

## Nick Lampone

---

**From:** Nick Lampone  
**Sent:** Thursday, February 11, 2021 8:18 AM  
**Subject:** The Morning CORE  
**Attachments:** Core logo.png

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

**US Futures-World Markets:** US equity futures are higher as investors digest Fed Chair Powell's comments and analyze corporate earnings. The S&P is +5.3% for the month and +4.3% YTD. Not bad considering the issues with the vaccination rollout. Accommodative policy from Powell and additional stimulus have contributed to this FOMO. More good news for Bitcoin as BNY Mellon announced it will hold, transfer and treat digital currencies like any other asset. Mastercard and Twitter both signaled interest in crypto. Expect more institutions to follow suit. They can't afford to get left behind. A random stat I read (didn't fact-check): Tesla has made more profit by holding Bitcoin for 1 month than in 14 years in the car business. Zillow is +12% after beating estimates. S&P Futures vs. Fair Value: +13.40, 10-Yr Yield: 1.137%.

### CORE Headlines:

- Federal Reserve chairman Jay Powell, speaking to the Economic Club of New York, said it won't be easy for the economy to achieve full employment and that America is far from having a strong labor market, and thus needs a "patiently accommodative" monetary policy.-FT
- U.S. President Joe Biden and his Chinese counterpart Xi Jinping held their first telephone call as leaders, with Biden saying a free and open Indo-Pacific was a priority and Xi warning confrontation would be a 'disaster' for both nations.-Reuters
- Chinese military activity in the South China Sea is on the rise, according to the commander of the USS Nimitz, which recently carried out a rare joint aircraft carrier exercise with the USS Theodore Roosevelt in the region, where China is provoking Taiwan.-FT
- GameStop decided it could not seize on the Reddit-fueled rally in its shares to sell hundreds of millions of dollars' worth of stock because of regulatory restrictions, according to three people familiar with the U.S. video game retailer's internal deliberations.-Reuters (Lawyers would've been happy.)
- A confidential report from the UN atomic agency says Iran has begun to produce uranium, a material banned under the 2015 nuclear accords, at a facility in Isfahan that is under the agency's inspection mandate.-WSJ (I'm sure negotiations will yield a proper outcome.)
- The FDA authorized the use of a combination of two antibody drugs from **LLY** after a study found the cocktail reduced Covid hospitalizations and deaths, the latest treatment aimed to help people at high risk of severe disease.-WSJ
- Large US lenders saw their loan books shrink in 2020 for the first time in more than a decade, according to a **Barclays** analysis of Federal Reserve—the 0.5 percent drop was just the second decline in 28 years.-WSJ (We've seen plenty of charts on this recently.)
- Propane prices have risen more than 70 percent this winter because of an explosion in patio heating and booming exports to Asia—prices are up more than fourfold from the March bottom when cold-weather outdoor dining wasn't yet underway.-WSJ
- **GM** "has enjoyed a soaring stock-market valuation on the back of its electric-vehicle plans, but peers including **Volkswagen** and **F** are ahead with product launches"-WSJHot

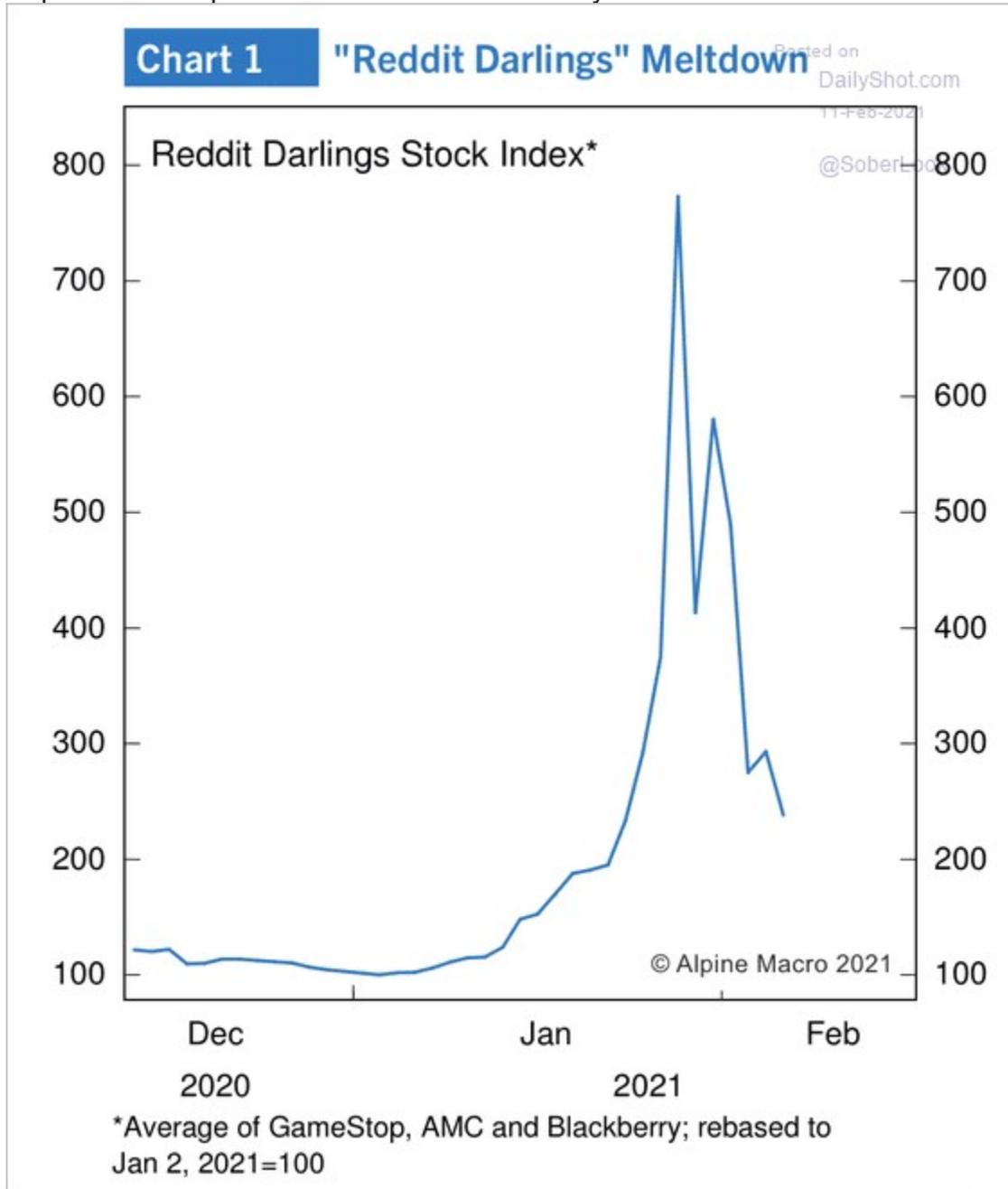
- Like other awards shows that have been forced to adapt to the coronavirus pandemic, the Academy Awards telecast this year will be broadcast live from multiple locations to keep people socially distant.-USA (Sounds like fun.)
- Congress is eyeing both Main Street and Wall Street to testify at its upcoming “Reddit Rally” hearing, including having billionaire trader Ken Griffin appear in the House hearing.-NYP (This sounds like an SNL skit waiting to happen. Most of our politicians can barely spell HFT, let alone understand it.)
- Microsoft (**MSFT**) approached Pinterest (**PINS**) about M&A deal.-FT

