

## Nick Lampone

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**From:** Nick Lampone  
**Sent:** Monday, April 5, 2021 8:00 AM  
**Subject:** The Morning CORE  
**Attachments:** Core logo.png

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

**US Futures-World Markets:** Investors are in a festive mood after the holiday weekend. S&P futures trade higher ahead of the opening bell. Impressive vaccination numbers allowed more Americans to enjoy time with their families this weekend. I haven't seen traffic numbers from Google Trends, but my impression is more people were mobile. The blowout payrolls number from Friday has bulls feeling constructive on stocks. Data on hiring was impressive across a range of industries, leisure & hospitality led the gains. This should continue the rally in stocks hardest hit by the pandemic in hopes of a stronger rebound. Dr. Scott Gottlieb said he expects vaccination numbers to hit 5 million per day as eligibility restrictions ease. It's nice to see the 10-year yield stabilizing as stocks rally. Tesla is +7% premarket on sales data. Amazing that people still try to short TSLA. GameStop is down -15% after it announced an ATM stock offering of up to 3.5 million shares (definition of ATM <https://bit.ly/3wvqynQ>) Does the Robinhood/Reddit crowd even understand the word 'dilution? S&P Futures vs. Fair Value: 10-Yr Yield: 1.72%.

### CORE Headlines:

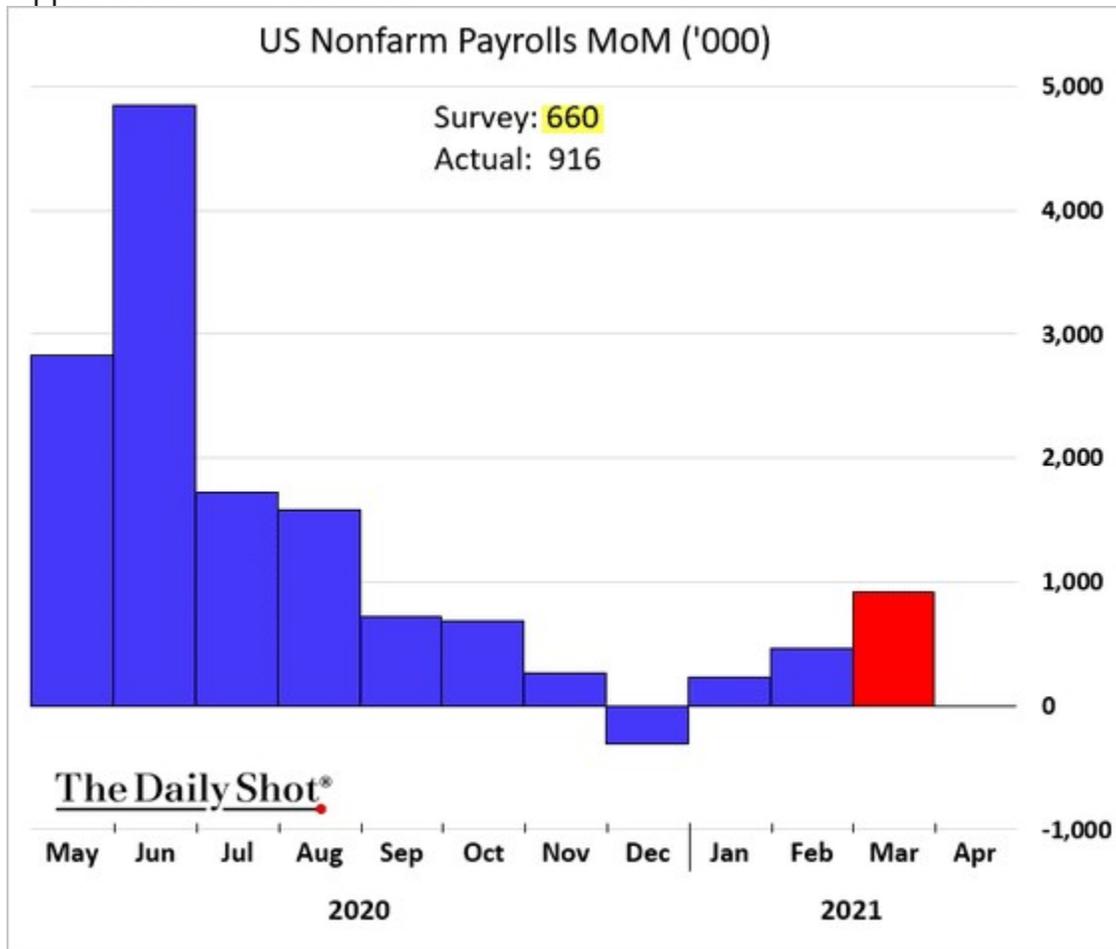
- Shares of Tesla surged in pre-market trading after the world's most valuable carmaker posted record deliveries as solid demand for its electric cars offset the impact of a global shortage of chips.-Reuters
- The United States has put Johnson & Johnson in charge of a plant that ruined 15 million doses of its COVID-19 vaccine and has stopped British drugmaker AstraZeneca from using the facility, a senior health official said on Saturday.-Reuters
- Trading activity among nonprofessional investors has slowed in recent weeks after a blockbuster start to the year, with the group plowing less money into everything from US stocks to bullish call options.-WSJ (Illustrates life returning to normal.)
- Jordan's deputy prime minister and foreign minister accused Prince Hamzah bin Hussein, King Abdullah's half-brother, of engaging in unspecified actions that allegedly put the country—a key US ally in the region—at risk.-WSJ
- New York governor Andrew Cuomo and state lawmakers are nearing a budget agreement that would increase corporate and income taxes by \$4.3B a year and make top earners in New York City pay the highest combined local tax rate in the country.-WSJ (What could go wrong?)
- As Hollywood seeks to get consumers back in theaters, it received a burst of confidence this weekend, when "Godzilla vs. Kong" made \$48.5M over five days, despite capacity limitations in most theaters; the related story says cinema owners oppose **DIS'** decision to release the latest Marvel film, "Black Widow," in theaters and on its streaming service simultaneously.-WSJ
- White House chief of staff Ron Klain said President Biden has asked education secretary Miguel Cardona to explore the president's authority to cancel student loan debt, a sign he is open to moving left on the issue.-USA (Is there any doubt this is coming? What an absolute disgrace!!)
- Real estate analyst Nancy Packes Data Services predicts that New York City's long-running exodus, which precedes the Covid-19 outbreak last year, will end in April.-NYP
- The state of Maharashtra in India, home to more than 100M people and to the capital city of Mumbai, imposed sweeping restrictions on the public and businesses amid a growing number of coronavirus cases, a surge that is worrying officials.-FT

