

Nick Lampone

From: Nick Lampone
Sent: Monday, March 15, 2021 8:05 AM
Subject: The Morning CORE

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

US Futures-World Markets: Strong data from China reinforced growing optimism on a global economic recovery. S&P futures trade higher after both the Dow and S&P closed last week at record highs. The Nasdaq is lower with interest rates creeping up. A consistent message from Fed Chair Powell of lower rates for longer, has investors more comfortable that rising interest rates won't derail this equity rally. Expect the same when the FOMC meets this week. It didn't take long for the Biden administration to float their federal tax increases. Expect a proposal with raising corporate rates, individual rates on high earners, and the capital-gains rate. I foresee hearing the term "pay their fair share" about 2 million times in the next six months. Add that to Elizabeth Warren's transaction tax and you have the Democratic wish list in full bloom for 2021. Penn Gaming is +5% premarket. It will be added to the S&P 500. Bitcoin backed off after hitting \$60,000 for the first time Saturday. S&P Futures vs. Fair Value: +4.16, 10-Yr Yield: 1.634%.

CORE Headlines:

- Federal Reserve policymakers are expected this week to forecast that the U.S. economy will grow in 2021 at the fastest rate in decades, with unemployment falling and inflation rising, as the COVID-19 vaccination campaign gathers pace and a \$1.9 trillion relief package washes through to households.-Reuters
- Digital payments company Stripe raised \$600 million in its latest round of funding, valuing it at \$95 billion, the company said in a statement on Sunday. That makes Stripe the most valuable private company Silicon Valley has produced, according to the Financial Times.-Reuters
- House Speaker Nancy Pelosi (D-CA) says the committee of both parties will work on an infrastructure package.-Reuters
- President Biden preparing tax increases to pay for infrastructure package including raising corporate and capital gains taxes.-Bberg
- There will likely be two more tough months for cruise ship companies.-FT
- Short sellers are targeting special-purpose acquisition companies, a hot growth area on Wall Street—Muddy Waters says SPACs are generally “abysmal” companies, but betting against them is hard because they are free from technical challenges.-WSJ
- Some investors are betting commodity prices will surge over a long period, but history suggests that the conditions aren't right, and a commodities supercycle now seems unlikely.-WSJ
- Winter storms hit Colorado, Wyoming, Utah, and Nebraska with as much as four feet of snow while Oklahoma, Arkansas, and Missouri braced for heavy rains, high winds, flooding, and possible tornadoes.-USA
- Billionaire BABA founder Jack Ma, whose net worth is estimated by Forbes at \$61.4B, traveled freely around China at the start of the year amid speculation that he had disappeared as the government pressured him over Ant Group.-NYP
- Sophisticated Russian and Chinese cyberattacks against a broad array of government and industrial targets in the US, and the failure of the intelligence agencies to detect them, have lawmakers seeking to develop new strategies for protection.-NYT
- Italy's center-left Democratic party elected former prime minister Enrico Letta as its leader as it seeks to forge a new political platform within the new national unity government led by Mario Draghi.-FT

- Larry Schwartz, a longtime adviser New York governor Andrew Cuomo who is known as his “vaccine czar,” called county officials recently to inquire about their loyalty to the governor amid an ongoing sexual harassment investigation.-TPM
- Contagion is rising again in much of the EU, despite months of restrictions on daily life, as more-virulent virus strains outpace vaccinations,” creating frustration as governments struggle to manage the problem after promising that lockdowns would soon end.-WSJ Wkend
- Hindenburg Research, which last year published a damning report on electric-truck maker **NKLA**, has now hit Lordstown Motors over what it claims are false pre-orders for the company’s upcoming pickup truck. -NYP

Interesting Reads/Charts:

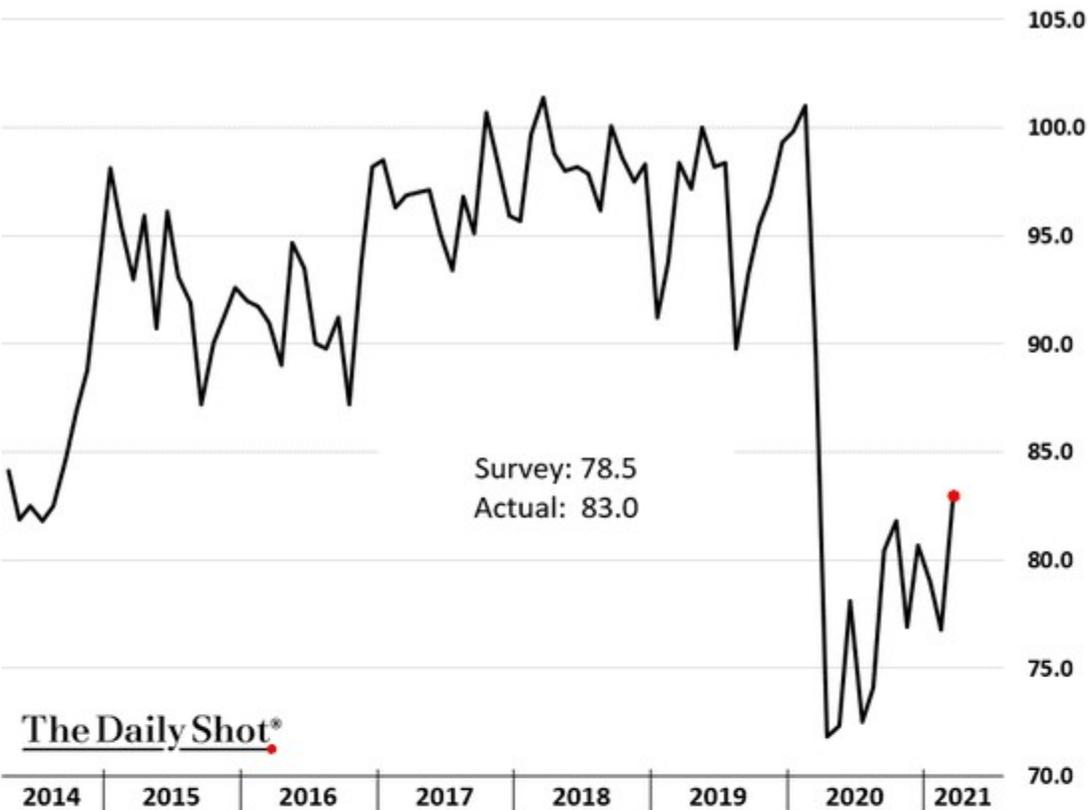
- Kreuger+Catalano: Capitalism’s greatest dividend is solving problems <http://bit.ly/2OU1BdQ>
- FS Blog: Avoiding bad decisions. Warning signs and rules to apply. <http://bit.ly/38Dn1mI>
- Eat This: Best chicken wings in every state <http://bit.ly/38HmWhD>

