



Leveraged Lion Capital Equity Research Report

2.17.20

Leveraged Lion Capital Equity Research – 2/17/20

Equity Markets

Indices	2/14/2020	1 Day	1 Week	1-Month	YTD
S&P 500	3,380.16	0.18	1.58	2.95	3.75
DJIA	29,398.08	(0.09)	1.02	1.58	1.83
RUSSELL 2000	1,687.58	(0.36)	1.86	0.71	1.25
NASDAQ	9,731.18	0.20	2.21	5.19	7.03
EURO STOXX 50	3,840.97	(0.15)	1.12	1.75	1.26
NIKKEI	23,687.59	(0.59)	(0.59)	(1.41)	2.08
DAX	13,744.21	(0.01)	1.70	2.14	2.68

S&P 500 Sector Performance

Sector	% Change	Market Cap (\$Tn)
Communication Services	0.10	5.07
Consumer Discretionary	(0.17)	5.98
Consumer Staples	0.28	4.12
Energy	(0.81)	2.90
Financials	0.08	7.59
Healthcare	0.13	6.13
Industrials	(0.06)	4.56
Information Technology	0.49	9.79
Materials	0.06	1.93
Real Estate	1.11	1.48
Utilities	0.65	1.63

Rates Markets

Rates	2/7/2020	1 Day	1 Week	1 Month	1 Year
US 2-Yr	1.43	1.44	1.40	1.57	2.47
US 5-Yr	1.42	1.44	1.40	1.62	2.46
US 7-Yr	1.51	1.54	1.51	1.73	2.52
US 10-Yr	1.58	1.62	1.58	1.81	2.62
US 30-Yr	2.04	2.07	2.05	2.27	2.95
1Mo LIBOR	1.68	1.68	1.67	1.67	2.51
3Mo LIBOR	1.83	1.83	1.73	1.84	2.79
GER 10-Yr	(0.40)	(0.39)	(0.39)	(0.17)	0.16
JGB 10-Yr	(0.03)	(0.04)	(0.04)	(0.01)	(0.01)

Commodity Markets

Commodity	% Change	Price
Gold	0.57	1,582.05
Silver	0.20	17.74
Crude Oil	3.40	52.08
Copper	1.12	5,736.15
Natural Gas	(1.10)	1.90
Corn	(1.56)	3.81
Wheat	0.39	193.75
Soybean	1.36	8.93
Coffee	11.2	1.09
Sugar	0.00	0.15

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)	1.63	1.65	1.63	1.58	2.47
Agency Bond Repo Rate (Overnight)	1.63	1.65	1.63	1.58	2.47
CP A2/P2 Rate (3 Mo)	2.00	2.00	2.00	2.05	2.93
CP A1/P2 Rate (3 Mo)	1.90	1.90	1.90	1.95	2.83
CP A1/P1 Rate (3 Mo)	1.65	1.65	1.65	1.70	2.58

Foreign Exchange Markets

Cross	USD	EUR	JPY	GBP	CHF	CAD	AUD	NZD	HKD
HKD	7.7679	8.4179	7.0741	10.1329	7.9100	5.8628	5.2196	5.0014	
NZD	1.5533	1.6831	0.0141	2.0260	1.5816	1.1724	1.0437		0.1999
AUD	1.4883	1.6127	1.3553	1.9413	1.5154	1.1232		0.9582	0.1916
CAD	1.3249	1.4358	0.0121	1.7283	1.3492		0.8903	0.8530	0.1706
CHF	0.9820	1.0642	0.8944	1.2810		0.7412	0.6599	0.6323	12.6415
GBP	0.7666	0.8307	0.6981		0.7807	0.5786	0.5151	0.4936	0.0987
JPY	109.81	118.99		143.24	111.82	82.88	73.79	70.70	14.14
EUR	0.9228		0.8404	1.2037	0.9397	0.6965	0.6201	0.5941	0.1188
USD		1.0837	0.0091	1.3044	1.0183	0.7547	0.6719	0.6438	0.1287

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Powell

- Powell: “Low rates are not really a choice anymore”
- He then indicated that the Fed may need to return to forward guidance and QE “aggressively if needed”
- U.S. Debt is currently at \$23 trillion
- “It’s very hard to say at what level you get concerned. I would say I would be concerned now. What we need to do is have debt grow slower than the economy.”

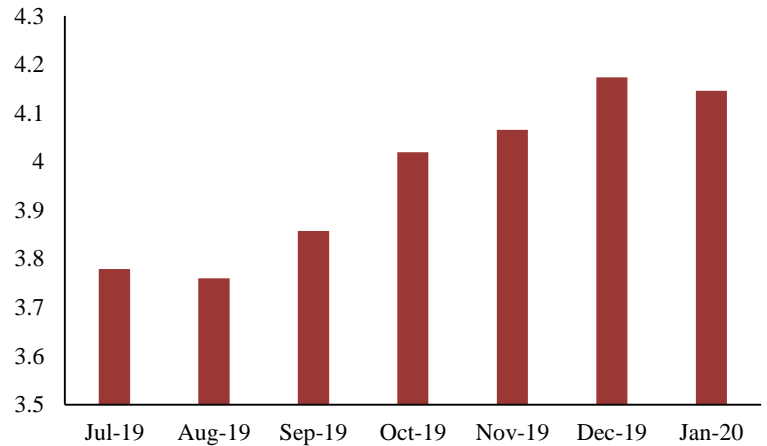
Inflation

- The annual inflation rate in the U.S. rose to 2.5% in Jan. from 2.3% in December, beating market forecasts of 2.4%
- Core inflation was spot on its market forecast of 2.3%, this is because core inflation excludes energy and food prices
- It is the highest inflation has been since October 2018
- Gasoline prices rose by 12.8%

