

Nick Lampone

From: Nick Lampone
Sent: Tuesday, February 9, 2021 8:08 AM
Subject: The Morning CORE
Attachments: Core logo.png

<https://www.themorningcore.com/>

US Futures-World Markets: S&P futures are taking a breather this morning after hitting fresh all-time highs. Vaccination and fiscal stimulus have people in a bullish mood, but it's normal to take a 20-second timeout after this monster rally. It was constructive to see energy and financials rally as investors continue to bet on a recovery. Keep an eye on inflation expectations. Bitcoin is on the rise again (+6%) after a 15% surge on Monday. What else is new? Is there a better proxy for the risk-on trade than Bitcoin right now? Think Barry Bonds on steroids. Twitter, Lyft, Crown Holdings, and Cisco report after the bell. Tilray is +20% pre-market on a deal to distribute cannabis products in the UK. S&P Futures vs. Fair Value: -8.30, 10-Yr Yield: 1.152%.

CORE Headlines:

- House Democrats will move forward with \$1400 stimulus checks with \$75,000/year eligibility and a \$3600 child credit in the stimulus bill. These items could change when bill heads to Senate.-Politico
- The US considering requiring negative coronavirus test for domestic airplane traveling.-NYT (Sounds a little too late with widespread vaccination in the next 30 days.)
- Bitcoin was fast approaching the \$50,000 mark as the afterglow of Elon Musk-led Tesla's investment in the cryptocurrency had investors reckoning it may become a mainstream asset class for both corporations and money managers.-Reuters
- Biden drilling ban forces Democratic-led New Mexico to reckon with oil independence.-Reuters
- Makeup demand slump wipes millions off Coty's revenue.-Reuters
- Honda and Nissan to sell 250k fewer cars because of chip shortage.-Reuters
- Coronavirus likely came from animal, not a laboratory, WHO says.-WSJ
- Reddit's valuation doubles to \$6 billion after the latest funding round.-WSJ (Smart move by mgmt.. to raise dough after the GameStop mania.)
- Democrats' bid to expand a popular tax break for children is "stirring up ghosts of Clinton-era battles over welfare"—buried in their proposal is a plan to scrap decades-old rules pegging whether someone can take the credit, as well as how much they can receive, to how much they earn.-Politico
- The House Ways and Means Committee released nearly \$941B in recommendations for the broader coronavirus relief bill Democrats are putting together, including the tax rebates Biden wants but with a more limited scope based on income.-RollCall

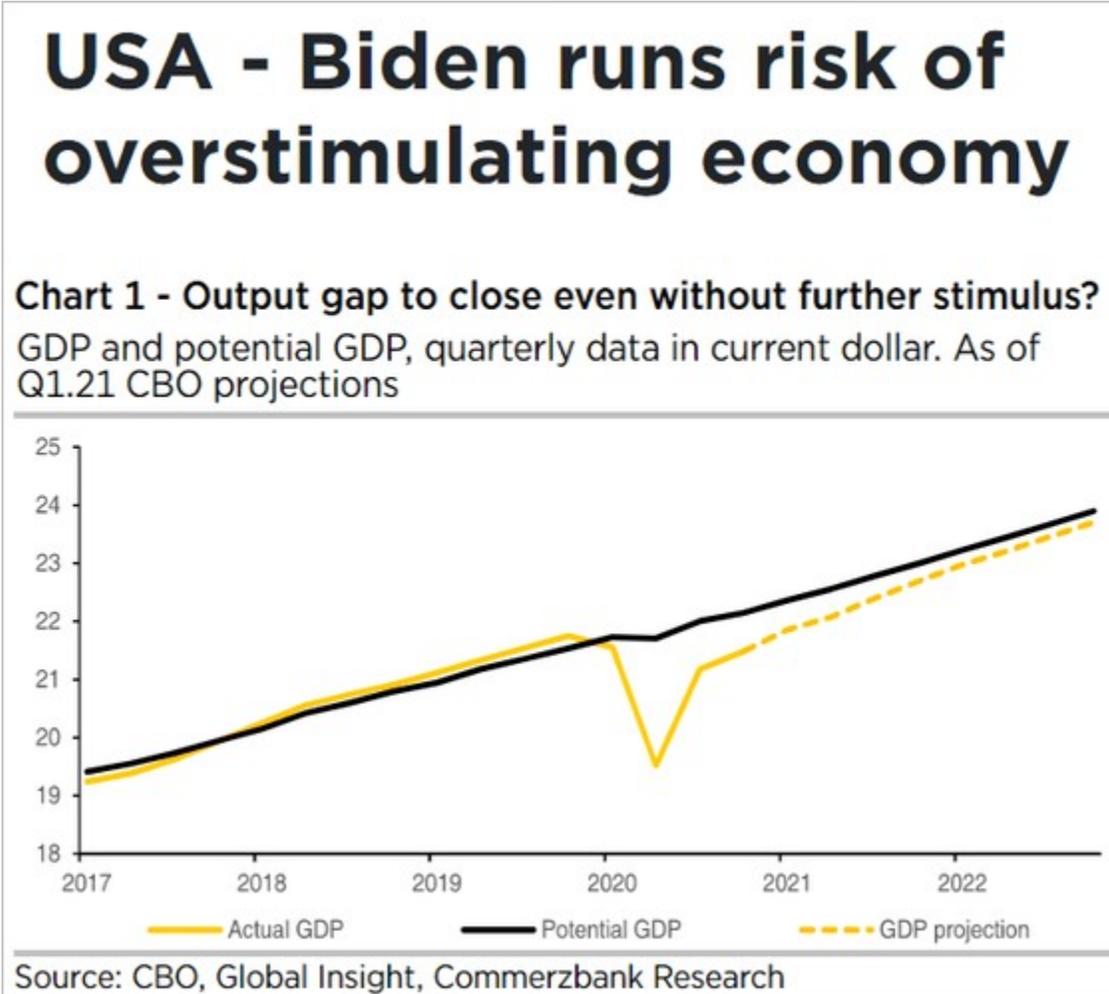
Interesting Reads/Charts:

- NYT: Ross Douthat on Romney family plan <http://nyti.ms/3oZmoJl> (We need more babies. Demographics matter!!)
- Inside Hook: Mushroom vitamins? <http://bit.ly/3rxyTNZ>
- TechCrunch: Twitter confirms plans to experiment with new models, like subscription <http://tcrn.ch/3p4IPwS>
- CNN: Clubhouse blocked in China <http://cnn.it/2Z1dEYM> (But let's find a way to work together?)

- ZeroHedge: China to ‘seriously sanction’ any boycotters of 2022 Beijing Winter Olympics <http://bit.ly/3q405lq> (How could they award the Olympics to China in the first place. Complete disgrace!)
- Twitter: Now have rap parodies about SPAC’s <https://bit.ly/2YWrQCa> Bubble in SPAC’s?

All Charts from The Daily Shot:

Economists are concerned that the additional [\\$1.9 trillion fiscal stimulus](#) will overheat the nation’s economy.



Will Stimulus Cause US Overheating?

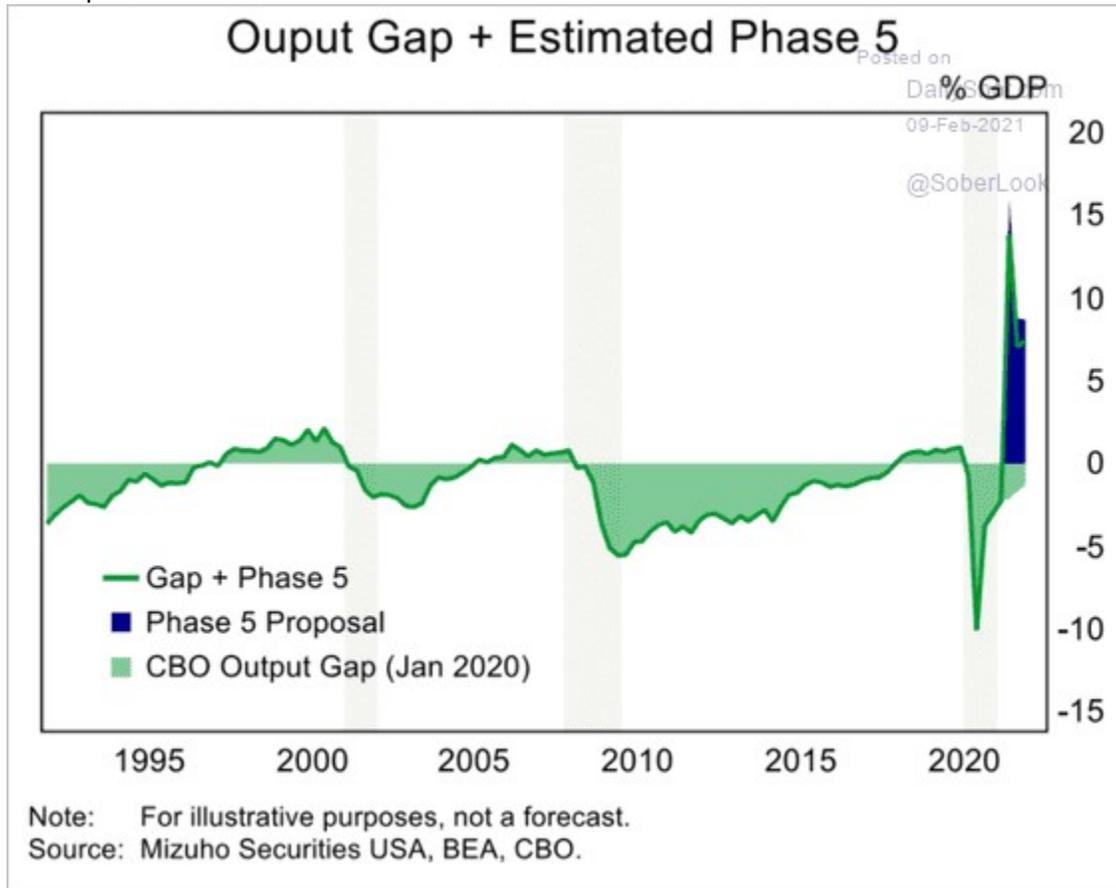
Spare capacity in manufacturing is fast diminishing

