



Leveraged Lion Capital Equity Research Report

11.4.20

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Equity Markets

Indices	10/30/2020	1-Day	1-Week	1-Month	YTD
S&P 500 Index	3,269.96	-1.21%	-5.64%	-2.77%	0.37%
DOW JONES	26,501.60	-0.59%	-6.47%	-4.61%	-8.20%
RUSSELL 2000	1,538.48	-1.48%	-6.22%	2.04%	-7.70%
NASDAQ	10,911.59	-2.45%	-5.51%	-2.29%	20.01%
Euro Stoxx 50 Pr	2,958.21	-0.06%	-7.52%	-7.37%	-22.01%
NIKKEI 225	22,977.13	-1.52%	-2.29%	-0.90%	-
DAX INDEX	11,556.48	-0.36%	-8.61%	-9.44%	-13.67%

S&P 500 Sector Performance

Sector	% Change	Market Cap (\$Tn)
Communication Services	-2.55	5.39
Consumer Discretionary	-4.72	7.13
Consumer Staples	-3.55	3.67
Energy	-1.98	2.01
Financials	-3.32	5.93
Healthcare	-4.65	6.63
Industrials	-4.13	4.29
Information Technology	-4.32	11.61
Materials	-1.82	2.02
Real Estate	-3.50	1.25
Utilities	-3.63	1.42

Rates Market

Rates	10/30/2020	10/29/2020	10/23/2020	9/30/2020	1/2/2020
US Generic Govt 2 Year Yield	0.15%	0.15%	0.16%	0.13%	1.57%
US Generic Govt 5 Yr	0.38%	0.37%	0.38%	0.28%	1.67%
US Generic Govt 7 Yr	0.64%	0.59%	0.61%	0.47%	1.79%
US Generic Govt 10 Yr	0.87%	0.82%	0.84%	0.68%	1.88%
US Generic Govt 30 Yr	1.66%	1.60%	1.64%	1.46%	2.33%
ICE LIBOR USD 1 Month	0.14%	0.15%	0.16%	0.15%	1.73%
ICE LIBOR USD 3 Month	0.22%	0.21%	0.22%	0.23%	1.90%
BUNDESREPUB. DEUTSCHLAND	-0.63%	-0.64%	-0.58%	-0.52%	-0.23%
JAPAN (10 YEAR ISSUE)	0.04%	0.03%	0.04%	0.01%	-0.02%

Foreign Exchange Markets

Cross	USD	EUR	JPY	GBP	CHF	CAD	AUD	NZD	HKD
HKD	7.7534	9.0956	7.4329	10.1117	8.5096	5.8913	5.5534	5.1764	
NZD	1.4982	1.7571	0.0144	1.9534	1.6441	1.1383	1.0729		0.1932
AUD	1.3964	1.6378	1.3385	1.8208	1.5325	1.0610		0.9321	0.1801
CAD	1.3160	1.5438	0.0126	1.7163	1.4444		0.9426	0.8786	0.1698
CHF	0.9111	1.0688	0.8736	1.1882		0.6923	0.6526	0.6083	11.7512
GBP	0.7668	0.8995	0.7352		0.8416	0.5827	0.5492	0.5119	0.0989
JPY	104.31	122.36		136.03	114.48	79.26	74.71	69.64	13.45
EUR	0.8525		0.8173	1.1117	0.9356	0.6477	0.6106	0.5691	0.1099
USD		1.1731	0.0096	1.3042	1.0974	0.7598	0.7163	0.6676	0.1290

Prime / Repo / CP Markets

	Latest Value	1 Year Prior
US Prime Rate	3.25	5.25
CAN Prime Rate	2.45	3.45
UK Prime Rate	1.10	1.75
JPN Prime Rate	1.00	0.95
GER Prime Rate	1.93	2.02
CHF Prime Rate	2.64	2.43
Govt Bond Repo Overnight	0.11	2.30
CP A2/P2 Rate (3 Mo)	0.24	2.52
CP A1/P1 Rate (3 Mo)	0.12	2.26