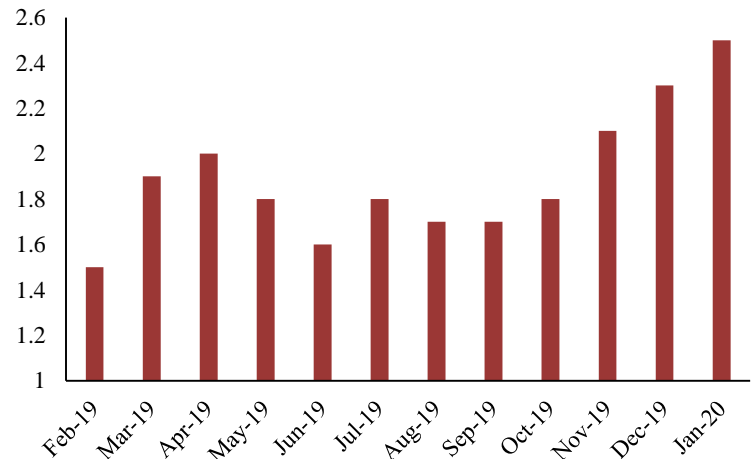
Sprint

- Sprint stock was up by over 75% after the U.S. District Court approved its acquisition by T-Mobile for \$26.5 billion
- The original deal, announced on April 2018, was an all-stock transaction with an exchange ratio of 0.10256 T-Mobile shares per Sprint share
- Being the 3rd and 4th biggest wireless carriers in the country, they argued that the merger would accelerate the timeline for 5G technology

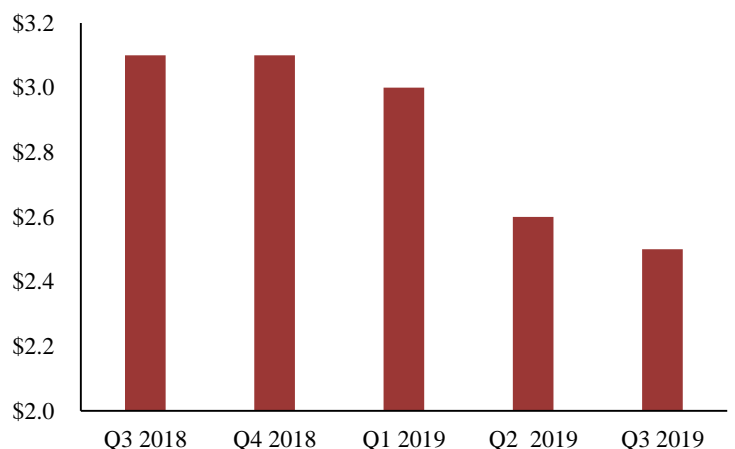
Federal Reserve’s Balance Sheet (\$ Trillion)



U.S. Inflation Rate



Sprint’s Adjusted EBITDA (B)



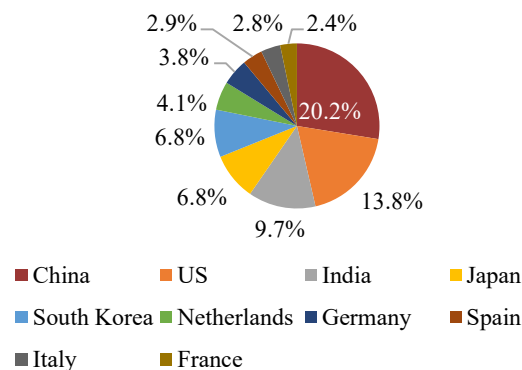
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Commodities & Europe