Measures of capacity utilization versus 20y medians



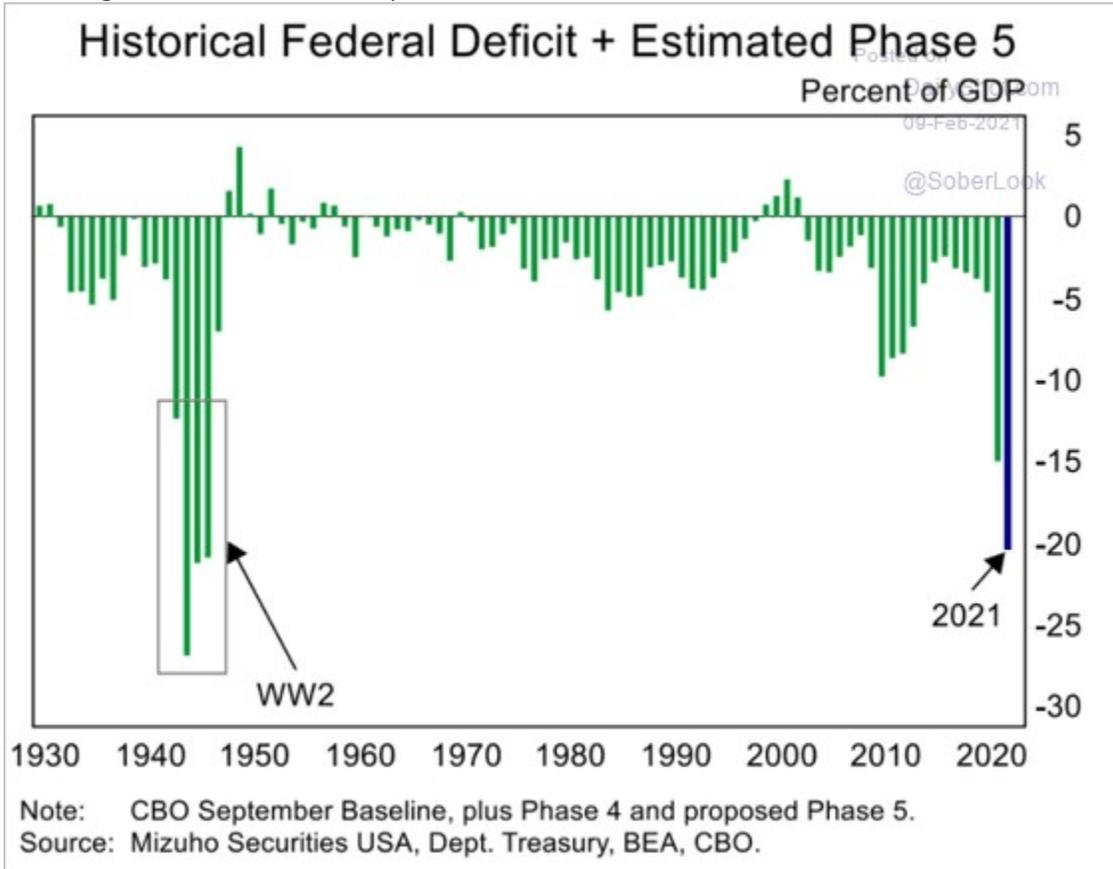
The output gap is expected to close on its own, and the additional fiscal easing will result in the economy operating well

above potential.



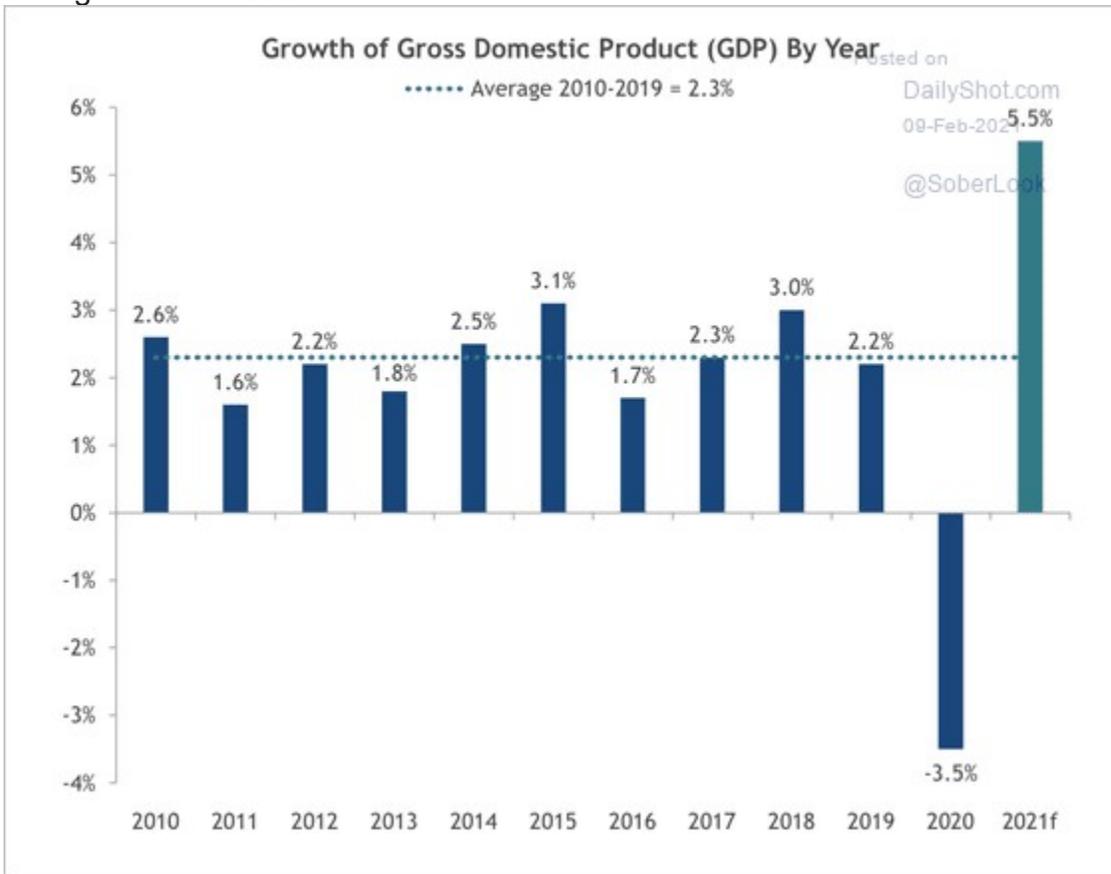
Source: [Mizuho Securities USA](#)

The budget deficit will hit a new post-WW-II record.