Commodity Markets

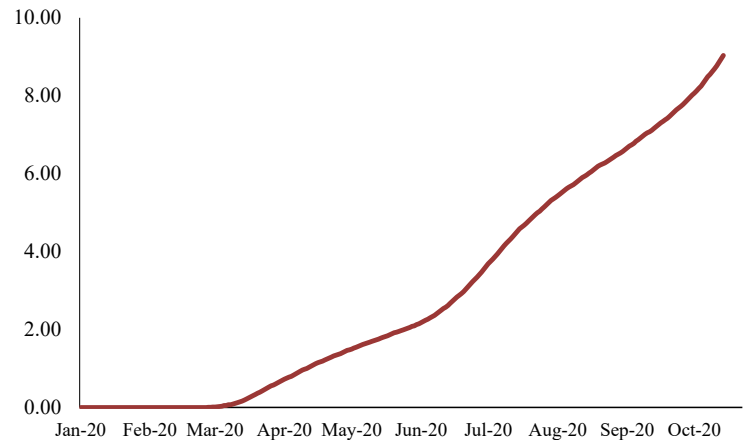
Commodity	% Change	Price
Gold	-1.20	1879.90
Silver	-2.57	23.66
WTI	-7.18	35.79
Brent	-7.41	37.46
Copper	-1.36	304.75
Natural Gas	10.91	3.35
Corn	-4.61	398.50
Wheat	-3.47	598.50
Soybean	-2.87	1056.50
Coffee	-2.11	104.40
Sugar	-2.78	14.36

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COVID-19 Fears

- On Thursday, the U.S. set a single-day record by adding ~90.00 k new cases which raised fears about the virus
 - The four highest daily case counts were all reported this week with ~70.00 k testing positive each day last week
- Renewed lockdown measures occurred in Europe as France, Germany, and the U.K. were forced to close into November
 - The continued resistance to major lockdowns seen in March and April have provided reprieve for markets as they continue to be focused on the recovery story
 - Any second-wave lockdowns would have a serious negative impact on the market, larger than we expect

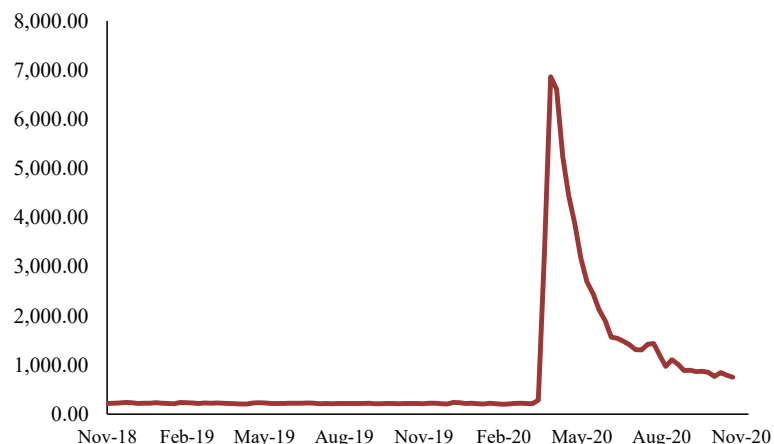
U.S. Confirmed Coronavirus Cases (MM)



Fiscal Policy Update

- Last week, GDP came roaring back in 3Q2020 at an annualized rate of 33.10% vs. -31.40% in 2Q2020
 - Additionally, the number of U.S. workers filing for initial claims unemployment insurance fell by 40.00 k to 751.00 k last week, which is the lowest since the pandemic began
 - Some are skeptical about the data saying much of the 3Q2020 gain came from carry-over effects from fast progress in May-July while real GDP is down 2.90% Y/Y
- Stimulus talks did not help markets this week as they broke down and failed to meet the gap on a couple issues
 - Areas such as funding, unemployment, tax credits, and testing sites

U.S. Initial Jobless Claims (k's)

