



Leveraged Lion Capital Equity Research Report

3.2.20

Leveraged Lion Capital Equity Research – 3/2/20

Equity Markets

Indices	2/28/2020	1 Day	1 Week	1-Month	YTD
S&P 500	2,954.22	(0.82)	(11.49)	(9.83)	(8.68)
DJIA	25,409.36	(1.39)	(12.36)	(11.54)	(11.26)
RUSSELL 2000	1,476.43	(1.43)	(12.04)	(10.97)	(11.10)
NASDAQ	8,567.37	0.01	(10.54)	(7.58)	(5.03)
EURO STOXX 50	3,329.49	(3.66)	(12.39)	(10.48)	(11.76)
NIKKEI	21,142.96	(3.67)	(9.59)	(8.93)	(8.89)
DAX	11,890.35	(3.86)	(12.44)	(10.76)	(10.05)

Rates Markets

Rates	2/28/2020	1 Day	1 Week	1 Month	1 Year
US 2-Yr	0.91	1.06	1.35	1.46	2.38
US 5-Yr	0.94	1.07	1.32	1.48	2.36
US 7-Yr	1.06	1.16	1.40	1.57	2.43
US 10-Yr	1.15	1.26	1.47	1.66	2.55
US 30-Yr	1.68	1.76	1.91	2.11	2.90
1Mo LIBOR	1.52	1.58	1.63	1.65	2.51
3Mo LIBOR	1.46	1.58	1.68	1.77	2.80
GER 10-Yr	(0.61)	(0.55)	(0.43)	(0.34)	0.15
JGB 10-Yr	(0.16)	(0.11)	(0.06)	(0.04)	(0.01)

S&P 500 Sector Performance

Sector	% Change	Market Cap (\$Tn)
Communication Services	(9.45)	4.56
Consumer Discretionary	(11.18)	5.34
Consumer Staples	(10.44)	3.64
Energy	(15.37)	2.51
Financials	(13.54)	6.57
Healthcare	(10.62)	5.62
Industrials	(12.18)	3.98
Information Technology	(11.13)	8.65
Materials	(12.73)	1.68
Real Estate	(12.33)	1.31
Utilities	(11.76)	1.46

Commodity Markets

Commodity	% Change	Price
Gold	(3.50)	1,585.85
Silver	(12.30)	16.01
Crude Oil	(16.10)	45.26
Copper	(1.47)	5,572.0
Natural Gas	(12.00)	1.70
Corn	(2.65)	3.67
Wheat	(3.80)	187.75
Soybean	(0.79)	8.85
Coffee	0.90	1.10
Sugar	(12.50)	0.14

Prime / Repo / Commercial Paper Markets

Rates	Latest Value	1 Day Prior	1 Week Prior	1 Month Prior	1 Year Prior
CAN Prime Rate	3.95	3.95	3.95	3.95	3.95
US Prime Rate	4.75	4.75	4.75	4.75	5.50
UK Prime Rate	0.75	0.75	0.75	0.75	0.75
JPN Prime Rate	1.48	1.48	1.48	1.48	1.48
GER Prime Rate	0.05	0.05	0.05	0.05	0.05
CHF Prime Rate	0.50	0.50	0.50	0.50	0.50
Govt Bond Repo Rate (Overnight)	1.67	1.64	1.65	1.58	2.50
Agency Bond Repo Rate (Overnight)	1.67	1.64	1.65	1.58	2.50
CP A2/P2 Rate (3 Mo)	1.92	1.92	1.97	2.00	2.91
CP A1/P2 Rate (3 Mo)	1.82	1.82	1.87	1.90	2.81
CP A1/P1 Rate (3 Mo)	1.57	1.57	1.62	1.65	2.56

