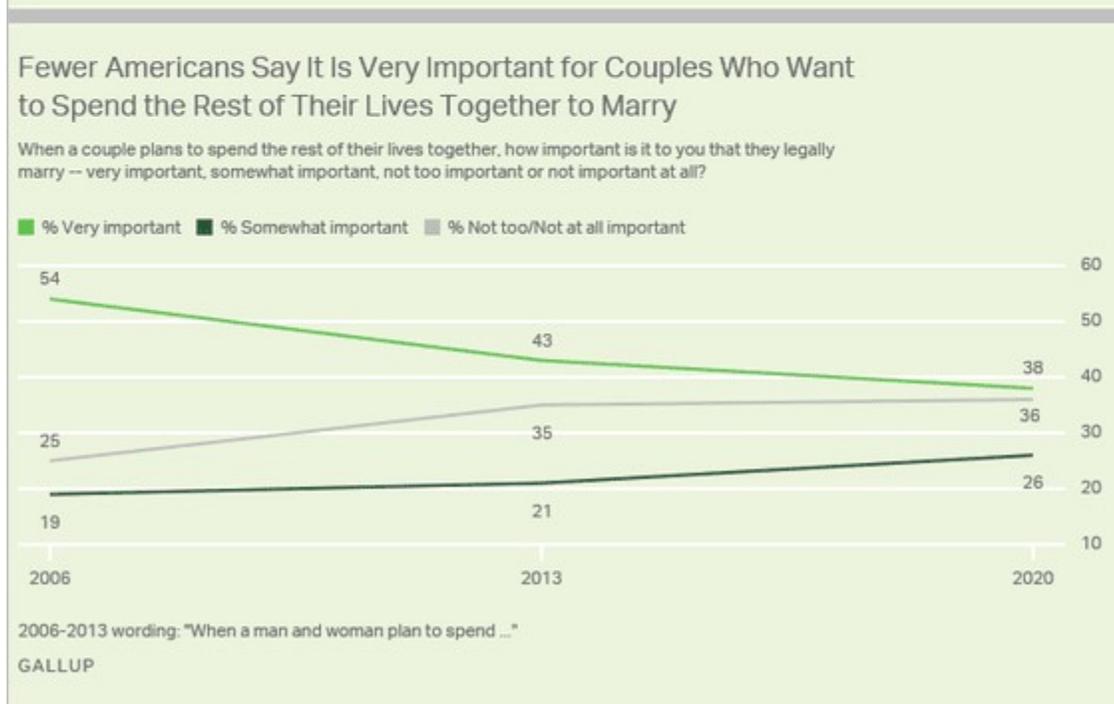
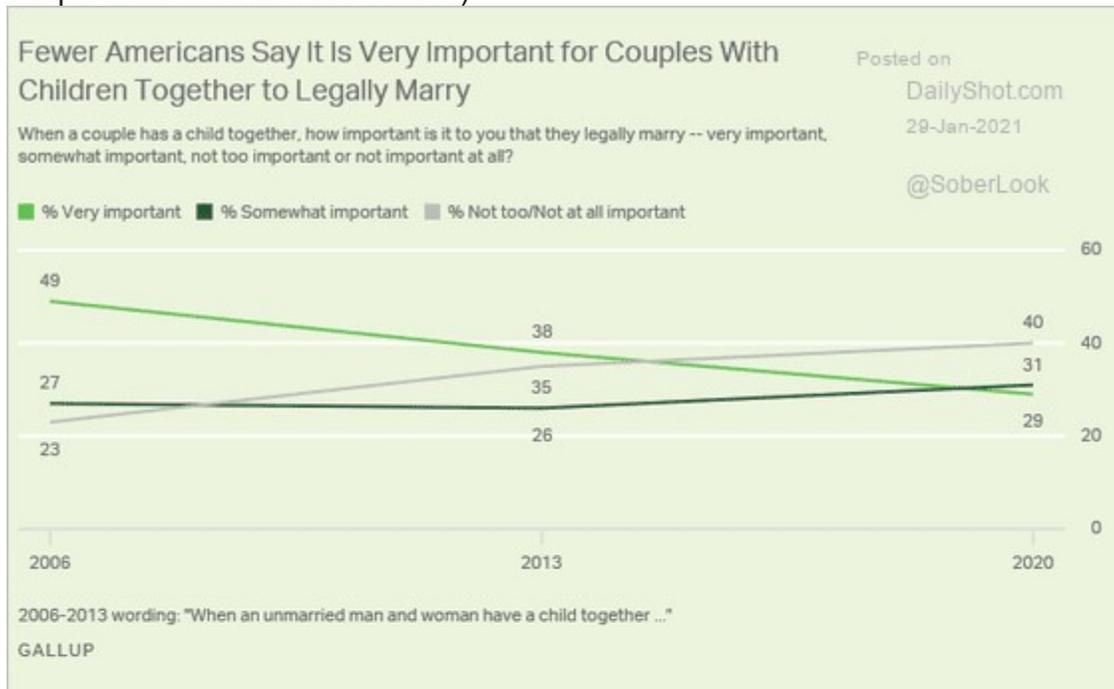


Apple revenues by business:



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

Views on marriage in the US: (Kind of scary when you overlay this with the research on married couples and financial outcomes.)



Source: Gallup [Read full article](#)

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