

Nick Lampone

From: Nick Lampone
Sent: Friday, February 5, 2021 8:07 AM
Subject: The Morning CORE
Attachments: Core logo.png

Happy Soul Train Friday <https://bit.ly/3fuueWS> Nothing like a little Stevie to kick-off the weekend!!

As a long-time sports bettor, I still find it amazing that online sports wagering is legal in some U.S. states. I guess tax revenue supersedes everything. The same politicians 'concerned' about retail investors losing money trading GameStop have no problem putting a casino in every neighborhood in America and phone betting. Look at the stock performance of DraftKings (+333% last 52 weeks) and Penn Gaming (+268% last 52 weeks). This reminds me of one of my all-time favorite commercials. Thx for sending, Joe.

<https://vimeo.com/18637666> Dinosaur balloon is the kicker!!

US Futures-World Markets: Impressive close yesterday as equities rallied on solid corporate earnings and better than expected jobless claims data. S&P futures trade higher and the index is on track for its best week since early November. Democrats jamming through a huge stimulus package along with the hope of a competent vaccine rollout makes for a rally. As the GameStop mania subsides, here's another reminder to keep everything in perspective. Worth looking at last Friday's note on Nic Colas and 'micro-excess vs. 'macro-excess' if you missed it. Jobs data is released at 8:30 am ET. S&P Futures vs. Fair Value: +15.10, 10-Yr Yield: 1.145%.

CORE Headlines:

- President Joe Biden's drive to enact a \$1.9 trillion coronavirus aid bill gained momentum early on Friday as the U.S. Senate narrowly approved a budget blueprint allowing Democrats to push the legislation through Congress in coming weeks with or without Republican support.-Reuters (So much for unity.)
- Alibaba Group's \$5 billion U.S.-dollar bond offering received demand for eight times the debt offered, underscoring global investors' faith in founder Jack Ma's e-commerce behemoth despite a regulatory crackdown on his empire.-Reuters
- Driving down unemployment has become the overriding economic goal of top US policy makers, an imperative that will shape many of the big decisions being made in Washington in the months ahead.-WSJ
- Ford: A global semiconductor shortage is expected to cut the company's vehicle output by up to 20 percent in the first quarter, illustrating how the fallout from the computer-chip crunch has hit the car business.-WSJ
- The White House indicated it might forgive student debt without Congress after Senate majority leader Chuck Schumer urged President Biden to use his executive powers to eliminate \$50,000 in loan debt for all borrowers.-WSJ (I will lose my mind if this happens.)
- **AMZN:** Rolling Stone magazine will start producing original videos for Twitch, making the music and pop-culture magazine the first mainstream publication to sign a long-term content deal with the company's video streaming service.-WSJ
- **QCOM:** Shares fell Thursday on earnings news—**Citi** analyst Christopher Danely downgraded Qualcomm stock to neutral from buy and cut his price target to 165 from 194—in a note to clients, he said the "bulk of 5G upside is likely over."-IBD

- By a voice vote, senators backed an amendment from Republican Senator Joni Ernst of Iowa to “prohibit the increase of the federal minimum wage during a global pandemic,” a sign the wage increase would be difficult to pass in an evenly split Senate.-NYT
- Social Democrats in Germany are turning against chancellor Angela Merkel’s Christian Democrats amid a growing shortage of coronavirus vaccines and waning popular support for the government’s stewardship of the pandemic.-FT
- Hong Kong’s new national security education system will force teachers to warn primary students as young as six years old against “subversion” and to throw out library books considered dangerous to the Chinese state.”-FT (Very scary. Good luck, Europe! Hope that new deal works out.)
- President Biden said the US will end its support of the war in Yemen, ending a six-year period of military assistance for the Saudi-led coalition waging war in the impoverished Arab country; he also appointed a special envoy to Yemen.-FT

Interesting Reads/Charts:

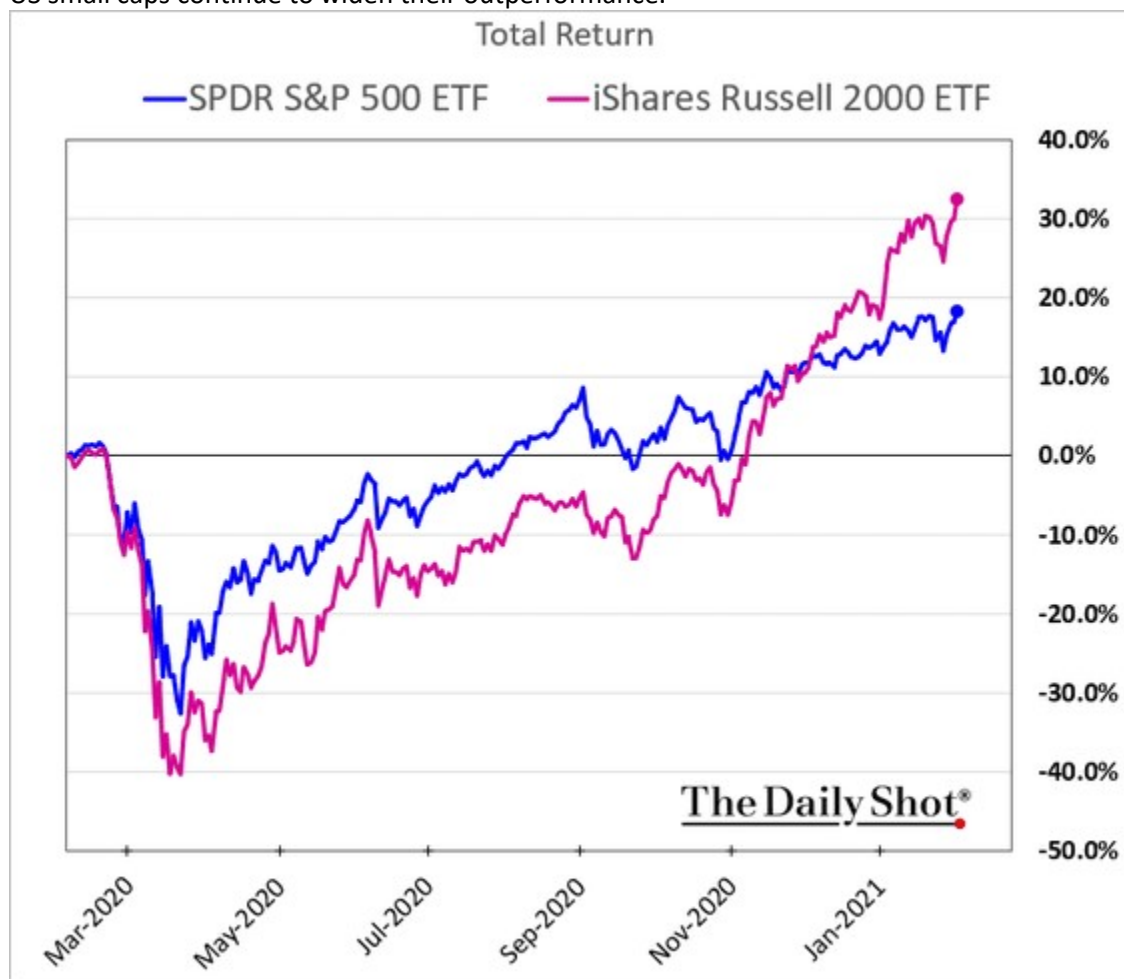
- CNBC: Ford ups investment in electric and autonomous vehicles to \$29 billion <http://cnb.cx/3oPnNSQ> (Better late than never)
- Complex: The Best Rapper Alive- every year since 1979 <http://bit.ly/36Dwlpu> Must-read for hip hop fans. The illustrations are amazing.
- NBC Sports: Why the NHL should change scoring system <http://bit.ly/3jifZHW> (Thx Duke. I don’t agree with this solution, but he is correct it needs to change.)

