



Leveraged Lion Capital Equity Research Report

12.2.20

Leveraged Lion Capital Equity Research – 12/2/20

Equity Markets

Indices	12/2/2020	1-Day	1-Week	1-Month	YTD
S&P 500 Index	3,667.74	-1.21%	-5.64%	-2.77%	0.37%
DOW JONES	29,823.60	-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

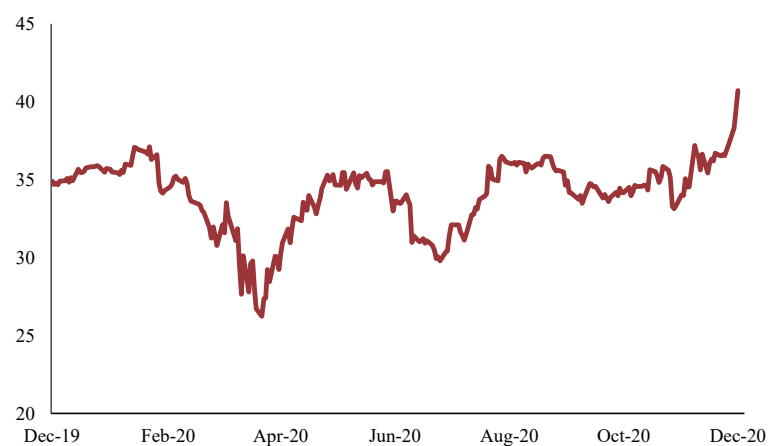
Commodity	% Change	Price
Gold	-1.20	1879.90
Silver	-2.57	23.66
WTI	-7.18	35.79
Brent	-7.41	37.46
Copper	-1.36	304.75
Natural Gas	10.91	3.35
Corn	-4.61	398.50
Wheat	-3.47	598.50
Soybean	-2.87	1056.50
Coffee	-2.11	104.40
Sugar	-2.78	14.36

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Vaccine Update

- Over the last two weeks, U.S. equities have seen a ~10.00% jump as election volatility fades and the announcement of a vaccine eased fears heading into the end of CY2020
 - Tighter restrictions are still in place in major cities and some European countries stunting the reopening story
- Recently, Pfizer and BioNTech announced that their vaccine had 90.00% effectiveness in a large clinical study
 - Current roadblocks to the smooth distribution of a vaccine is the undeveloped supply chain
 - Pfizer has said it expects to have 50.00 MM doses ready by end of the year and more than 1.00 bn in CY2021

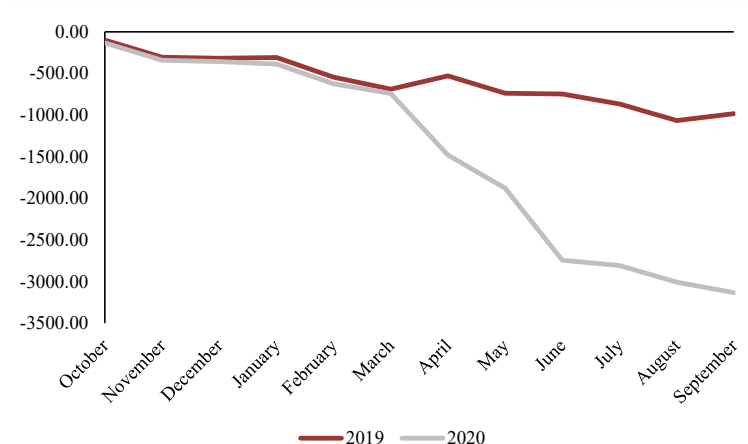
Pfizer Performance (1Y)



Fiscal Policy Update

- There is chatter about a new \$908.0 bn bipartisan fiscal stimulus plan
 - Highlights of the bill include \$300.0 per week in federal unemployment for four months on top of \$240.0 bn in funding for state and local governments
 - \$300.0 bn in PPP funding and \$50.0 bn in healthcare and vaccine distribution funds for domestic use
- A key missing part which was found in prior bills would be the second round of \$1,200.0 stimulus checks for the general public
- This plan has generated a lot of headlines and excitement, but it is unclear whether this proposal will gain traction and be signed
 - Senate Majority Leader McConnell said he is working closely with Treasury Secretary Mnuchin on changes to see what President is willing to sign

Budget Deficit (2Y)