Foreign Exchange Markets

Cross	USD	EUR	JPY	GBP	CHF	CAD	AUD	NZD	HKD
HKD	7.7935	8.5940	7.2663	9.9649	8.0936	5.8023	5.0733	4.8390	
NZD	1.6106	1.7774	0.0150	2.0596	1.6726	1.1990	1.0429		0.2067
AUD	1.5455	1.6916	1.4411	1.9669	1.6048	1.1503		0.9596	0.1983
CAD	1.3432	1.4824	0.0125	1.7178	1.3949		0.8733	0.8339	0.1724
CHF	0.9629	1.0628	0.8980	1.2312		0.7169	0.6231	0.5979	12.3555
GBP	0.7821	0.8645	0.7293		0.8122	0.5823	0.5080	0.4856	0.1004
JPY	107.26	118.36		138.41	111.87	80.67	69.39	66.60	13.83
EUR	0.9062		0.8451	1.1626	0.9410	0.6746	0.5905	0.5627	0.1163
USD		1.1036	0.0093	1.2786	1.0385	0.7445	0.6471	0.6209	0.1283

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Sell-Off

- Equity markets had their largest weekly drop since 2008 (~12%)
- 10-year treasury yield dropped to its lowest level in history to around 1.1%
- Largest 5 companies in the market account for 18.1% of the S&P 500- above 12.5% historic average
- Investment grade bonds have returned around 3% this year while large-cap stocks have had a 7.5% decline
- Volatility expected to increase this year relative to 2019 and the start of this year

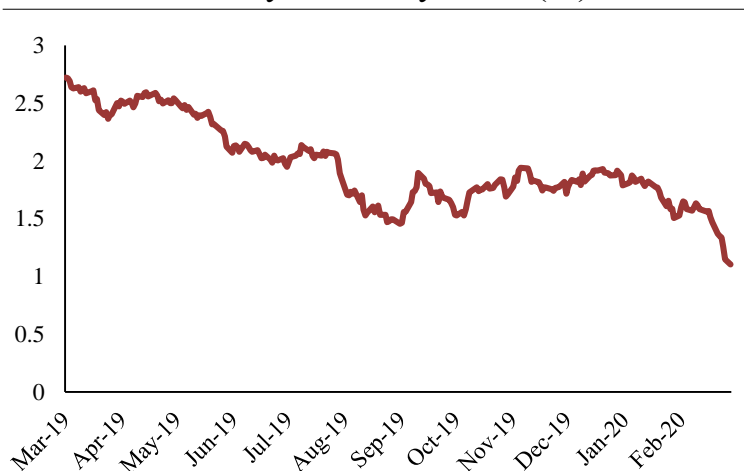
FED

- Powell said on Friday that the virus has “evolving risks” and that the Fed will “act as appropriate”
- Opened the door to a rate cut at the March 17-18 meeting
- Federal funds futures (March 18) are pricing an 80% chance of a new 1-1.25% target range
- Goldman economists said that the Fed may even act before the meeting and perhaps in coordination with other central banks

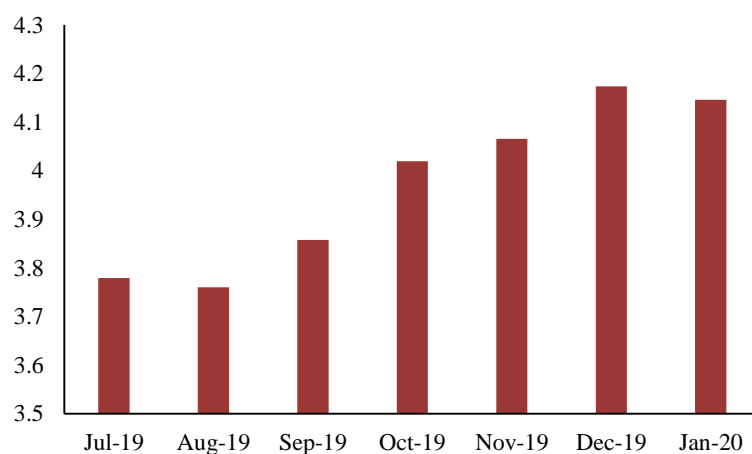
China’s Factory Activity Contracts

- China’s PMI (purchasing managers’ index) fell to 35.7 in February, well below the 46.0 expected
- Lowest it’s ever been, and down from 50.0 in January
- Only around 30% of China’s small and medium-sized companies have resumed production- these companies account for 80% of employment and 60% of GDP
- Growth fell to 6.1% last year (lowest in decades), and forecasters expect it to fall under 5% this year