All charts from The Daily Shot:

Goldman’s index of stocks favored by retail investors is up 100% over the past year.



US small caps continue to widen their outperformance.



Small-cap valuations are still low relative to large-caps.



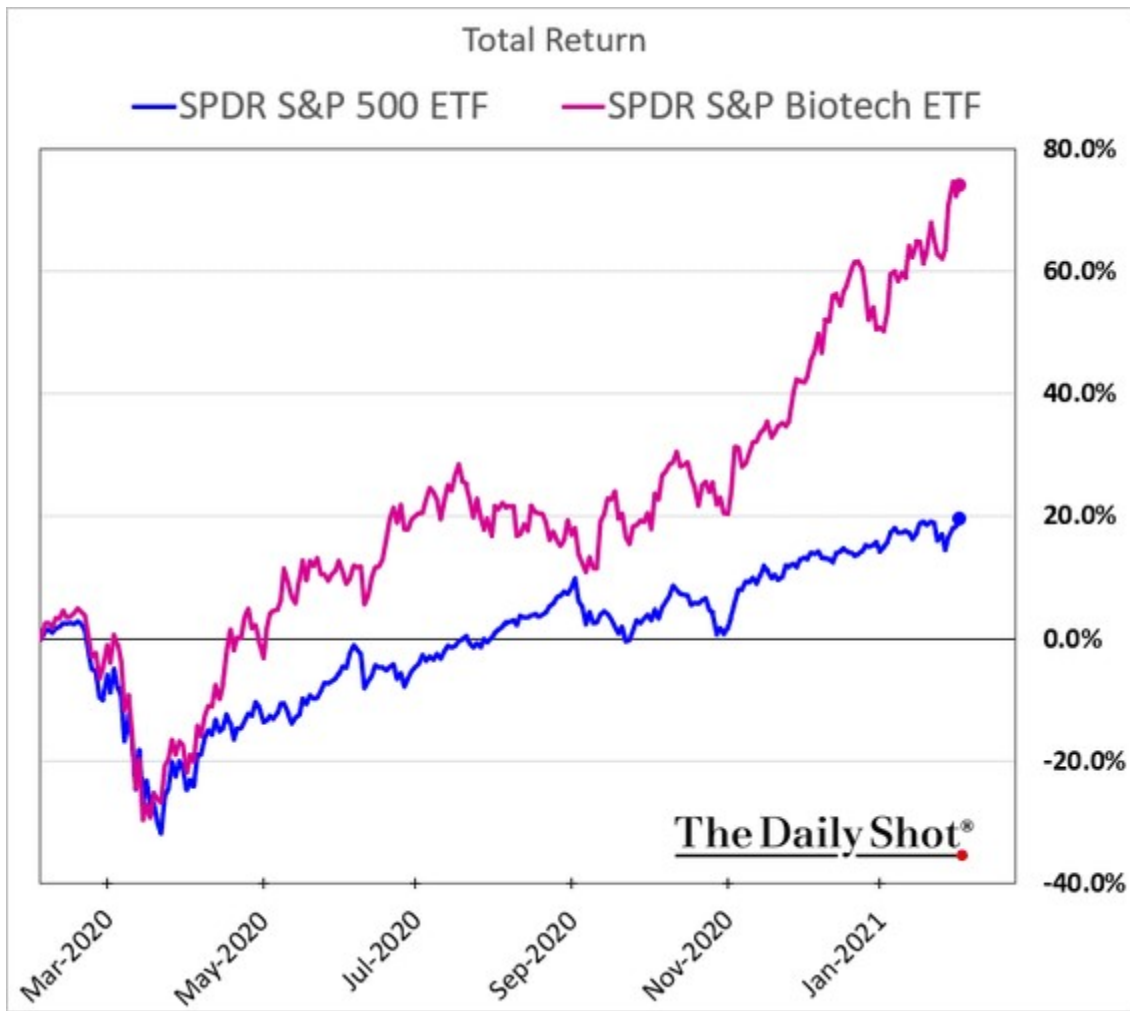
Source: [SunTrust Private Wealth Management](#)

The Reddit day trader army has been moving into biotech.

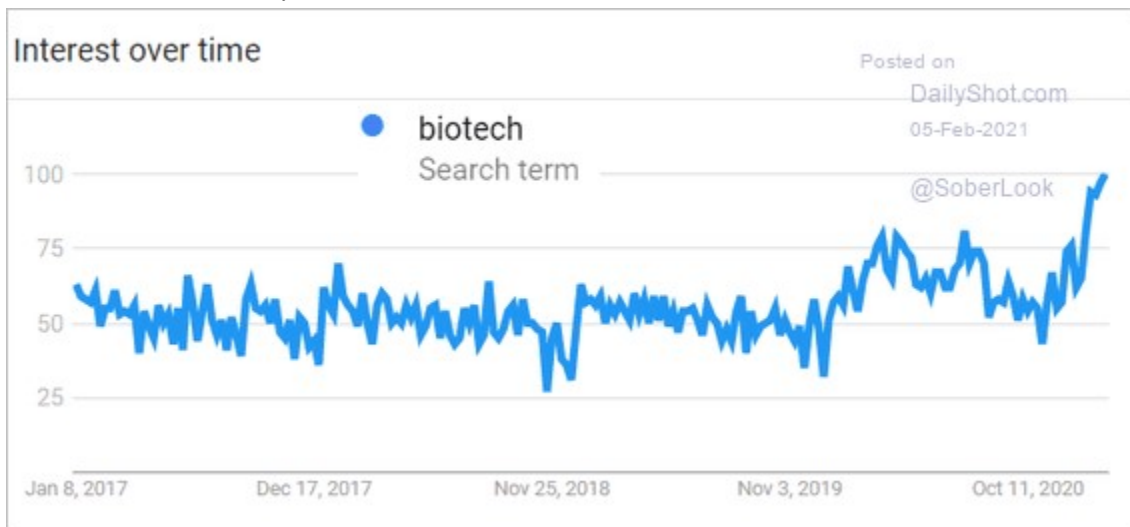
Reddit playing a major role in biotech trading action, says Jefferies top health care analyst

Source: CNBC [Read full article](#)

- Relative performance over the past year:

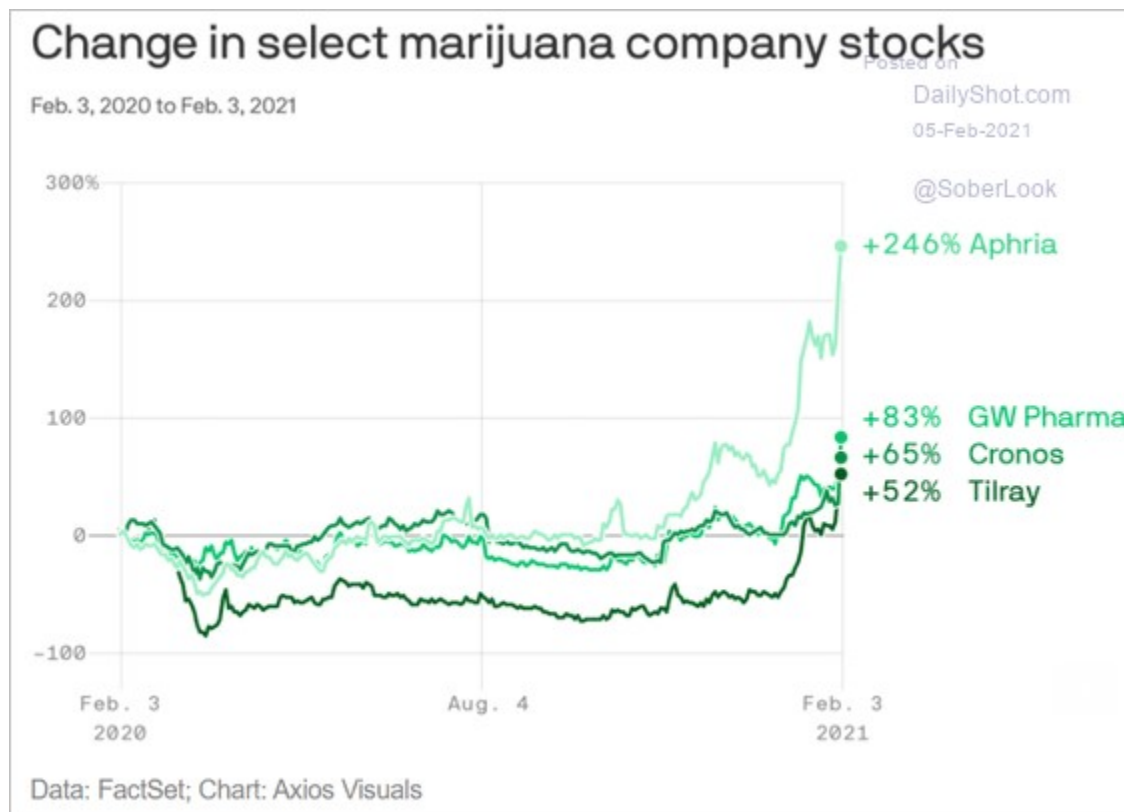
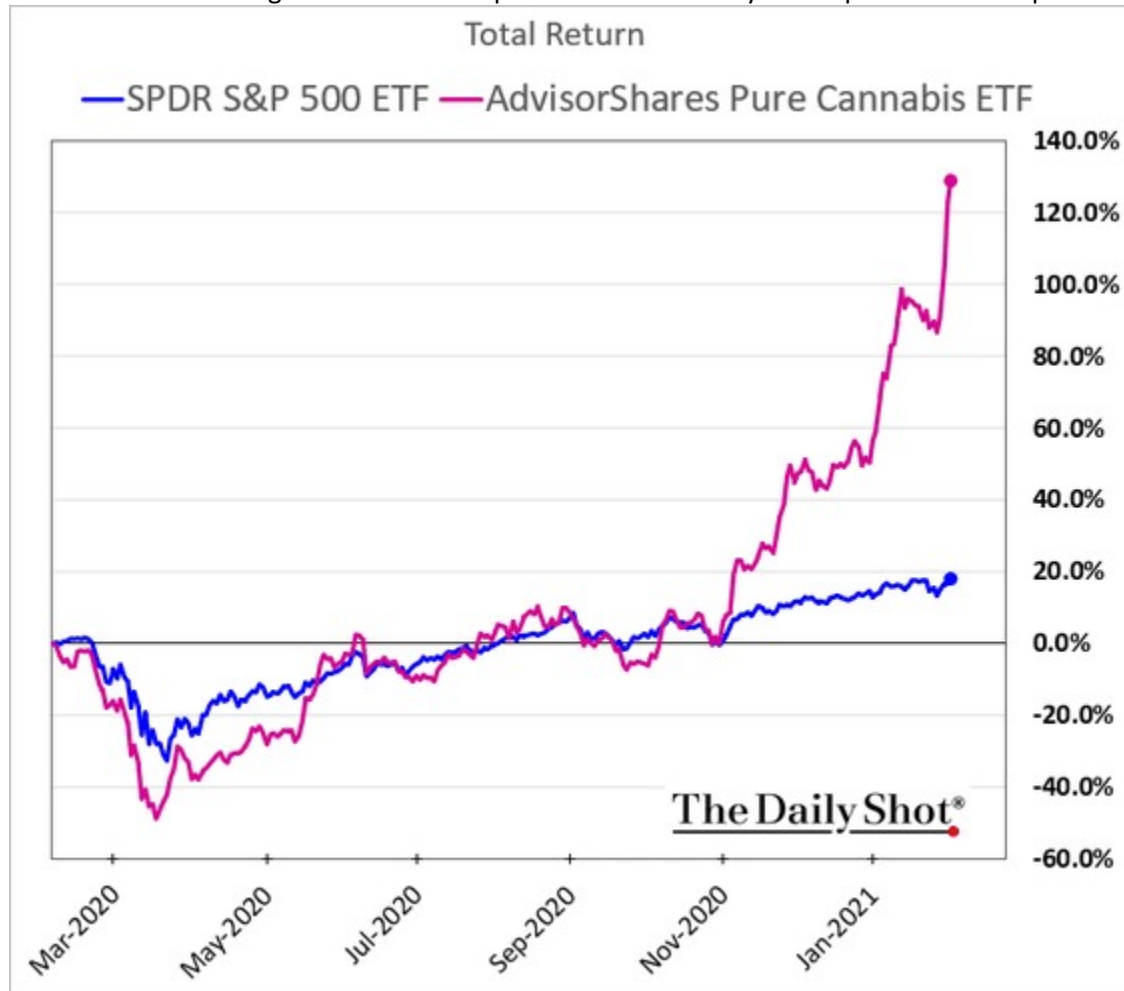


● Online search activity:



Source: Google Trends

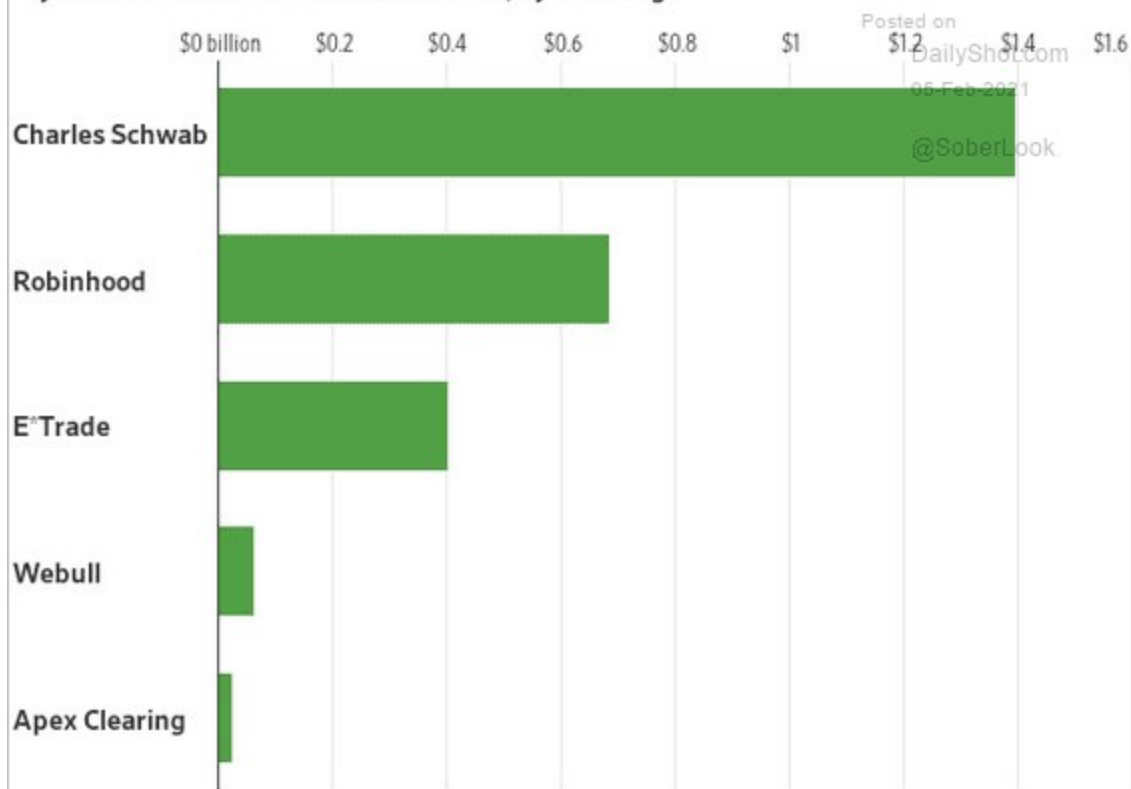
Cannabis stocks have gone vertical in response to M&A activity and expectations that prohibition will end soon.



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

Who are the largest sellers and buyers of order flow? (Everyone does it. Susquehanna prints money by trading the retail options flow.)

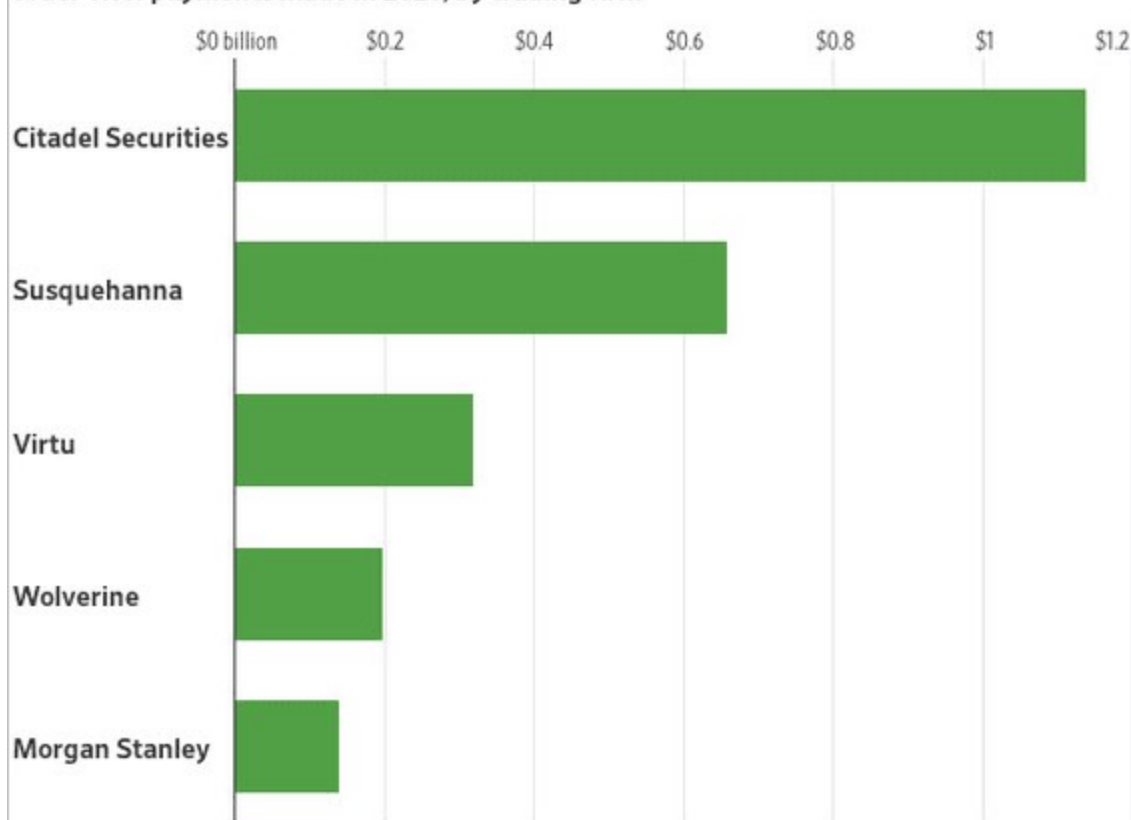
Payment-for-order-flow revenue in 2020, by brokerage



Note: Schwab data includes order-flow revenue of TD Ameritrade. The two firms merged last year.