Charts from The Daily Shot:

Consumer sentiment bounced this month amid soaring stock market, vaccine progress, and falling COVID cases. The improvement topped economists’ forecasts.

12-Mar-21

U. Michigan Consumer Sentiment Index



12-Mar-21

U. Michigan Consumer Expectations Index

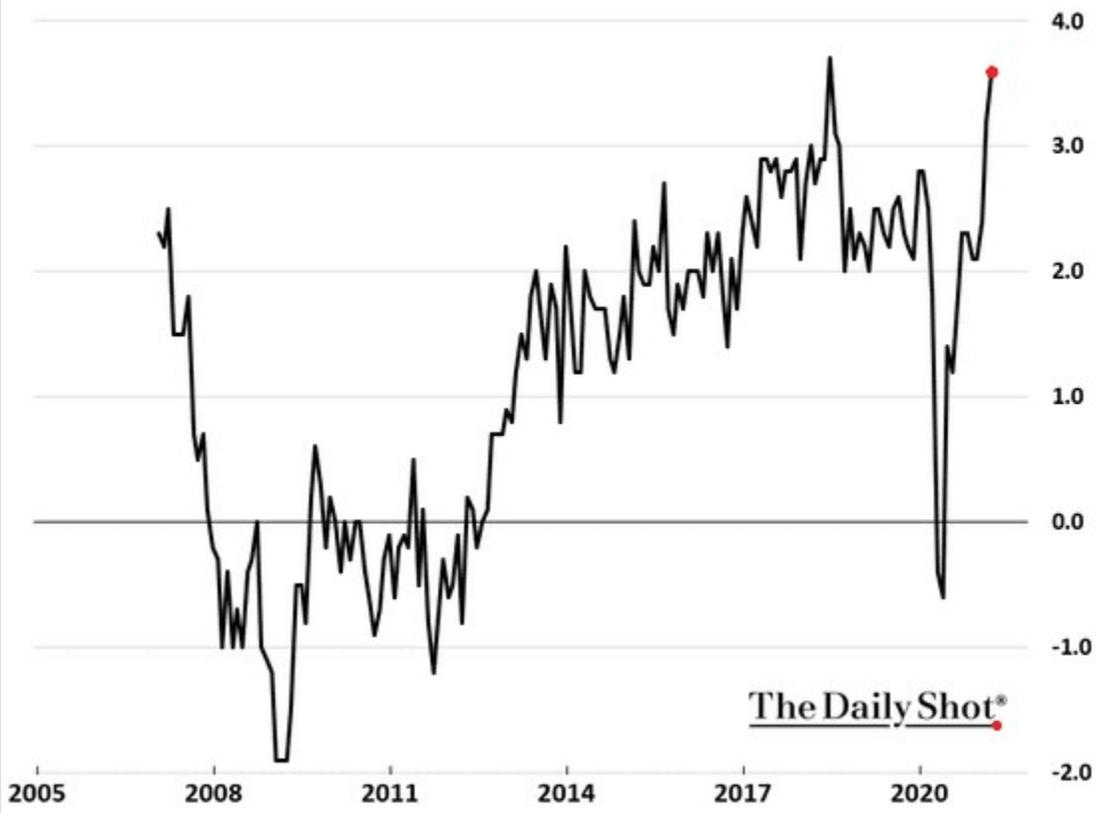


Consumers are increasingly bullish on stocks and housing.