Source: [Mizuho Securities USA](https://www.mizuho.com)

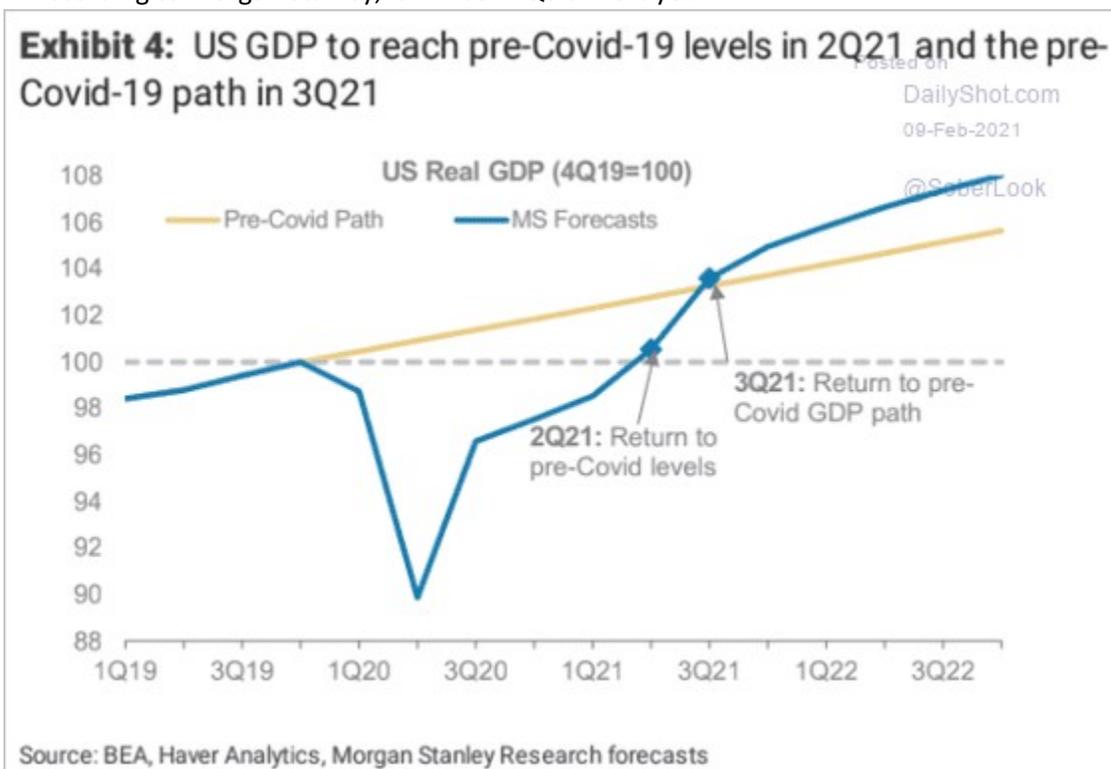
With additional fiscal stimulus and vaccination rollout, SunTrust expects GDP growth to be the strongest since 1999.



Source: [SunTrust Private Wealth Management](#)

When will the GDP reach its pre-COVID path?

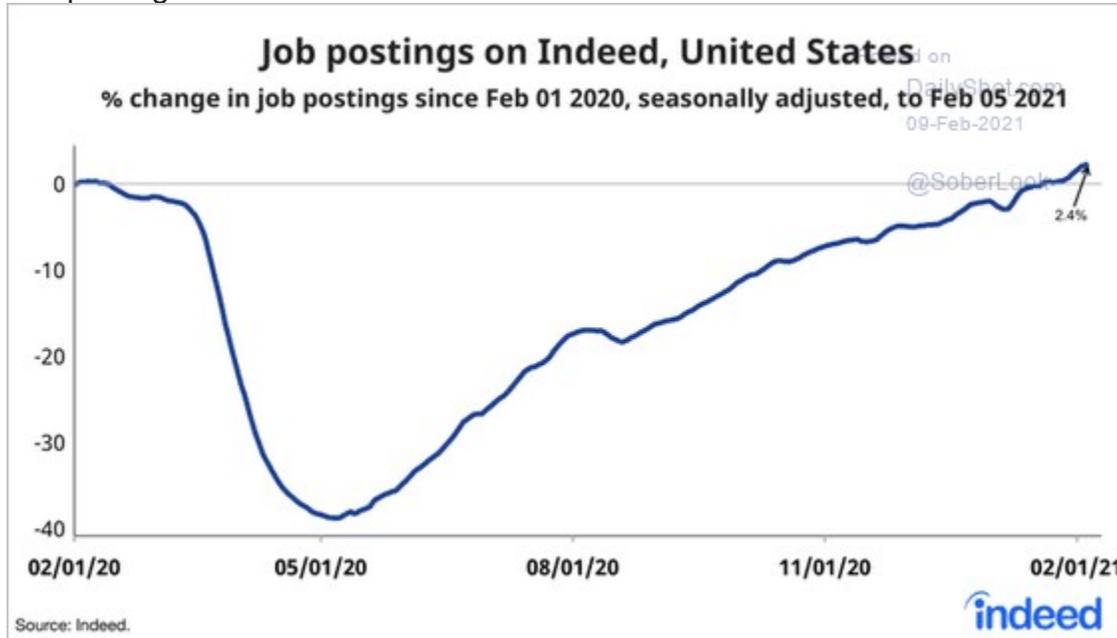
— According to Morgan Stanley, it will be in Q3 of next year.



Source: BEA, Haver Analytics, Morgan Stanley Research forecasts

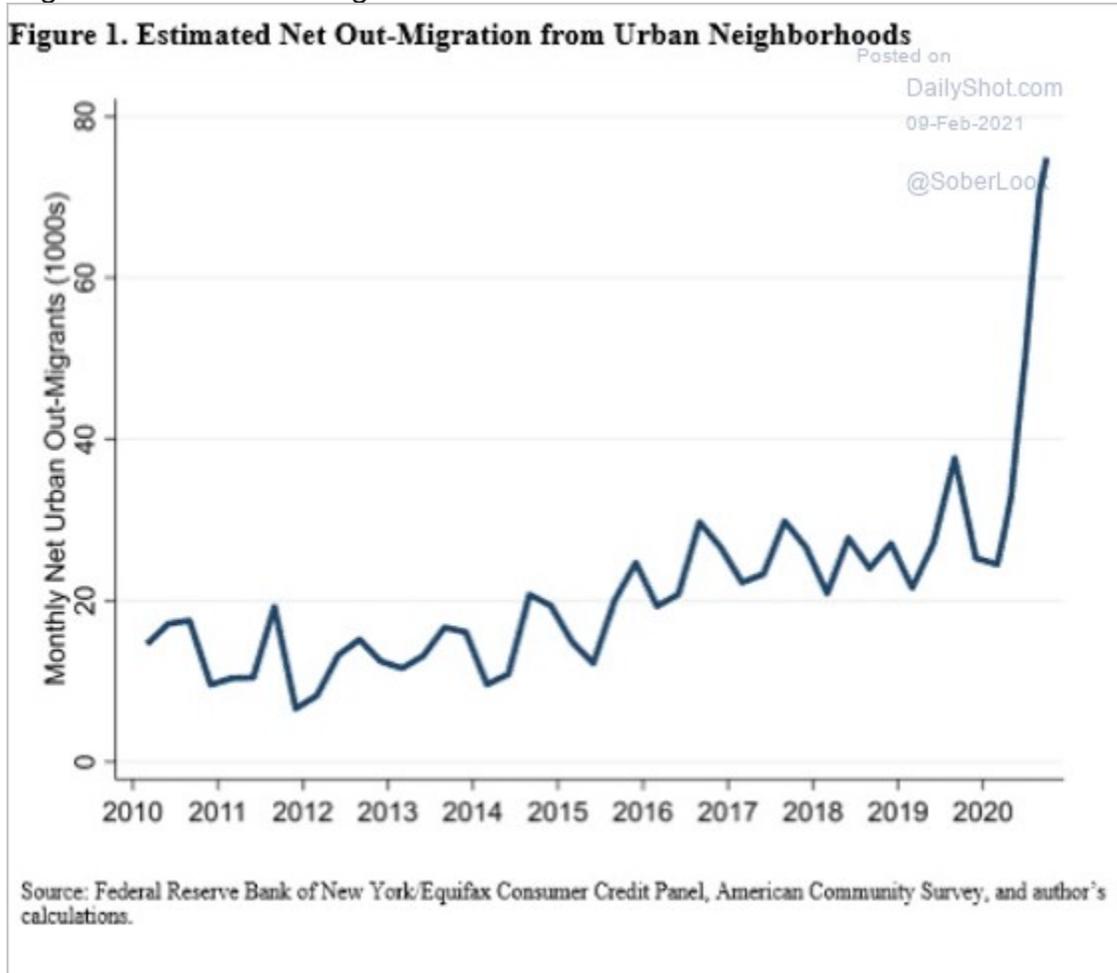
Source: [Morgan Stanley Research](#)

Job postings on Indeed have recovered.



