

Nick Lampone

From: Nick Lampone
Sent: Tuesday, February 23, 2021 7:45 AM
Subject: The Morning CORE
Attachments: Core logo.png

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

US Futures-World Markets: S&P futures trade lower ahead of Fed Chair Powell's testimony to the Senate Banking Committee at 10 am ET. Can buy-the-dip traders save the day again? I'd feel more bullish if stock futures were pressed lower premarket. The market is still searching for a short-term direction. Large-cap tech took it on the chin Monday. Keep an eye on Tesla. It was down -8% and is 6% lower pre-market this morning. TSLA makes up 1.8% of the S&P 500- 6th biggest weight. If you own an S&P 500 fund, you should care about Tesla. The stock was +296% in the last year, so it has room to trade lower. Elon is feeling the heat with Bitcoin down another 10%. I wonder what the mayor of Miami thinks of Bitcoin's price today? Talk about a top-tick, contra-indicator. Jeffrey Immelt's publicity book tour continues as he looks to rewrite his legacy. I can't believe the ego of these guys. He made zillions but can't handle any criticism on how he ran GE. I hate to break it to Jeffrey, but no one cares. You are yesterday's news and the market has moved on from you bleeding GE's capital dry. Carnival Cruise slapped another deal on the tape to raise \$1 billion. Smart move after the rally in its share price. S&P Futures vs. Fair Value: -18.40, 10-Yr Yield: 1.369%.

CORE Headlines:

- The Russell 2000 index of small companies are outpacing the S&P 500 by the widest margin in two decades, as investors bet heavy stimulus and coronavirus-vaccine deployment will boost the economy.-WSJ
- When the pandemic started, US companies followed a traditional template by closing assembly lines, cutting costs, and preserving cash—a strategy that has left them unprepared for the sharp rebound in consumer demand that began last spring.-WSJ
- Senate will hold a confirmation hearing Thursday for USTR nominee Katherine Tai who will promise to be tough on China and keep all China tariffs in place regardless of lobbying by corporations.-Bberg
- Facebook (**FB**) reaches deal to restore Australian news services.-FT
- New Jersey Governor Phil Murphy plans to call for a \$6.4B payment to the state's chronically underfunded pension system, after officials found the state's financial picture better than earlier anticipated.-WSJ
- New York governor Andrew Cuomo said New York City movie theaters can reopen at 25 percent capacity on March 5 after being closed for nearly a year because of the Covid-19 pandemic—they must use assigned seats and require the use of masks.-WSJ
- **GME:** Shares of the retailer rose after **Reddit** user Keith Gill, who sparked the initial wave of recent buying that sent the share price soaring, disclosed he bought more of the retailer's stock, bringing his holdings to about 100K shares.-WSJ (He thinks this is a video game. How could he not sell anything over \$300?)
- Spotify will offer a new HiFi subscription level alter this year, offering music in a lossless audio format, as opposed to digital audio formats such as MP3 that compress and discard some sound data.-USA
- The feds will give America's smallest businesses, including people who work for themselves, two weeks to access coronavirus relief loans without larger companies gumming up the works, according to the Biden administration.-NYP

- **AAPL:** The tech giant's launch of a 5G iPhone sent it to the top of global smartphone manufacturer rankings for the first time in five years, a sign it is thriving despite a broader slowdown in handset sales during the pandemic.-FT
- The European Union will sanction Russia over the imprisonment of opposition activist Alexei Navalny by imposing travel bans and asset freezes on at least four people, a move US secretary of state Antony Blinken welcomed.-FT (Did Merkel approve?)
- Copper, the world's most important industrial metal, climbed above \$9K a ton for the first time since 2011 on Monday—after rising 8.1 percent Thursday and six percent Friday—fueled by speculative bets on higher prices from China.-FT
- Wells Fargo said it had agreed to sell its asset management business, which manages more than \$603 billion on behalf of customers, to private equity firms GTCR and Reverence Capital Partners for \$2.1 billion.-Reuters
- Home Depot warned that it could not predict if its pandemic-induced sales dream run from last year will continue into 2021, even as its fourth-quarter results handily beat analysts' estimates.-Reuters

Interesting Reads/Charts:

- CNBC: The market is getting nervous about Powell's testimony <http://cnb.cx/3aLheN9>
- Fast Company: This privacy ring is like Incognito Mode for real-life (sign me up) <http://bit.ly/37CCqLW>
- Ladders: Dealing with narcissists in the workplace <http://bit.ly/37Ff3sl>
- Popular Mechanics: Best new cars in 2021 <http://bit.ly/3dDY0jt>