### Interesting Reads/Charts:

- Zerohedge: Latest data on short interest <http://bit.ly/3jDGxUd> (What will Reddit traders do now?)
- WSJ Op-Ed: The great student loan scam. If you can’t access it, I can email it. <http://on.wsj.com/3jCzYBo> I can support generous repayment terms for borrowers. Partial forgiveness to incentivize taking jobs in certain fields or the creation of some type of federal public service employment program (think Peace Corps) to forgive loans makes sense, but straight-out thievery doesn’t seem right.
- AEI: The neuroscience of social media and fake news hijacking our brains <https://bit.ly/3d1BVWI>
- Harvard Business Review: Don’t underestimate the power of a walk <http://bit.ly/3a7RmLl>

Charts from The Daily Shot:

Popular short-squeeze stocks have almost fully reversed their Reddit-fueled surge.



Source: [Alpine Macro](#)

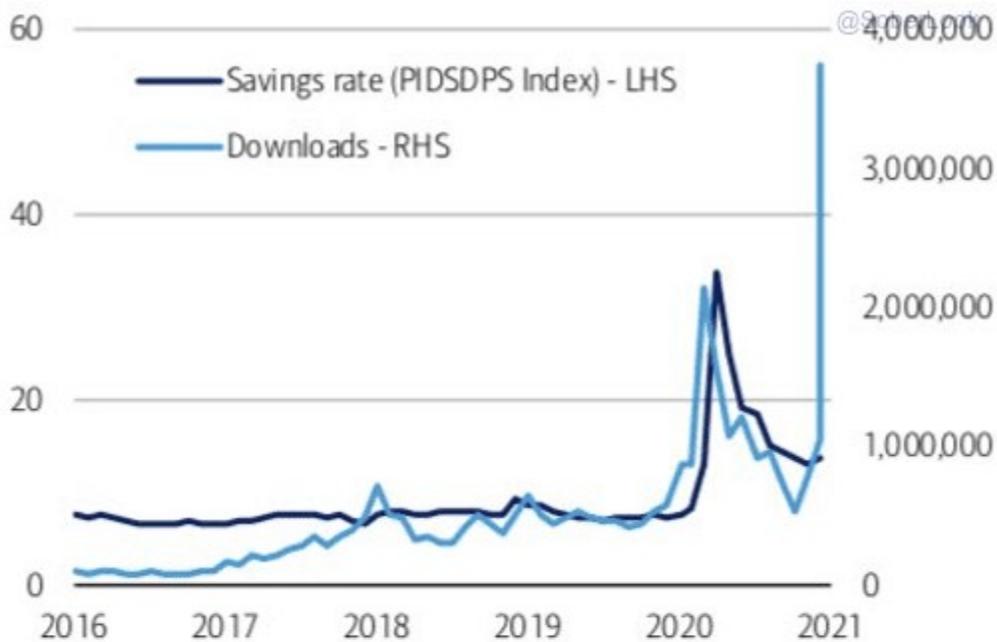
“Stuck at home with just some cash and free trades ...”