### Interesting Reads/Charts:

- New Yorker: How to learn to become more resilient <https://bit.ly/2PsJYmq>
- Dan Egan: Low cost is better than free <https://bit.ly/3cRcHdm>
- Bloomberg Op-Ed: Rising mortgage rates are starting to become a problem <https://bloom.bg/3mkT7ch>
- Cinema Blend: 10 best Vince Vaughn performances, ranked (thx Greek) <https://bit.ly/20mqy8B> (I rewatched Swingers on Friday. An all-time classic <https://bit.ly/3ukH2GY> )

### Charts from the Daily Shot:

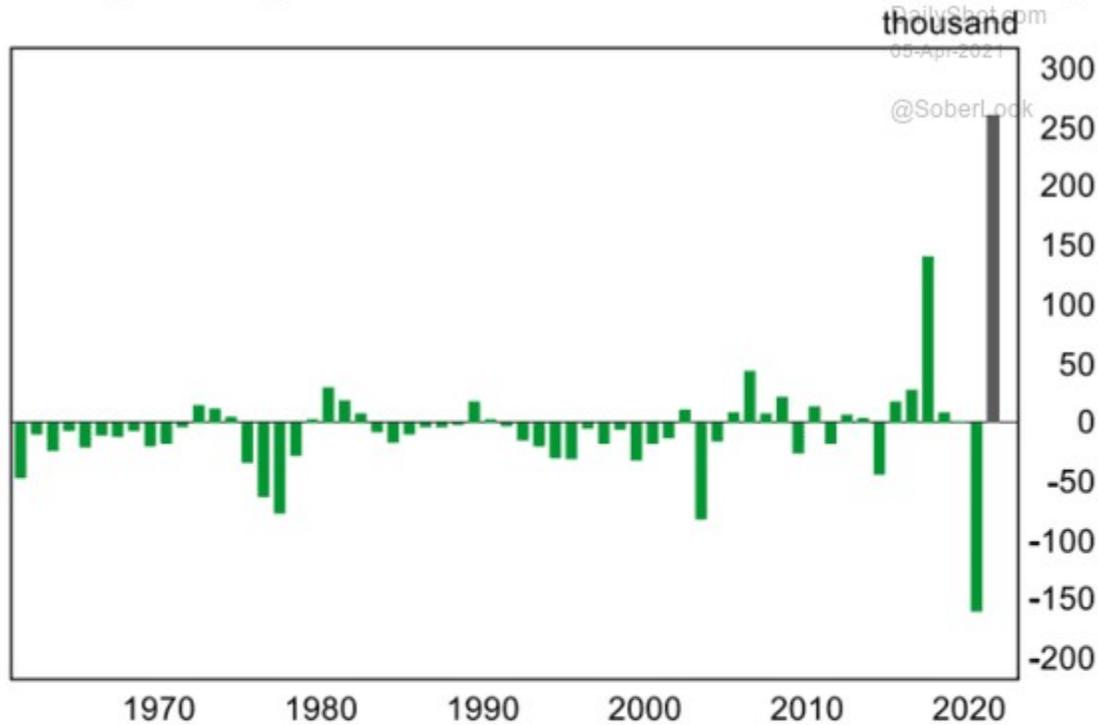
The US economy is heating up as the job market strengthens. The March headline payrolls report topped economists' forecast.



While hiring was robust last month, it should be noted that the upside surprise was mostly due to

seasonal adjustments – see the comment from Mizuho Securities below.

## Yearly Change in March Seasonal Factors (Payroll)



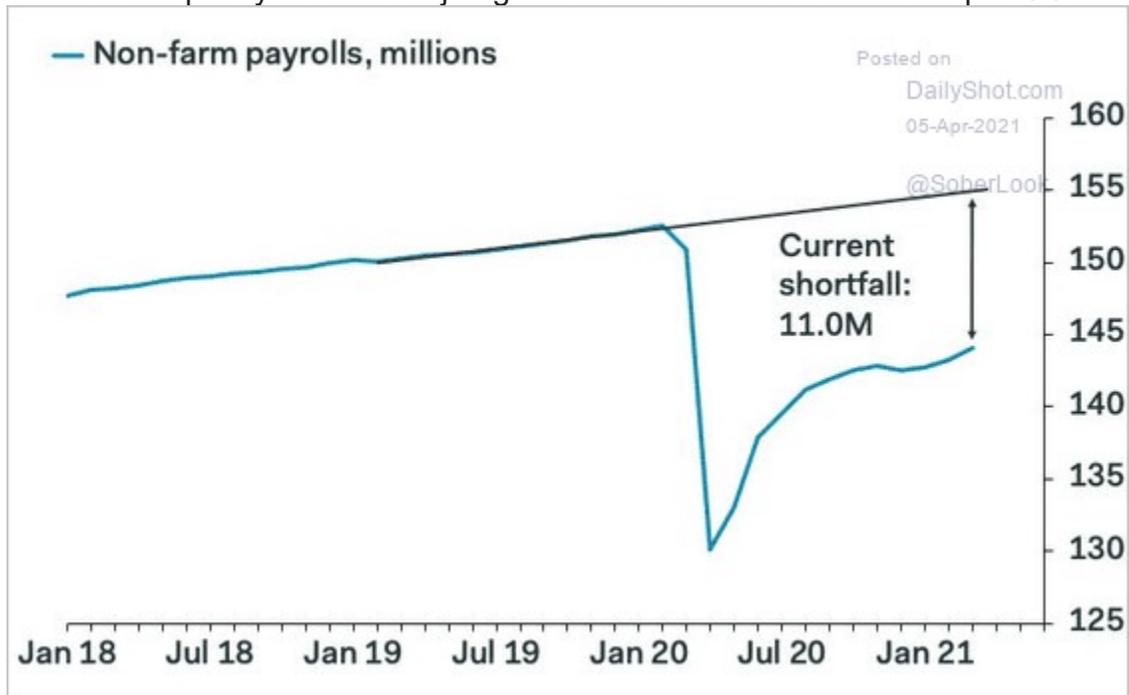
Note: Monthly data through March 2021.

Source: Mizuho Securities USA, BLS.

Some may also discount the March surprise due to the BLS' treatment of seasonal factors. Rather than hold the seasonal factors constant during this unusual period, the BLS is continuing to recalculate their seasonal adjustment model with each new month, leading to large and atypical changes in seasonal adjustment compared to a typical year. Seasonal factors subtracted -407k jobs in March 2021 from -667k in 2020. Holding the seasonal factors constant from 2020 would have resulted in March jobs gains of 656k—right on the Bloomberg median.