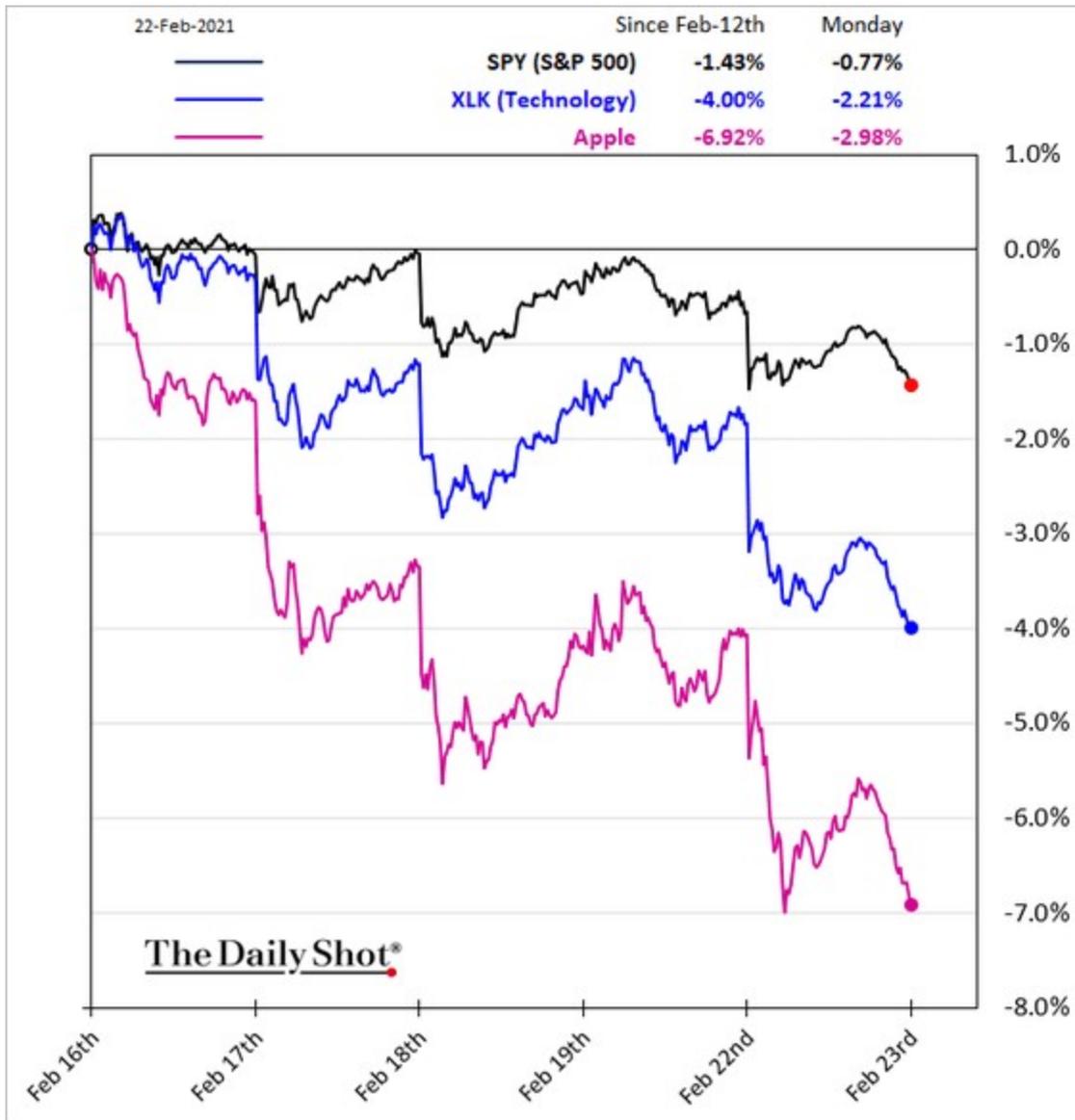
All charts from The Daily Shot:

The recent increase in Treasury yields has been putting a bit of pressure on some high-flying stocks.

— Nasdaq 100:



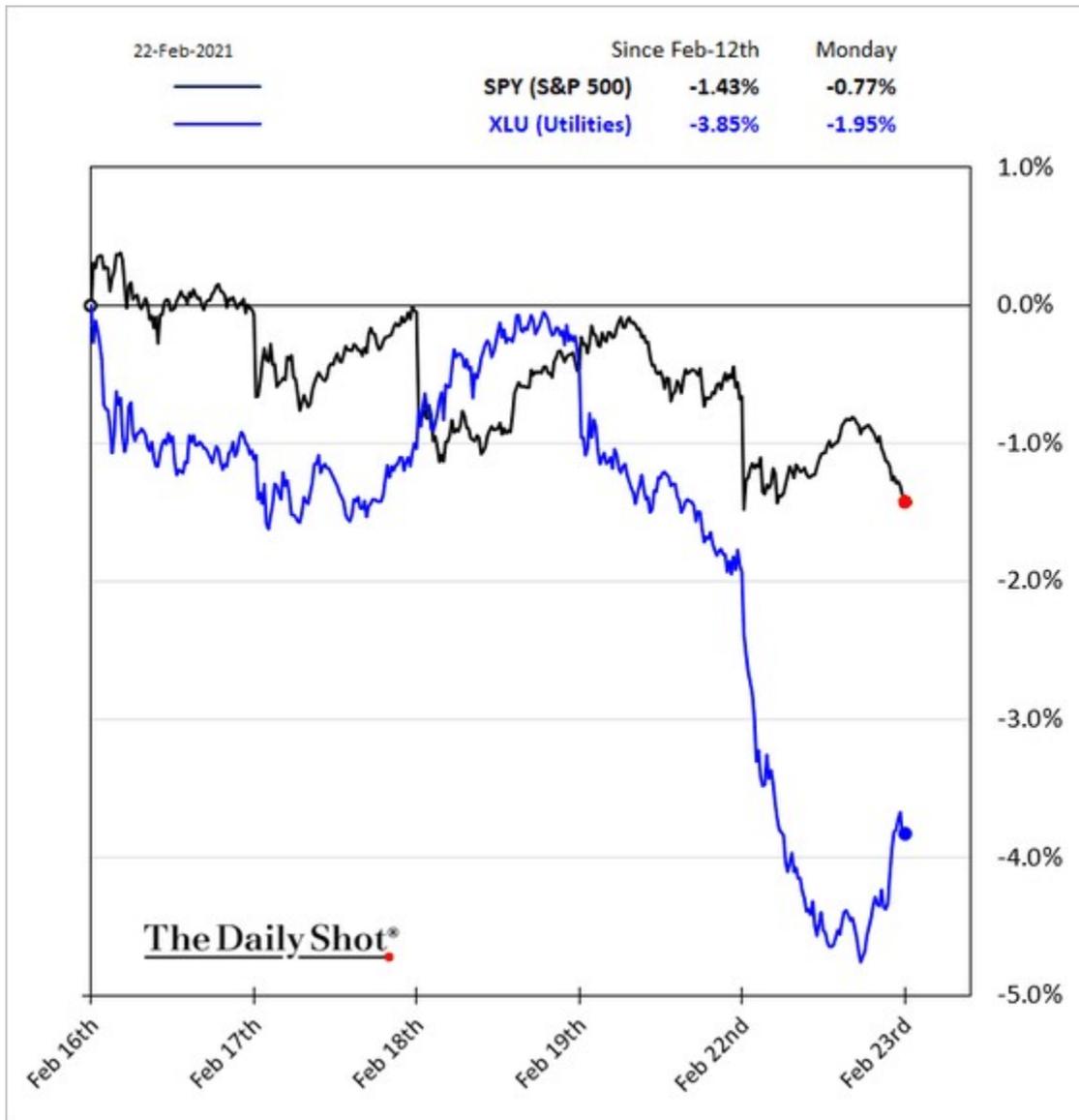
— Tech:



— Goldman's non-profitable tech basket:



Higher yields are pressuring utility stocks, ...