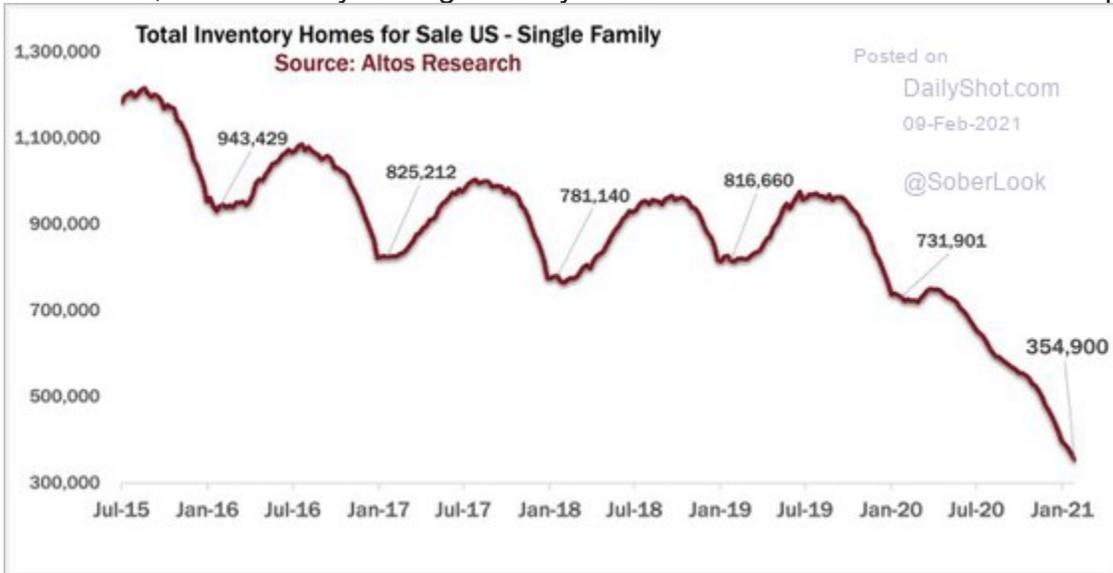
Source: [@JedKolko, @indeed](#)

Migration from urban neighborhoods has been remarkable.



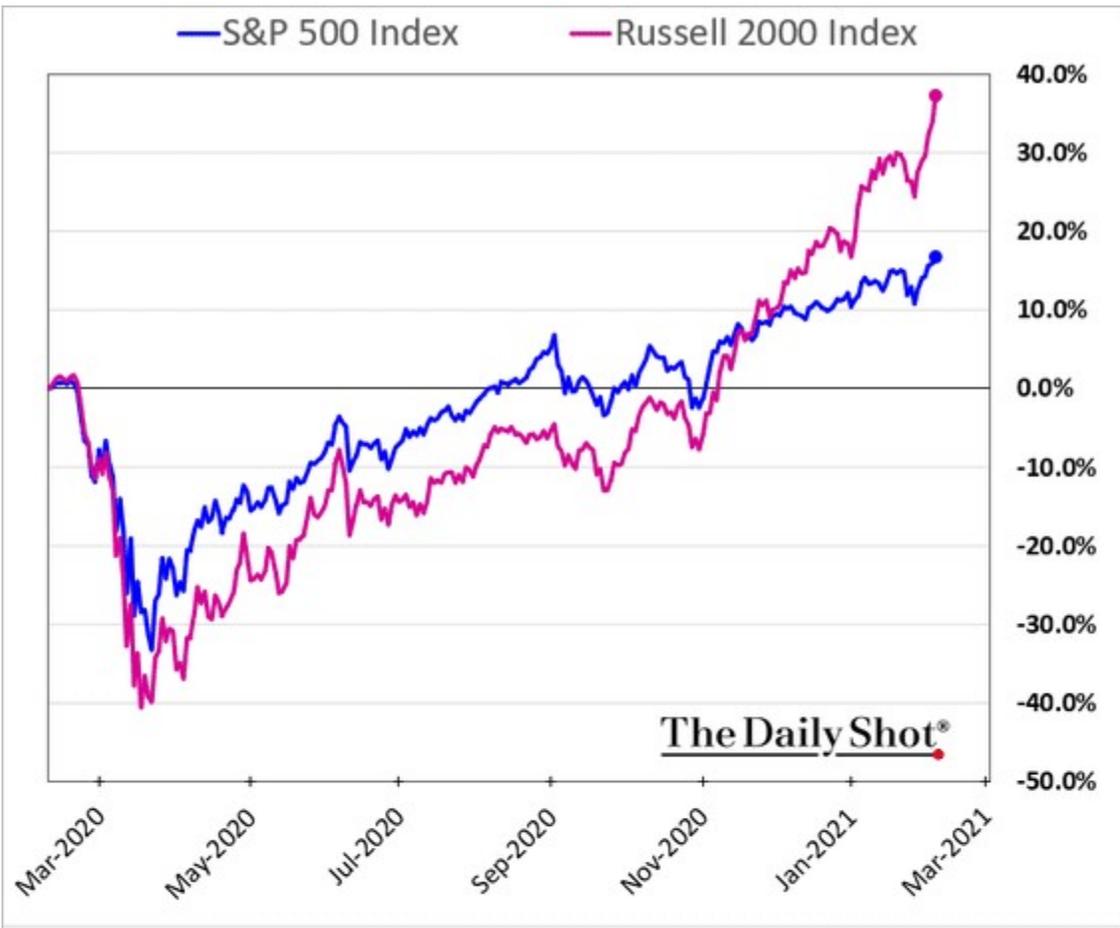
Source: [@ClevFedResearch](#)

As a result, the inventory of single-family homes tumbled since the start of the pandemic.



Source: [@mikesimonsen](#)

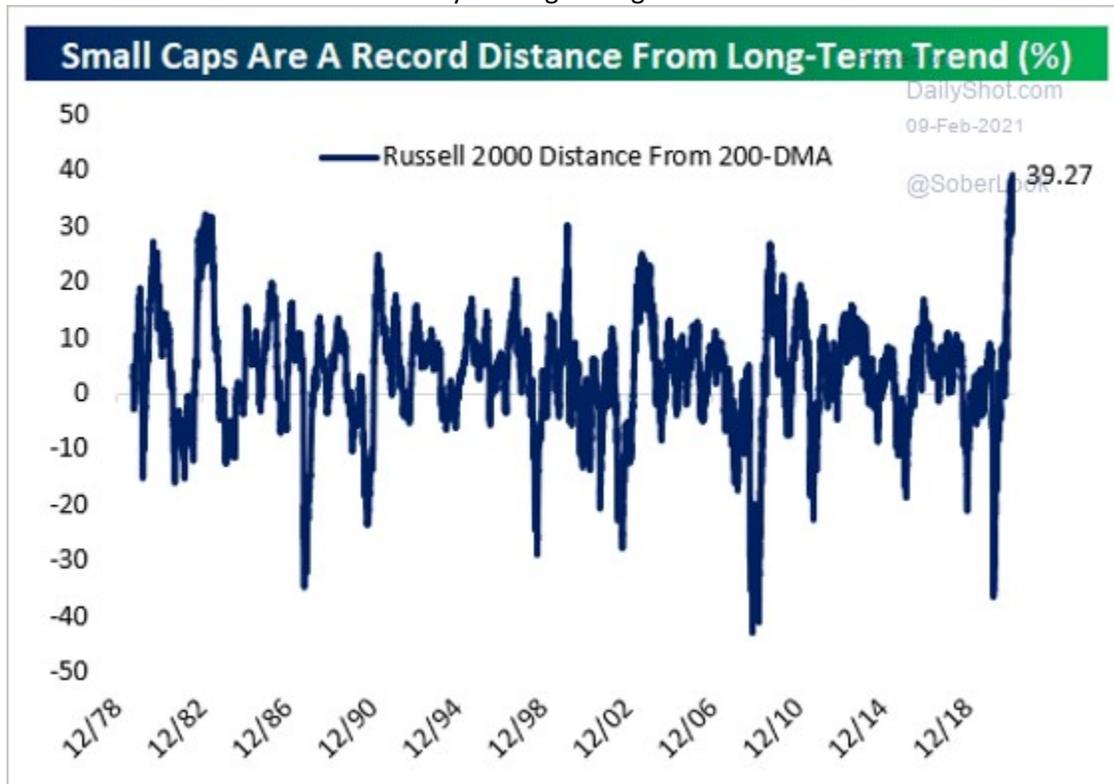
US indices continue to hit new highs, with the Russell 2000 index (small caps) outperforming the S&P 500 by 20% over the past year.