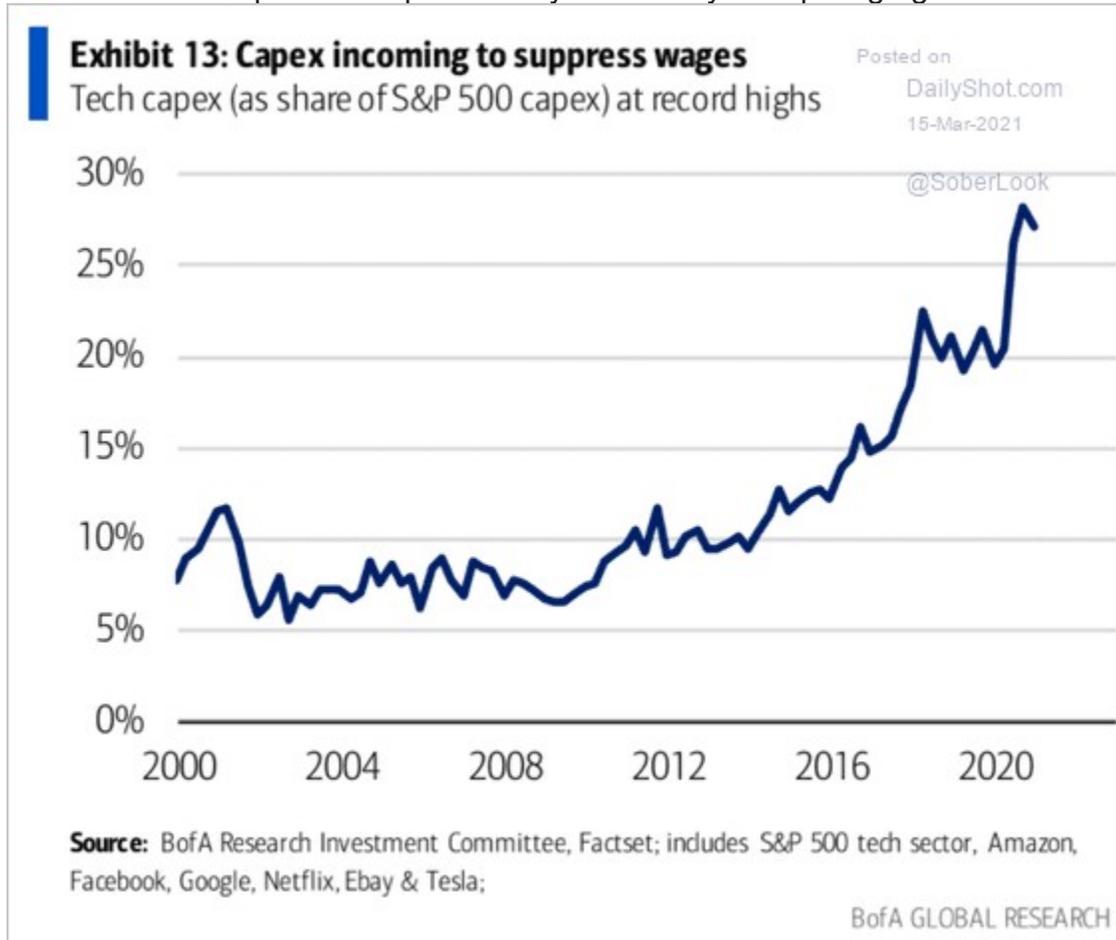
12-Mar-21

U. Michigan Expected Change in Home Values in 1 Year



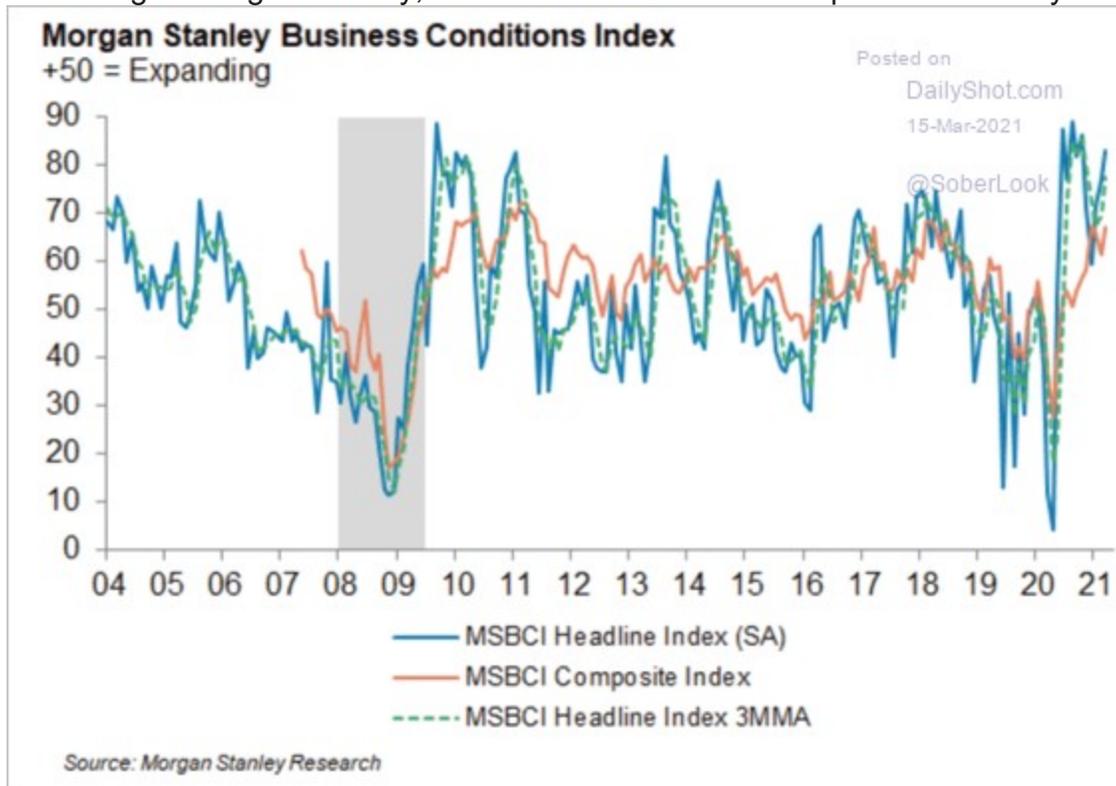
The Daily Shot[®]

Will increased CapEx boost productivity sufficiently to cap wage growth?