... while helping banks. The banking sector also got a boost from some M&A developments (2nd chart).

22-Feb-2021

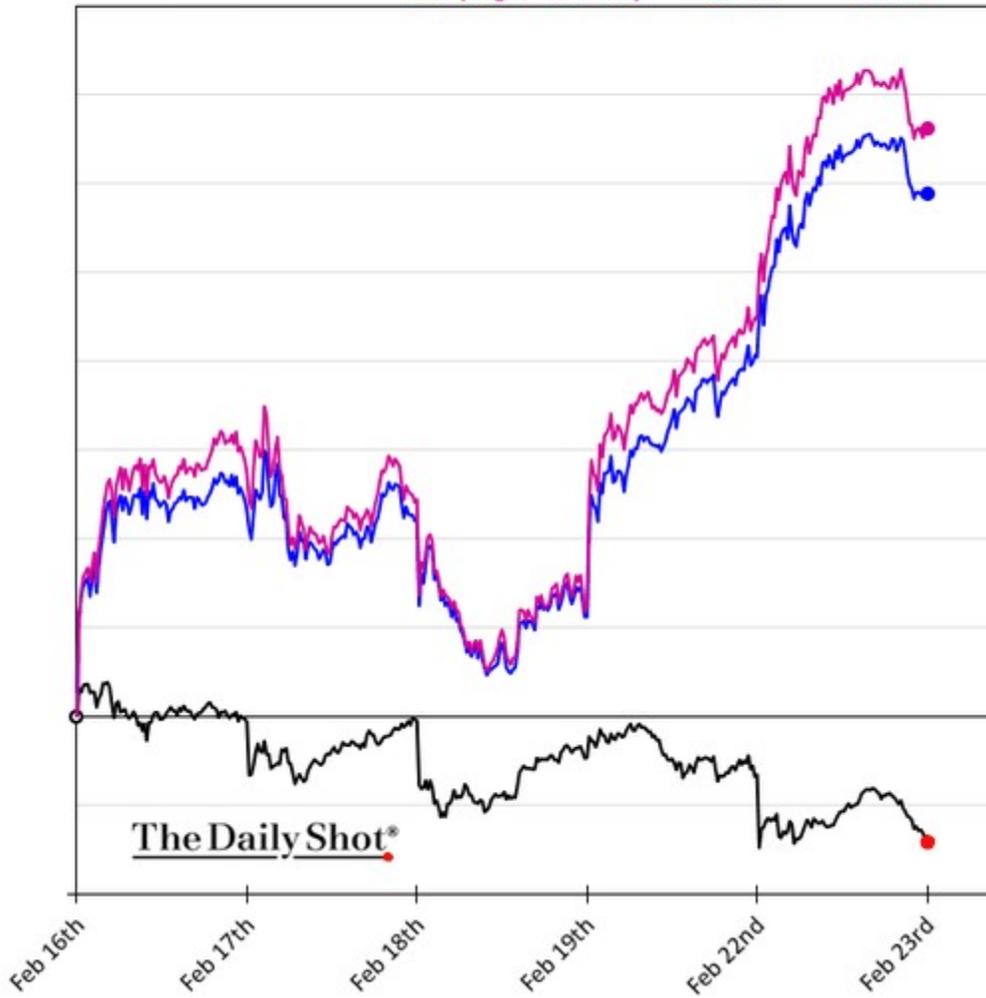
Since Feb-12th

Monday



SPY (S&P 500)	-1.43%	-0.77%
KBE (Banks)	5.88%	1.76%
KRE (Regional Banks)	6.61%	2.05%

8.0%
7.0%
6.0%
5.0%
4.0%
3.0%
2.0%
1.0%
0.0%
-1.0%
-2.0%

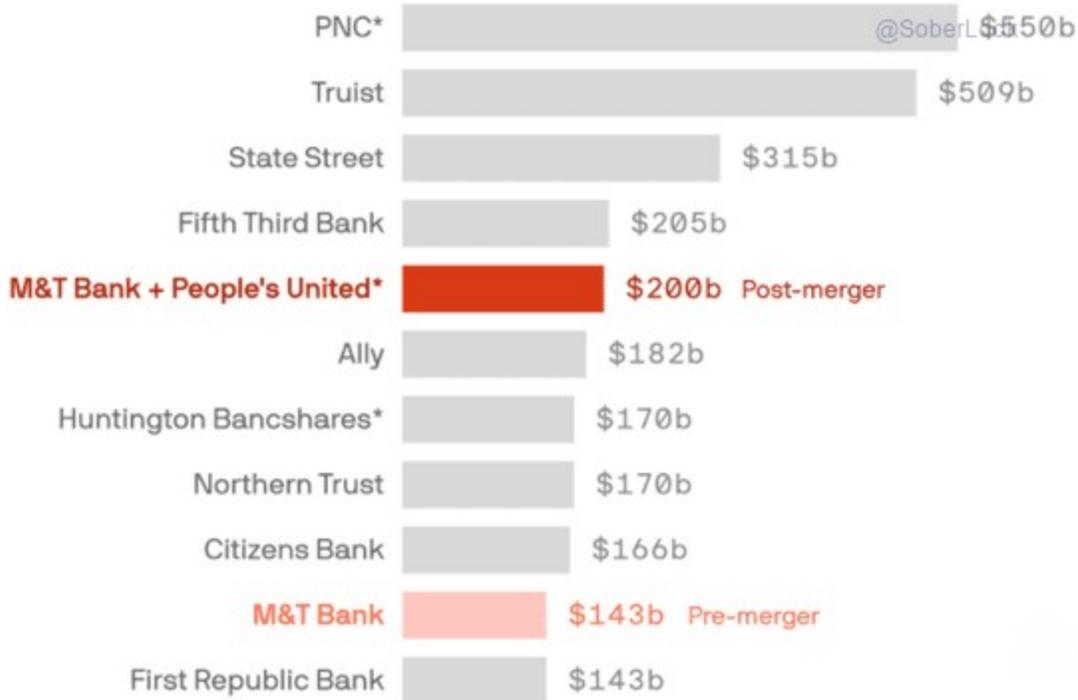


The Daily Shot[®]

Regional banks by total assets

Posted on
DailyShot.com
23-Feb-2021

As of Dec. 31, 2020; * = merger pending



Data: FactSet; Chart: Andrew Witherspoon/Axios

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

The sector moves shown above resulted in a sharp divergence between value and growth factors (2 charts).