## Exhibit 2: Stuck at home with just some cash and free trades

Robinhood app downloads vs. US personal savings rate

DailyShot.com

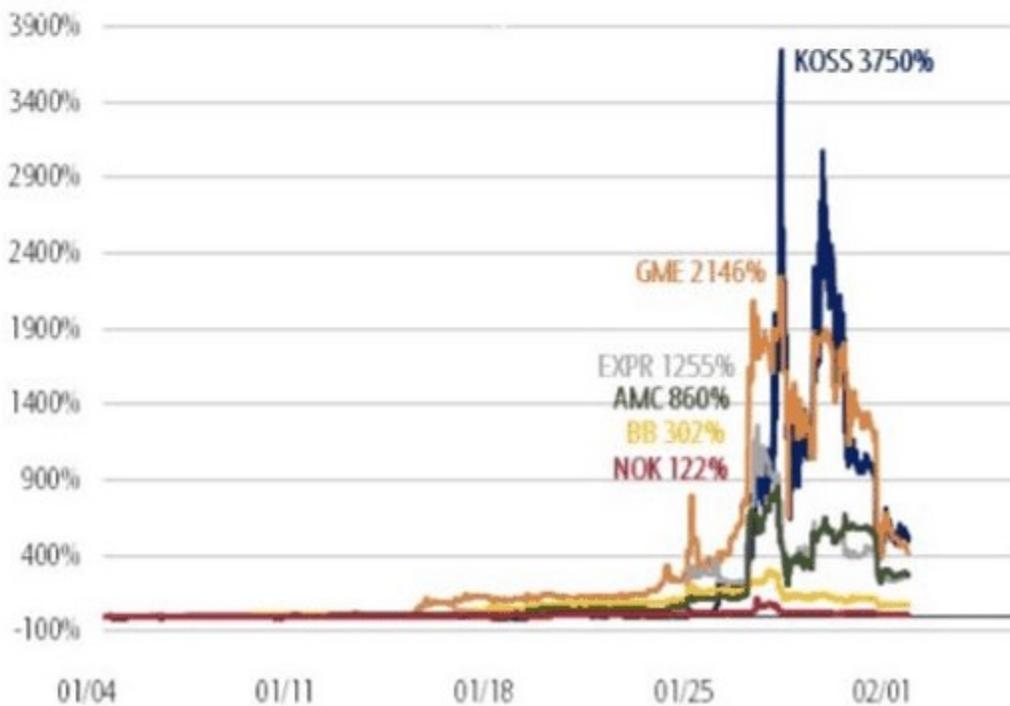
11-Feb-2021



Source: BofA Global Research, Bloomberg, Sensor Tower

BofA GLOBAL RESEARCH

## Exhibit 3: A glorious, absurd rally in "junk"



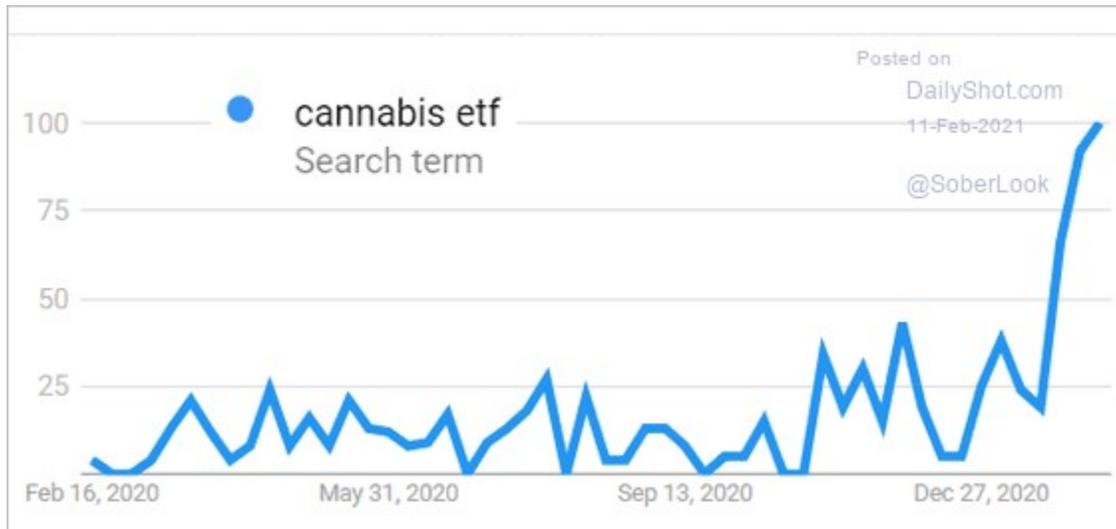
Source: BofA Research Investment Committee, Bloomberg

BofA GLOBAL RESEARCH

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

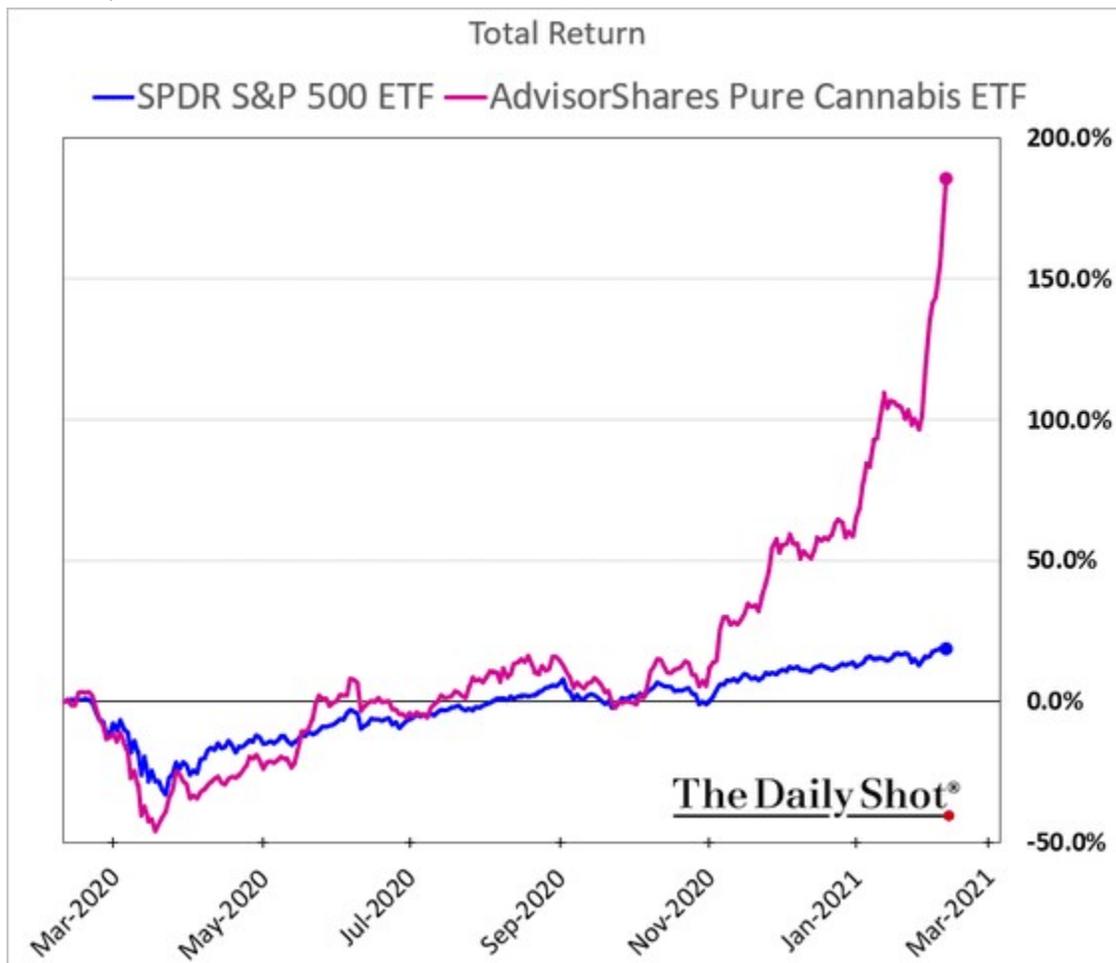
The Reddit crowd has set its sights on cannabis stocks.