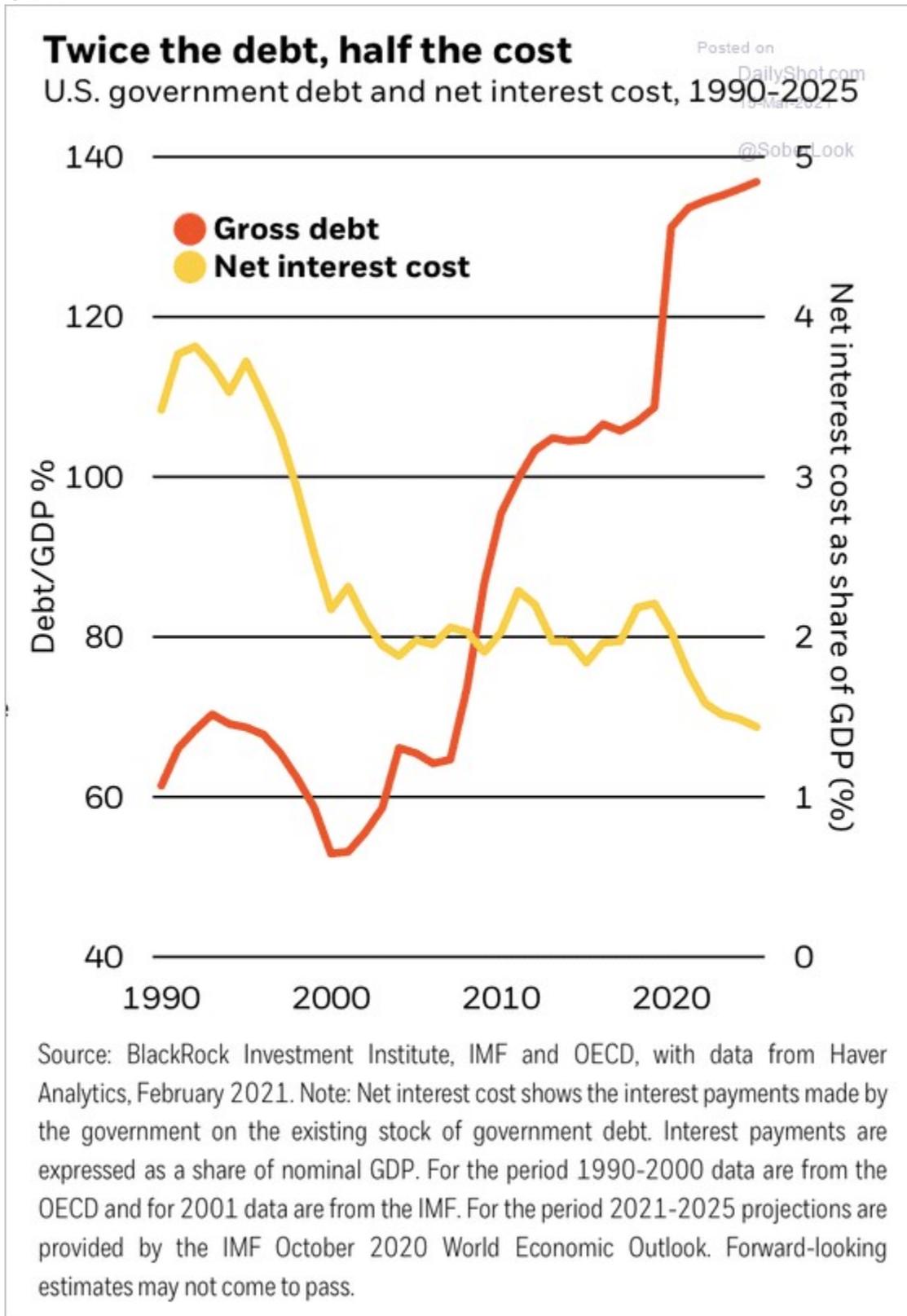
Source: [BofA Global Research](#)

According to Morgan Stanley, business conditions have improved markedly in recent months.



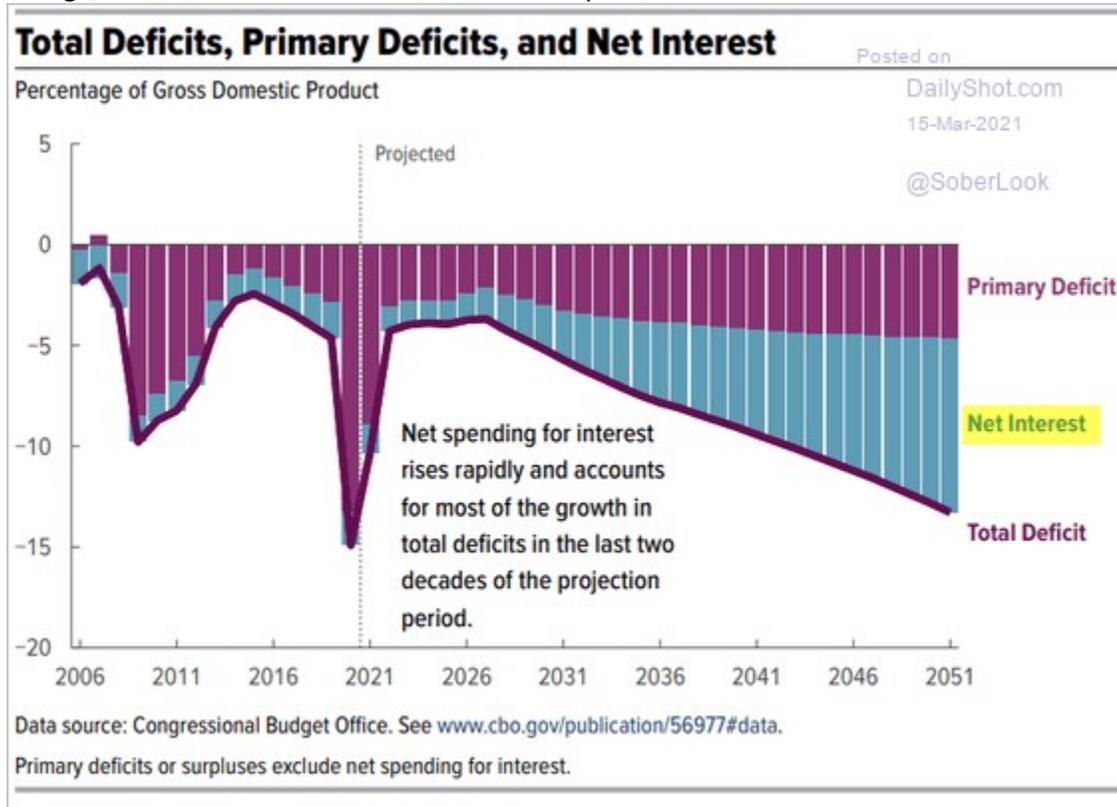
Source: [Morgan Stanley Research](#)