Source: Company filings via JMP Securities

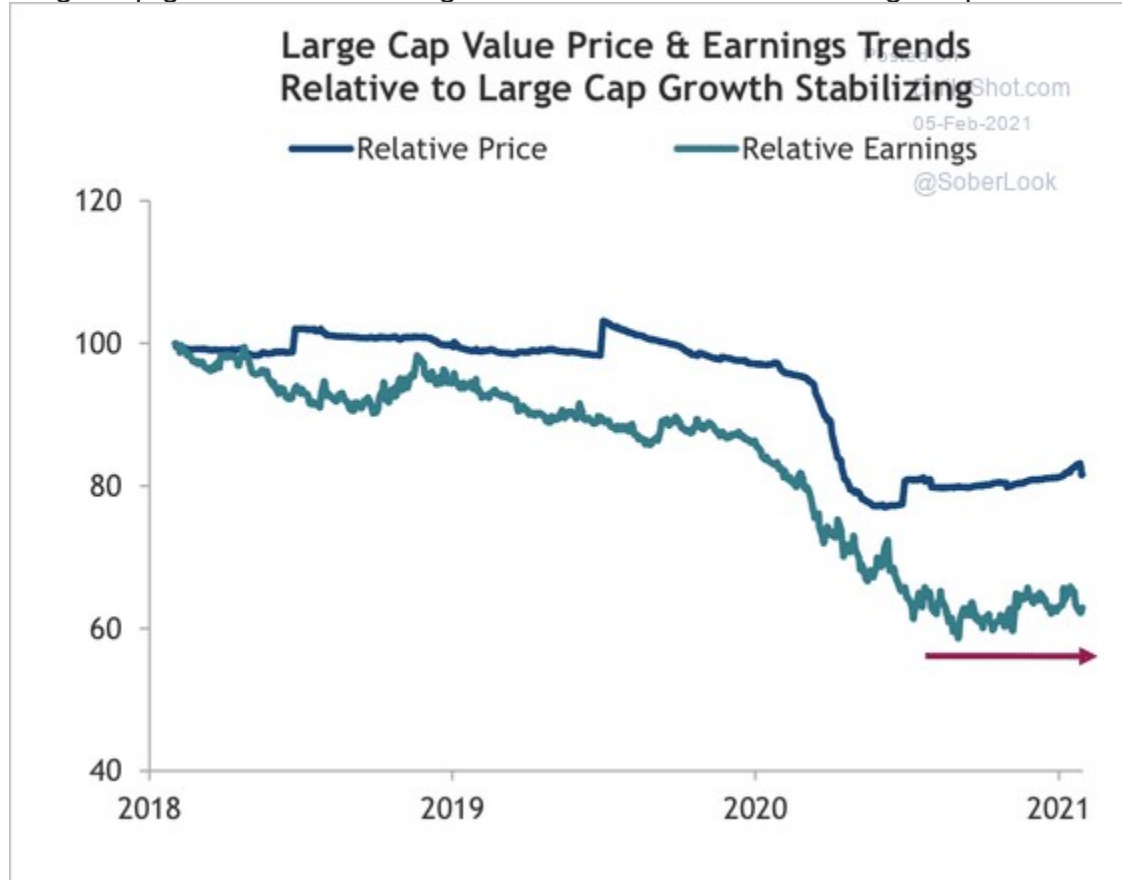
Order-flow payments made in 2020, by trading firm



Source: Bloomberg Intelligence

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

Large-cap growth stock earnings have stabilized relative to large-cap value stocks.



Source: [SunTrust Private Wealth Management](#)

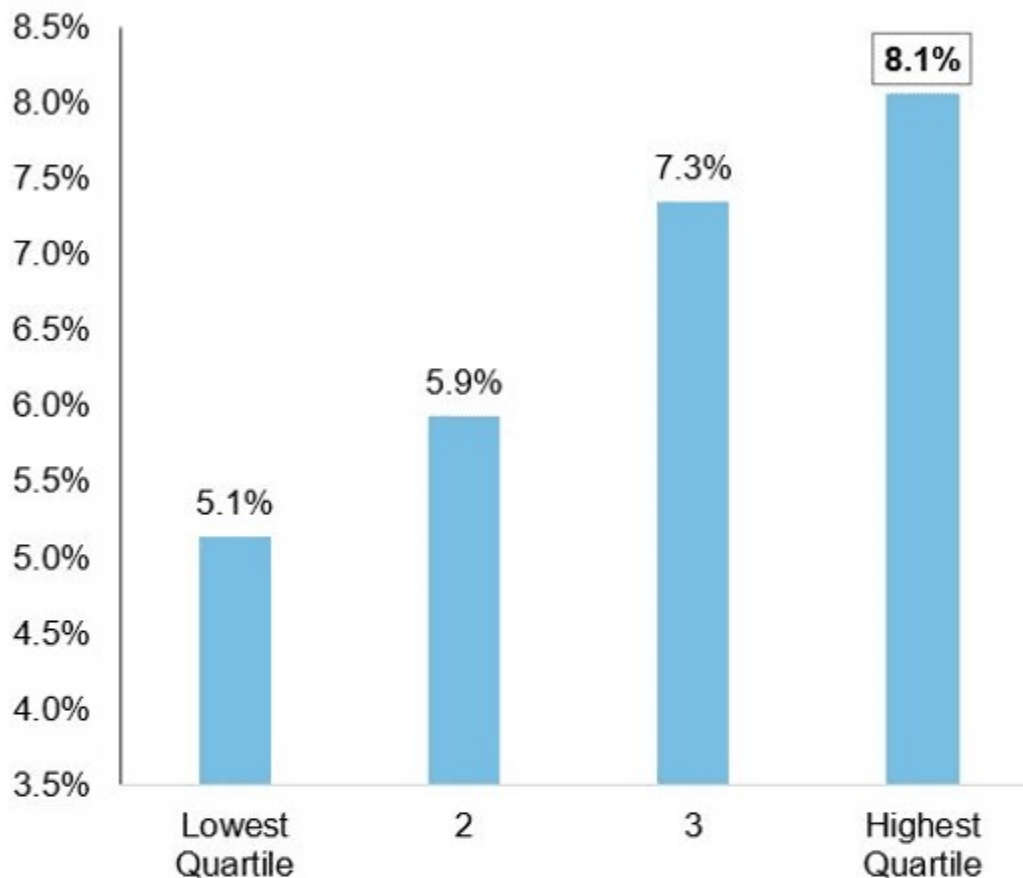
High savings rates push up corporate earnings and valuation multiples.

What Happens to Earnings When Savings Rates Are Elevated?

Posted on
DailyShot.com
05-Feb-2021

@SoberLook

Average Earnings Per Share (EPS) Growth in Quartiles of Savings Rate, 1962 – Present



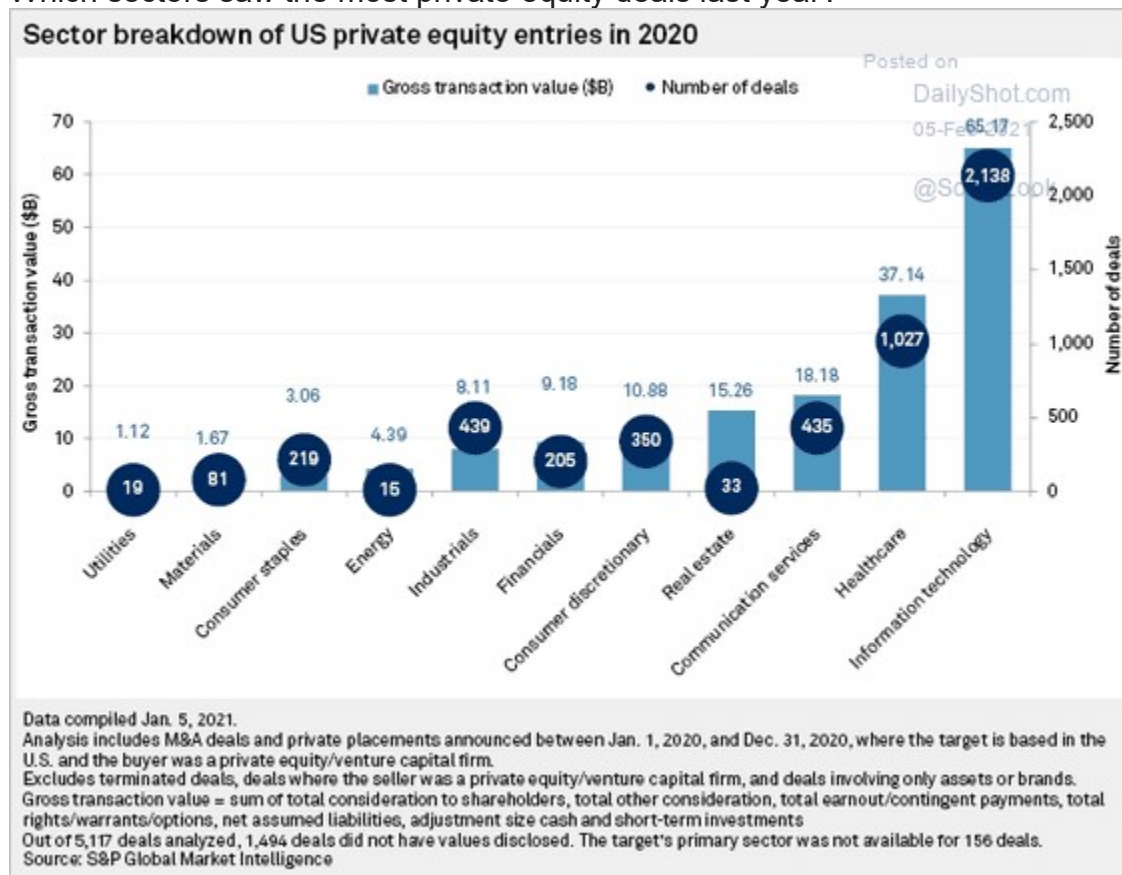
What Happens to Multiples When Savings Rates Are Elevated?