- Online search activity:



Source: Google Trends

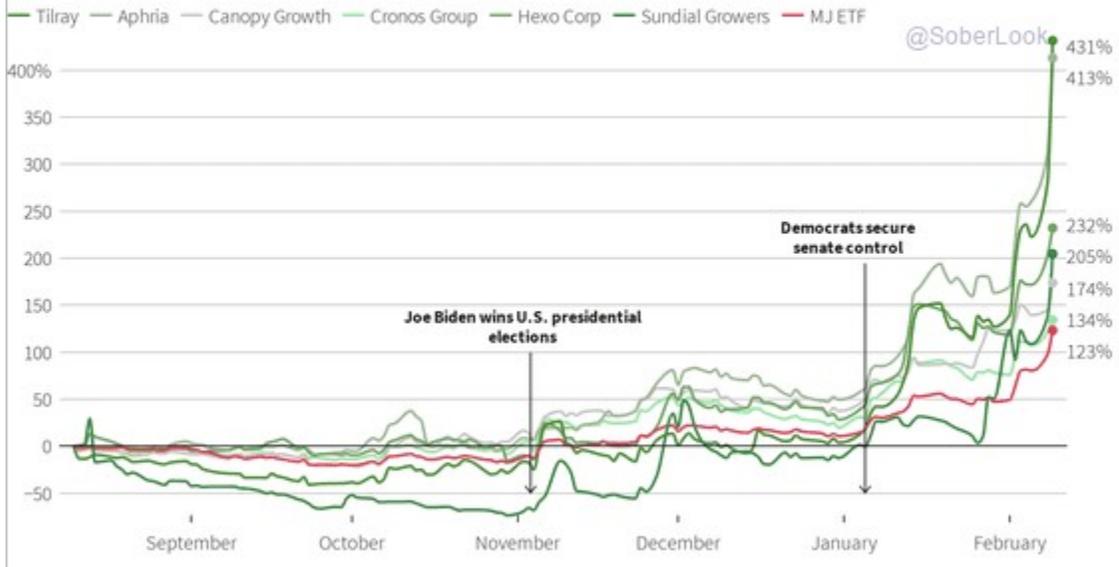
- Stock prices:



## Cannabis stocks rally to new highs

U.S.-listed pot stocks have doubled in last six months on President Joe Biden's administration promising decriminalization

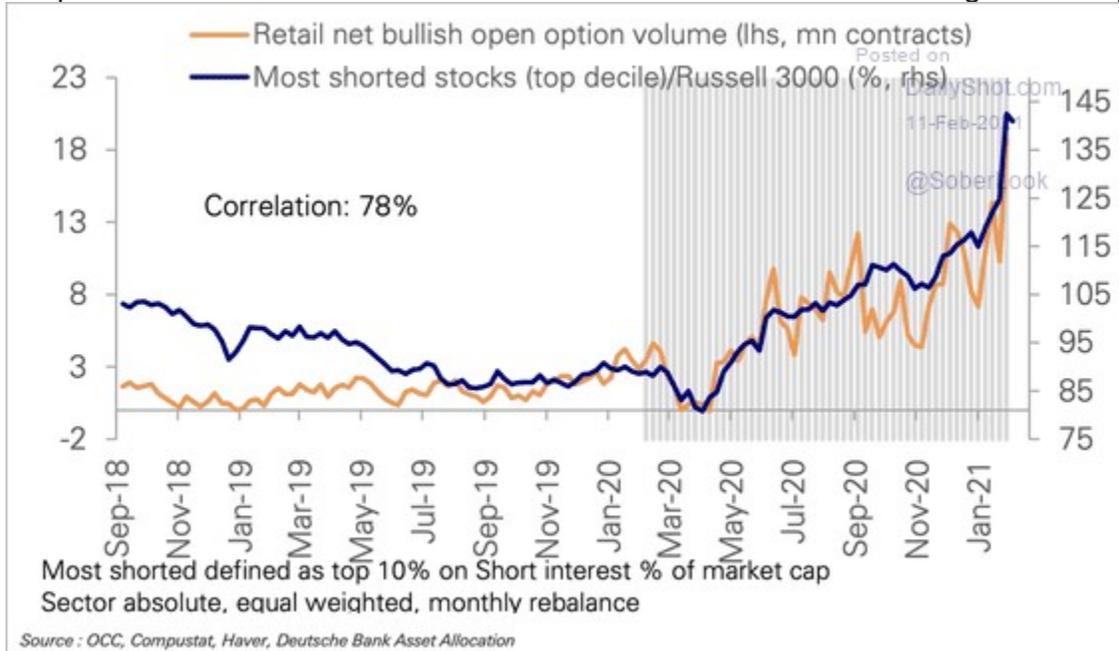
Posted on  
DailyShot.com  
11-Feb-2021



Note: Performance rebased to 0  
Source: Refinitiv Eikon  
By Shariq Khan | Reuters