In the next few years, government debt is poised to reach a record level of 135% of GDP based on IMF forecasts – twice as high as in the 1990s. But financing costs are about 50% lower as a share of GDP.



Source: [BlackRock](#)

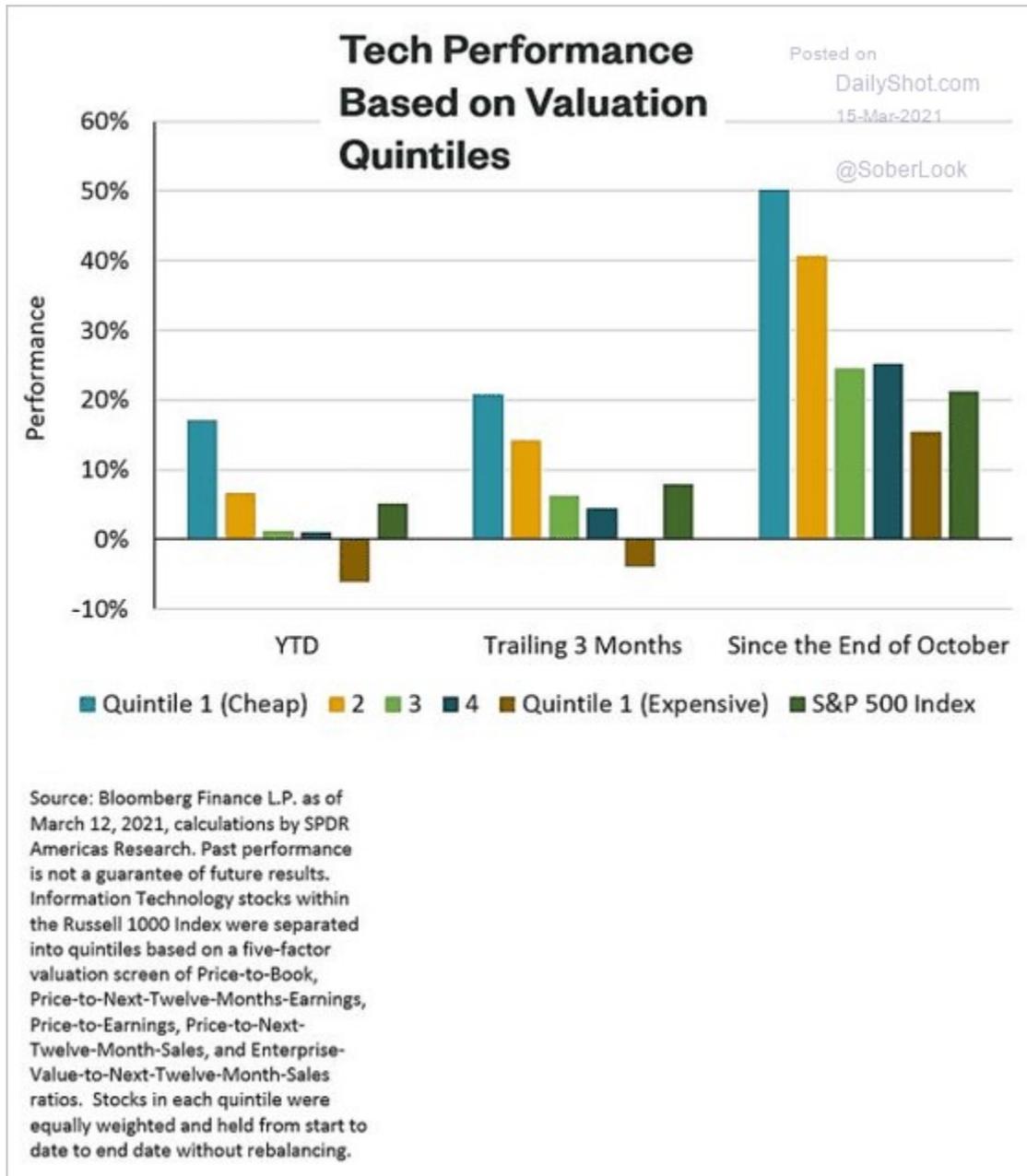
Over the long run, the deficit will be increasingly dominated by interest expenses. (Everyone is worried about climate change, but the deficit is another debacle we may leave our children to deal with here in the US.)