22-Feb-2021

Since Feb-12th

Monday

—

IWM (Russell 2000)

-1.55%

-0.65%

—

IWN (Russell 2000 Value)

1.34%

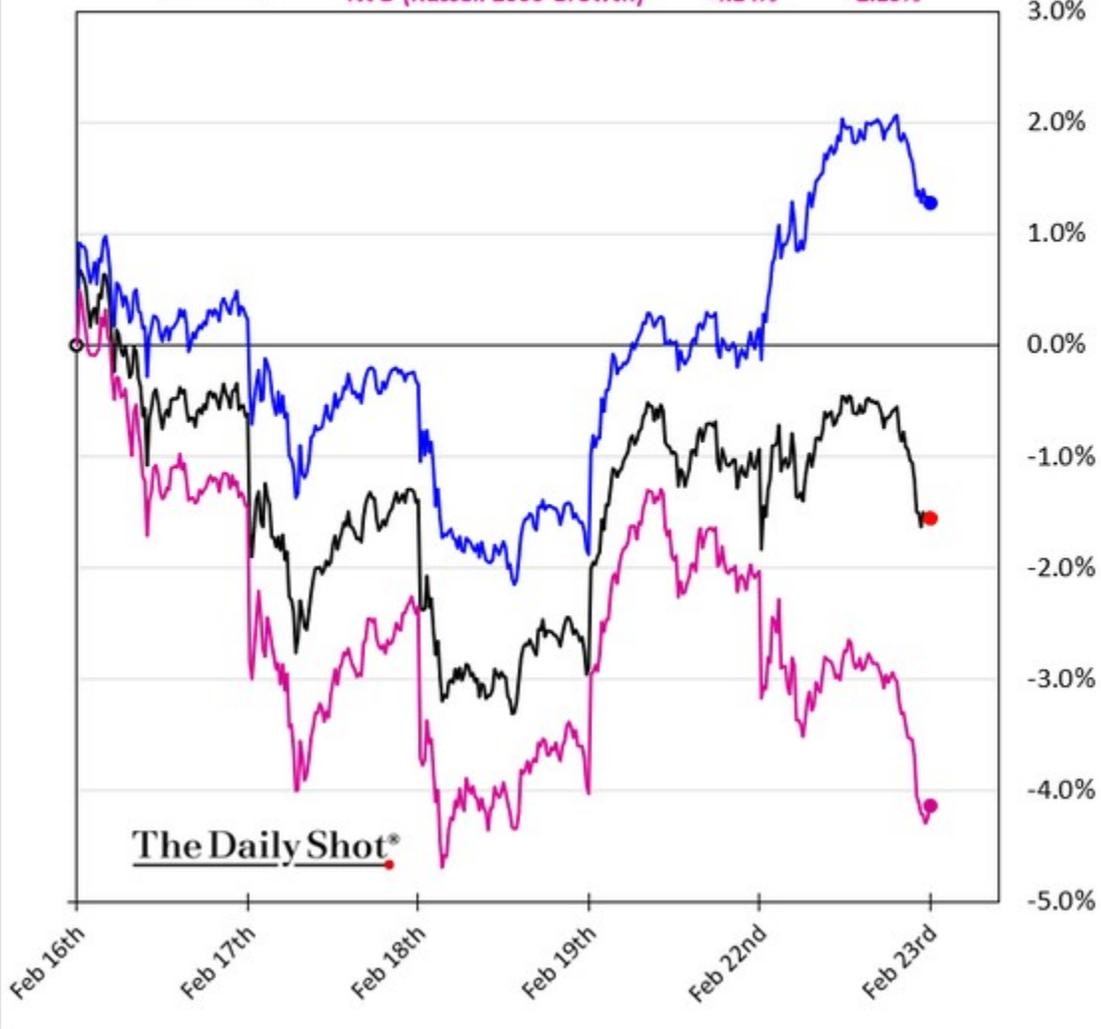
1.18%

—

IWO (Russell 2000 Growth)