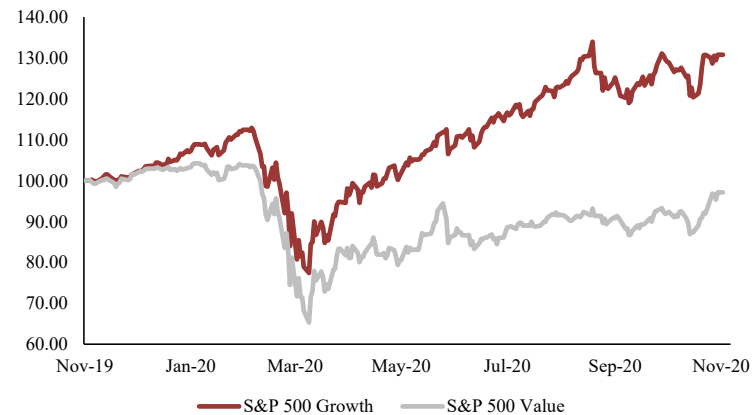


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Earnings & Rotation

- Since I last presented, 3Q2020 earnings announcements started to wrap up as results came in ahead of expectations with more than 80.00% of companies beating estimates by ~17.00%
 - Outperformers were among the IT, Healthcare, and Communication Services sectors
 - Underperformers were among Industrial, Energy, and Financials as navigating a pandemic hurt margins
- Last couple weeks saw a continuation of the rotation to value as vaccine and election volatility subsided
 - Rotation should continue in 2021 unless outsized monetary and fiscal policy support is sustained

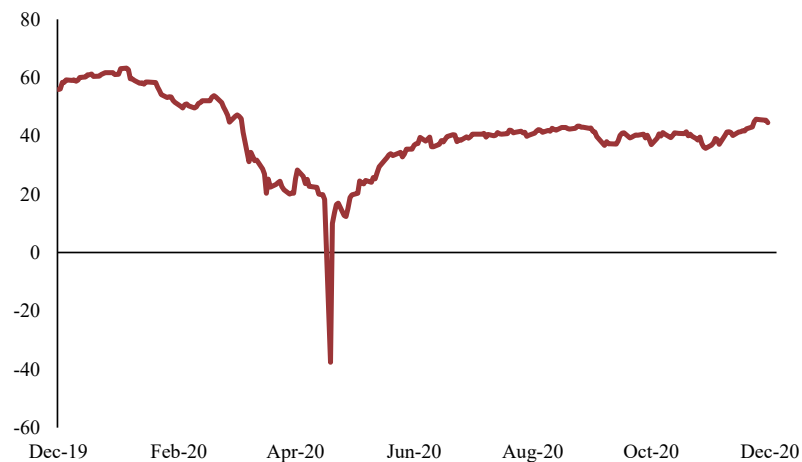
Growth vs. Value Performance



Energy Markets

- The Organization of Petroleum Exporting Countries (OPEC) is currently under severe disagreement over production cuts
- The organizations Monday conference was delayed until Thursday as no agreement could be reached
 - Expectations going through this deliberation are for OPEC and its allies to extend current production levels for three months
 - This is primarily due to continued global pandemic-driven weakness
- The UAE led the disagreement seen on Monday as it is looking to attach conditions that will rollover after the extension period which are hard to meet by fellow members
- A strong compliance mechanism is needed, or production could ramp up as most of these countries are struggling

WTI Crude Oil Performance (1Y)



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Economic Calendar (Week of 11/30/20)

Date	Event	Time	Consensus
Monday, November 30, 2020	Chicago PMI	9:45 am	59.5
Tuesday, December 1, 2020	ISM Manufacturing Index	10:00 am	57.5
Tuesday, December 1, 2020	Construction Spending M/M	10:00 am	0.70%
Thursday, December 3, 2020	Initial Jobless Claims	8:30 am	776.5 k
Friday, December 4, 2020	Unemployment Rate	8:30 am	6.80%

Economic Calendar (Week of 11/23/20)

Date	Event	Time	Consensus	Result
Monday, November 23, 2020	Markit PMI Manufacturing	9:45 am	53.0	56.7
Tuesday, November 24, 2020	Consumer Confidence	10:00 pm	98.0	96.1
Wednesday, November 25, 2020	GDP Y/Y	8:30 am	-2.90%	-2.90%
Wednesday, November 25, 2020	Core PCE Y/Y	10:00 am	1.40%	1.40%
Wednesday, November 25, 2020	Michigan Sentiment Index	10:00 am	77.0	76.9