Source: [CBO](#)

Cheap tech stocks have outperformed expensive tech stocks and the overall market over the past

few months.



Source: [SPDR Americas Research](#), [Matthew Bartolini](#), [@mattbartolini](#)

Higher Treasury yields have been driving the Russell 2000 outperformance vs. the Nasdaq 100.



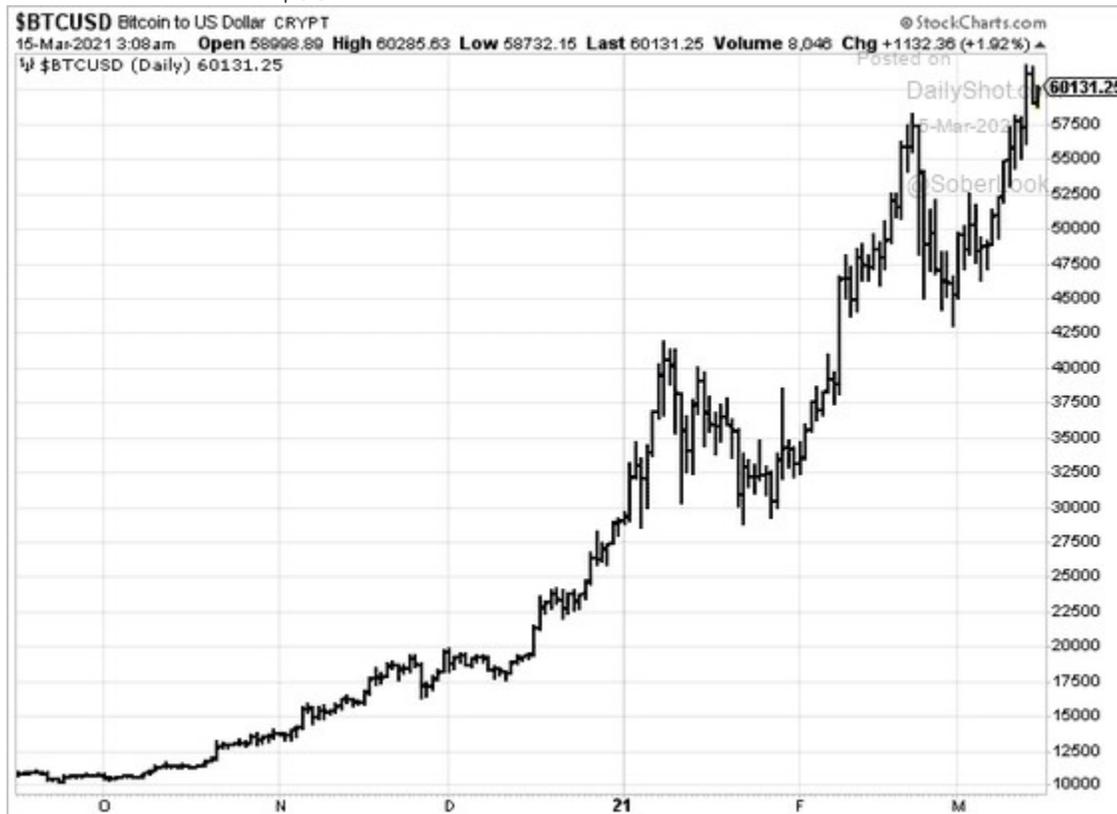
Source: [@Not Jim Cramer](#)

The iShares S&P 500 Value ETF (IVE) is testing resistance at its 100-week moving average relative to the iShares US Momentum ETF (MTUM).



Source: [Dantes Outlook](#)

Bitcoin rose above \$60k.



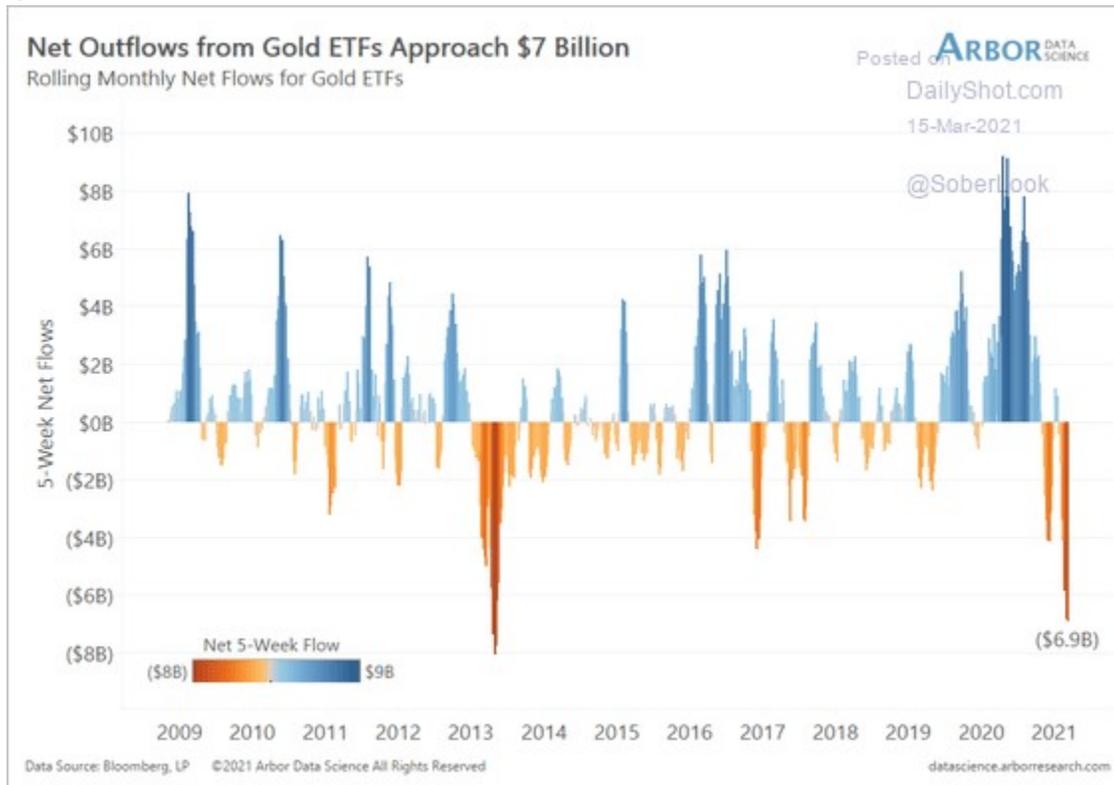
Bitcoin buying has been concentrated during European hours, with North America lagging far behind. Asian hours typically invite more sellers (2 charts).