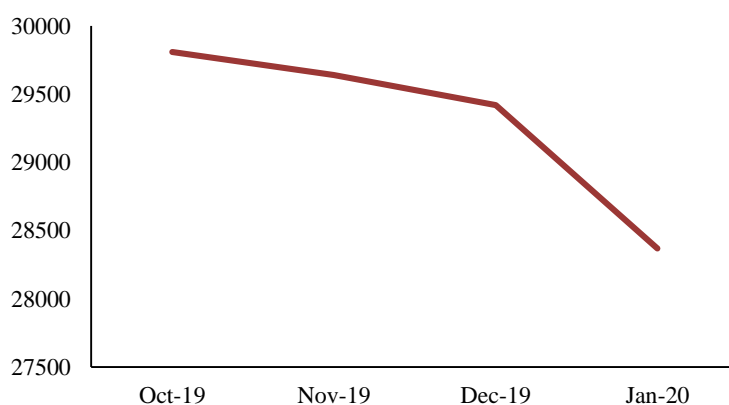
Oil Prices

- Russia ended up holding out of the agreement proposed by OPEC+ (cutting output by 600,000 barrels/day)
- Russia is the **largest** non-OPEC producer
- OPEC cut demand growth in Q1 by a third (440,000 barrels a day) and by 230,000 barrels per day for the full year due to the Coronavirus outbreak
- OPEC produced 28.86 million barrels per day January, 509,000 lower than the previous month
- If this rate stays constant, a surplus of 570,000 barrels per day is estimated for Q2
- Goldman cut its oil price target by \$10 to \$53 through the end of the year- this would be the worst oil demand shock since 2008
- The U.S. Crude Oil inventories were reported higher than expected at 7.459M barrels vs 2.987M (expected)
- This implies there is a weaker demand for oil, and it is a bearish indicator for crude prices

% of World Total - Crude Oil Imports



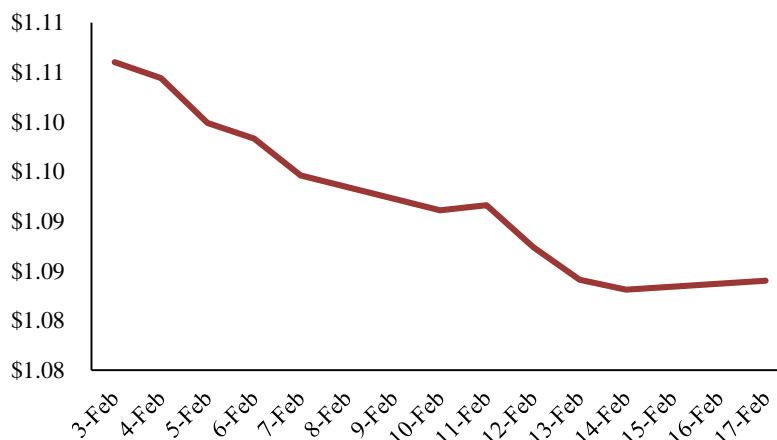
Total OPEC Crude Oil Production (1000 Barrels/Day)



Europe

- Industrial production fell 4.1% in December, lower than the 2.3% expected contraction
- The production of capital goods fell the most (-6.7% YoY)
- Biggest gainers were Malta (7.6%), Portugal (3.9%) and Poland (1.3%)
- Largest decreases were Estonia (-9.9%), Romania (-8.9%), and Germany (-7.2%)

Euro Spot (YTD)



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Economic Calendar (Week of 2/17/20)

Date	Event	Time	Consensus
Monday, February 17, 2020	Eurogroup Meeting	All Day	-
Tuesday, February 18, 2020	US Foreign Buying, T-Bonds (Dec)	4:00 pm	-\$41.5B
Wednesday, February 19, 2020	U.S. Producer Price Index (PPI MoM)	8:30 am	0.1%
Thursday, February 20, 2020	Weekly Jobless Claims	8:30 am	210,000
Friday, February 21, 2020	Existing Home Sales (MoM)	10:00 am	5.45M

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%

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

Economic Calendar (Week of 1/27/20)

Date	Event	Time	Consensus	Result
Monday, January 27, 2020	New Home Sales	9:00 am	725,000	694,000
Tuesday, January 28, 2020	Consumer Confidence Index	10:00 am	128.0	131.6
Wednesday, January 29, 2020	FOMC Meeting	2:00 pm	1.5-1.75%	1.5-1.75%
Thursday, January 30, 2020	Weekly Jobless Claims	8:30 am	215,000	216,000
Friday, January 31, 2020	Core Price Index (MoM)	1:30 am	0.1%	0.2%

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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, October 29, 2019	Tuesday, February 25, 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	Wednesday, October 30, 2019	Wednesday, February 26, 2020
MGM Resorts	REGAL-FIG	Wednesday, February 12, 2020	Wednesday, May 13, 2020
Indivior	Healthcare	Thursday, October 31, 2019	Thursday, February 13, 2020
California Resources	Energy & Utilities	Thursday, October 31, 2019	Tuesday, February 25, 2020
Virtu Financial	REGAL-FIG	Tuesday, February 11, 2020	Tuesday, May 12, 2020
Equitrans Midstream	Energy & Utilities	Wednesday, November 6, 2019	Thursday, February 27, 2020
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	Monday, February 24, 2020
Boise Cascade	Materials	Thursday, November 7, 2019	Monday, February 24, 2020
Lindblad Expeditions	REGAL-FIG	Wednesday, October 30, 2019	Thursday, February 27, 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	Thursday, November 7, 2019	Wednesday, February 26, 2020
Hexion	Materials	Tuesday, November 12, 2019	Not Announced
Dell	Information Technology	Tuesday, November 26, 2019	Thursday, February 27, 2020
Portfolio Bench			
The Container Store	Consumer & Retail	Wednesday, February 5, 2020	Tuesday, May 12, 2020
JCPenny	Consumer & Retail	Friday, November 15, 2019	Thursday, February 27, 2020
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	Friday, November 1, 2019	Thursday, February 20, 2020