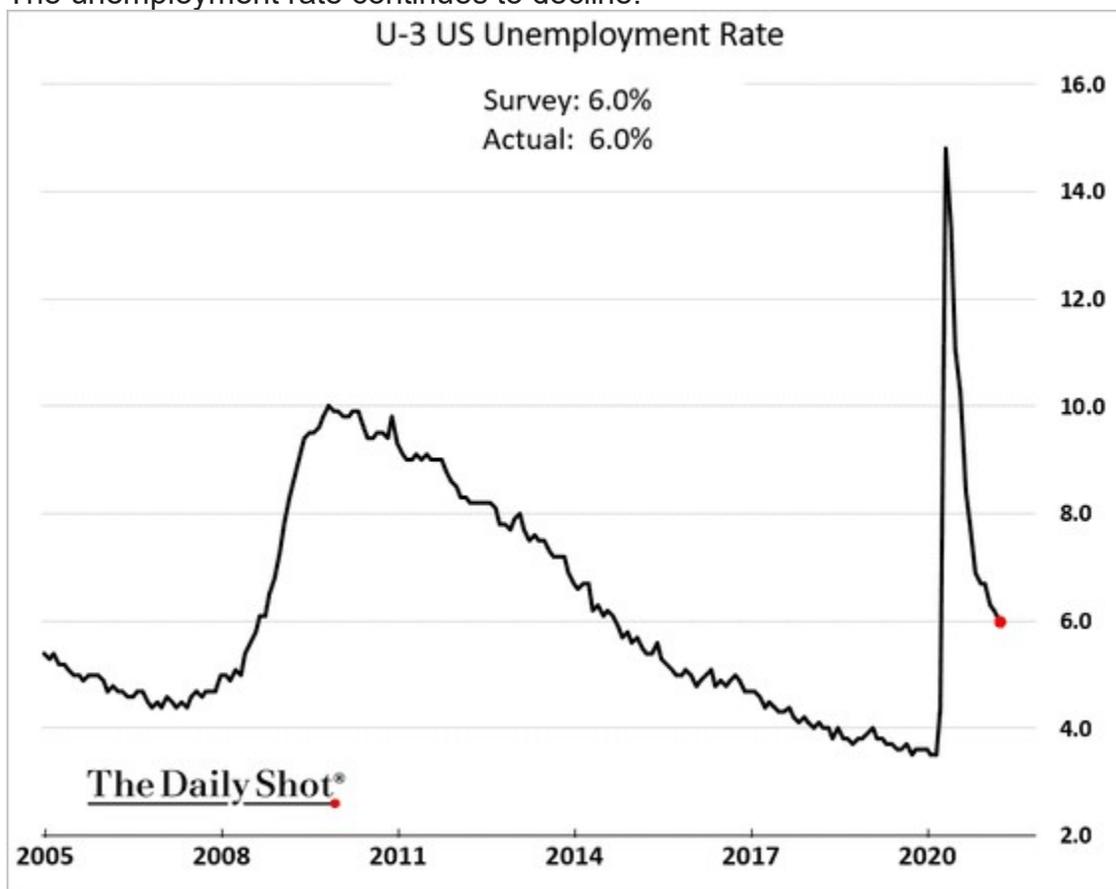
Source: [Mizuho Securities USA](#)

There is still plenty of room for job gains ahead before we reach the pre-COVID trend.

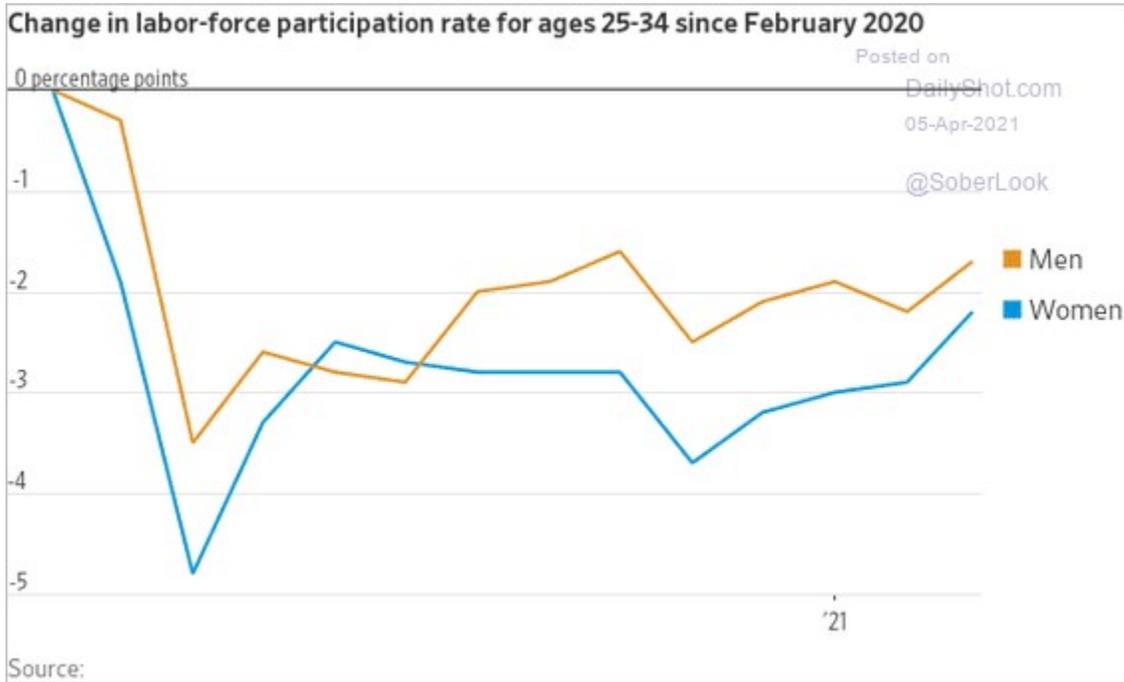


Source: [Pantheon Macroeconomics](#)

The unemployment rate continues to decline.



Labor force participation is recovering.



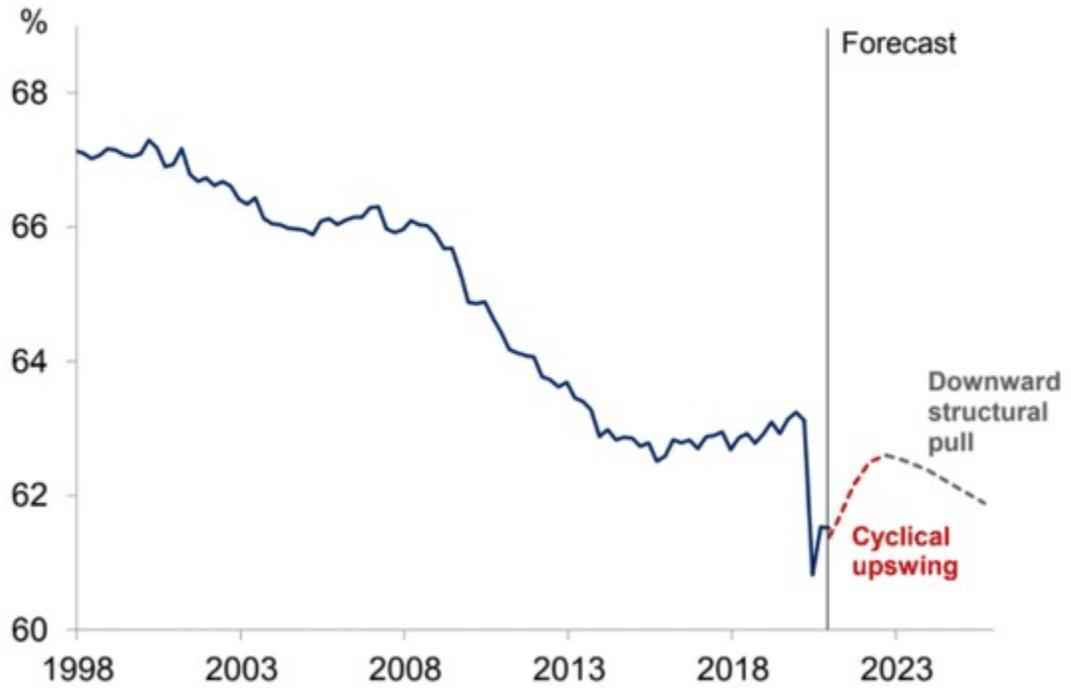
Over the long run, the labor force participation rate will resume its downward trend as the population