Average Percent Change in Forward P/E in Quartiles of Savings Rate, 1976 – Present



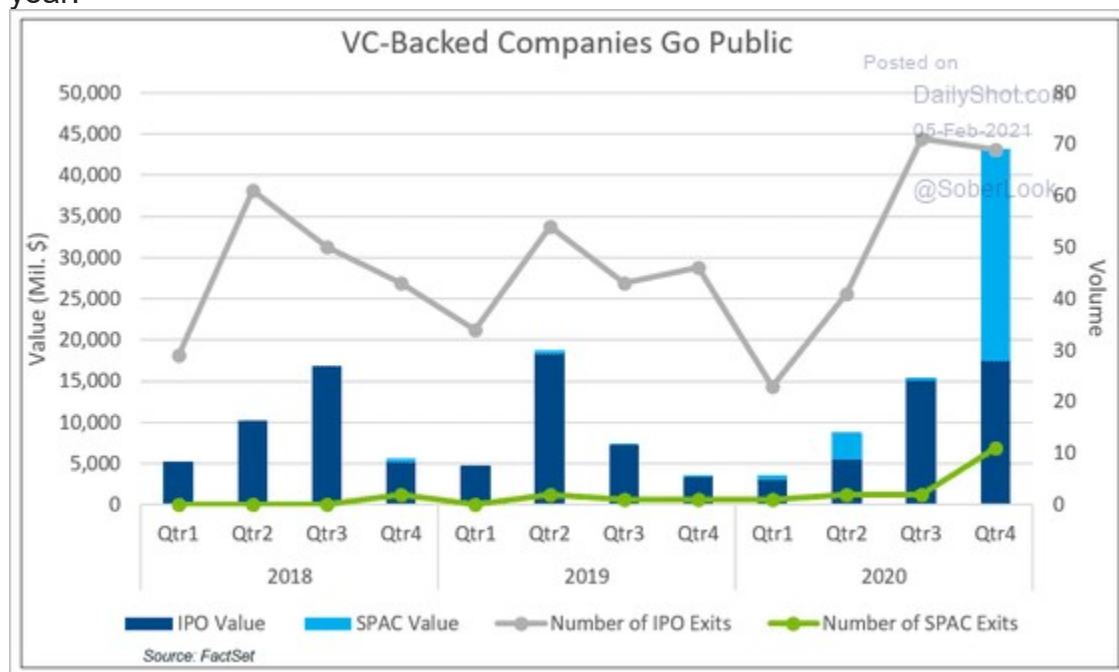
Source: [Denise Chisholm](#)

Which sectors saw the most private equity deals last year?



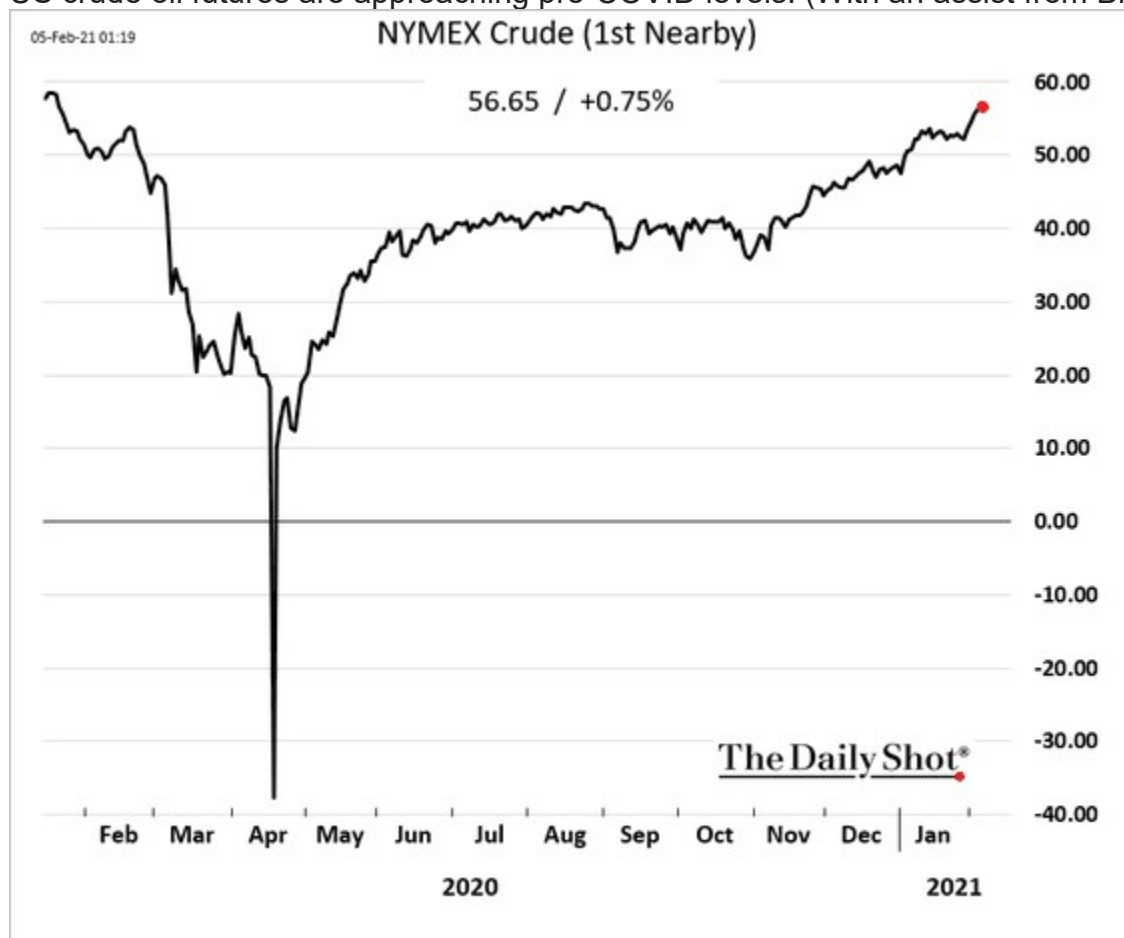
Source: [S&P Global Market Intelligence](#)

VC-backed companies are increasingly going public, amounting to \$40.9 billion in exit value last year.