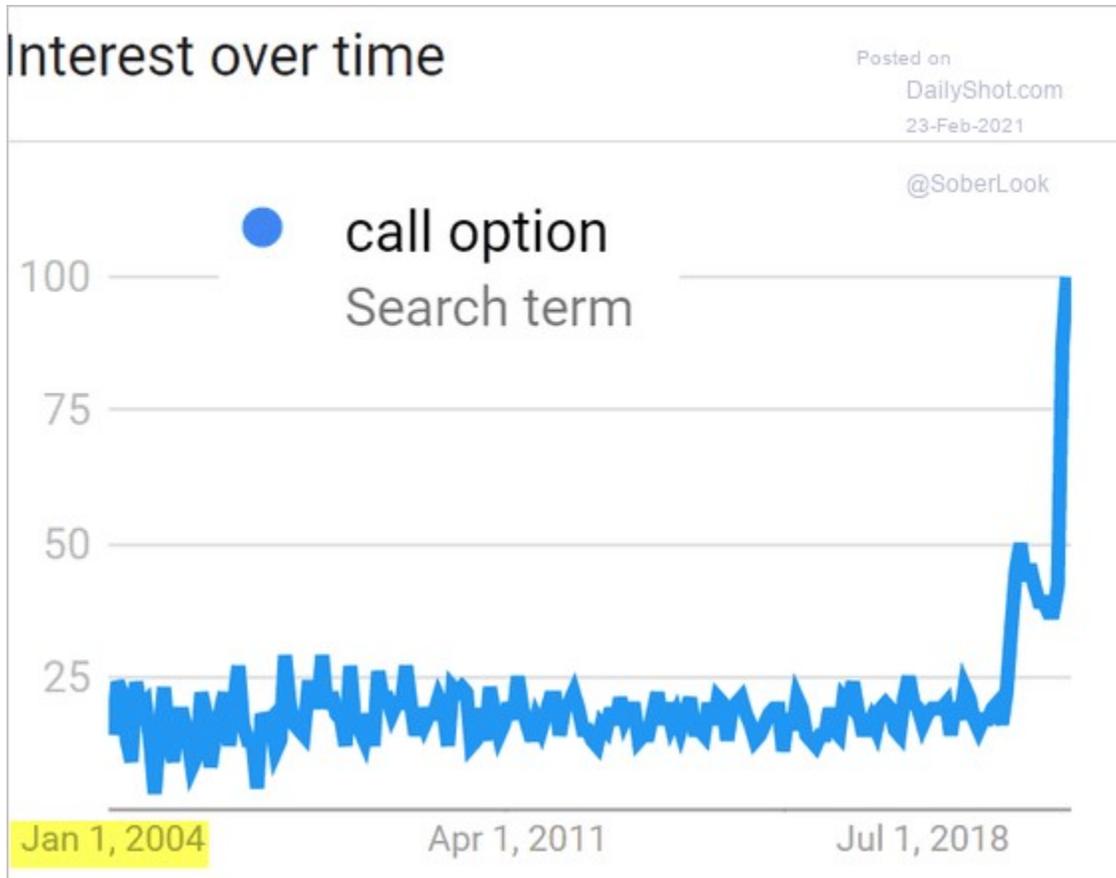
-4.14%

-2.15%



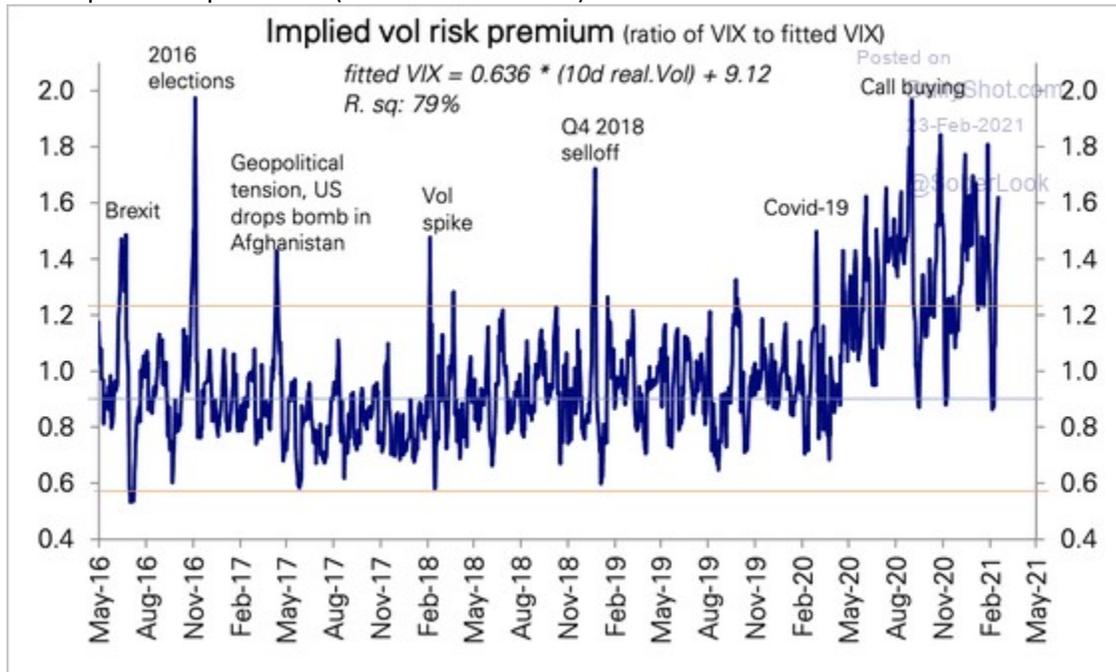
some updates on volatility.

- The public is very interested in call options.



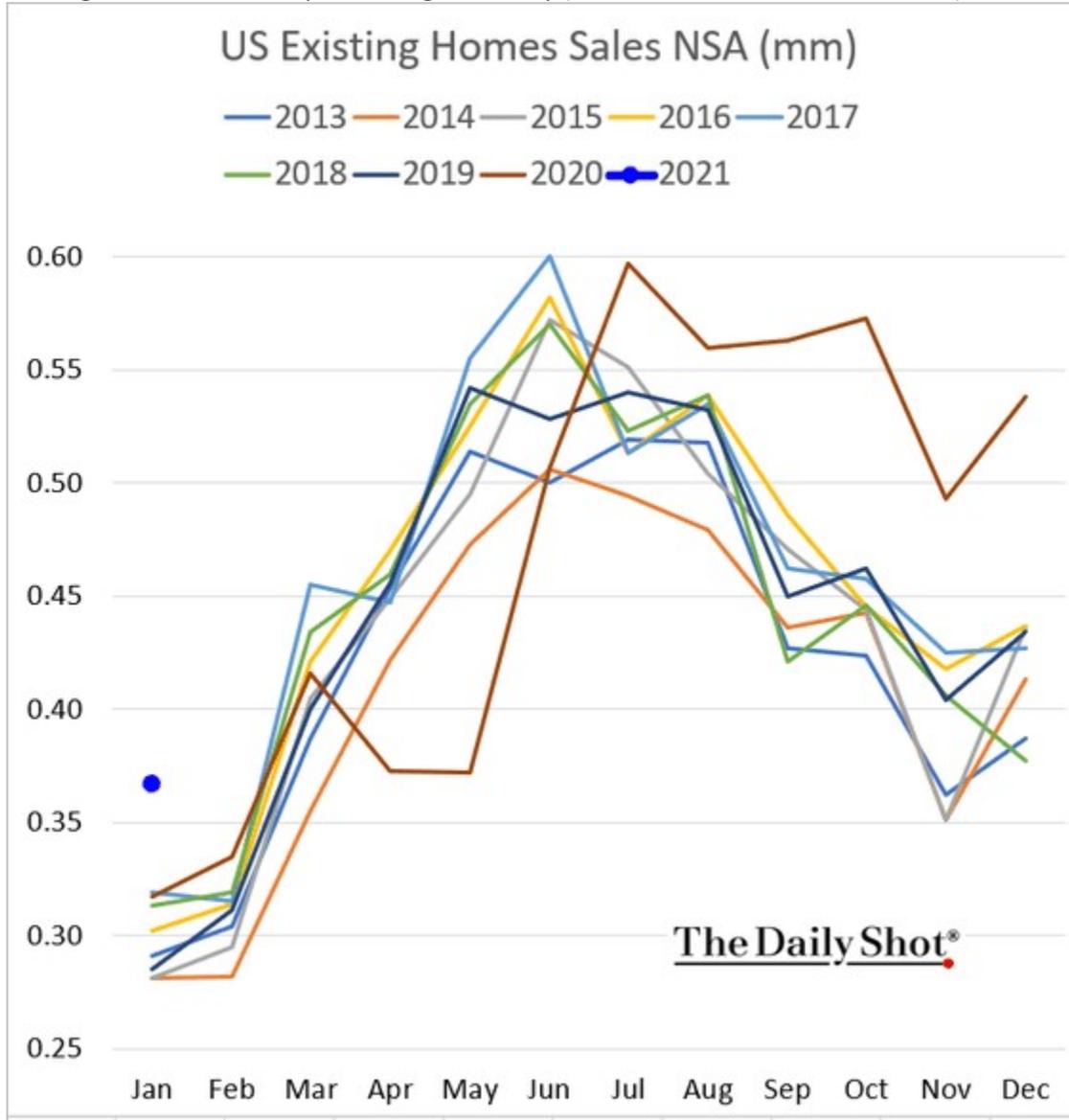
Source: [Google Trends](#), h/t Tilo Marotz

