

Nick Lampone

From: Nick Lampone
Sent: Tuesday, March 2, 2021 7:57 AM
Subject: The Morning CORE
Attachments: Core logo.png

<https://www.themorningcore.com/> I'm back after some email issues the last 2 days.

US Futures-World Markets: S&P futures are lower after yesterday's mammoth rally. It was the largest gain for the S&P since June. Markets like certainty and investors feel like they received enough. Massive fiscal stimulus along with widespread vaccine distribution have removed questions on the economy. Expect pent-up consumer demand for 2021. Worries about long-term interest rates took a 20-second timeout so buyers could gorge on risk assets. CNBC recap: <http://cnb.cx/381qbXU> . Some retailers report earnings today. Abercrombie, Target and Kohl's before the open with Urban, Ross Stores after the bell. Bernie and Elizabeth Warren won't stop pushing a wealth tax. Did they see the results in Europe with this? We're pushing tax ideas from Bolivia and Argentina? Amazing. I think they are just greasing the skids for other tax rate increases, so they don't seem so outlandish. Sounds like me explaining to my wife I'm ONLY going on a 5-day golf trip. "Well, Sam is going for 8 days. I'm only going for 5 days." S&P Futures vs. Fair Value: -5.40, 10-Yr Yield: 1.448%.

CORE Headlines:

- President Biden and Democrats are trying to resolve the remaining disputes over the coronavirus relief package they hope to move through the Senate this week, despite left-wing frustrations over the exclusion of a minimum-wage increase.-WSJ
- Senate plans to begin a multiple-day process to amend and pass stimulus bill starting Wednesday. There are some issues the parliamentarian still needs to rule on.-Politico
- Massachusetts will allow restaurants to operate at 100% capacity.-NBC (Someone please tell Mayor Kenney in Phila.)
- "Though slack in the economy and a vigilant Fed currently keep prices well in check, some influential economists say political pressure and a new emphasis on maximizing employment could test the central bank's resolve to raise rates by enough when inflation risks emerge."-WSJ
- California officials plan to provide public schools with \$6.6B in additional incentives to reopen their doors to in-person instruction by April, but local school districts will still have to bargain with employees about how and when to do so.-WSJ (Incentives for people to do their jobs? Have to laugh. Like an old-school shakedown from the Mob.)
- **PFE, BNTX, AZN:** New evidence from the UK shows Covid-19 vaccinations sharply reduced serious illness and deaths among elderly people after one dose, bolstering optimism that successful vaccination programs will end widespread lockdowns and boost economies.-WSJ
- **Robinhood**, the no-fee trading app for millennials that was harshly criticized for its role in the **GME** trading frenzy in February, is considering an initial public offering this month and will soon file paperwork with the SEC.-NYP (Good luck with that.)
- The National Security Commission on Artificial Intelligence said the US could lose its superiority in semiconductor manufacturing that is critical for commercial and military success because of a reliance on Taiwanese chip manufacturers.-FT
- Special purpose acquisition companies, or blank check companies, inked a record \$109B in global transactions last month amid ongoing investor enthusiasm for taking privately held companies public.-FT

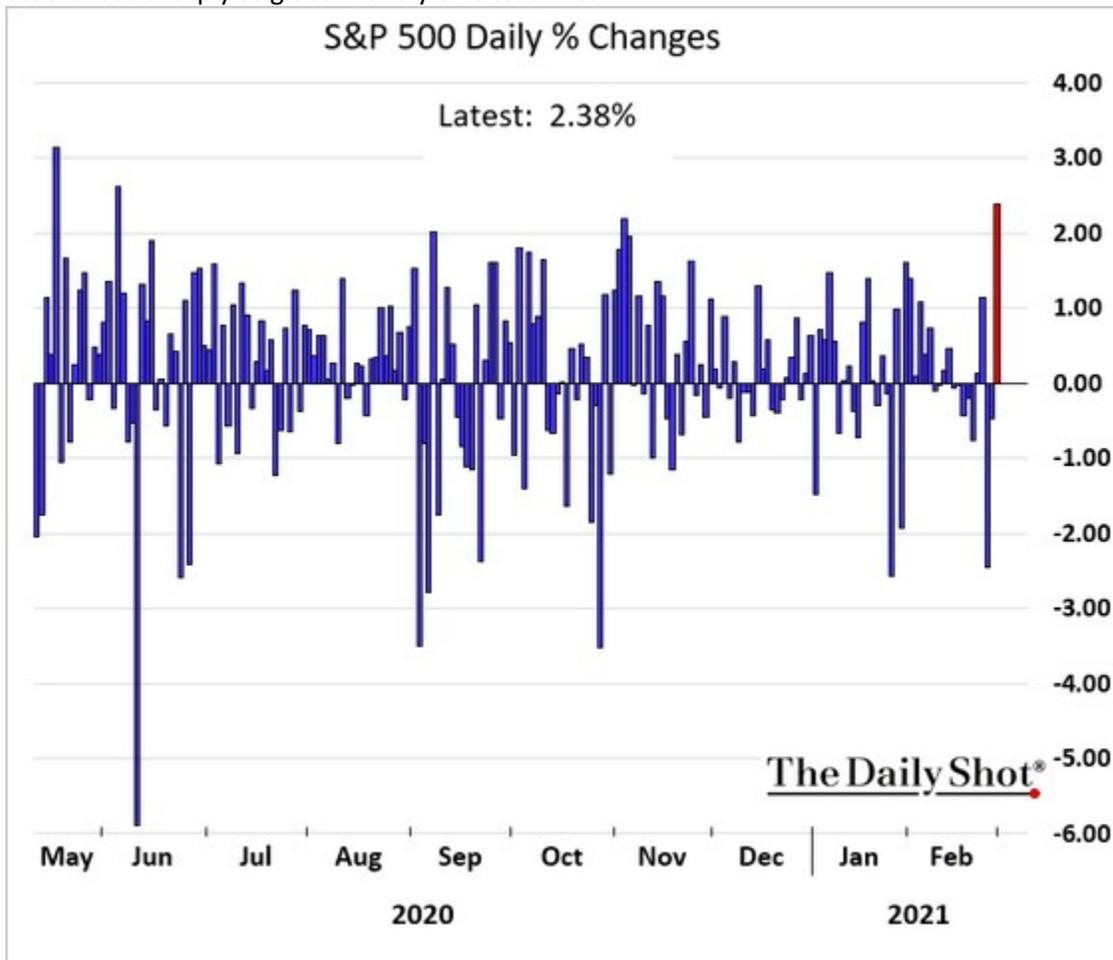
- The US govt. handed over to Japanese authorities a father and son accused of helping former **Nissan** chairman Carlos Ghosn escape from his confinement under house arrest for financial fraud in Japan.- FT
- Brussels is set to propose a personal electronic coronavirus vaccination certificate in a bid to boost travel in the European Union once a larger number of people have received the shots and lockdowns ease.-FT
- China is undertaking a bold effort to remake the way government-backed money works, rolling out its own digital currency with different qualities than cash or digital deposits, with the People’s Bank of China testing the “e-CNY” in large cities.-NYT