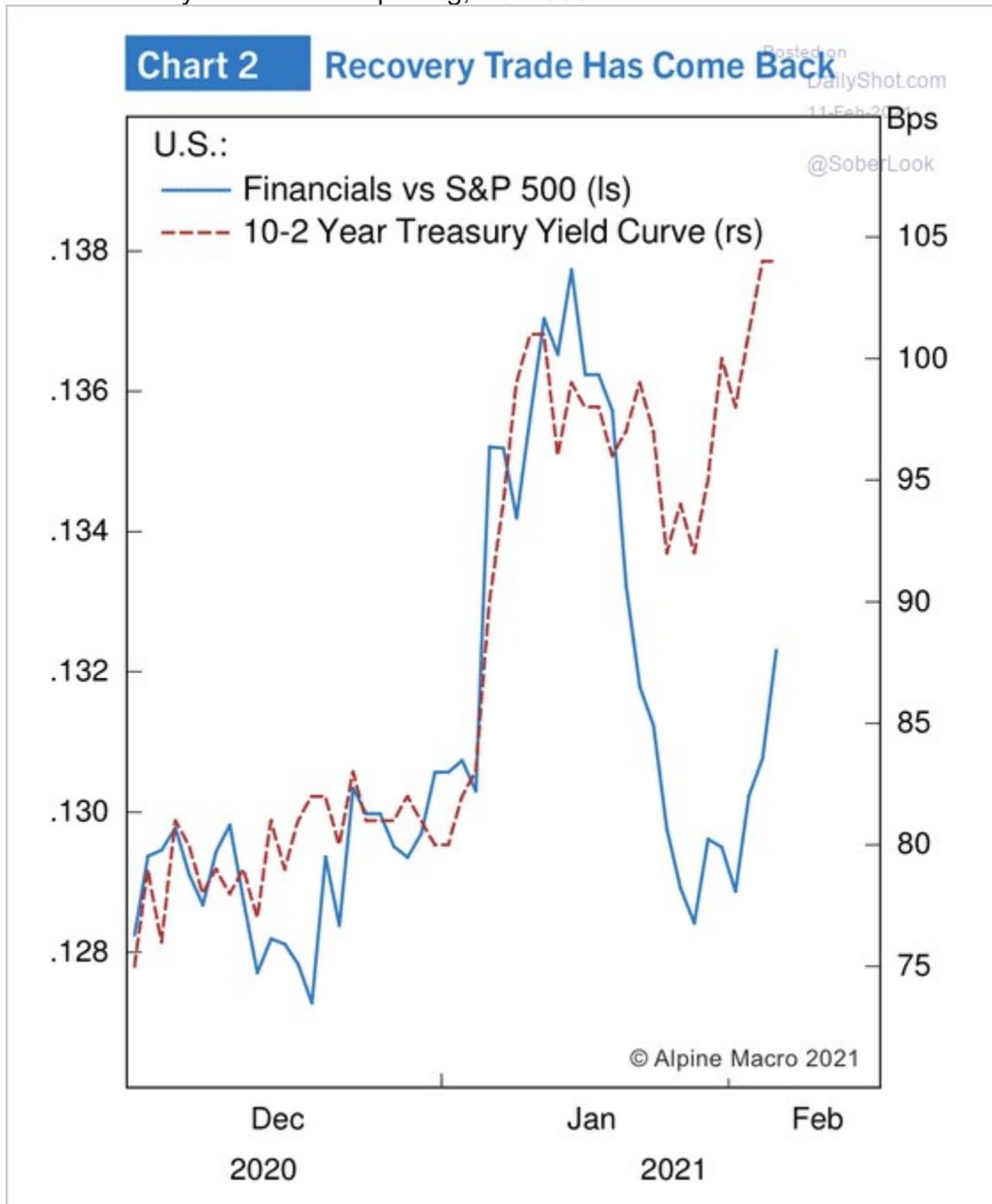
Source: Reuters [Read full article](#)

Outperformance of the most shorted stocks has coincided with a surge in call option volume.



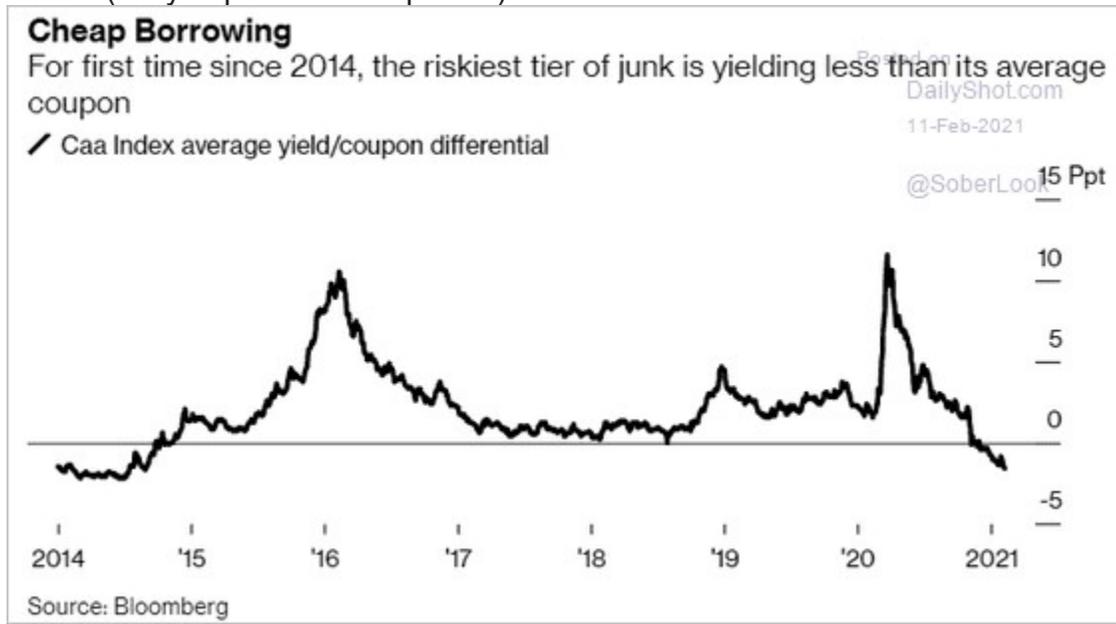
Source: [Deutsche Bank Research](#)

Based on the yield curve steepening, S&P 500 financials could have further room to run.