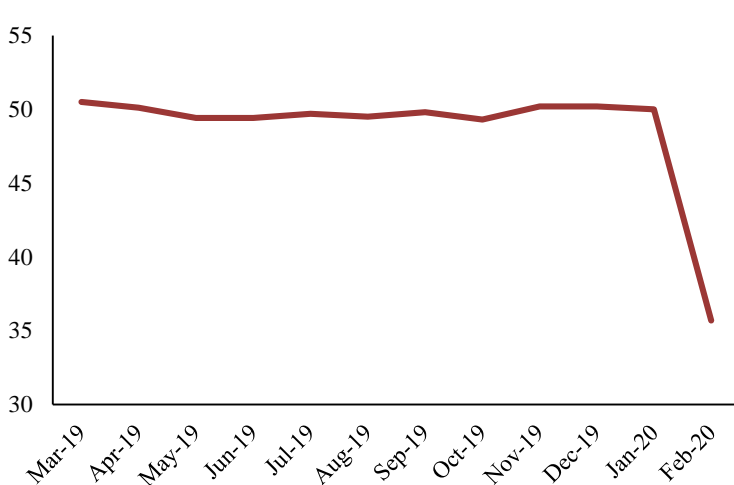
10yr Treasury Yield (%)



Federal Reserve’s Balance Sheet (\$ Trillion)



China Manufacturing PMI (Monthly)



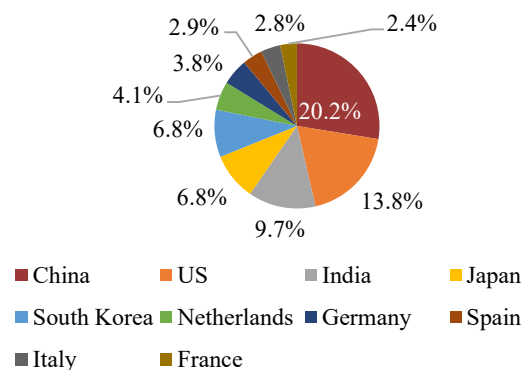
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Commodities & Large Acquisition

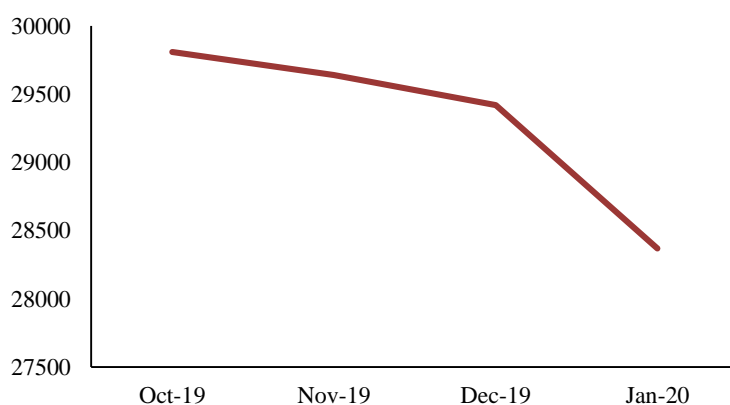
Oil Prices

- Crude oil fell in price by 15.6% last week to its lowest since mid-2016, due to the economic concerns created by the virus outbreak
- The Energy sector traded down by 15.3% last week and oil prices are -26.2% YTD
- According to the China National Petroleum Corporation, China's crude oil imports could drop by 15-20%, down 200,000 bdp YoY
- Important to note: Russia, Saudi Arabia, Angola and Iraq account for 55% of all of China's crude imports- smaller countries like Iran, ship 50-70% of its oil to China
- Two Indian refiners to stop importing oil from Venezuela after the US imposed sanctions on Rosneft- India accounted for 38% of Venezuelan exports
- Saudi Arabia is cutting its exports to China by 500,000 bdp
- Chinese state refiners are going to cut their processing rates by 10%, to 25% of what they had before the virus outbreak