Interesting Reads/Charts:

- CNBC: NY AG has a warning for crypto firms <http://cnb.cx/3qaaEU0> (Reminds me when the Feds went after local bookies hard, just before they legalized gambling. Just a coincidence? I doubt it as governments look to get into the digital currency game.)
- AEI: Germany and the US-China cold war <https://bit.ly/2MI4wFU>
- A16z: Learn about non-fungible tokens <http://bit.ly/3uM3Gcf>

Charts from The Daily Shot:

Stocks rose sharply as global bond yields stabilized.



Driven by vaccine success and expected stimulus, the market is betting on acceleration in economic expansion. That’s why sectors like transportation and industrials are outperforming.



01-Mar-2021

Since Feb-22nd

Monday



SPY (S&P 500)

0.66%

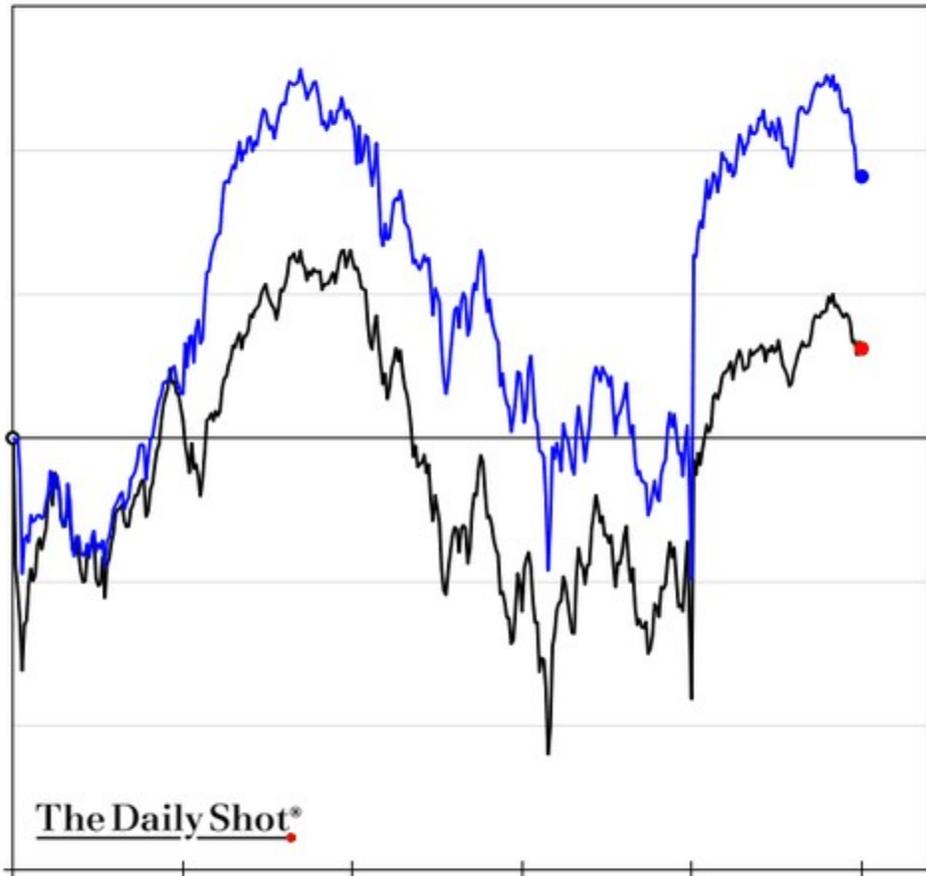
2.42%

XLI (Industrials)