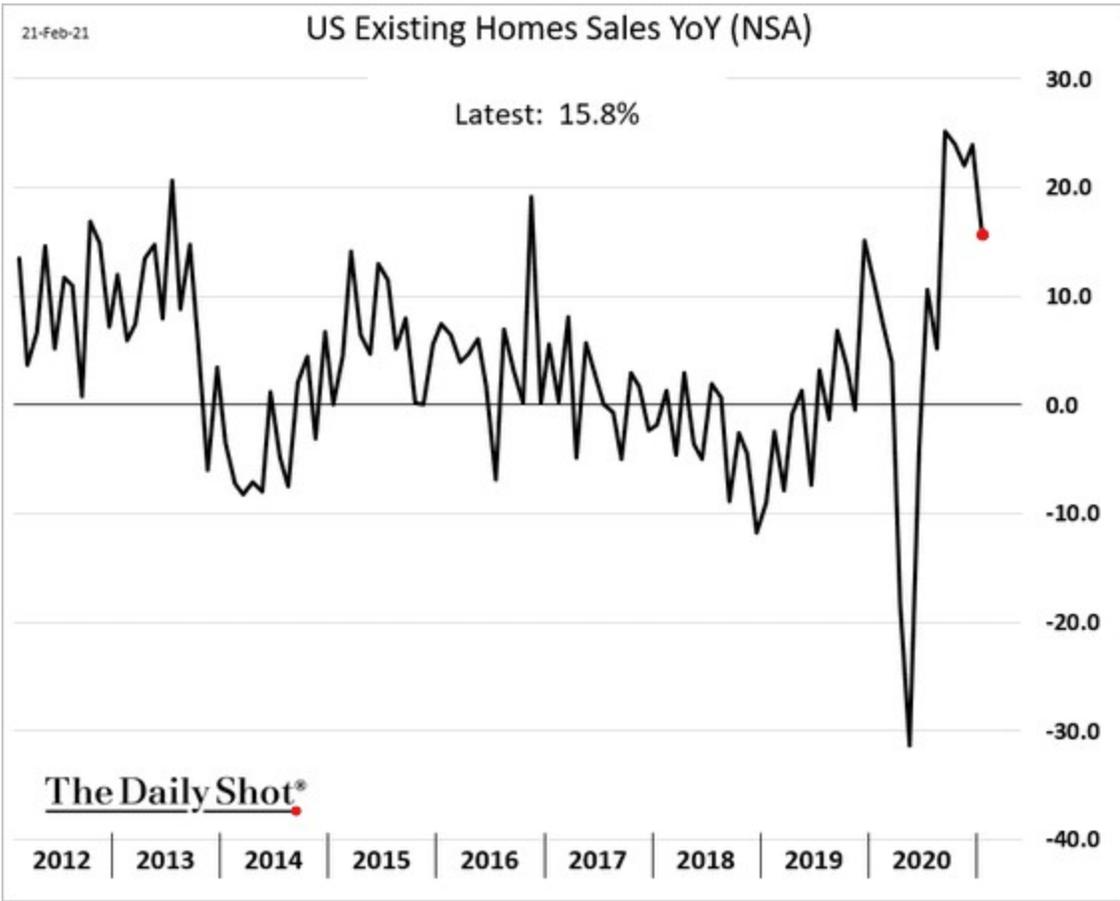
The implied vol “premium” (VIX vs. modeled VIX) remains elevated.



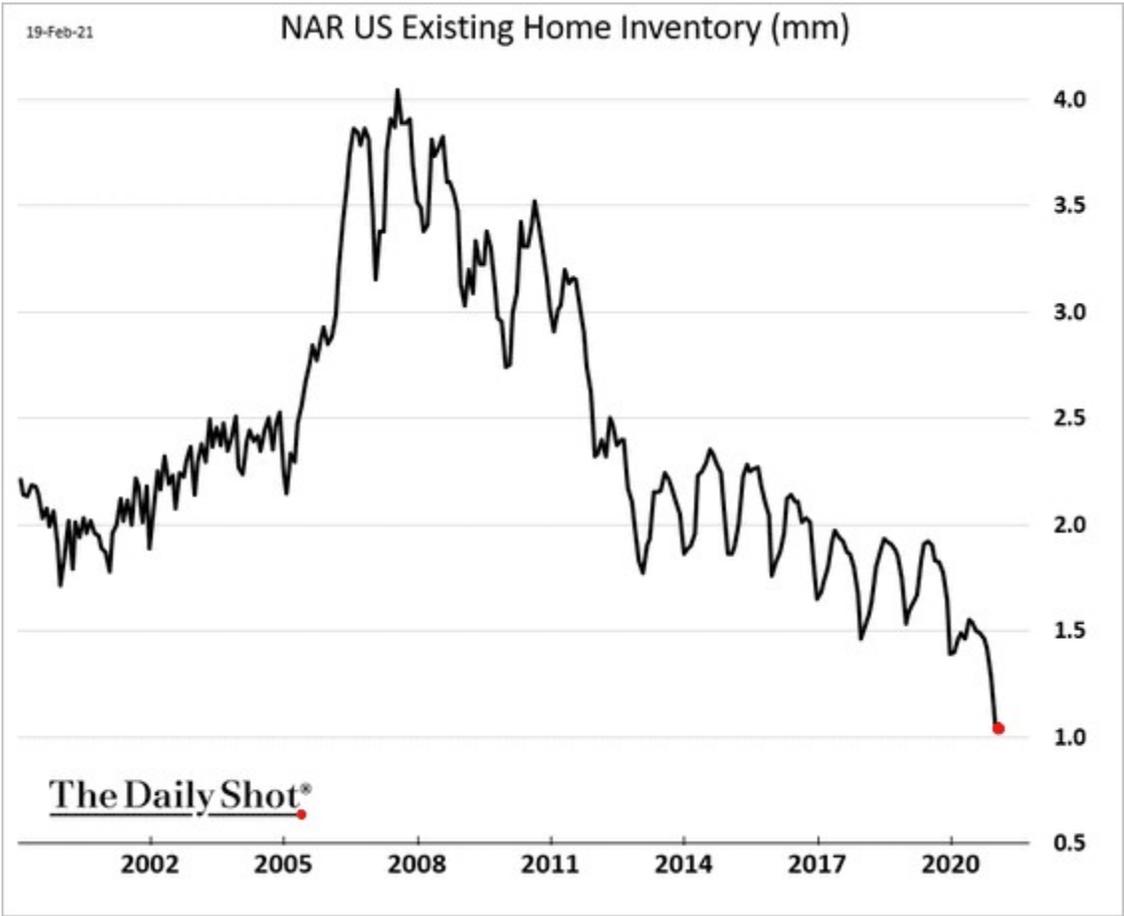
Source: [Deutsche Bank Research](#)