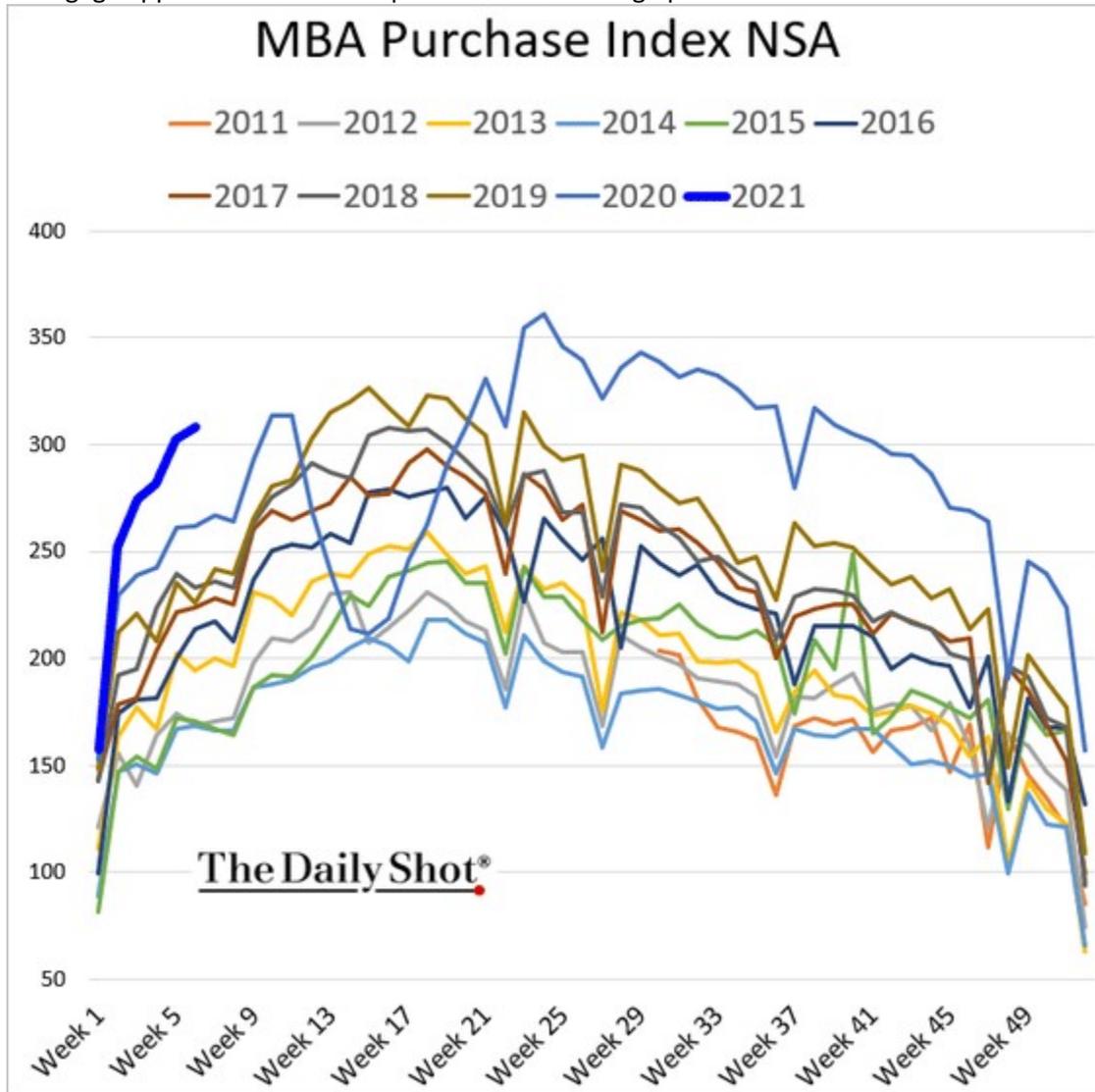
Source: [Alpine Macro](#)

Some of the most leveraged companies will be refinancing their debt as yields decline below coupon levels. (Very important for equities.)



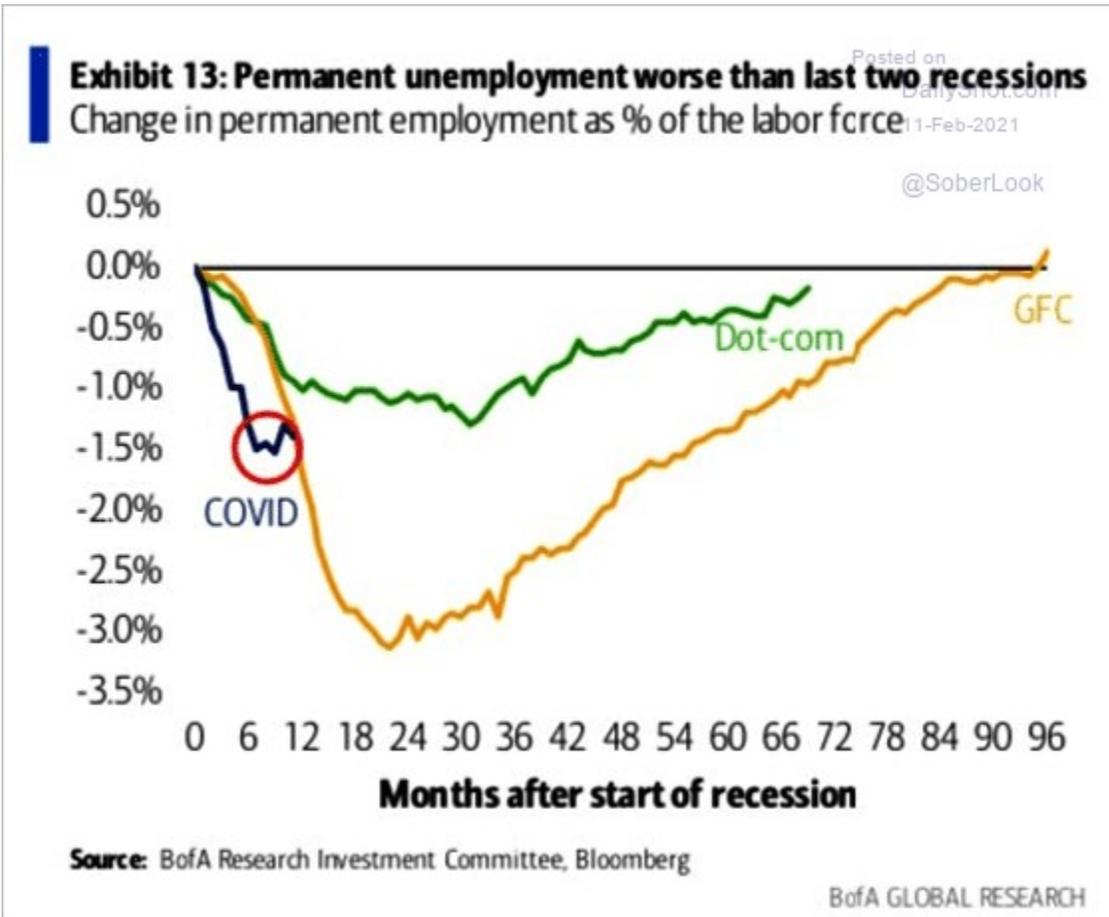
Source: @markets [Read full article](#)