Month	Asian	European	North American
Oct-20	-360	1593	1647
Nov-20	584	3081	2111
Dec-20	1733	3917	4098
Jan-21	-4011	8407	138
Feb-21	-983	8941	4418
Mar-21	2187	6357	-1119

Data via Tradingview. Coinbase reference price.

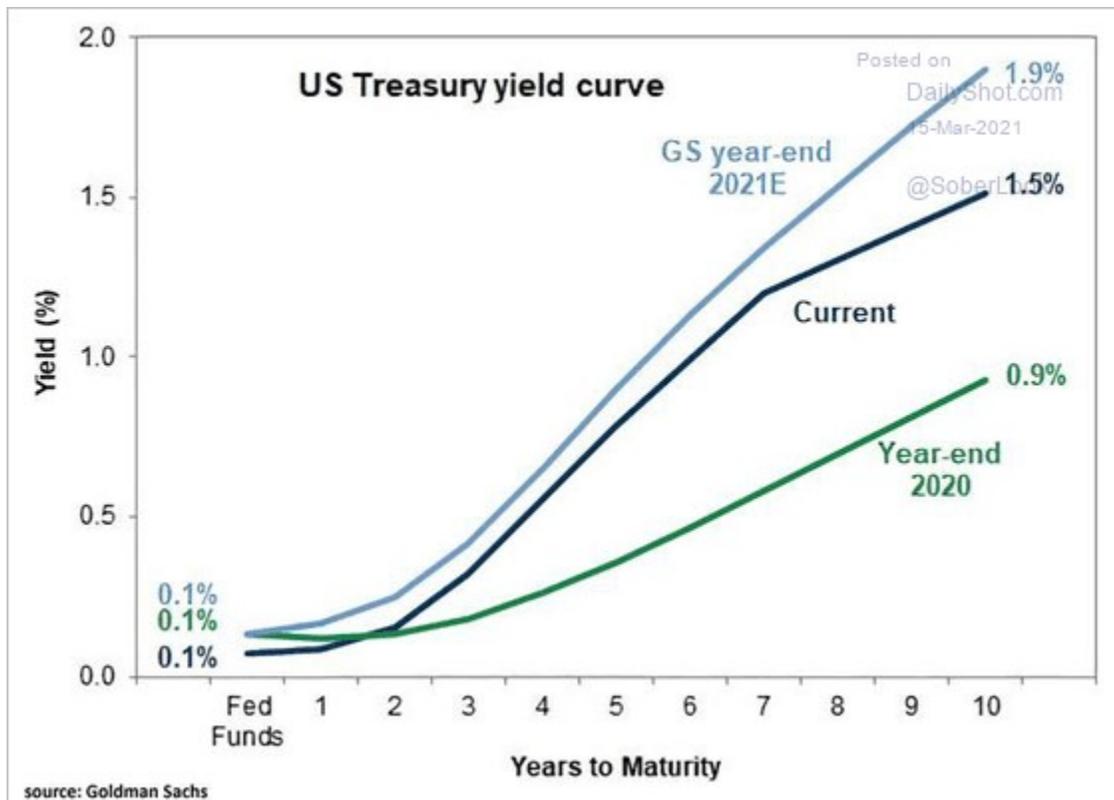
Source: [Enigma Securities](#)

Gold ETF outflows accelerated in recent weeks.