— Russell 2000 Index - S&P 500 Index: Relative Performance

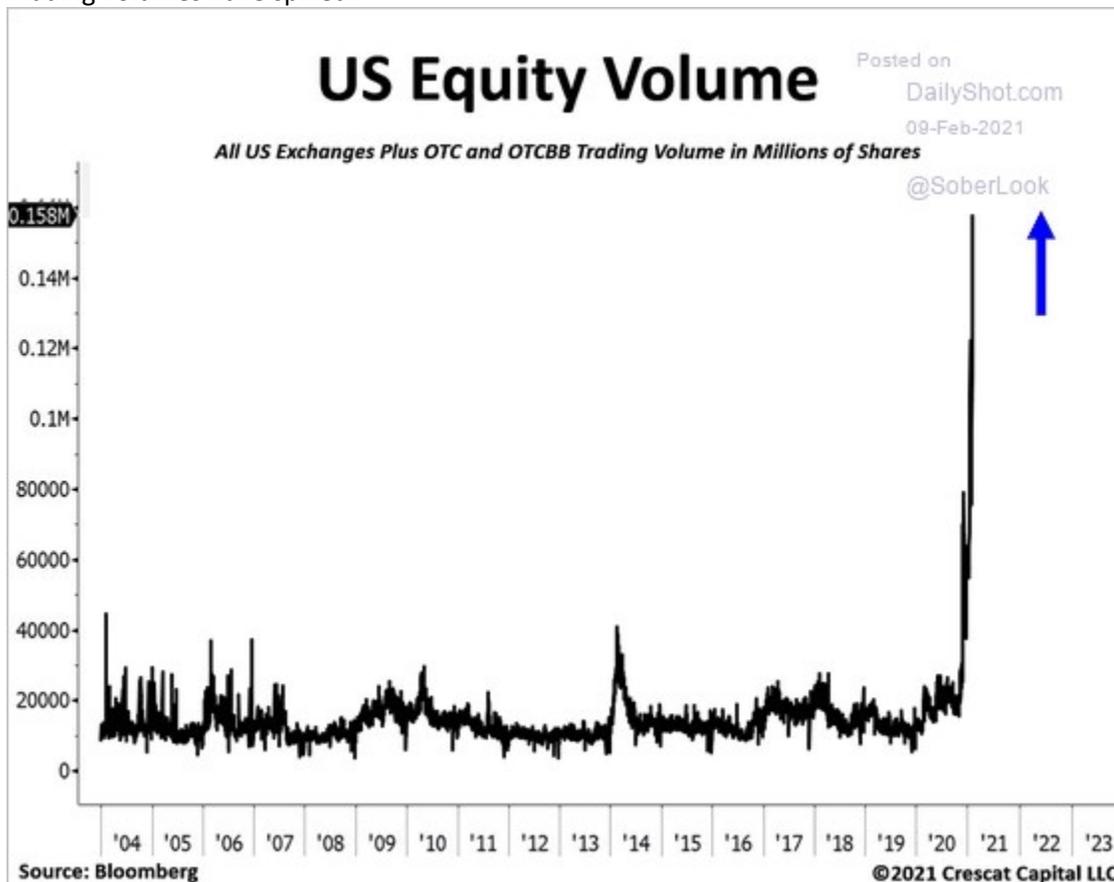


Here is the Russell 2000 vs. its 200-day moving average.

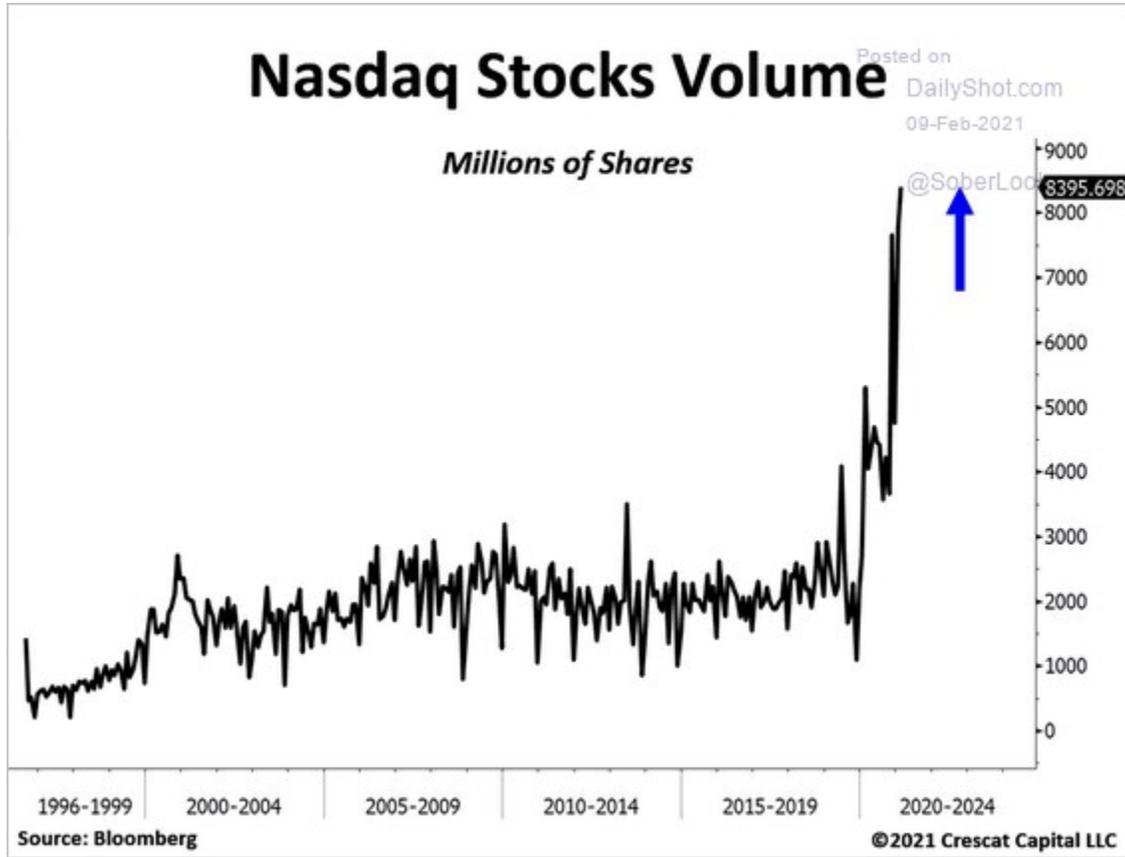


Source: @bespokeinvest [Read full article](#)

Trading volumes have spiked.



Source: [@TaviCosta](#)



Source: [@TaviCosta](#)

The reflation trade is in full swing again, supported by fund flows.

- Energy:



- Metals & Mining:



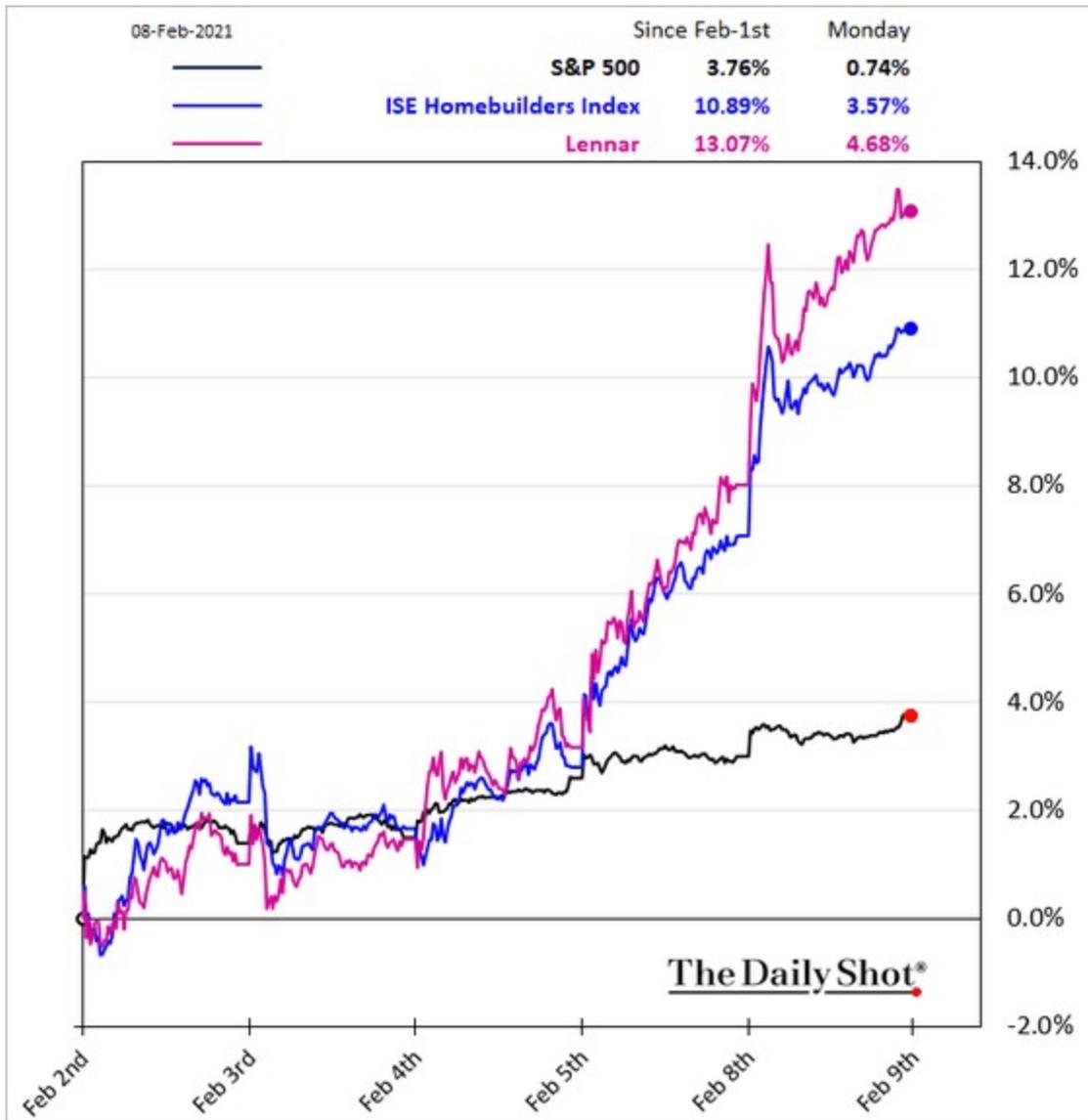
- Industrials:



- Airlines:



- Homebuilders:

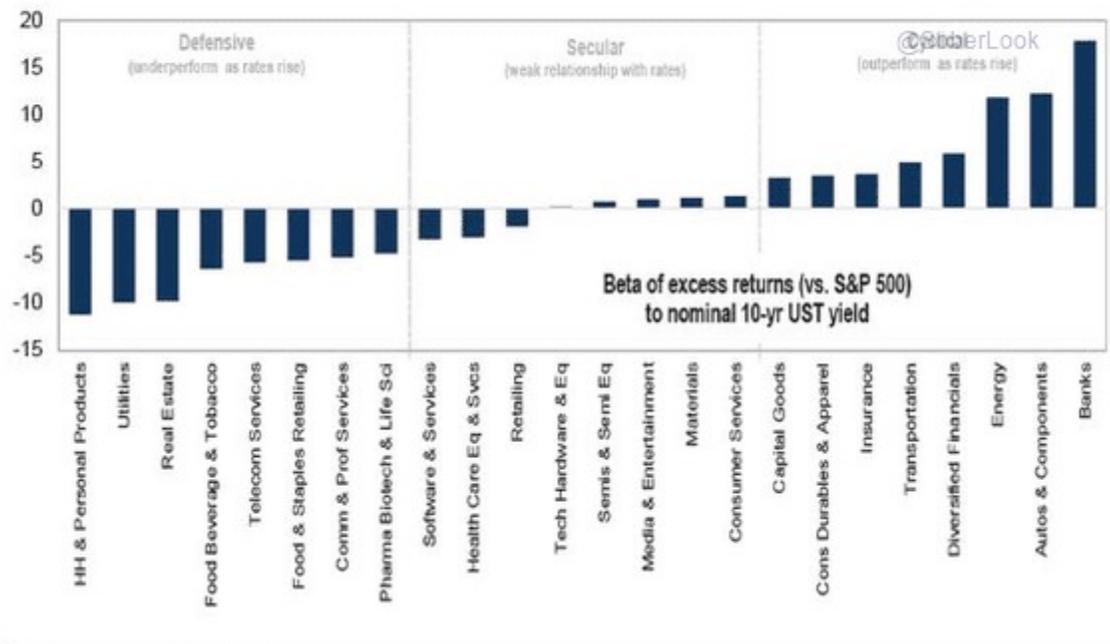


Banks have also been surging in response to higher bond yields. The second chart below shows sector sensitivity to Treasury yields.



Exhibit 12: Sensitivity of industry group relative returns to nominal 10-year UST yield
 beta calculated using monthly changes during last 5 years

Posted on
 DailyShot.com
 09-Feb-2021



Source: FactSet, Goldman Sachs Global Investment Research

Source: [Goldman Sachs](#) [Read full article](#)

Retail favorite thematic plays keep outperforming.

- ARK Innovation and clean energy: (Amazing that you can sign up for an email to see what ARK bought and sold for that day. They give you a look at their trade blotter. Great marketing!)



- Cannabis:

08-Feb-2021

Since Feb-1st

Monday

SPY (S&P 500)

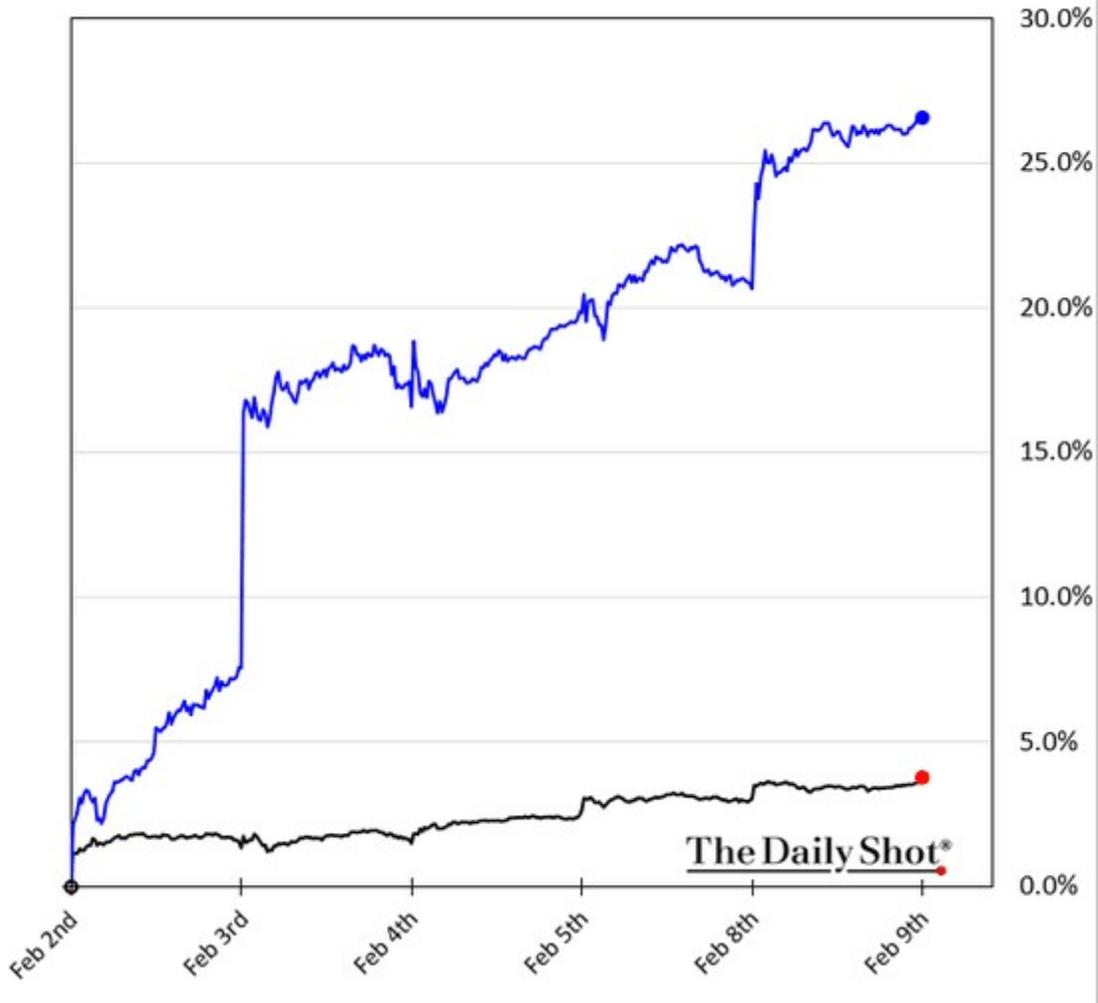
3.80%

0.72%

YOLO (Cannabis ETF)

26.59%

4.91%



Excess personal savings have been driving the market to record highs.