Mortgage applications for house purchases are holding up.



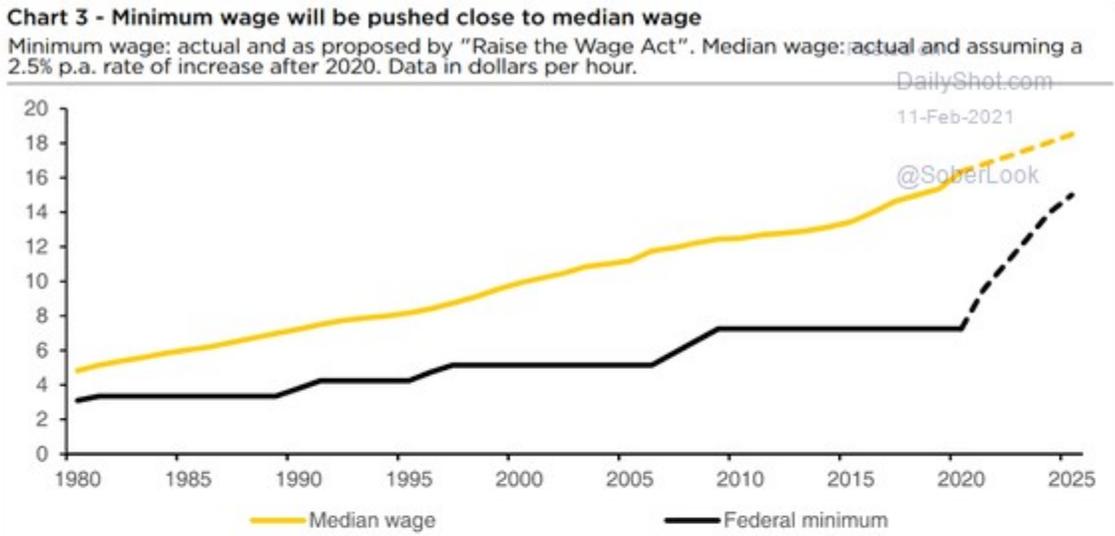
a couple of updates on the labor market.

- Permanent employment drop relative to the previous two recessions:

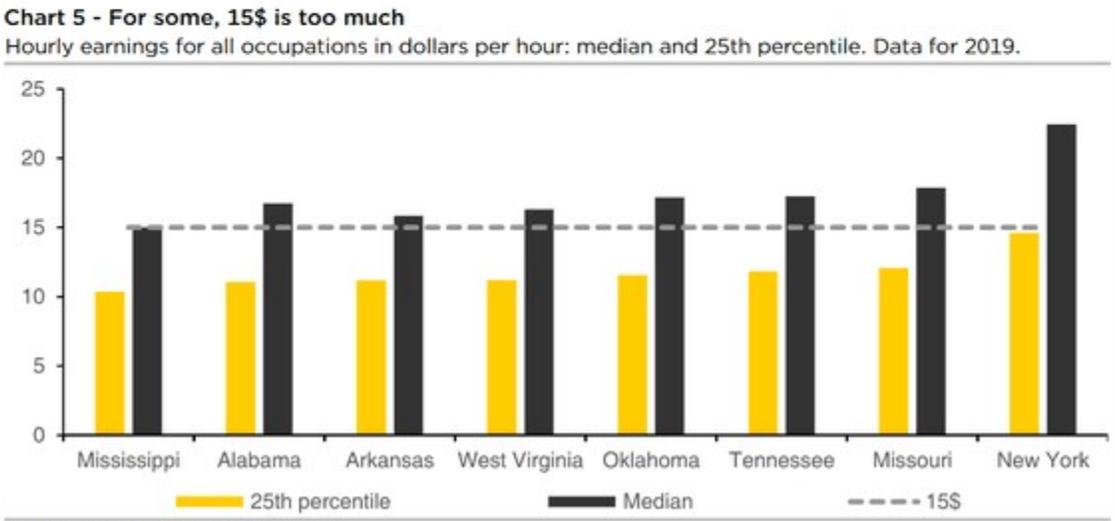


Source: [BofA Global Research, @WallStJesus](#)

- Is the proposed minimum wage increase to \$15/hr too much?