% of World Total - Crude Oil Imports



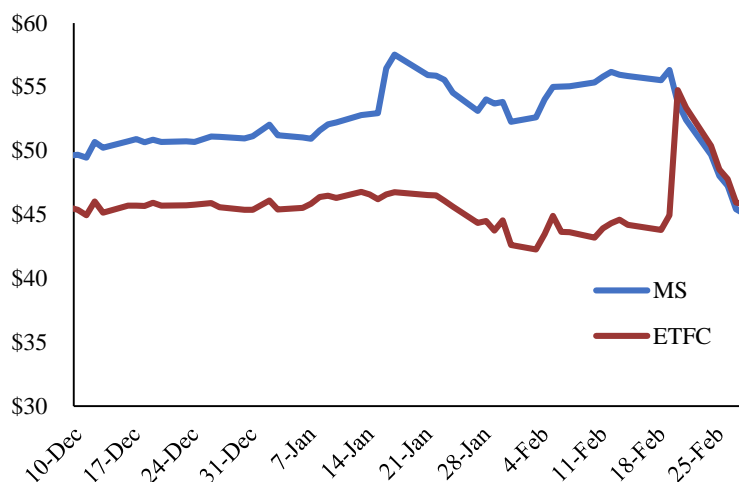
Total OPEC Crude Oil Production (1000 Barrels/Day)



Morgan Stanley & E-Trade

- Morgan Stanley agreed to purchase E-Trade for \$13 billion- that is \$2,500 per E-Trade customer
- Main reason for acquisition is the “\$56 billion deposit base”, and also to attract young customers through the “powerful internet-based platform”
- E-Trade was having trouble to compete after Charles Schwab cut fees to zero, and later on acquired TD Ameritrade

MS & ETFC Stock



Leveraged Lion Capital Equity Research – 3/2/20

Economic Calendar (Week of 3/2/20)

Date	Event	Time	Consensus
Monday, March 2, 2020	ISM Manufacturing PMI	3:00 pm	50.4
Tuesday, March 3, 2020	Fed Mester & Evans Speech	7:50 pm	-
Wednesday, March 4, 2020	MBA 30-yr Mortgage Rate	12:00 pm	3.73%(Prev.)
Thursday, March 5, 2020	Weekly Jobless Claims	8:30 am	215,000
Friday, March 6, 2020	U.S. Imports Report	1:30 pm	\$257.6B

Economic Calendar (Week of 2/24/20)

Date	Event	Time	Consensus	Result
Monday, February 24, 2020	Chicago National Activity Index	1:30 pm	-0.92	-0.25
Tuesday, February 25, 2020	CB Consumer Confidence	3:00 pm	132.0	130.7
Wednesday, February 26, 2020	New Home Sales (MoM)(Jan)	3:00 pm	3.5%	7.9%
Thursday, February 27, 2020	Weekly Jobless Claims	8:30 am	211,000	219,000
Friday, February 28, 2020	Personal Spending MoM (Jan)	1:30 pm	0.3%	0.2%

Economic Calendar (Week of 2/17/20)

Date	Event	Time	Consensus	Result
Monday, February 17, 2020	Eurogroup Meeting	All Day	-	-
Tuesday, February 18, 2020	Empire State Manufacturing Index	8:30 am	5.0	12.9
Wednesday, February 19, 2020	U.S. PPI MoM	8:30 am	0.1%	0.5%
Thursday, February 20, 2020	Weekly Jobless Claims	8:30 am	210,000	210,000
Friday, February 21, 2020	Existing Home Sales (MoM)	10:00 am	5.43M	5.46M

Economic Calendar (Week of 2/10/20)

