



Leveraged Lion Capital Equity Research Report 10.19.20

Leveraged Lion Capital Equity Research – 10/19/20

Equity Markets

Indices	9/11/2020	1-Day	1-Week	1-Month	YTD
S&P 500 Index	3,483.81	0.01%	0.19%	2.90%	6.94%
DOW JONES	28,606.31	0.39%	0.07%	2.05%	-0.91%
RUSSELL 2000	1,633.81	-0.31%	-0.23%	5.25%	-1.98%
NASDAQ	11,671.56	-0.36%	0.79%	5.62%	28.37%
Euro Stoxx 50 Pr	3,245.47	1.65%	-0.84%	-2.80%	-14.44%
NIKKEI 225	23,410.63	-0.41%	-0.89%	-0.28%	-
DAX INDEX	12,908.99	1.62%	-1.09%	-2.61%	-3.56%

S&P 500 Sector Performance

Sector	% Change	Market Cap (\$Tn)
Communication Services	0.97	5.39
Consumer Discretionary	0.53	7.13
Consumer Staples	-0.13	3.67
Energy	-1.42	2.01
Financials	0.27	5.93
Healthcare	0.70	6.63
Industrials	-0.09	4.29
Information Technology	0.52	11.61
Materials	-0.32	2.02
Real Estate	0.30	1.25
Utilities	-0.92	1.42

Rates Market

Rates	10/16/2020	10/15/2020	10/9/2020	9/16/2020	1/2/2020
US Generic Govt 2 Year Yield	0.14%	0.14%	0.15%	0.14%	1.57%
US Generic Govt 5 Yr	0.32%	0.31%	0.34%	0.28%	1.67%
US Generic Govt 7 Yr	0.52%	0.51%	0.55%	0.47%	1.79%
US Generic Govt 10 Yr	0.75%	0.73%	0.77%	0.70%	1.88%
US Generic Govt 30 Yr	1.53%	1.51%	1.57%	1.46%	2.33%
ICE LIBOR USD 1 Month	2.05%	2.05%	0.15%	0.15%	1.73%
ICE LIBOR USD 3 Month	2.14%	2.14%	0.22%	0.23%	1.90%
BUNDESREPUB. DEUTSCHLAND	-0.62%	-0.61%	-0.53%	-0.49%	-0.23%
JAPAN (10 YEAR ISSUE)	0.02%	0.02%	0.03%	0.02%	-0.02%

Foreign Exchange Markets

Cross	USD	EUR	JPY	GBP	CHF	CAD	AUD	NZD	HKD
HKD	7.7500	9.1320	7.3572	10.0742	8.5172	5.8825	5.5084	5.1459	
NZD	1.5060	1.7746	0.0143	1.9577	1.6550	1.1431	1.0704		0.1943
AUD	1.4070	1.6579	1.3357	1.8289	1.5461	1.0679		0.9342	0.1815
CAD	1.3175	1.5524	0.0125	1.7125	1.4477		0.9364	0.8748	0.1700
CHF	0.9100	1.0723	0.8639	1.1829		0.6907	0.6468	0.6042	11.7422
GBP	0.7693	0.9065	0.7303		0.8454	0.5839	0.5468	0.5108	0.0993
JPY	105.34	124.12		136.93	115.76	79.96	74.87	69.95	13.59
EUR	0.8487		0.8057	1.1032	0.9326	0.6442	0.6032	0.5635	0.1095
USD		1.1783	0.0095	1.2999	1.0989	0.7590	0.7107	0.6640	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

