



# Leveraged Lion Capital Equity Research Report

2.24.20

## Leveraged Lion Capital Equity Research – 2/24/20

### Equity Markets

Indices	2/23/2020	1 Day	1 Week	1-Month	YTD
S&P 500	3,337.75	(1.05)	(1.25)	0.51	3.18
DJIA	28,992.41	(0.78)	(1.38)	(0.70)	1.25
RUSSELL 2000	1,678.61	(1.03)	(0.53)	(0.43)	1.07
NASDAQ	9,576.59	(1.79)	(1.59)	2.20	6.16
EURO STOXX 50	3,800.38	(0.59)	(1.06)	0.30	0.72
NIKKEI	23,386.74	(0.39)	(1.27)	(2.00)	0.78
DAX	13,579.33	(0.62)	(1.20)	0.17	2.72

### Rates Markets

Rates	2/23/2020	1 Day	1 Week	1 Month	1 Year
US 2-Yr	1.35	1.39	1.43	1.53	2.38
US 5-Yr	1.32	1.36	1.42	1.58	2.36
US 7-Yr	1.40	1.44	1.51	1.69	2.43
US 10-Yr	1.47	1.52	1.58	1.77	2.55
US 30-Yr	1.91	1.96	2.04	2.24	2.90
1Mo LIBOR	1.63	1.63	1.66	1.66	2.51
3Mo LIBOR	1.68	1.68	1.69	1.81	2.80
GER 10-Yr	(0.43)	(0.45)	(0.40)	(0.25)	0.15
JGB 10-Yr	(0.06)	(0.04)	(0.03)	0.00	(0.01)

### S&P 500 Sector Performance

Sector	% Change	Market Cap (\$Tn)
Communication Services	(1.40)	5.04
Consumer Discretionary	(1.63)	5.93
Consumer Staples	0.28	4.10
Energy	(1.26)	2.88
Financials	(0.97)	7.47
Healthcare	0.03	6.12
Industrials	(0.44)	4.51
Information Technology	(2.25)	9.56
Materials	(0.40)	1.93
Real Estate	0.38	1.49
Utilities	(0.18)	1.64

### Commodity Markets

Commodity	% Change	Price
Gold	3.80	1,643.45
Silver	4.20	18.49
Crude Oil	2.56	53.46
Copper	(0.12)	5,701.50
Natural Gas	3.80	1.91
Corn	(0.26)	3.77
Wheat	0.52	195.25
Soybean	(0.34)	8.88
Coffee	0.00	1.09
Sugar	6.70	0.16

### 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)	1.65	1.58	1.63	1.58	2.55
Agency Bond Repo Rate (Overnight)	1.65	1.58	1.63	1.58	2.50
CP A2/P2 Rate (3 Mo)	1.97	1.97	2.00	2.05	2.91
CP A1/P2 Rate (3 Mo)	1.87	1.87	1.90	1.95	2.81
CP A1/P1 Rate (3 Mo)	1.62	1.62	1.65	1.70	2.56