ages. Here is a forecast from Oxford Economics. (Demographics matter!!)

### Figure 10: After a cyclical upswing in 2021-2022, the LFPR will resume its structural downtrend

DailyShot.com  
05-Apr-2021  
@SoberLook

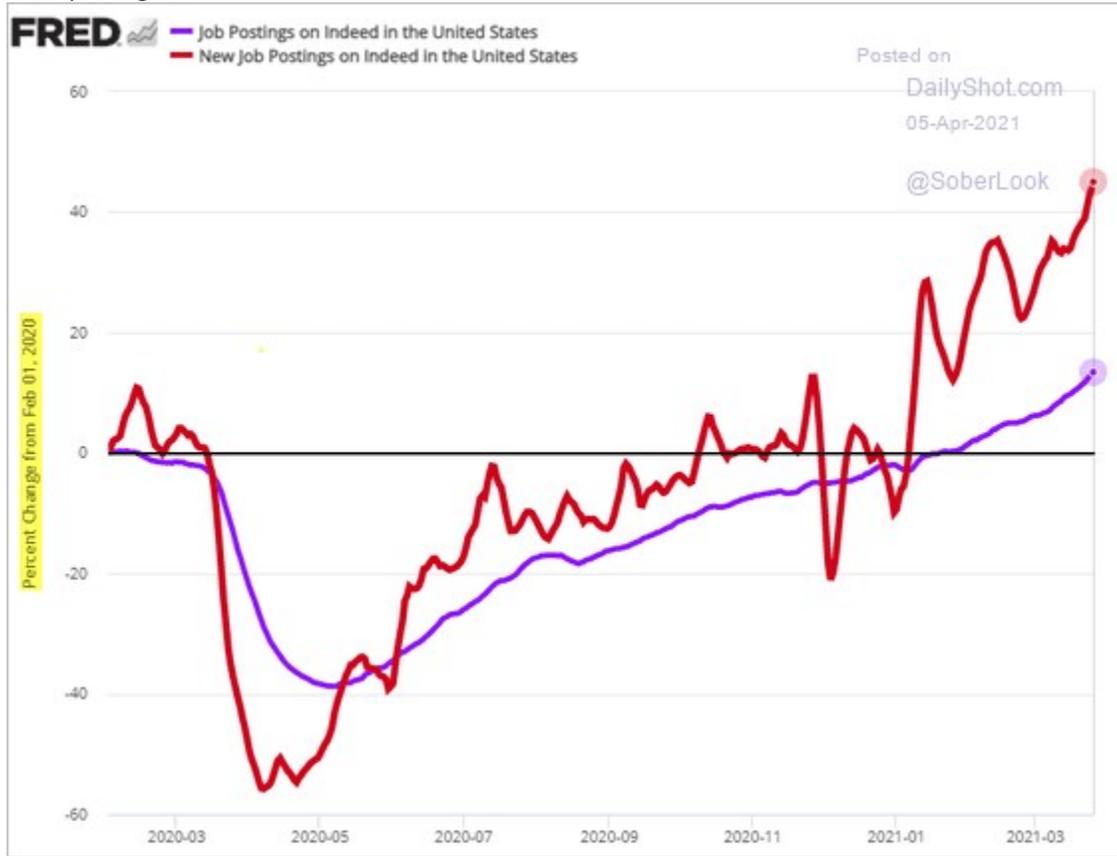
### US: Labor force participation rate



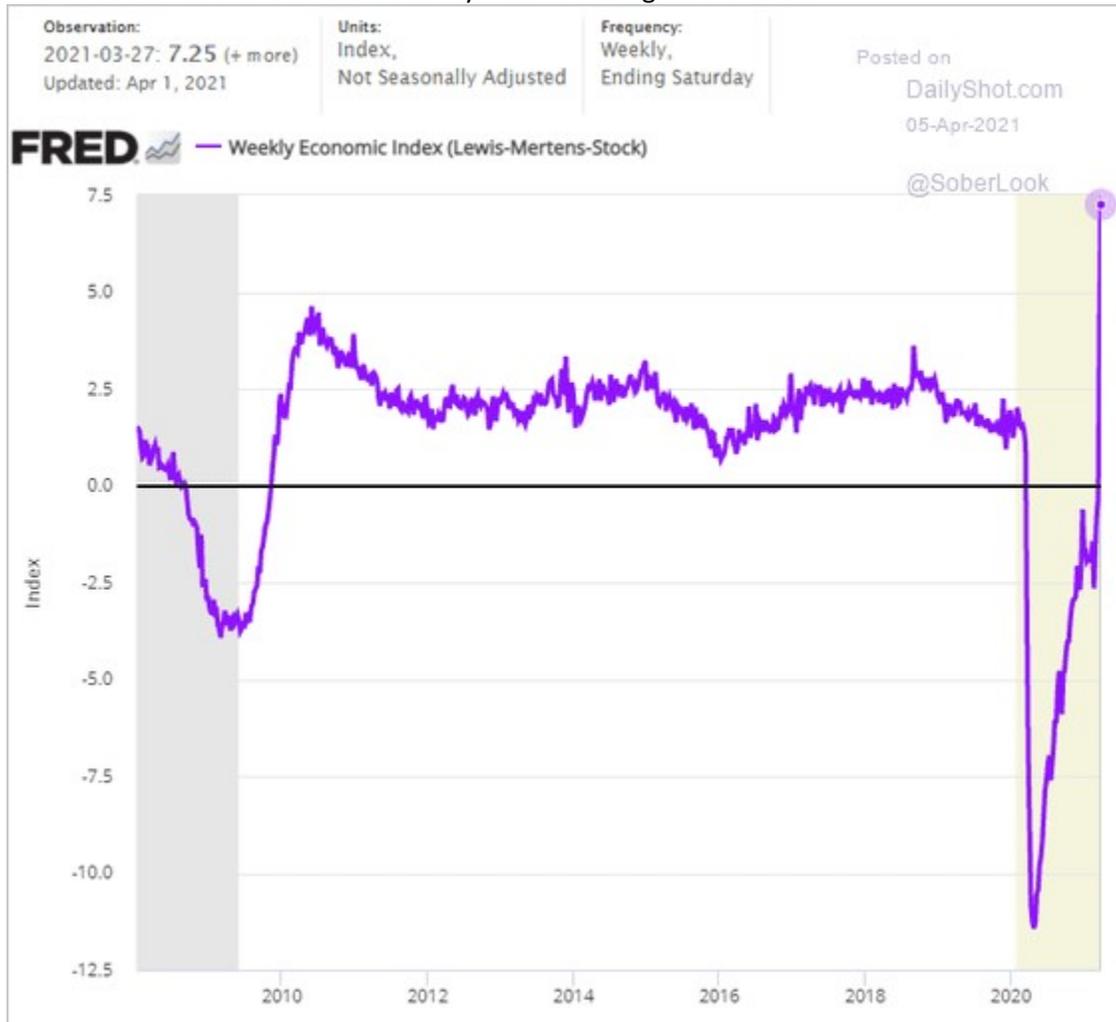
Source : Oxford Economics/Haver Analytics