Existing home sales were quite strong in January (almost 16% above Jan 2020 levels).

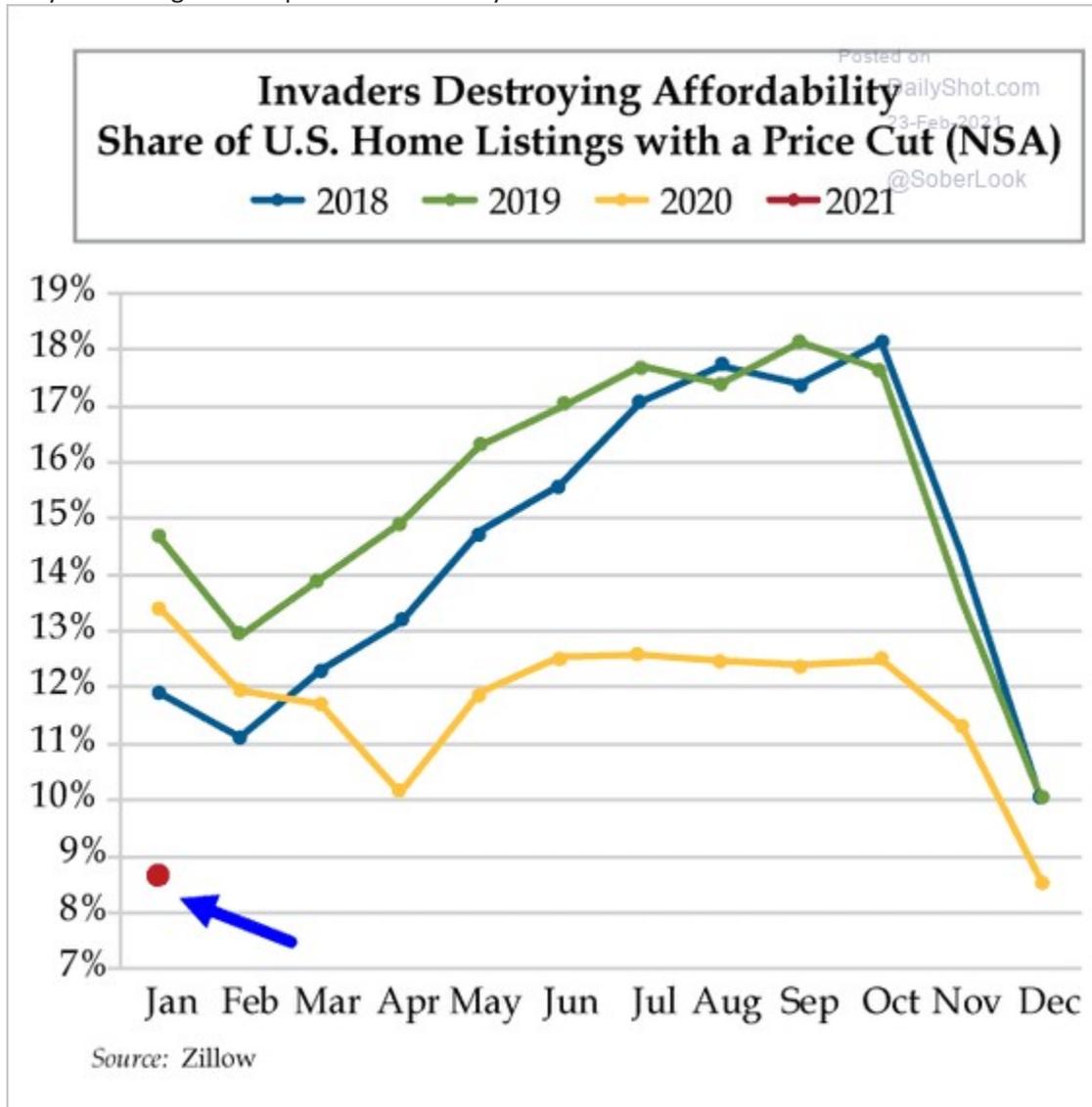




The inventory of homes for sale hit a multi-decade low.