1.82%

2.56%

3.0%
2.0%
1.0%
0.0%
-1.0%
-2.0%
-3.0%



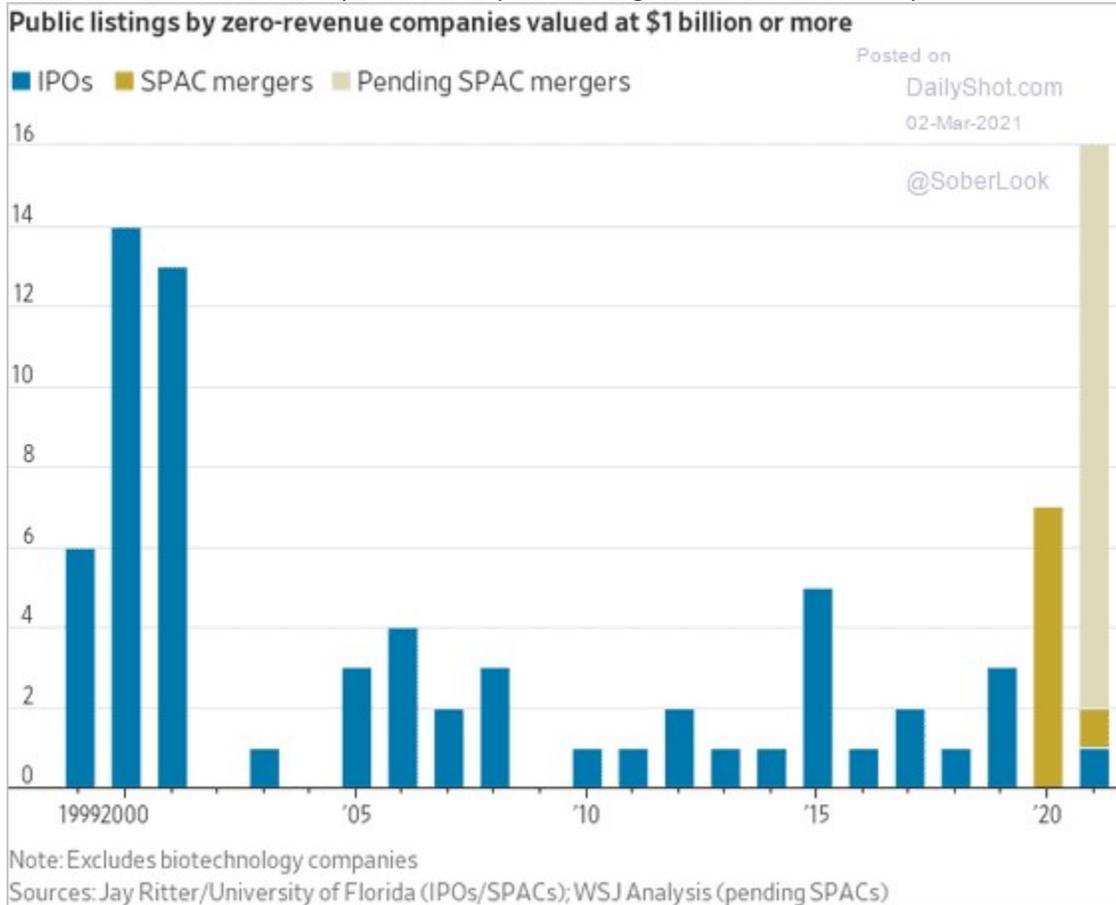
The Daily Shot®

Feb 23rd Feb 24th Feb 25th Feb 26th Mar 1st Mar 2nd

Faster economic growth will benefit companies with higher operating leverage.

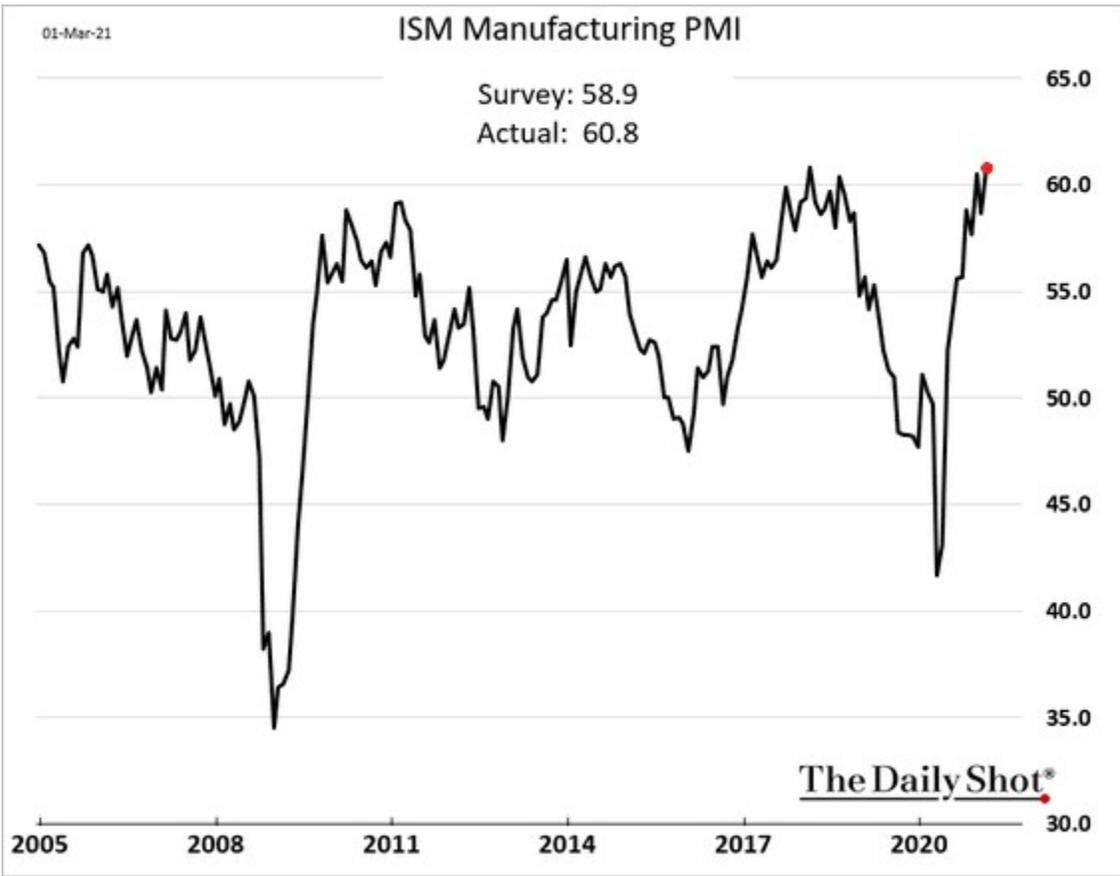


SPACs drove the recent sharp increase in public listings of zero-revenue companies.