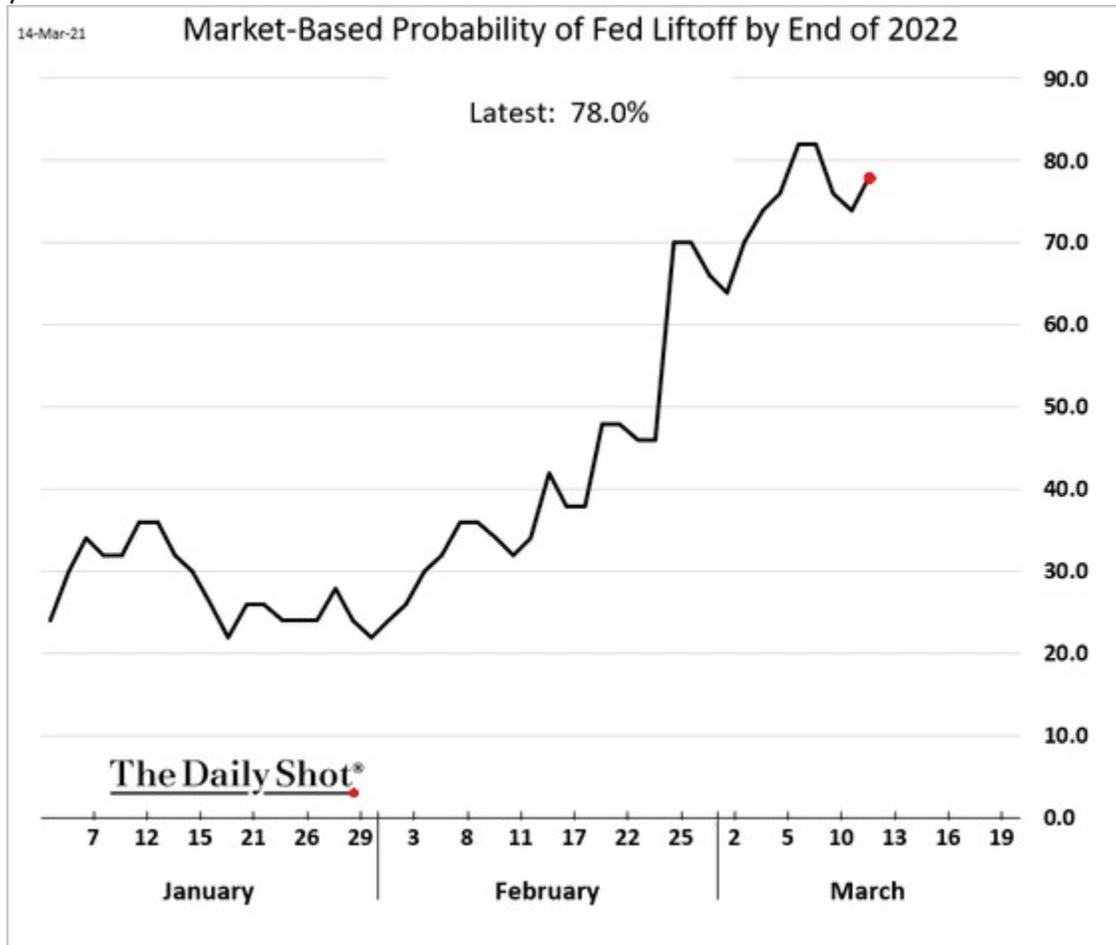
Source: [Arbor Research & Trading](#)

On treasury rates--Here is Goldman's forecast for the yield curve.

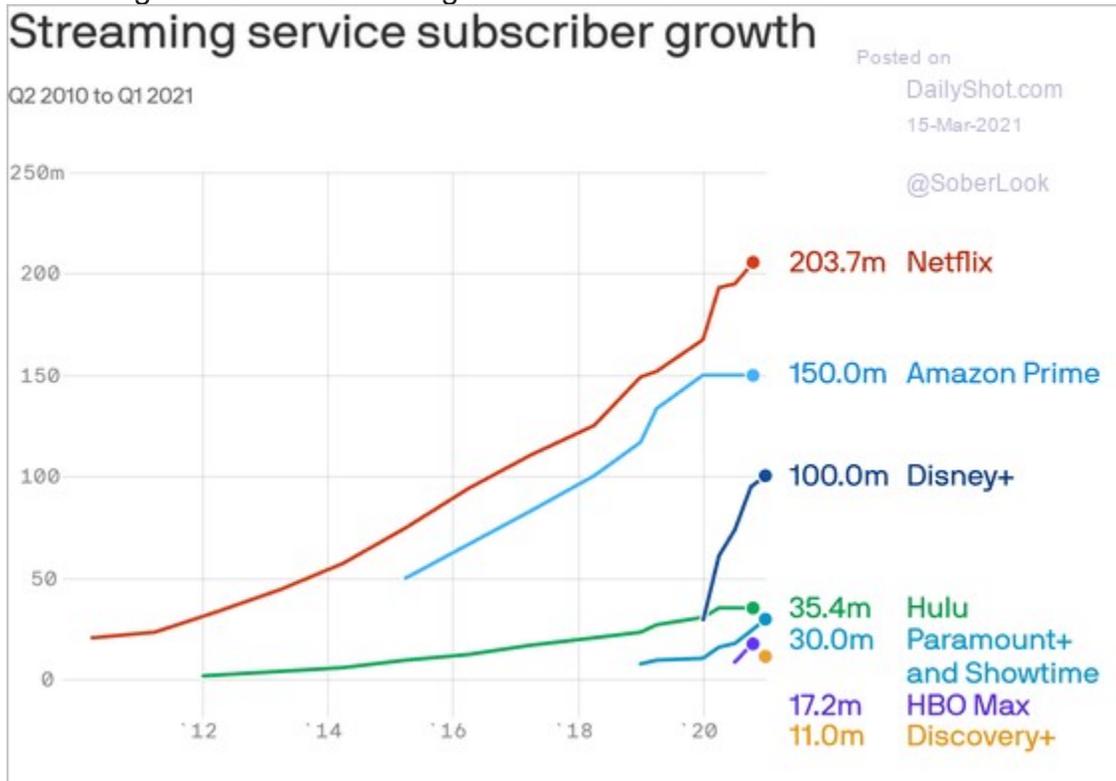


Source: [Goldman Sachs](#); [Heiko Hormel](#)

Economists expect liftoff in 2023. But the market has assigned a substantial probability of a rate hike by the end of next year.



Streaming services subscriber growth:



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

Amazon's cloud business:



Source: [@chartrdaily](#)

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