Source: [Oxford Economics](https://www.oxfordeconomic.com)

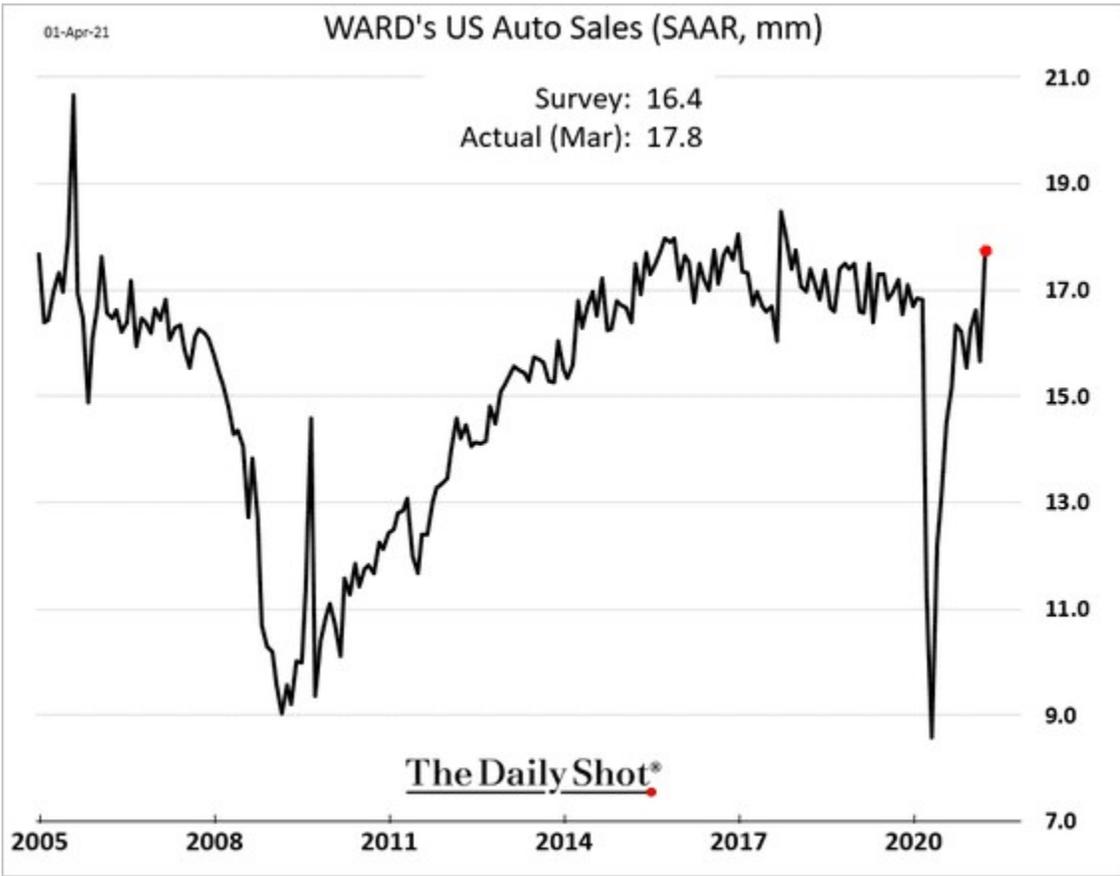
Job openings on Indeed:



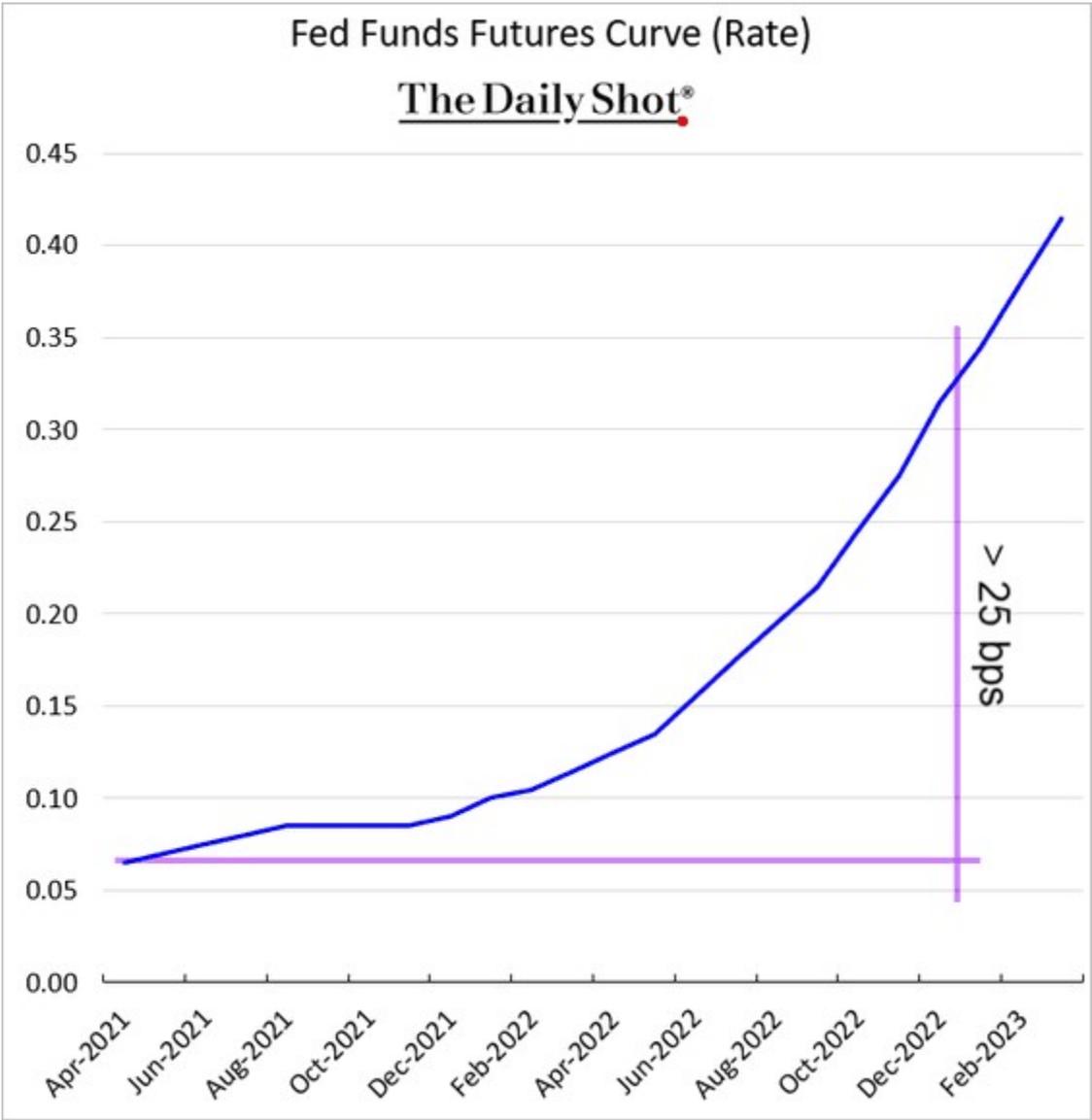
The NY Fed's national economic activity index is hitting record levels.