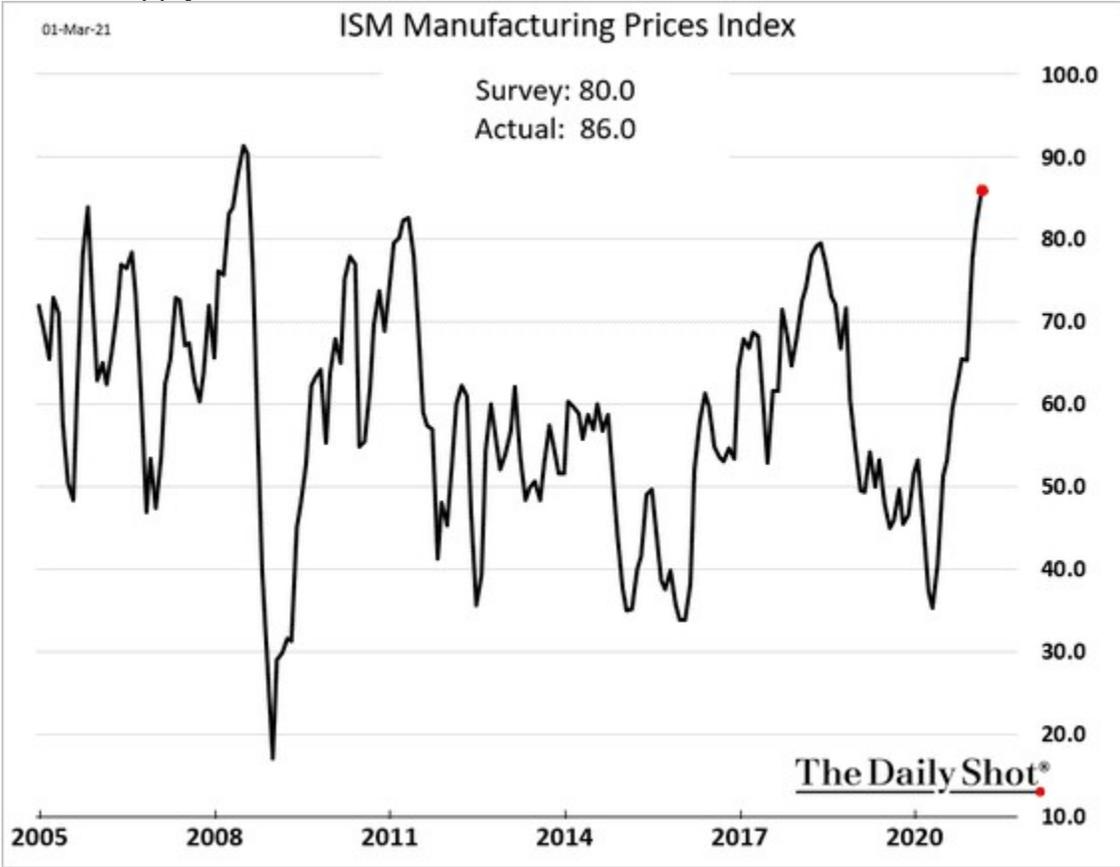


Source: @WSJ [Read full article](#)

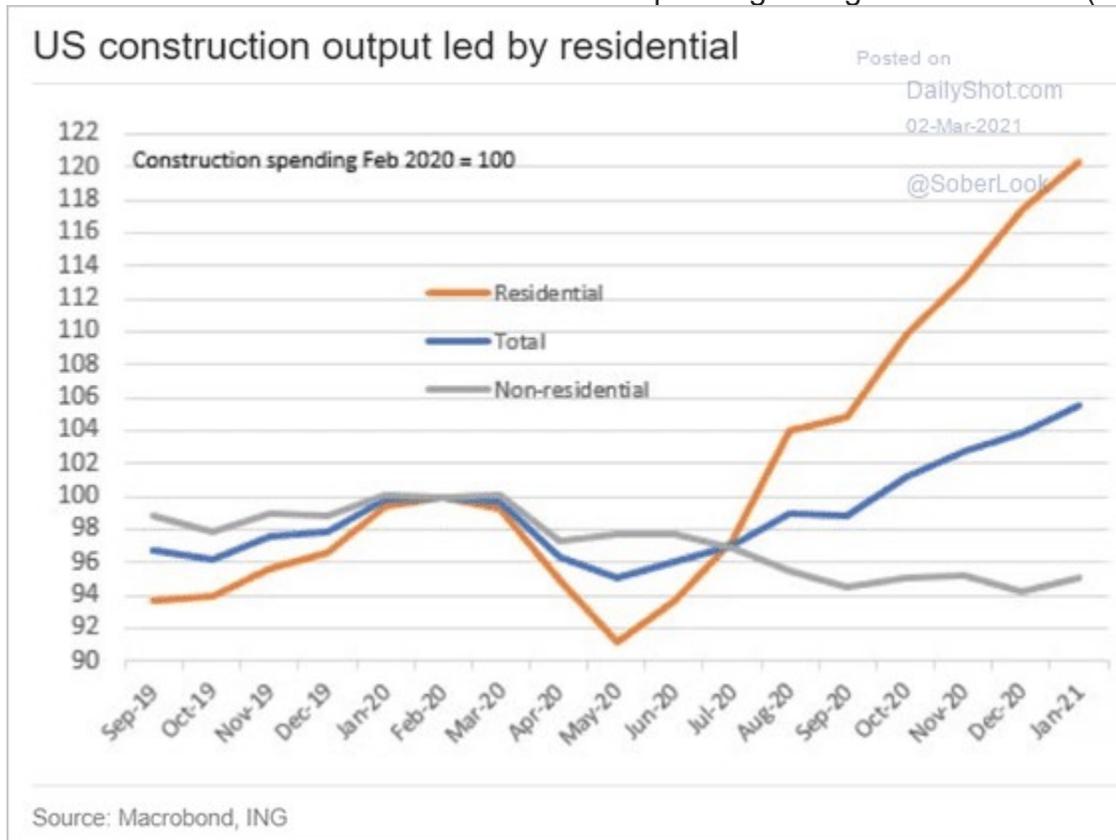
The ISM Manufacturing PMI report topped market forecasts, showing US factory activity accelerating in February.



manufacturers increasingly face cost pressures. This trend is driven by higher commodity prices as well as supply bottlenecks.