### Foreign Exchange Markets

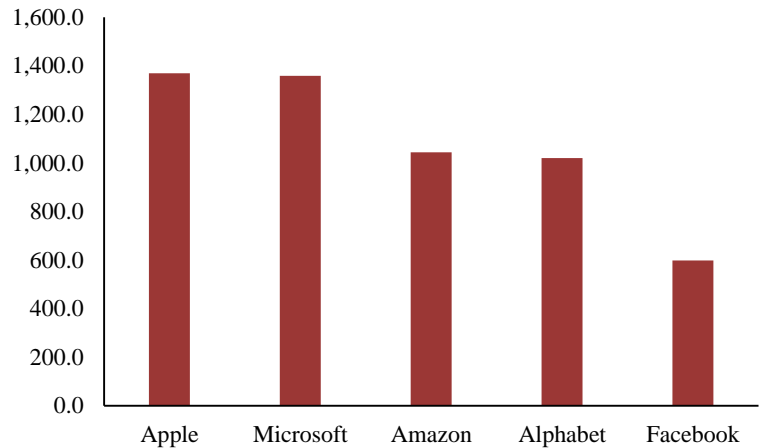
Cross	USD	EUR	JPY	GBP	CHF	CAD	AUD	NZD	HKD
HKD	7.7878	8.4361	6.9931	10.0798	7.9516	5.8778	5.1409	4.9240	
NZD	1.5818	1.7134	0.0142	2.0473	1.6150	1.1938	1.0443		0.2031
AUD	1.5148	1.6408	1.3602	1.9613	1.5466	1.1435		0.9576	0.1945
CAD	1.3247	1.4350	0.0119	1.7143	1.3528		0.8734	0.8376	0.1701
CHF	0.9794	1.0612	0.8794	1.2676		0.7392	0.6466	0.6192	12.5761
GBP	0.7726	0.8368	0.6937		0.7889	0.5831	0.5101	0.4885	0.0992
JPY	111.37	120.58		144.14	113.71	84.39	73.52	70.41	14.30
EUR	0.9233		0.8290	1.1949	0.9427	0.6968	0.6091	0.5837	0.1185
USD		1.0831	0.0090	1.2943	1.0210	0.7547	0.6602	0.6322	0.1284

## Leveraged Lion Capital Equity Research – 2/24/20

### Zoom Out

- In the LTM, the market fell by 2% or more in a single day only 4 times; average is 16 days per year
- The equity market has not had a 5% or more pullback in over 6 months
- Largest 5 companies in the market account for 18.1% of the S&P 500- above 12.5% historic average
- Market cap for the largest 5 stocks has only gone above 14% twice before: in 1999 and in 2008

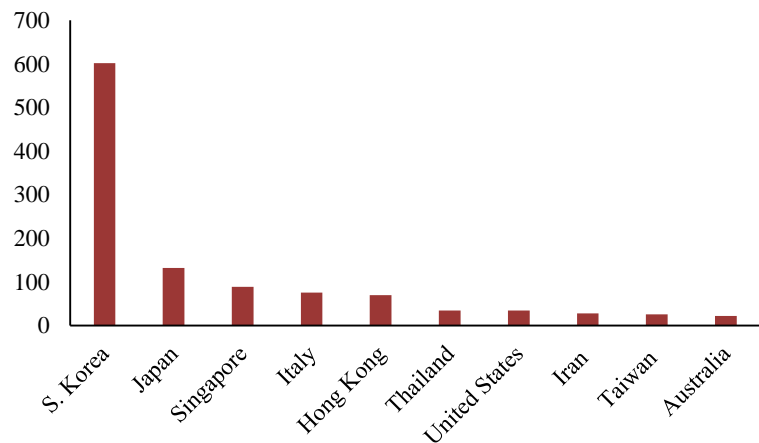
### Largest Companies by Market Cap (\$B)



### Covid-19

- Around 2,500 deaths, over 78,000 confirmed cases; 3 deaths in Italy, 200 Israelis quarantined
- Supply chain disruptions are estimated to cost \$570 billion
- China accounts for 17% of the global economy and its most important provinces (account for 89% of countries exports) are still in lockdown
- MS: “Our analysts expect China’s production to normalize by mid-to-late March”