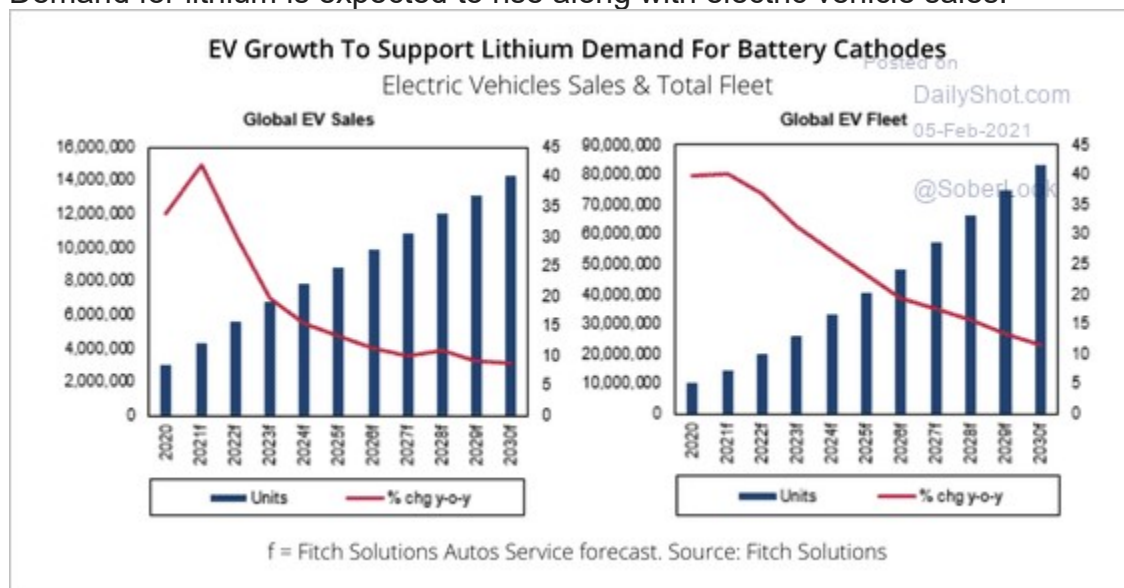


Source: [@FactSet](#)

US crude oil futures are approaching pre-COVID levels. (With an assist from Biden admin.)

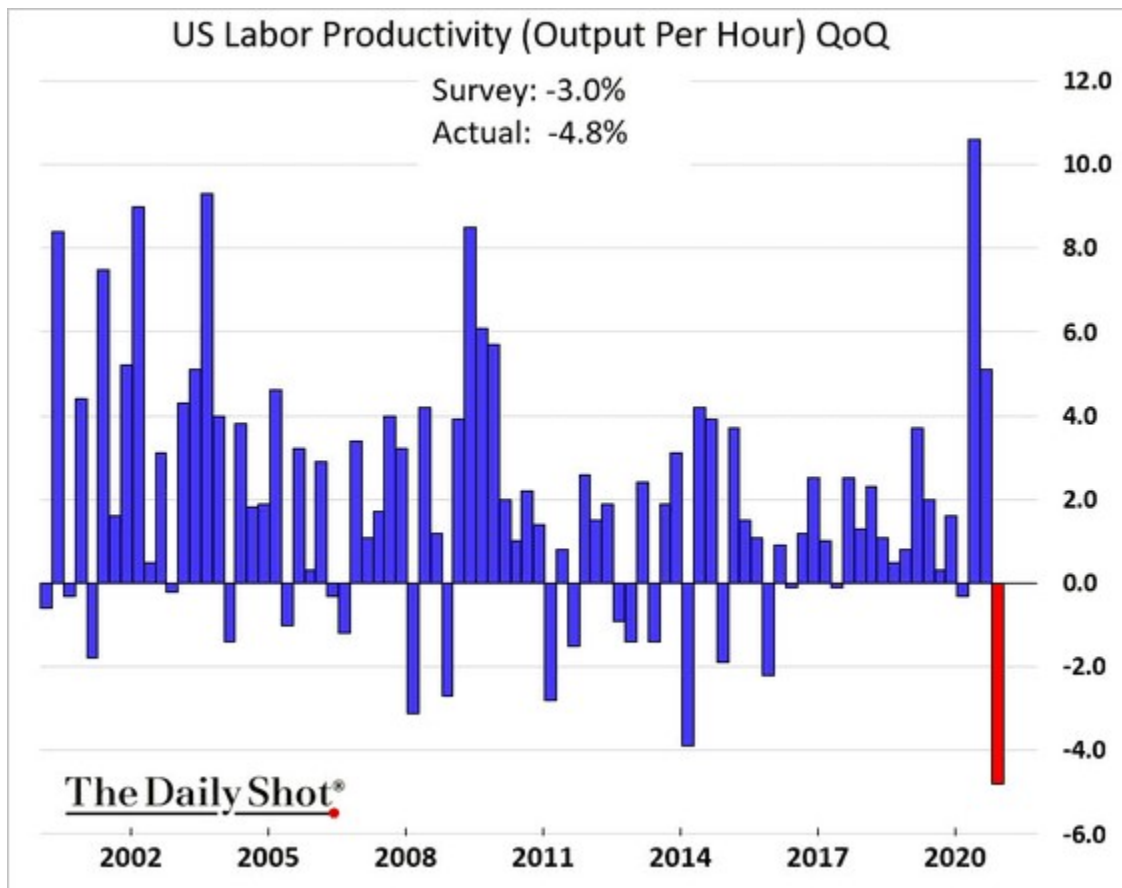


Demand for lithium is expected to rise along with electric vehicle sales.



Source: [Fitch Solutions Macro Research](#)

US productivity tumbled last quarter as workers' hours increased.