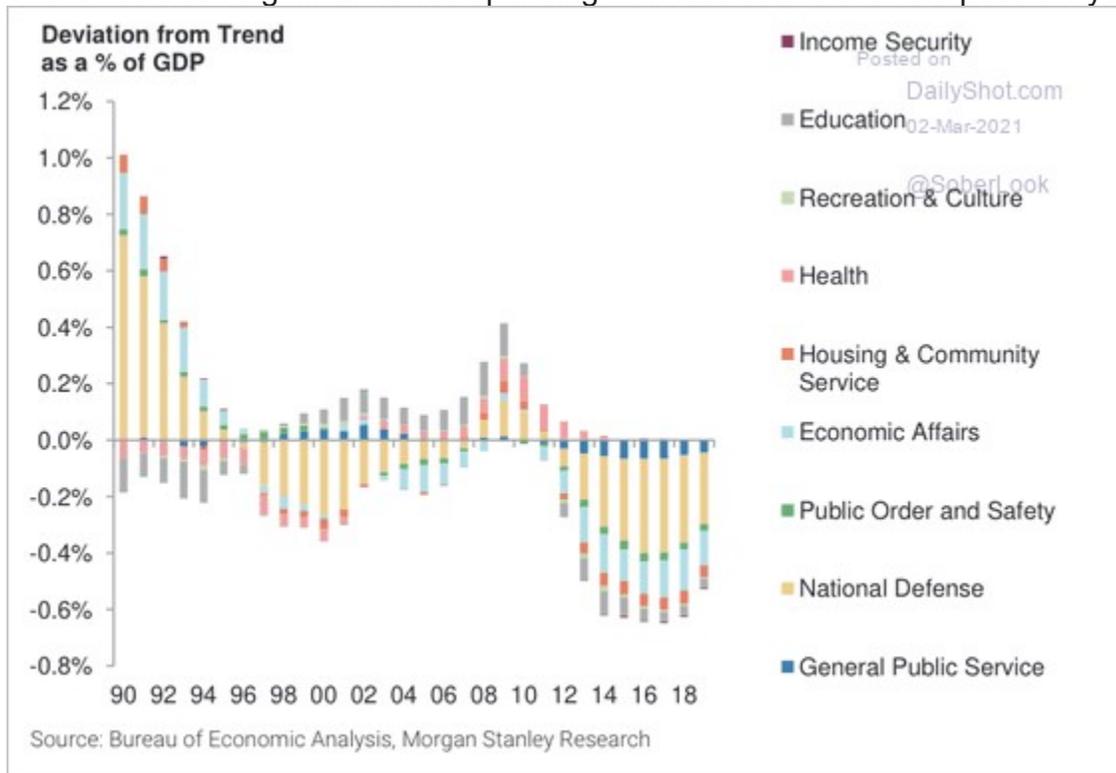


The residential – nonresidential construction spending divergence continues (2 charts).

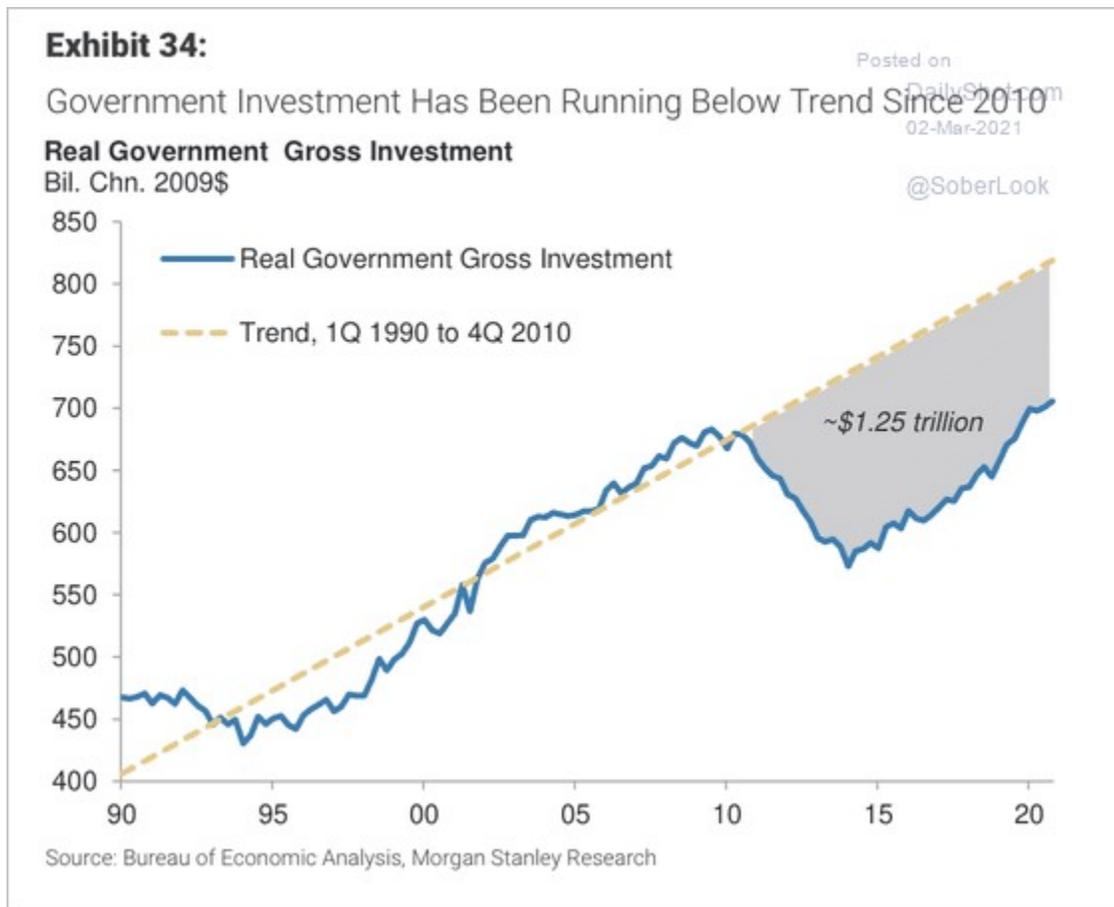


Source: [ING](#)

There has been significant underspending in infrastructure over the past few years (2 charts).