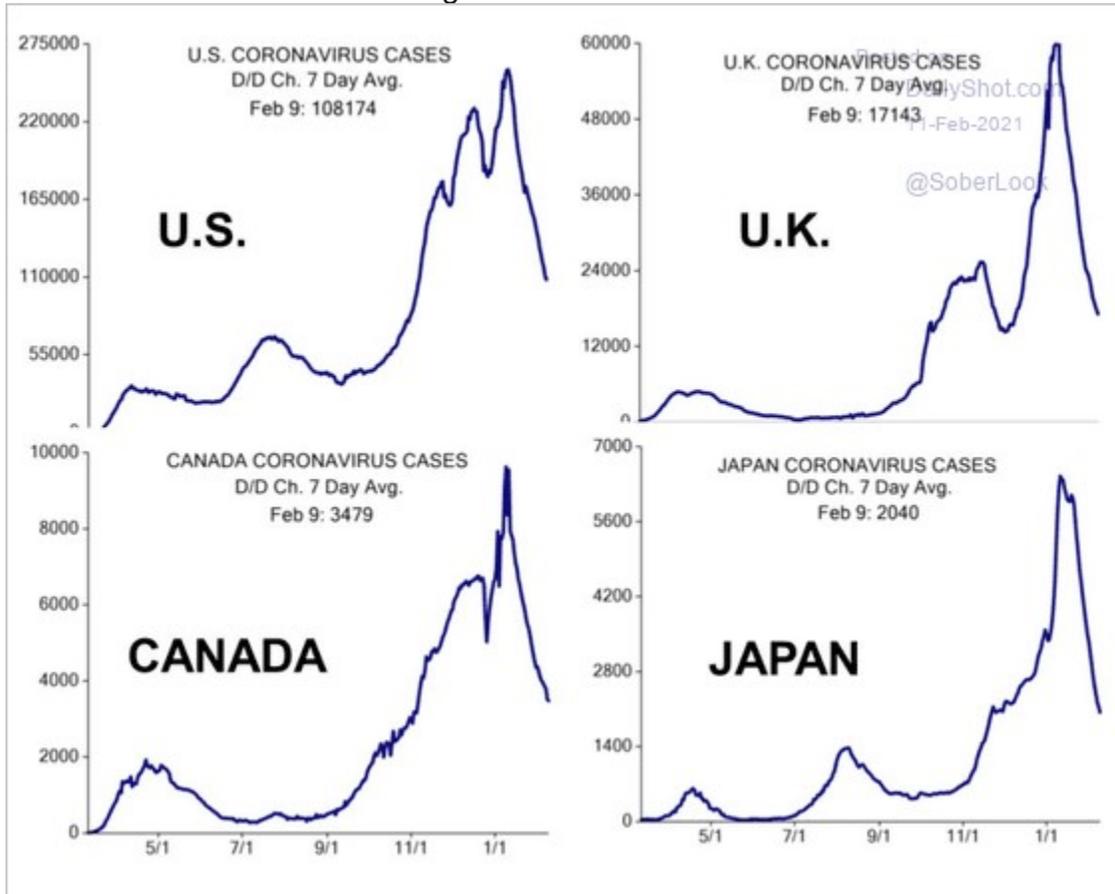
Source: CBO, BLS, Commerzbank Research



Source: BLS, Commerzbank Research

Source: [Commerzbank Research](#)

New COVID cases are declining in most countries.



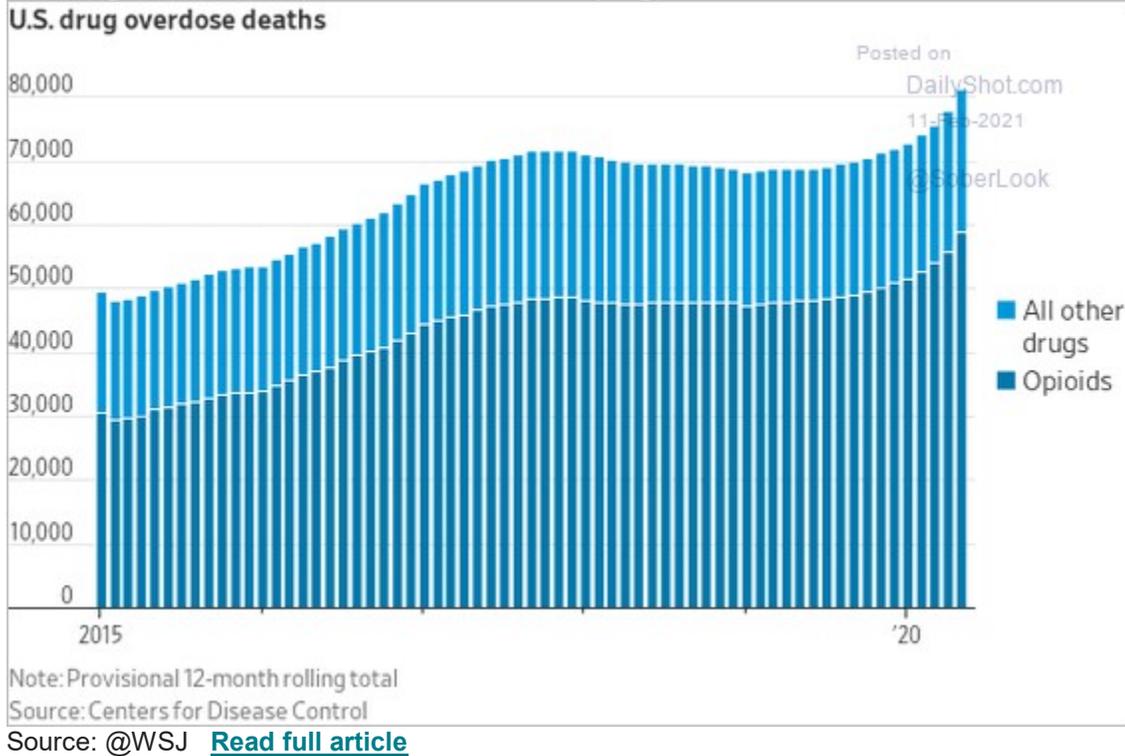
Source: [Evercore ISI](#)

Technicals point to downside risk for WTI crude.



[h/t Sophie Caronello](#)

US drug overdoses: (lockdowns aren't helping)



**Nothing on this email/website constitutes legal, tax, accounting, or other professional expert advice. When reviewing the attached material, it is important to remember that past performance is not indicative of future results.**

Nicholas Lampone

**Dalzell Trading**

Principal & Director of Trading

Direct: 617-340-5316

Main: 617-340-5313

Cell: 267-980-3481

Five Neshaminy Interplex

Suite 307

Trevose, PA 19053

[nlampone@dalzelltrading.com](mailto:nlampone@dalzelltrading.com)

<http://www.dalzelltrading.com/>