Automobile sales surged last month.

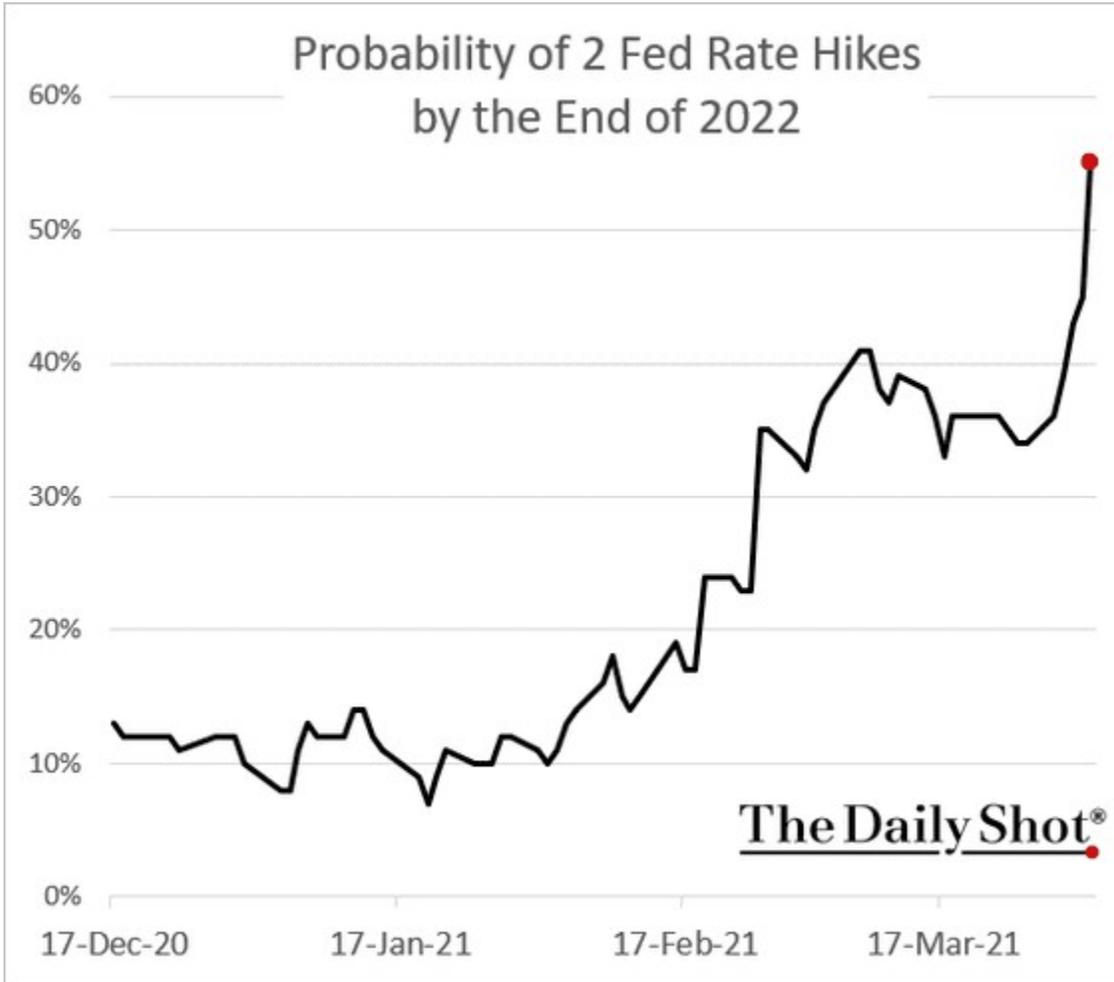


A rate hike next year is now fully baked into the futures market (and then some).



Moreover, the market is now pricing a 50%+ chance of two rate hikes next year. This is entirely inconsistent with the

FOMC's forecasts and Powell's statements.



The S&P 500 hit another record high.