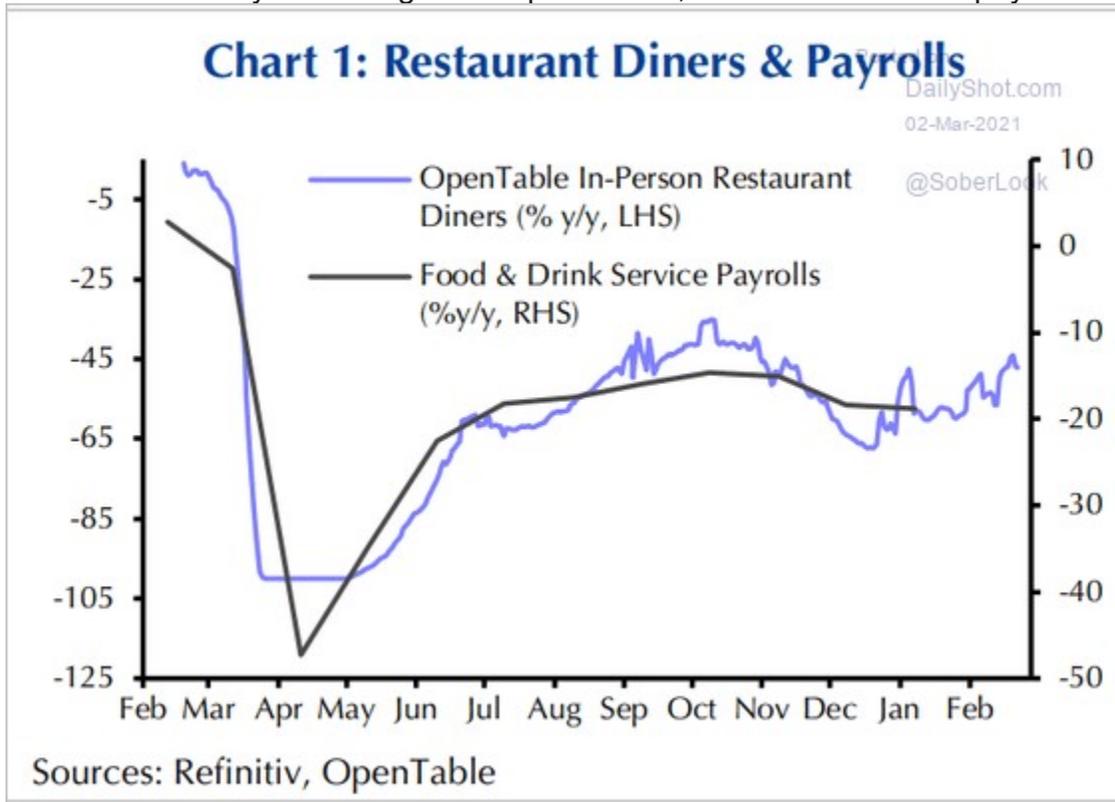


Source: [Morgan Stanley Research](#)



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Restaurant activity shows signs of improvement, which should boost payrolls.



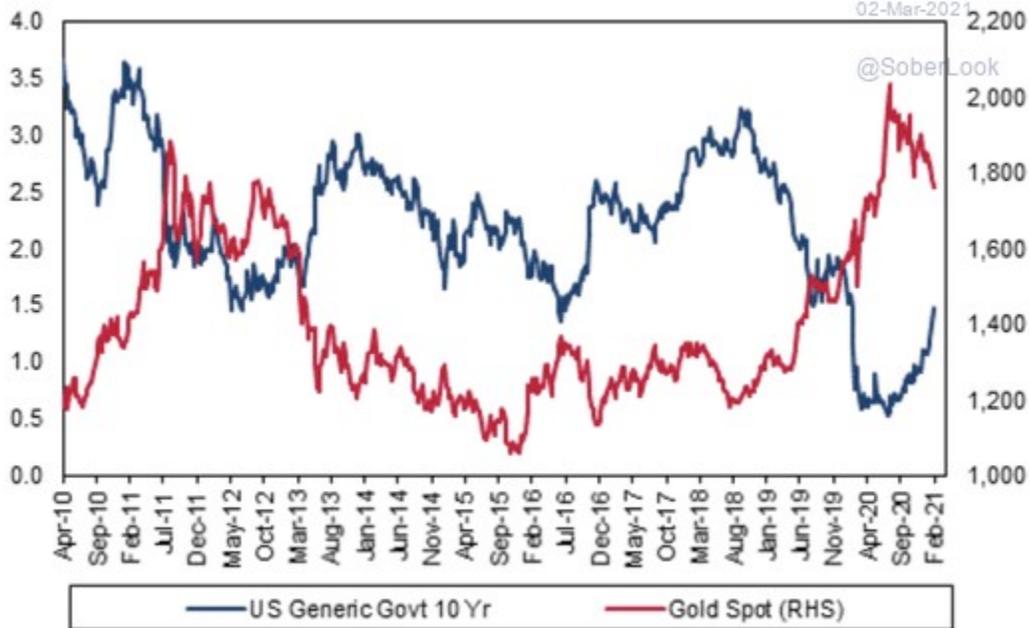
Source: [Capital Economics](#)

Gold has been drifting lower as US real rates bounce while the dollar's decline appears to be over.