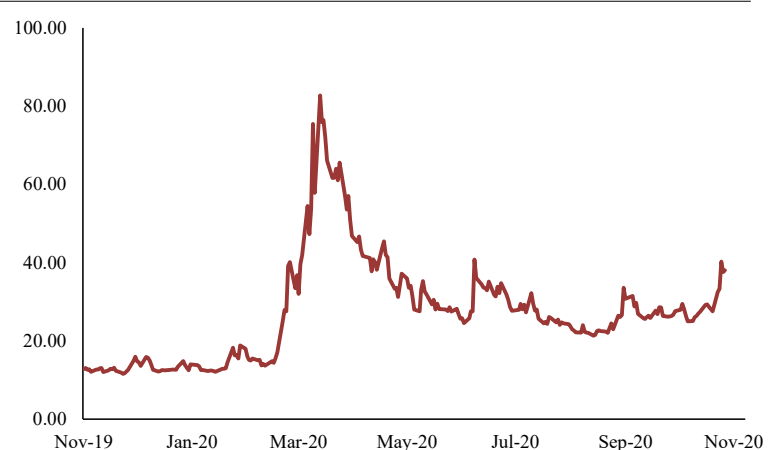


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Election Volatility

- Currently, we are experiencing a “knee-jerk” market reaction which are common during a presidential election
 - Since 1932, 14 out of 22 elections saw a market downturn of ~2.00-1.00% following the election as a large cohort of pollution is unhappy with the outcome and see future risks
 - Stocks dipped 5.30% and 2.40% after Obama’s first and second term election, and 4.00% after Trump’s election
- As measured by the CBOE volatility index, overall volatility has tended to subside gradually 30.00 days after the election and has fully returned to pre-election conditions 60.00 days after the election, except for the 2000 election

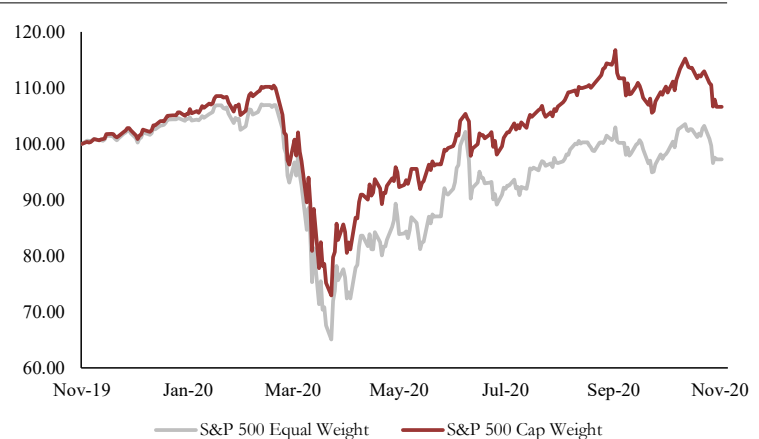
CBOE Volatility Index



High Earnings Expectations

- Following the past week, nearly 65.00% of S&P 500 companies have reported 3Q2020 earnings with 86.00% of companies surpassing consensus earnings estimates well above the 73.00% five-year average for this metric
 - Credit Suisse released a report detailing the high expectation dynamic noting that companies that beat on both top and bottom have outperformed by just 0.20% vs. a historical average of 1.60%
- Big tech results were another factor leading to selling pressure among the markets as rotation continues
 - High pandemic costs and weak guidance were issues
 - Furthermore, regulation, anti-trust, and privacy concerns with some of the big tech companies led to additional selloff
 - Congress has continued to hear and question companies such as Amazon, Facebook, Twitter, Alphabet

S&P 500 Equal vs. Cap Weighted



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Economic Calendar (Week of 11/2/20)

Date	Event	Time	Consensus
Monday, November 2, 2020	Markit PMI Manufacturing	9:45 am	53.30
Monday, November 2, 2020	ISM Manufacturing Index	10:00 am	56.00
Tuesday, November 3, 2020	Durable Orders Y/Y	10:00 am	0.80%
Thursday, November 5, 2020	Initial Jobless Claims	8:30 am	750.0 k
Friday, November 6, 2020	Unemployment Rate	8:30 am	7.70%

Economic Calendar (Week of 10/26/20)

Date	Event	Time	Consensus	Result
Tuesday, October 27, 2020	Durable Orders M/M	8:30 am	0.85%	1.90%
Tuesday, October 27, 2020	Consumer Confidence	10:00 pm	101.80	100.90
Thursday, October 29, 2020	GDP Y/Y	8:30 am	-3.50%	-2.90%
Thursday, October 29, 2020	Initial Jobless Claims	8:30 am	775.0 k	751.0 k
Friday, October 30, 2020	Core PCE Y/Y	8:30 am	1.50%	1.40%