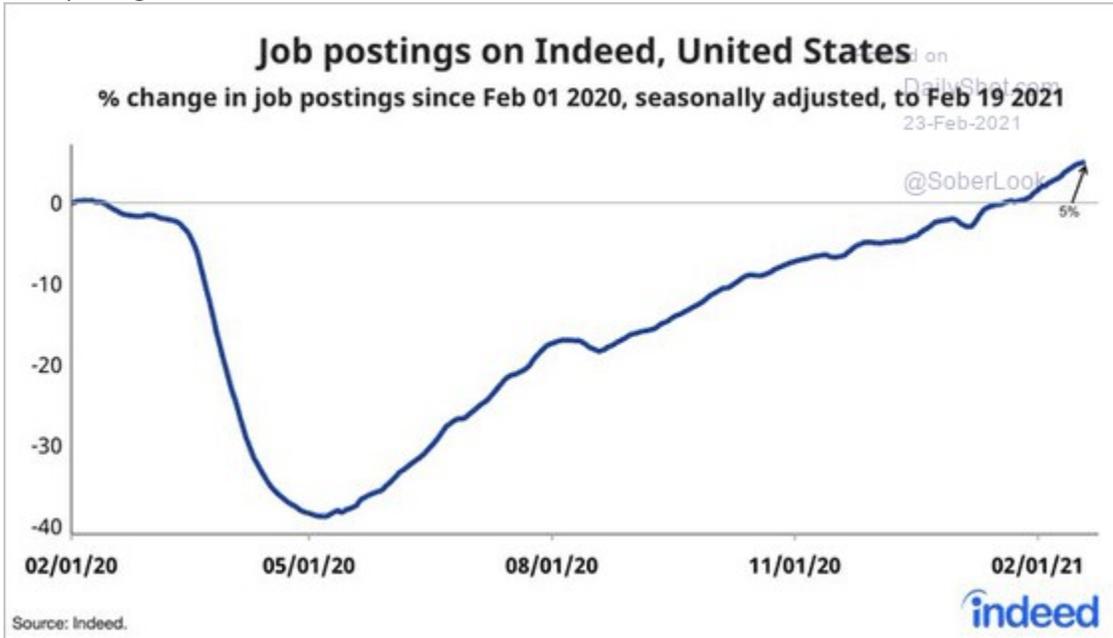


Very few listings have a price cut these days.



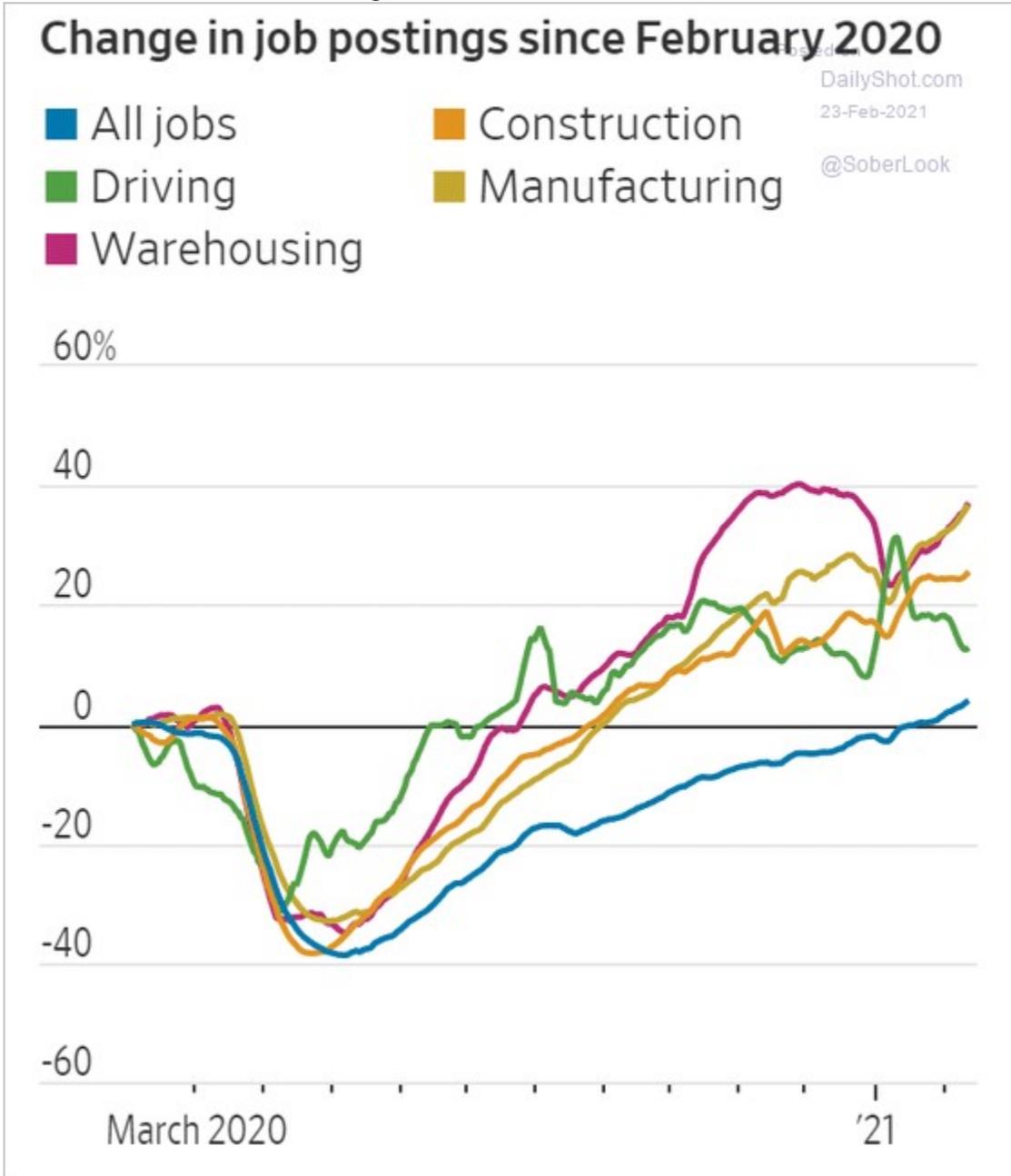
Source: [The Daily Feather](#)

Job openings continue to climb.



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

Some blue-collar workers are in high demand.



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

10-year and 30-year Treasury yields are approaching resistance (2 charts).

Fig 2: US 10-year bond yields shown with key levels and moving averages



Source: [Longview Economics](https://www.longvieweconomics.com)

Fig 3: US 30-year bond yields shown with key levels and moving averages



Source: [Longview Economics](https://www.longvieweconomics.com)

Is the Treasury selloff overdone?



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

Bloomberg's spot commodity index hit a multi-year high.



[Further reading](#)

Brent is making its way toward \$70/bbl.



Bitcoin tumbled below \$50k.



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