Real Interest Rates Will Rise In 2021, Pushing Gold Lower This Year

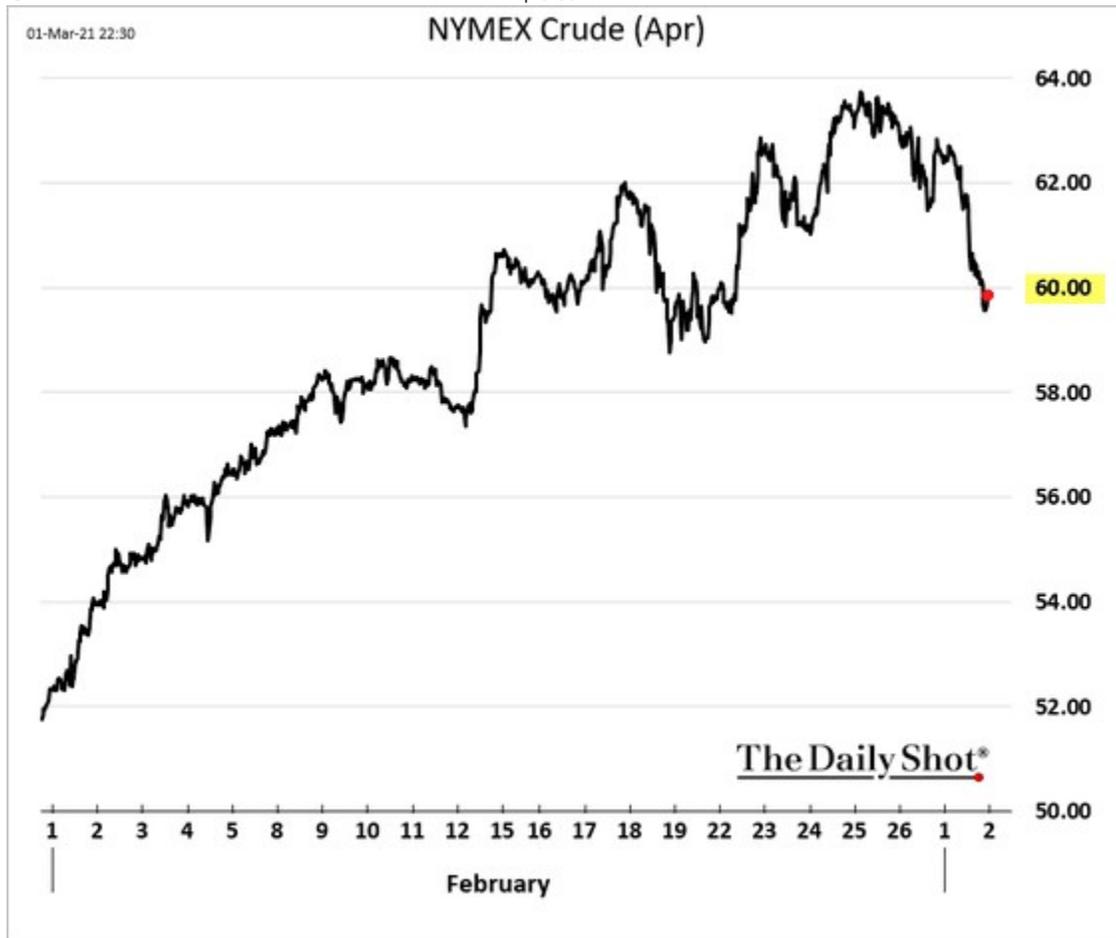
Gold Prices (USD/oz) Vs US Treasury 10-Year Yield (%)



Source: Bloomberg, Fitch Solutions

Source: [Fitch Solutions Macro Research](#)

US crude oil futures are back below \$60/bbl.



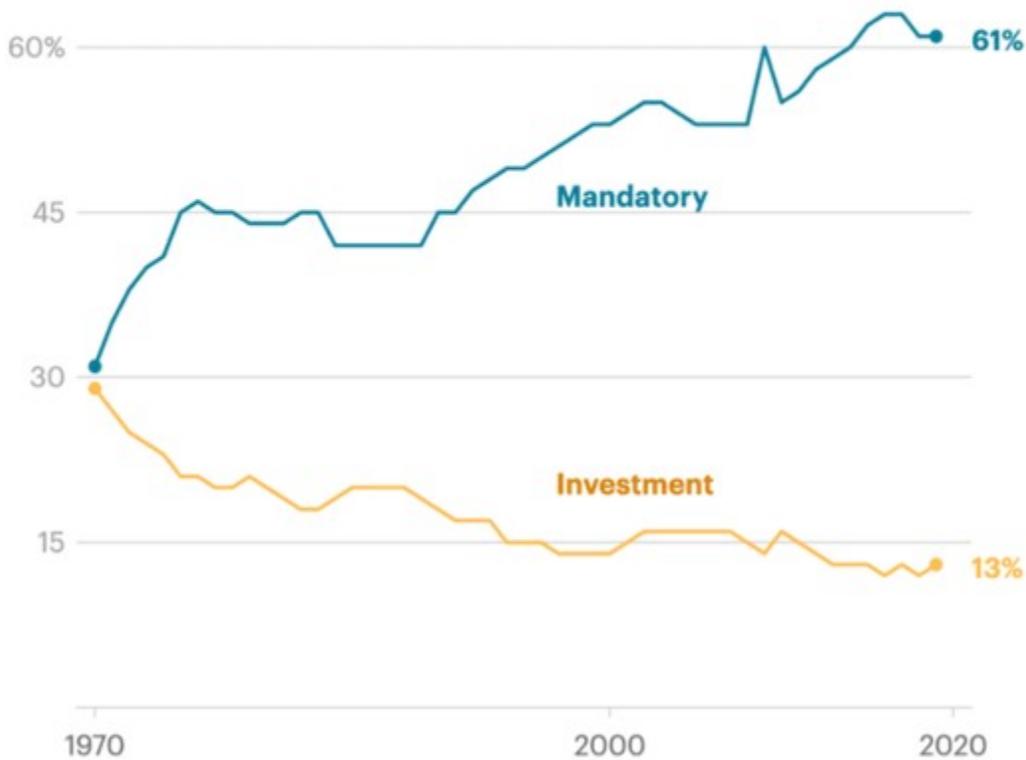
US mandatory spending vs. investment: (More taxes or less mandatory spending? Don't expect

politicians to make the difficult choices that are necessary for our long-term economic health.)