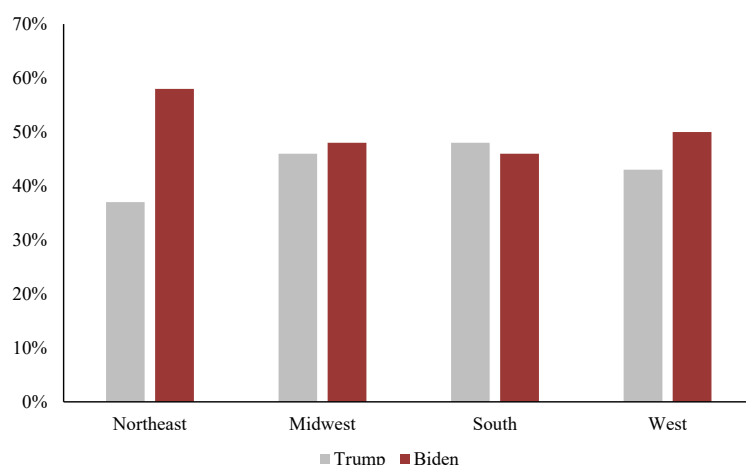
Commodity Markets

Commodity	% Change	Price
Gold	-1.13	1900.80
Silver	-3.77	24.16
WTI	3.68	40.88
Brent	2.90	42.93
Copper	0.85	2.95
Natural Gas	-3.75	2.77
Corn	3.34	402.0
Wheat	5.22	625.25
Soybean	1.57	1050.0
Coffee	-1.74	107.25
Sugar	4.26	14.43

Presidential Election

- The market has started to solidify around a Biden presidency as he holds a commanding and persistent lead
 - It is unlikely that the SCOTUS hearing or town hall meeting on Thursday will alter this mindset
 - Early voting numbers continue to explode higher and it is possible that we see a majority of voter cast their ballots before election day for the first time in history
- Big challenges ahead for whoever the president is focused around future stimulus, trade, and ending the pandemic
 - Pfizer dropped news it may know about a vaccine by end of this month and apply for FDA emergency approval

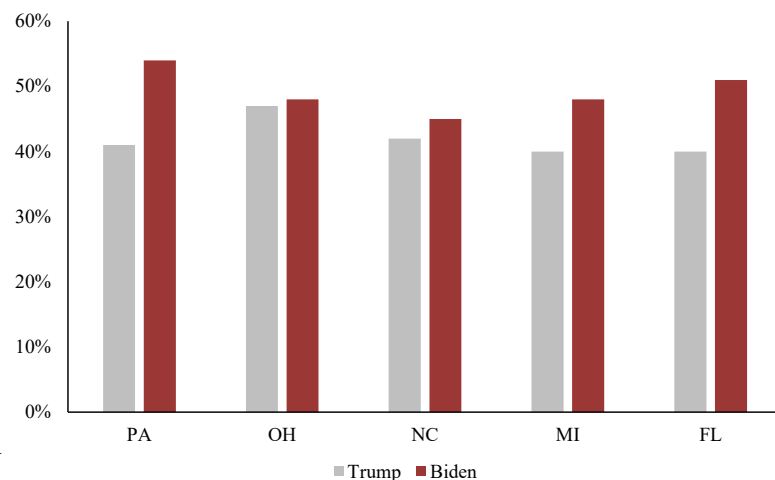
National Polls by Region



Senate Election

- The fate of the Senate is the single biggest macroeconomic topic in the entire market as it will determine future stimulus
 - Republicans hold senate would most likely mean ~\$1.00 tn in stimulus vs. Democrat sweep would mean ~\$5.00 in incremental fiscal stimulus throughout 2021-2022
 - Democrats hold an edge in the Senate but nothing convincing and McConnell could still be Majority Leader
- Big focus on a possibility of a “blue wave” as investors position themselves for a democratic sweep and are looking for increased stimulus, but enthusiasm won’t last
 - However, hopes could be too high leading to a trade down