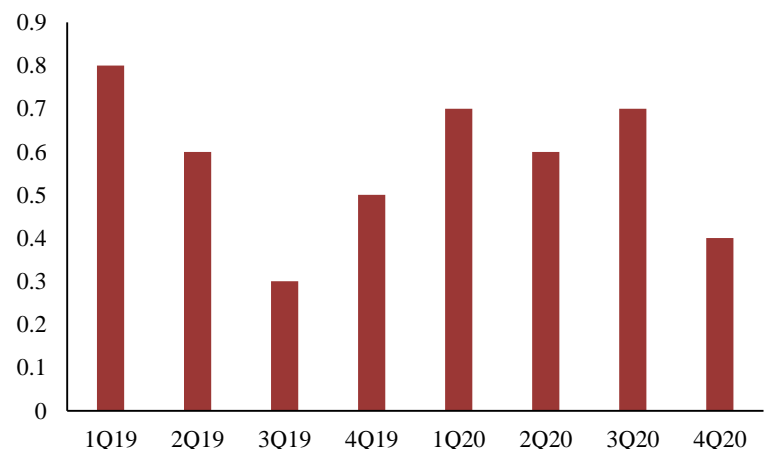
### Confirmed Cases Outside of China



### Japan

- The world’s 3<sup>rd</sup> largest economy contracted by 6.3% in Q4 (YoY), -1.6% MoM
- The manufacturing PMI dropped to 47.6 from 48.8 (month before), significantly lower than the 49.0 expected
- Consumption (Sales) taxes got raised from 8% to 10% on October
- Typhoon Hagibis hit Japan on Oct. 6<sup>th</sup> flooding cities and killed almost 100 people

### Japan Core CPI, YoY(%)



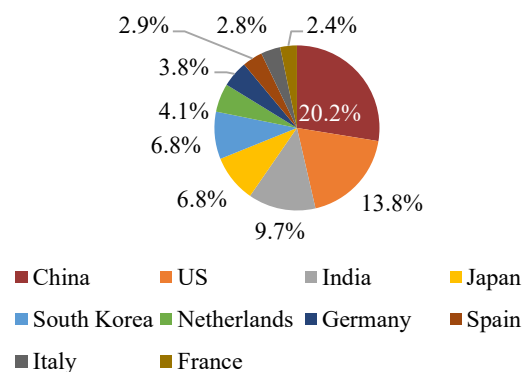
## Leveraged Lion Capital Equity Research – 2/24/20

### Commodities & Tech Sector

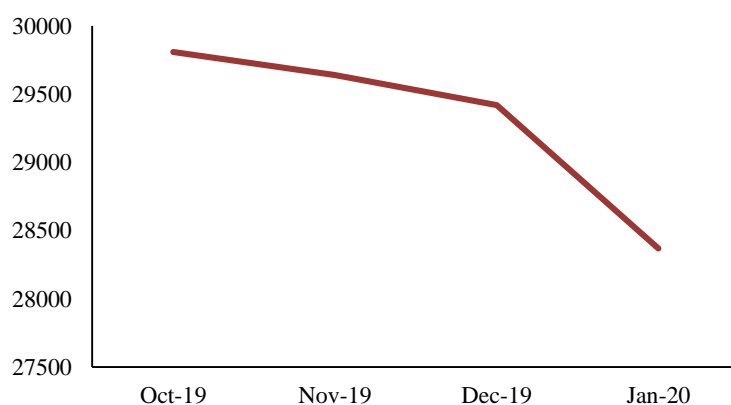
#### Oil Prices

- OPEC+ producers were considering moving the March 5-6 meeting up to Feb. due to the virus outbreak shocking demand- but Russia does not think it is necessary
- The U.S. sanctioned Russian-owned oil firm Rosneft because of engaging in business with Venezuela
- Rosneft was the “gravest violator” of the imposed limits on Maduro’s regime that the U.S. set internationally
- They sent oil tankers to Venezuelan ports while disabling their location tracker, and transferred Venezuelan oil in the middle of the ocean to ship to Asia and West Africa
- Also in talks for Rosneft to take over some of PDVSA’s assets
- The sanctions block all US assets of Rosneft and will extend to anyone engaging in business with them
- Houthi rebels launched a missile attack on Saudi Arabia on Friday but missiles were intercepted

#### % of World Total - Crude Oil Imports



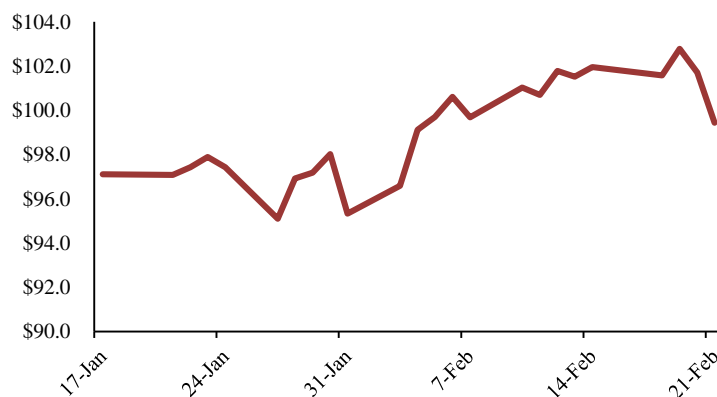
#### Total OPEC Crude Oil Production (1000 Barrels/Day)