Mandatory Spending Outstrips Investment in the Future

DailyShot.com

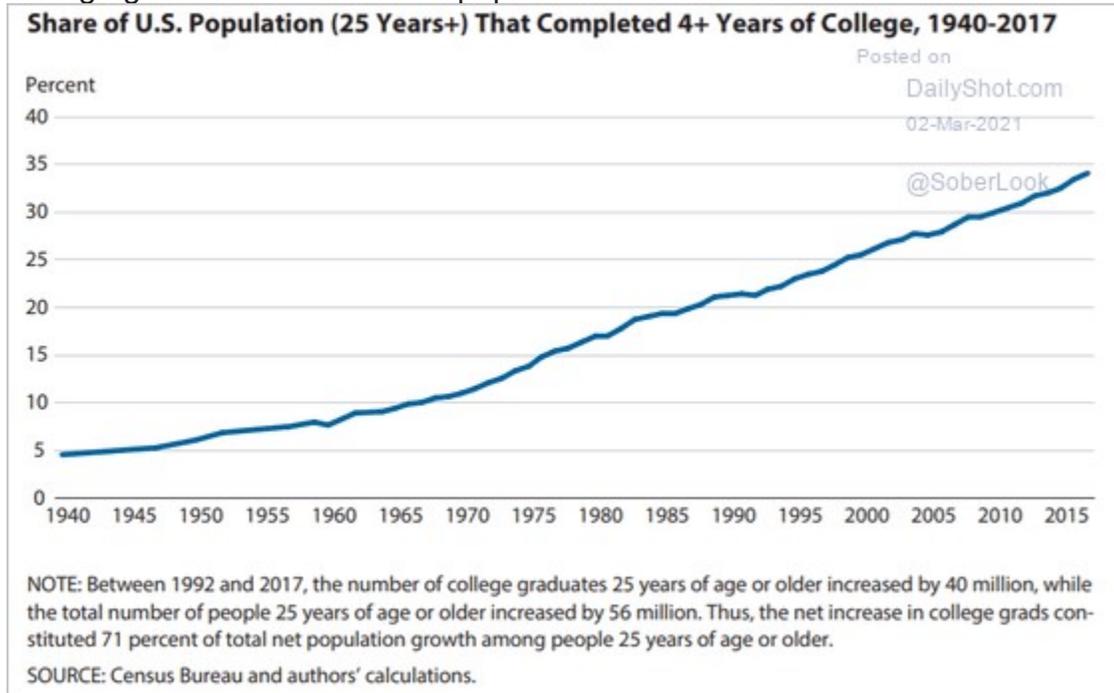
Mandatory and investment spending as a percentage of total U.S. government spending from 1970 to 2019. Mandatory (also known as nondiscretionary) spending includes programs such as Social Security and Medicare, while investment includes infrastructure, research and development, education and training.



Source: Office of Management and Budget (Lena V. Groeger/ProPublica)

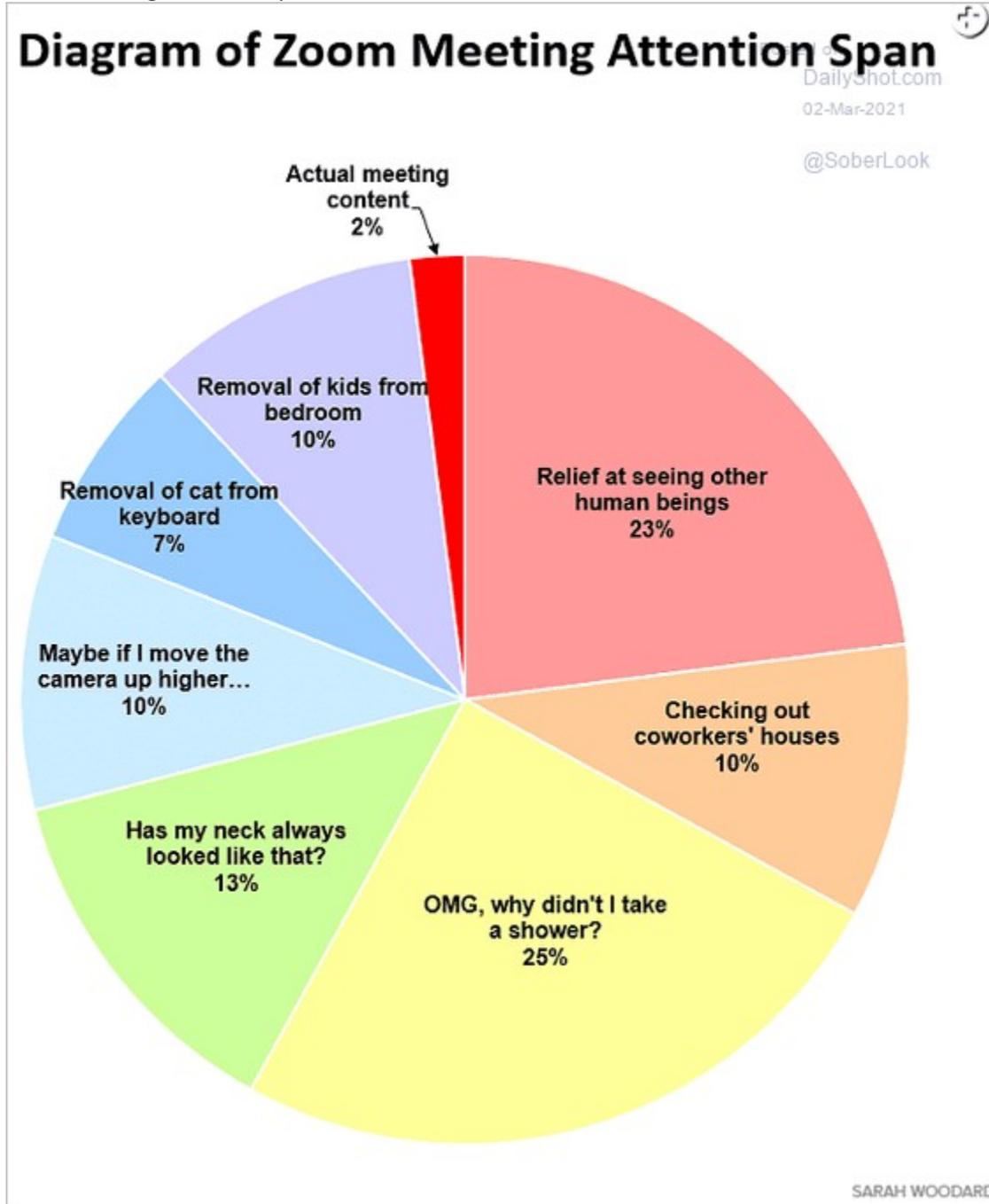
Source: ProPublica [Read full article](#)

College graduates' share of the population:



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

Zoom meeting attention span:



Source: [Seven Days](#)

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