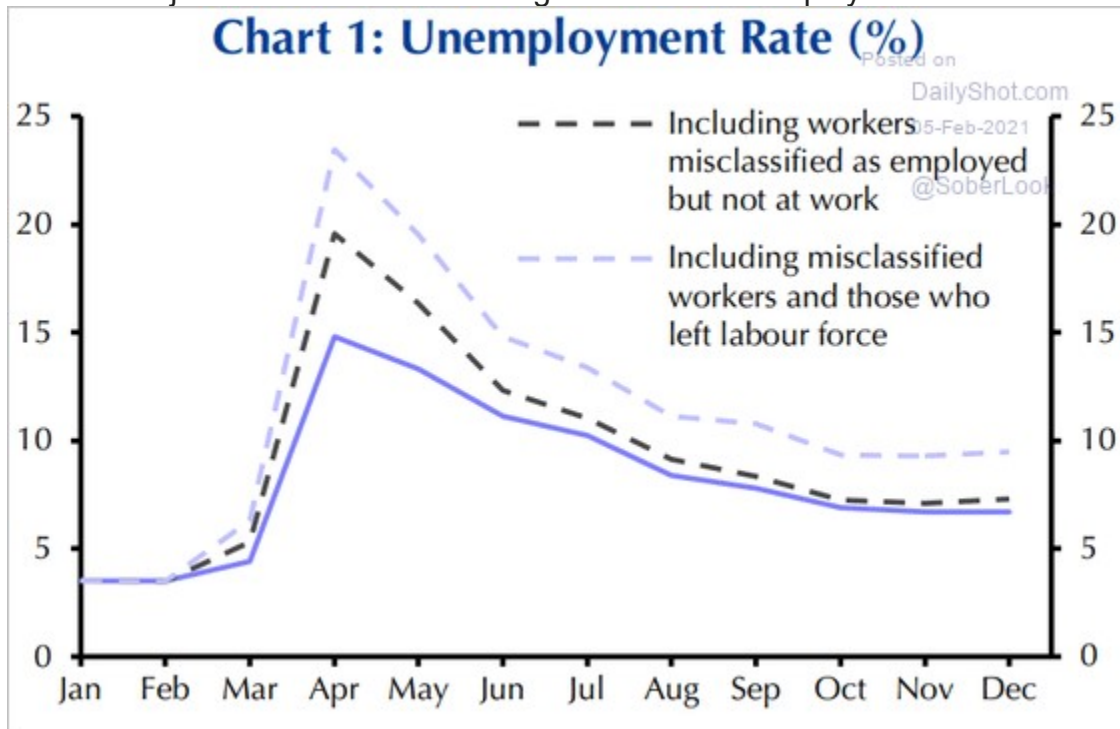


Unit labor costs jumped, pointing to higher inflation ahead. (This may be a bit exaggerated, though.)



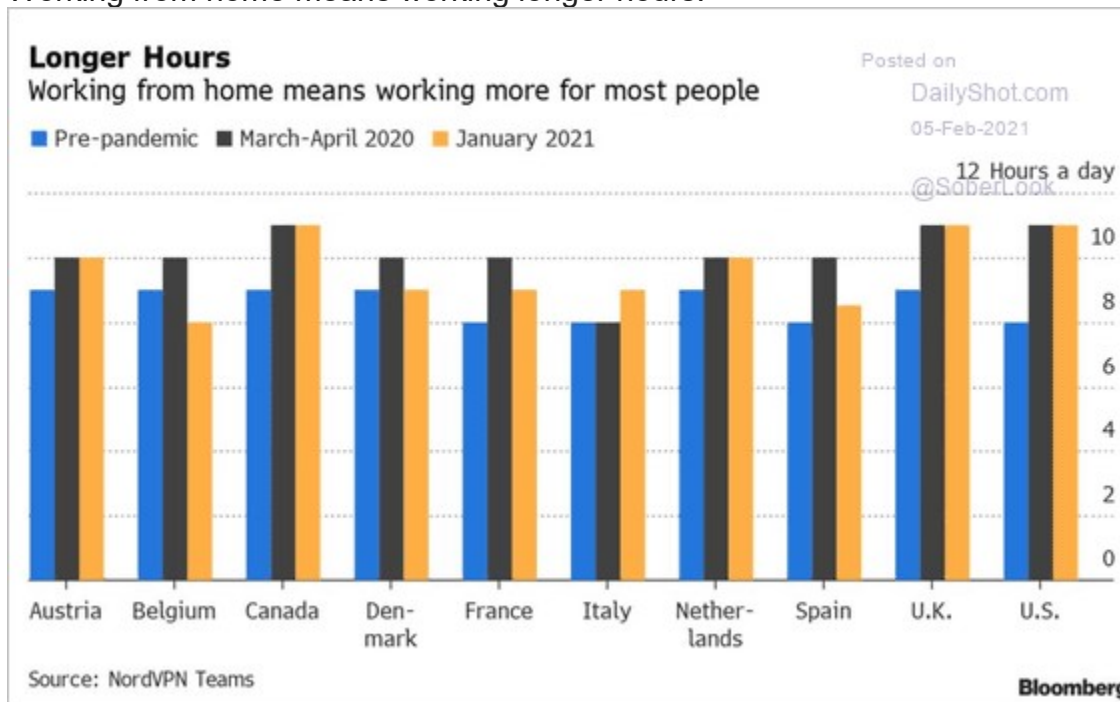
Source: [Pantheon Macroeconomics](#)

The official jobless rate is understating the level of unemployment.



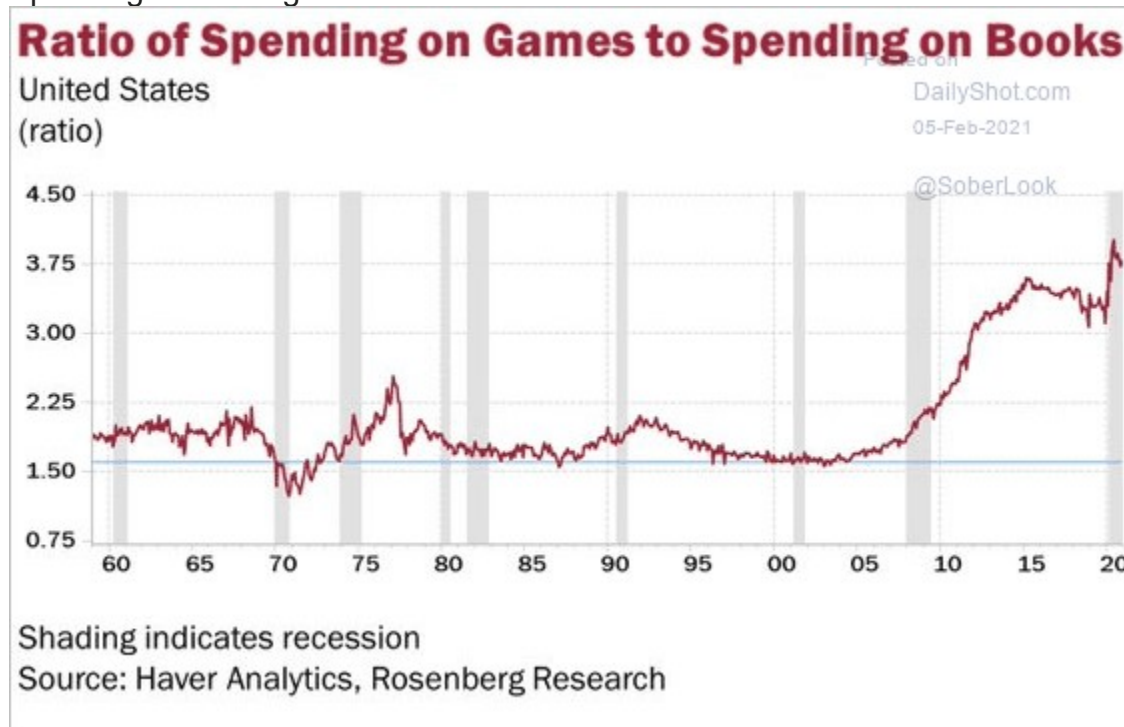
Source: [Capital Economics](#)

Working from home means working longer hours:



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

Spending on video games vs. books:



Source: [@EconGuyRosie](#)

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