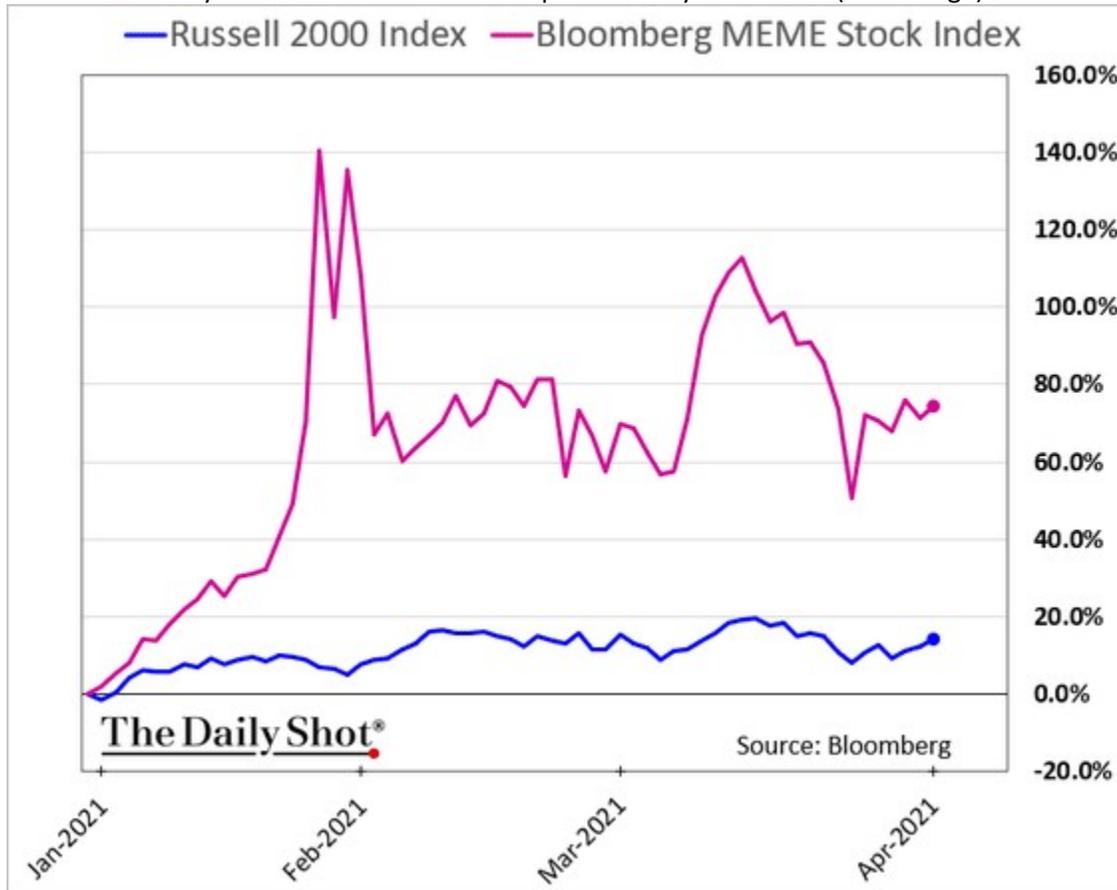


Source: @axios [Read full article](#)

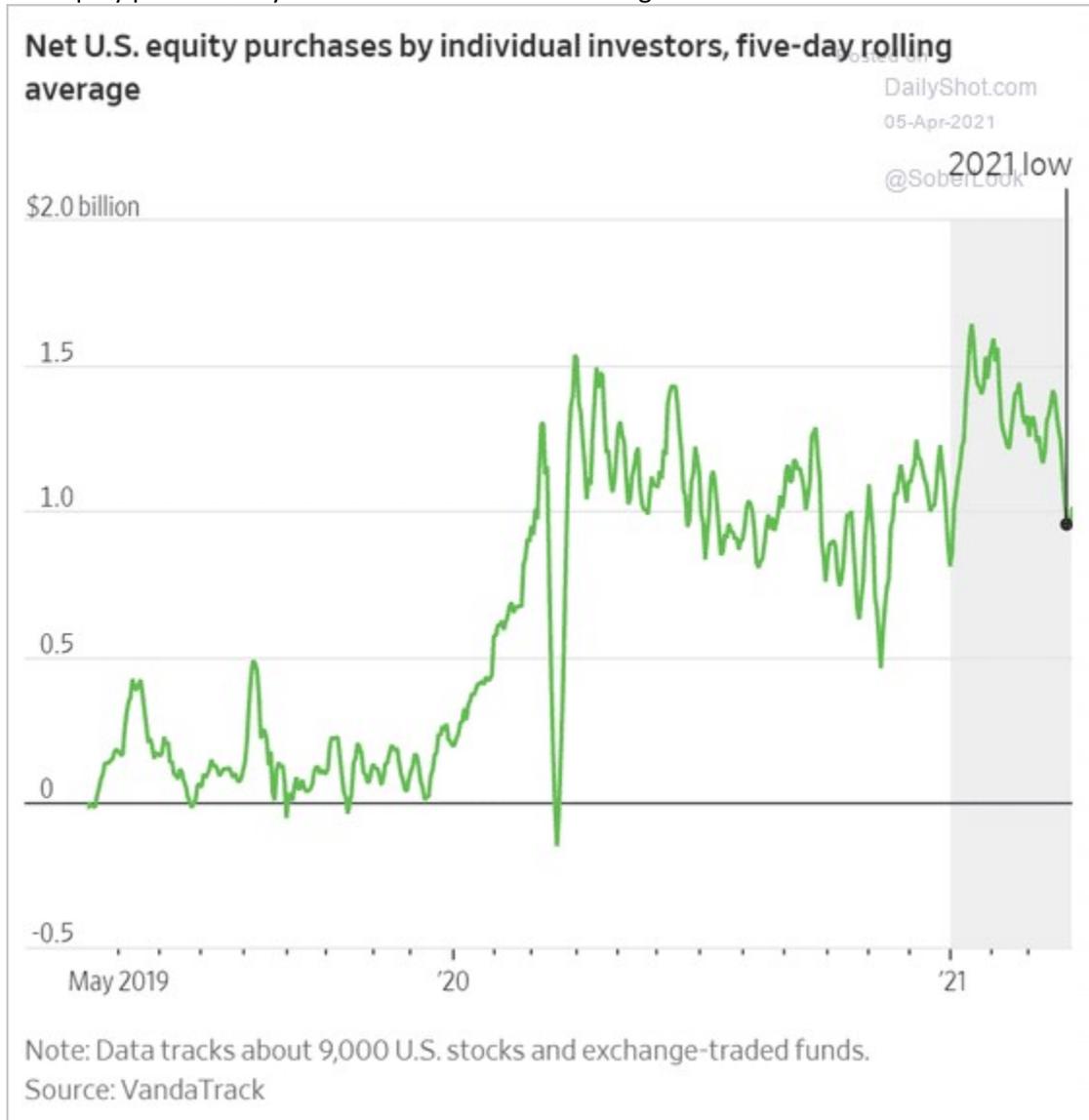
And VIX closed below 17.5 for the first time since March of 2020.



Stocks favored by the Reddit crowd are still up near 80% year-to-date (on average).



But equity purchases by individual investors are slowing.



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

Ethereum hit a record high, outperforming Bitcoin.