#### Tech Sector

- Tech shares performed the worst last week with the sector falling by around 2% due to amplified worries about the Corona Virus
- Losses by some of the largest: MSFT, -3.16%, Apple, -2.26%, Intel -1.70%
- Sector is still up 8.2% YTD, over double than the S&P 500 (up 3.2%)

#### Technology Sector SPDR (XLK)





## Leveraged Lion Capital Equity Research – 2/24/20

**Economic Calendar (Week of 2/24/20)**

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

**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	<b>12.9</b>
Wednesday, February 19, 2020	U.S. PPI MoM	8:30 am	0.1%	<b>0.5%</b>
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	<b>5.46M</b>

**Economic Calendar (Week of 2/10/20)**

Date	Event	Time	Consensus	Result
Monday, February 10, 2020	European Investor Confidence	4:30 am	4.1	<b>5.2</b>
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	<b>205,000</b>
Friday, February 14, 2020	Core Retail Sales (MoM)	8:30 am	0.3%	0.3%

**Economic Calendar (Week of 2/3/20)**

Date	Event	Time	Consensus	Result
Monday, February 3, 2020	ISM Manufacturing PMI (Jan.)	10:00 am	48.5	<b>50.9</b>
Tuesday, February 4, 2020	U.S. Factory Orders (MoM)	10:00 am	1.2%	<b>1.8%</b>
Wednesday, February 5, 2020	Non-Manufacturing PMI (Jan.)	3:00 pm	55.0	<b>55.5</b>
Thursday, February 6, 2020	Weekly Jobless Claims	8:30 am	215,000	<b>202,000</b>
Friday, February 7, 2020	Unemployment Rate	8:30 am	3.5%	3.6%

## Leveraged Lion Capital Equity Research – 2/24/20

Leveraged Lion Capital Earnings Calendar

Company	Sector	Previous Earnings Date	Upcoming Earnings Date
<b>Portfolio Holdings</b>			
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, October 29, 2019	<b>Tuesday, February 25, 2020</b>
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	Thursday, October 31, 2019	<b>Wednesday, February 26, 2020</b>
Virtu Financial	REGAL-FIG	Tuesday, February 11, 2020	Tuesday, May 12, 2020
Equitrans Midstream	Energy & Utilities	Wednesday, November 6, 2019	<b>Thursday, February 27, 2020</b>
Par Pacific	Energy & Utilities	Tuesday, November 5, 2019	Tuesday, March 3, 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	Thursday, November 7, 2019	<b>Tuesday, February 25, 2020</b>
Boise Cascade	Materials	Thursday, November 7, 2019	<b>Tuesday, February 25, 2020</b>
Lindblad Expeditions	REGAL-FIG	Wednesday, October 30, 2019	<b>Tuesday, February 25, 2020</b>
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	Thursday, November 7, 2019	<b>Wednesday, February 26, 2020</b>
Hexion	Materials	Tuesday, November 12, 2019	Not Announced
Dell	Information Technology	Tuesday, November 26, 2019	<b>Thursday, February 27, 2020</b>
<b>Portfolio Bench</b>			
The Container Store	Consumer & Retail	Wednesday, February 5, 2020	Tuesday, May 12, 2020
JCPenny	Consumer & Retail	Friday, November 15, 2019	<b>Thursday, February 27, 2020</b>
Navistar International	Industrials	Tuesday, December 17, 2019	Friday, March 6, 2020
Assertio Therapeutics	Healthcare	Thursday, November 7, 2019	Wednesday, March 4, 2020
Lannett	Healthcare	Thursday, February 6, 2020	Monday, May 4, 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