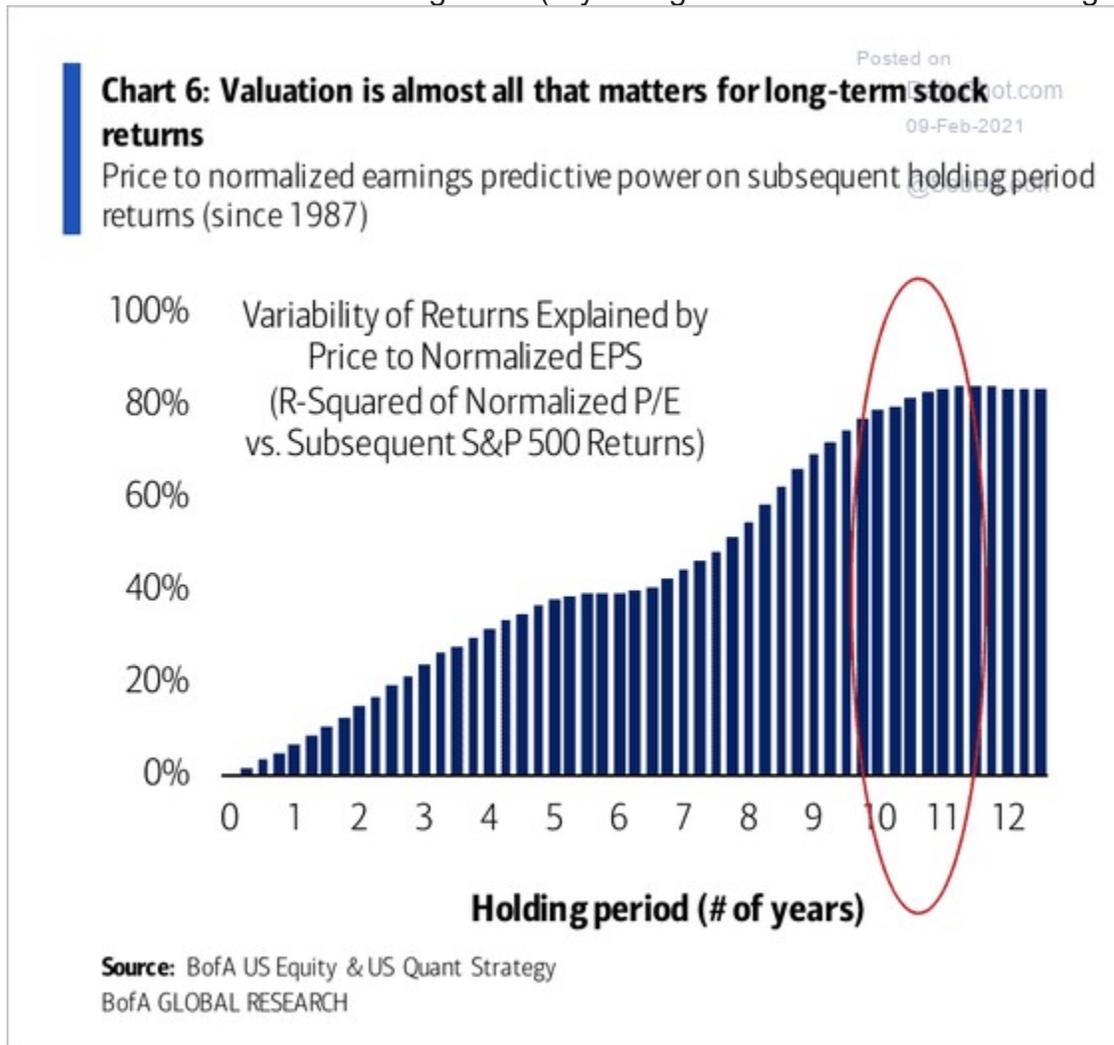
Market Likely Driven by Excess Personal Savings



Source: BEA, Haver Analytics, Morgan Stanley Research forecasts as of Jan. 25, 2021

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

Valuations matter over the long-term. (Try telling that to Robinhood traders right now.)



Source: [BofA Global Research](#)

Miami's mayor wants to have Bitcoin on the city's balance sheet. (Contra-indicator? LOL)

Mayor Francis Suarez [@FrancisSuarez](#)
Working on a resolution for our commission for this Thursday's meeting to get the ball rolling...@elonmusk's announcement was very helpful...now all we need is for @amazon to adopt and then 🚀🚀🚀🚀🚀🚀🚀🚀🚀🚀🚀

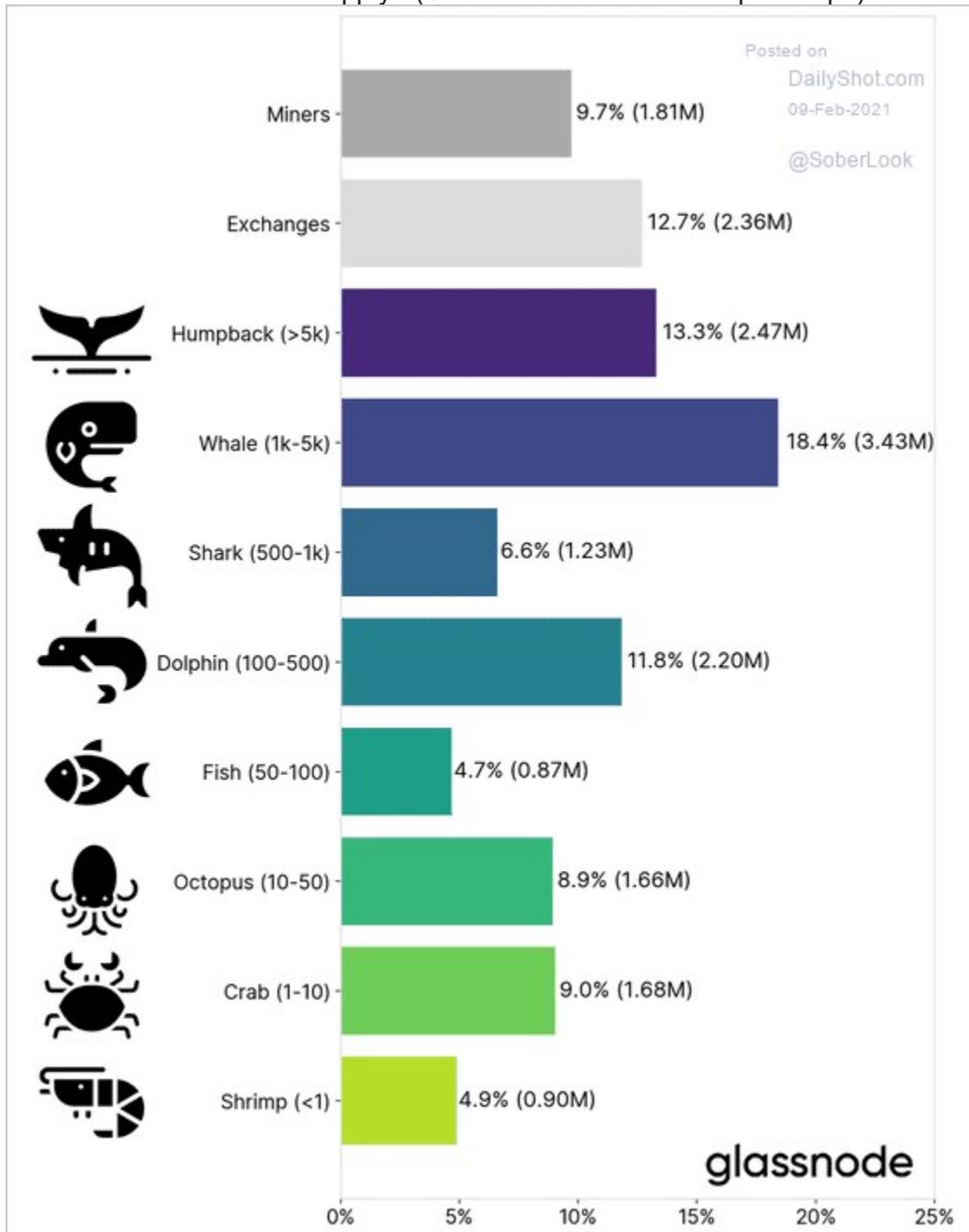
Pomp [@APompliano](#) · 9h
It is time.
[@FrancisSuarez](#) the race is on to see what municipality is going to be the first to put Bitcoin on their balance sheet.
Let's make sure Miami continues to be the national leader in anything technology related.

Source: Twitter

Despite Monday's jump, Ethereum and XRP are still outperforming Bitcoin on a month-to-date basis.



Who controls the Bitcoin supply? (Consider me a nice shrimp scampi.)



Source: Glassnode [Read full article](#)

Brent crude is trading above \$62/bbl.

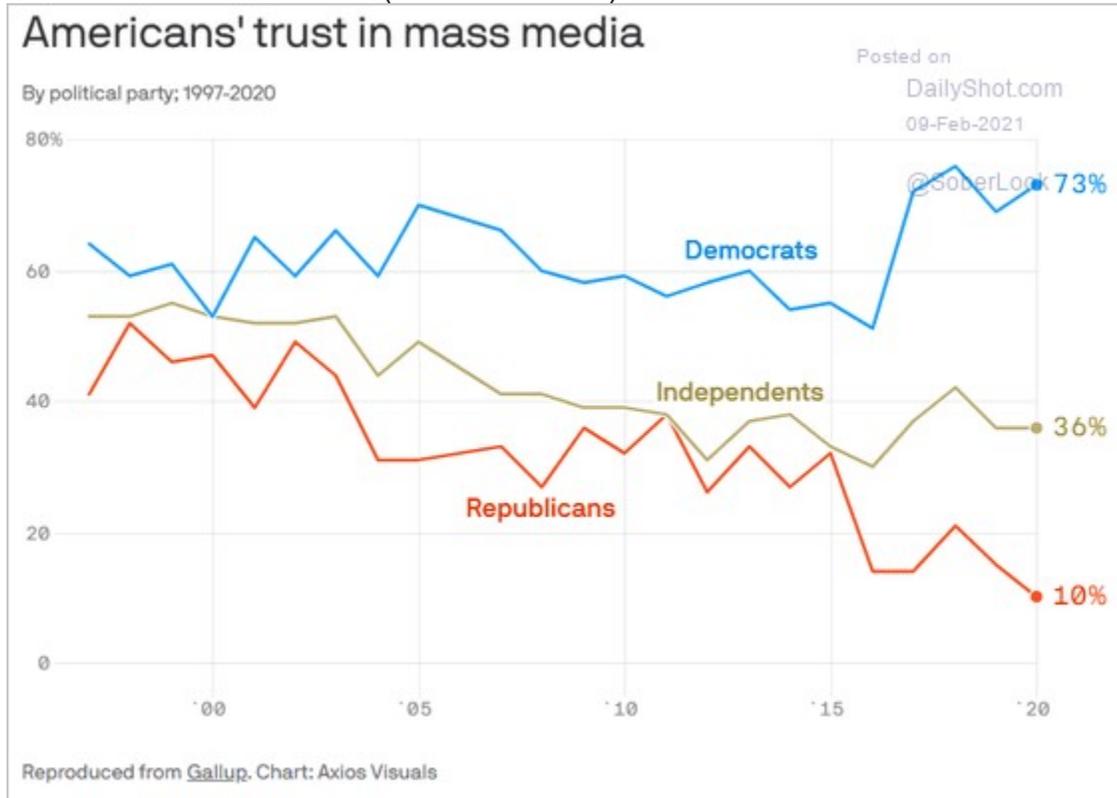


US retail gasoline prices are nearing pre-COVID levels.