Date	Event	Time	Consensus	Result
Monday, February 10, 2020	European Investor Confidence	4:30 am	4.1	5.2
Tuesday, February 11, 2020	Fed Chair J. Powell Testifies	10:00 am	-	-
Wednesday, February 12, 2020	Crude Oil Inventories	10:30 am	2.831M	7.459M
Thursday, February 13, 2020	Weekly Jobless Claims	8:30 am	210,000	205,000
Friday, February 14, 2020	Core Retail Sales (MoM)	8:30 am	0.3%	0.3%

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Leveraged Lion Capital Earnings Calendar

Company	Sector	Previous Earnings Date	Upcoming Earnings Date
Portfolio Holdings			
Winnebago	Consumer & Retail	Friday, December 20, 2019	Monday, March 23, 2020
Cryolife	Healthcare	Thursday, February 13, 2020	Thursday, May 14, 2020
US Silica	Materials	Tuesday, February 25, 2020	Tuesday, May 26, 2020
Lattice Semiconductors	Information Technology	Tuesday, February 11, 2020	Tuesday, May 12, 2020
Yum! Brands	Consumer & Retail	Thursday, February 6, 2020	Wednesday, April 29, 2020
Chefs' Warehouse	Consumer & Retail	Wednesday, February 12, 2020	Wednesday, May 13, 2020
Ducommun	Industrials	Thursday, February 20, 2020	Thursday, May 21, 2020
MGM Resorts	REGAL-FIG	Wednesday, February 12, 2020	Wednesday, May 13, 2020
Indivior	Healthcare	Thursday, February 13, 2020	Thursday, May 14, 2020
California Resources	Energy & Utilities	Wednesday, February 26, 2020	Wednesday, May 27, 2020
Virtu Financial	REGAL-FIG	Tuesday, February 11, 2020	Tuesday, May 12, 2020
Equitrans Midstream	Energy & Utilities	Thursday, February 27, 2020	Thursday, May 28, 2020
Par Pacific	Energy & Utilities	Tuesday, February 25, 2020	Tuesday, May 26, 2020
Sprint	Media & Communications	Wednesday, January 29, 2020	Tuesday, May 5, 2020
Walker & Dunlop	REGAL-FIG	Wednesday, February 5, 2020	Wednesday, April 29, 2020
Commercial Vehicle Group	Industrials	Thursday, November 7, 2019	Monday, March 9, 2020
Realty	REGAL-FIG	Tuesday, February 25, 2020	Tuesday, May 26, 2020
Boise Cascade	Materials	Tuesday, February 25, 2020	Monday, May 25, 2020
Lindblad Expeditions	REGAL-FIG	Tuesday, February 25, 2020	Tuesday, May 26, 2020
CenturyLink	Media & Communications	Wednesday, February 12, 2020	Wednesday, May 13, 2020
GameStop	Consumer & Retail	Tuesday, December 10, 2019	Tuesday, March 31, 2020
Tutor Perini	Industrials	Wednesday, February 26, 2020	Wednesday, May 27, 2020
Hexion	Materials	Tuesday, November 12, 2019	Not Announced
Dell	Information Technology	Thursday, February 27, 2020	Thursday, May 28, 2020
Portfolio Bench			
The Container Store	Consumer & Retail	Wednesday, February 5, 2020	Tuesday, May 12, 2020
JCPenny	Consumer & Retail	Thursday, February 27, 2020	Thursday, May 28, 2020
Navistar International	Industrials	Tuesday, December 17, 2019	Wednesday, March 4, 2020
Assertio Therapeutics	Healthcare	Thursday, November 7, 2019	Wednesday, March 11, 2020
Lannett	Healthcare	Thursday, February 6, 2020	Wednesday, May 6, 2020
Vantage Drilling International	Energy & Utilities	Thursday, November 7, 2019	Thursday, March 12, 2020
Casa Systems	Information Technology	Thursday, February 20, 2020	Thursday, May 21, 2020