Swing State Polls

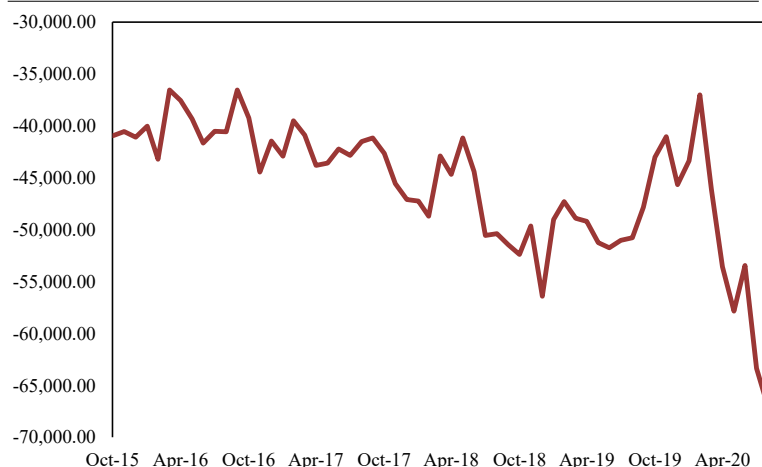


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Trade News

- Trade disputes have gone relatively quiet but the World Trade Organization (WTO) had a recent ruling in the favor of the EU against the U.S.
 - The EU was awarded the right to impose tariffs on about \$4.00 bn in American goods in retaliation for subsidies granted to Boeing (BA)
 - This followed a similar ruling from last year which allowed the U.S. to impose tariffs of \$7.50 bn on Airbus (EADSY)
- The EU Commission mentioned that they will reengage with the U.S. in constructive manner to decide next steps in trade
 - The future of our presidency will determine trade policy

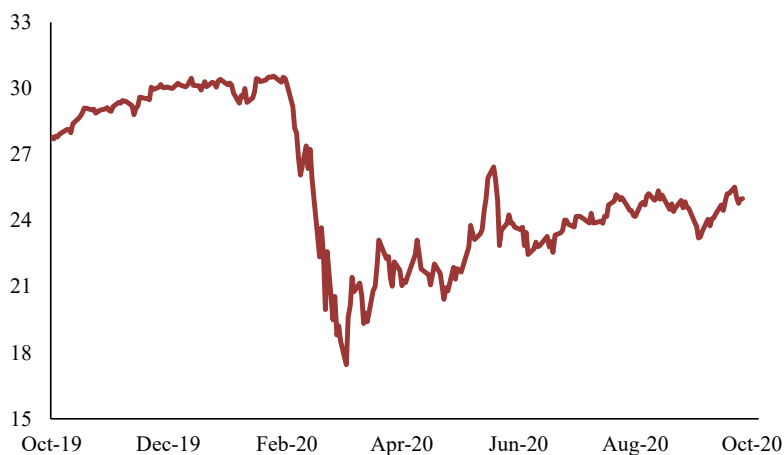
Foreign Trade Balance (\$ mm)



Earnings Kickoff

- The 3Q2020 earnings season kicked off last week and is pacing well ahead of expectations with 10% of the S&P 500 having already reported with 86% tracking ahead of forecast
 - 2021 S&P 500 EPS consensus stands at ~\$168.30, but this could easily rise to ~\$170.00 by January 1st
- Banks started off the week and traded poorly following earnings reports as investor sentiment remains low
 - Rates are an enormous headwind pressuring NIM/NII
 - Reserves forced to build by Fed on top off a restriction against share buybacks is removing a typical defense mechanism for bank stocks historically

XLFF SPDR Benchmark Performance



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Economic Calendar (Week of 10/19/20)

Date	Event	Time	Consensus
Tuesday, October 20, 2020	Housing Starts M/M	8:30 am	4.50%
Wednesday, October 21, 2020	U.K. Core CPI Y/Y	2:00 am	1.30%
Thursday, October 22, 2020	Kansas Fed Manufacturing Index	10:00 am	11.00
Thursday, October 22, 2020	Initial Jobless Claims	10:00 am	860.0 k
Friday, October 23, 2020	Markit PMI Manufacturing	9:45 am	53.50

Economic Calendar (Week of 10/12/20)

Date	Event	Time	Consensus	Result
Tuesday, October 13, 2020	CPI ex Food & Energy	8:30 am	0.2%	0.2%
Tuesday, October 13, 2020	Hourly Earnings	8:30 pm	-	4.7%
Wednesday, October 14, 2020	PPI M/M	8:30 am	0.2%	0.4%
Thursday, October 15, 2020	Initial Jobless Claims	8:30 am	825.0 k	898.0 k
Friday, October 16, 2020	Retail Sales M/M	8:30 am	0.60%	1.90%