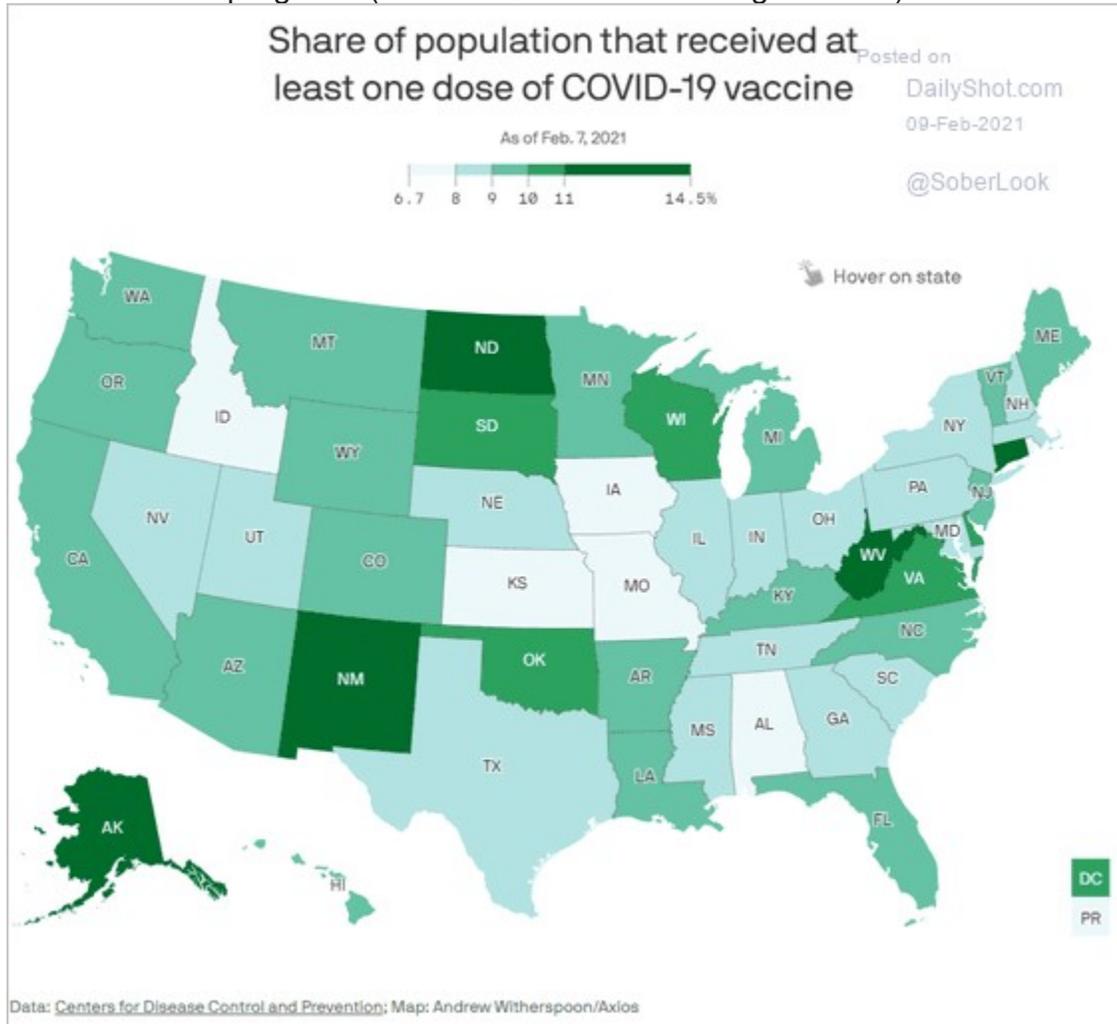
Source: [GasBuddy](https://www.gasbuddy.com)

Americans' trust in media: (Put me at zero.)



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

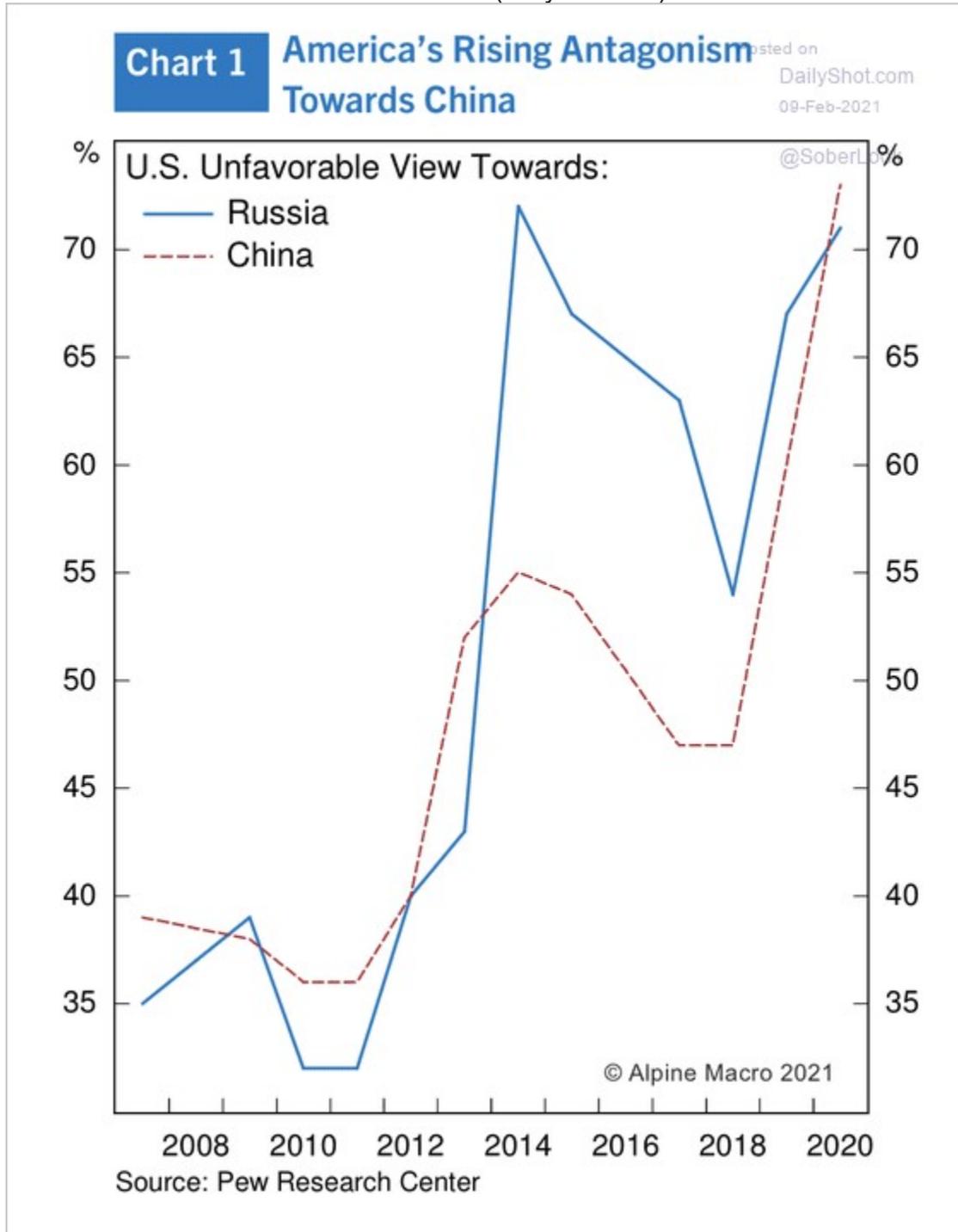
US vaccination progress: (I'm sure Gov. Wolf has it figured out.)



Source: @axios [Read](#)

[full article](#)

Americans' views on China and Russia: (Why so low?)



Source: [Alpine Macro](#)

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