**Ether, the No. 2 crypto, hit a record above \$2,100 as bitcoin trades near \$60,000 on Good Friday**



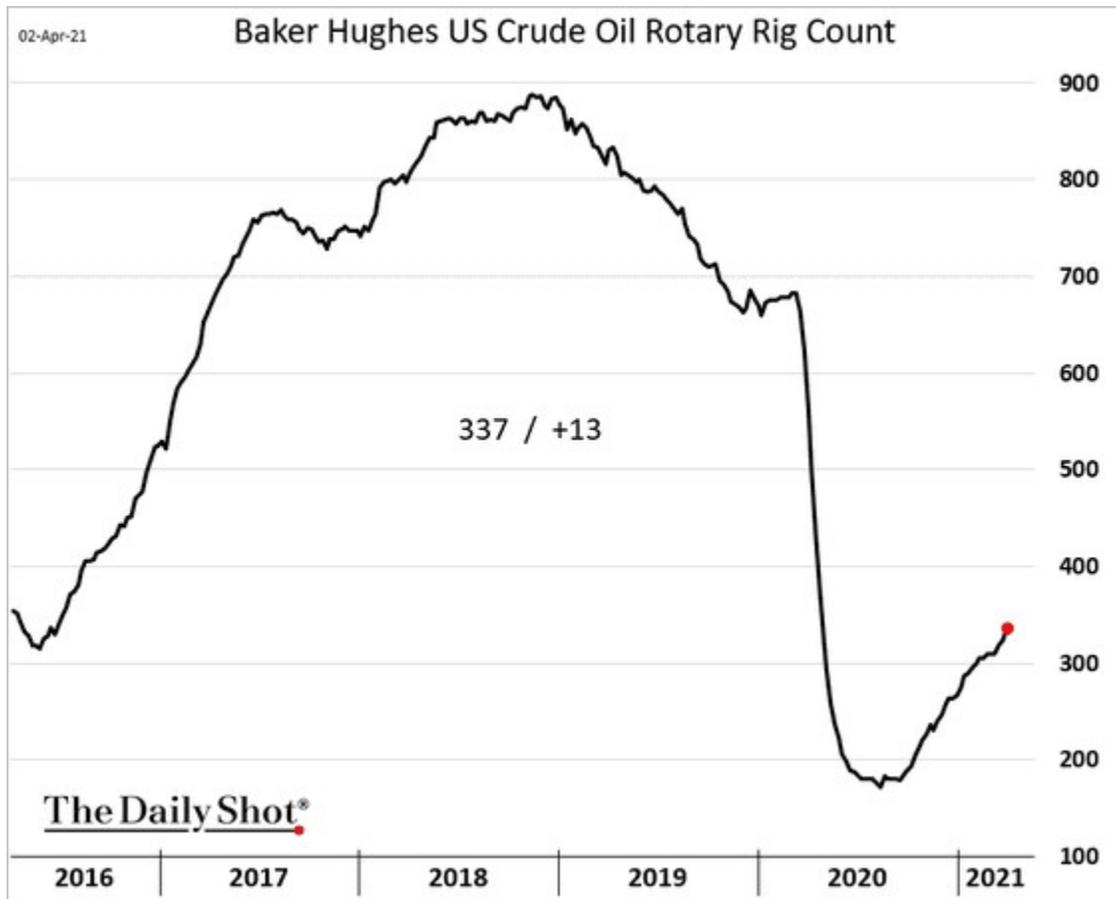
Here is the average price of non-fungible tokens (NFT).



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

US fracking activity is rebounding.

● Rig count:

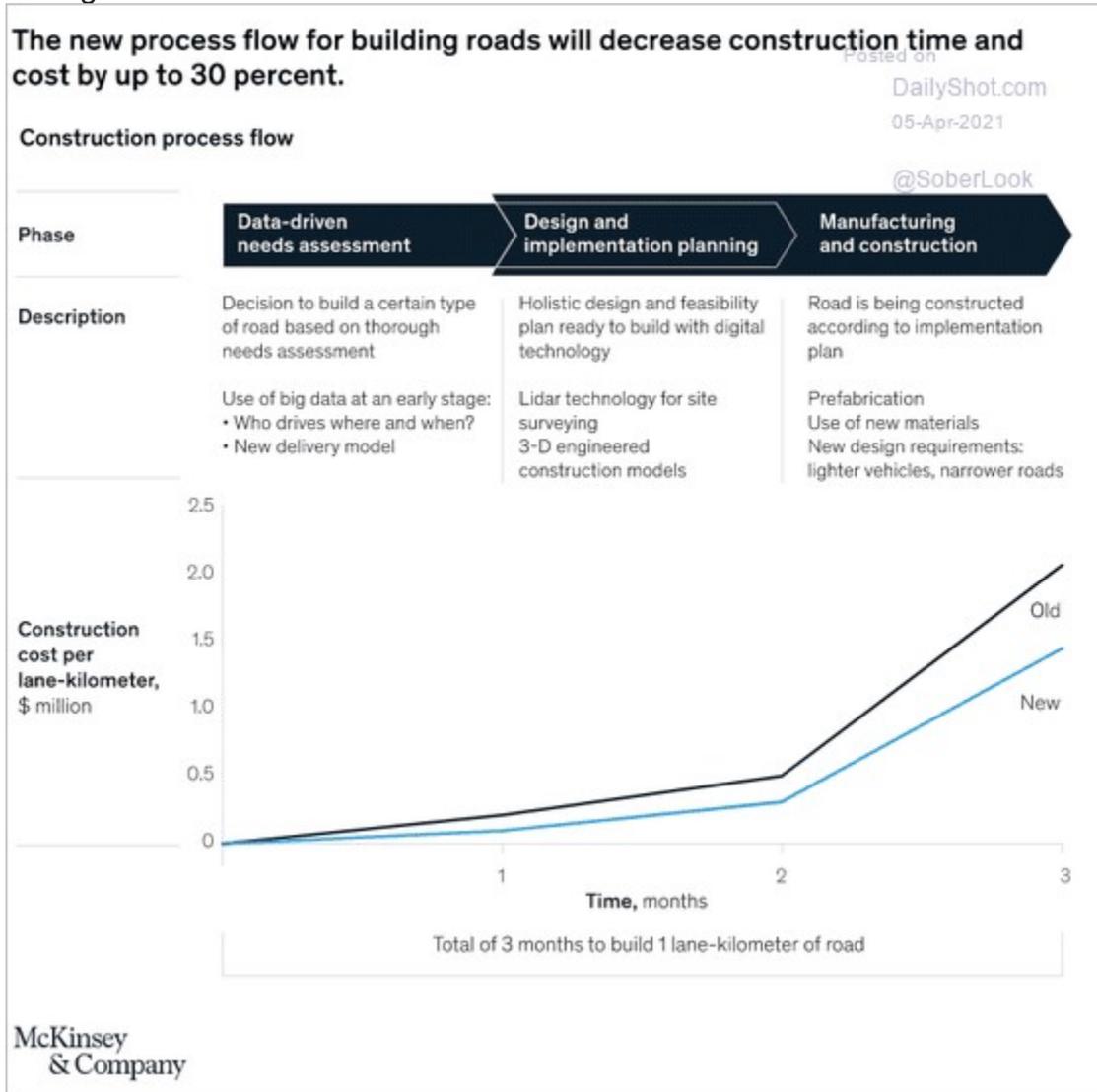


Job postings for a four-day workweek:



Source: Bloomberg [Read full article](#)

Falling road construction costs:



Source: McKinsey [Read full article](#)

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