



Leveraged Lion Capital  
Equity Research  
10/30/19

## Leveraged Lion Capital Equity Research – 10/30/19

### Equity Markets

Indices	11/01/2019	1 Day	1 Week	1 Month	YTD
<b>S&amp;P 500</b>	<b>3,022.55</b>	<b>0.41</b>	<b>1.22</b>	<b>1.26</b>	<b>20.42</b>
DJIA	26,958.06	0.57	0.70	(0.05)	15.47
NASDAQ	8,243.12	0.70	1.90	2.05	23.66
RUSSELL 2000	1,558.71	0.55	1.51	0.52	14.96
EURO STOXX 50	3,624.68	0.09	1.26	3.18	21.10
FTSE 100	7,324.47	(0.05)	2.43	0.47	8.76
NIKKEI	22,799.81	0.22	1.37	3.54	16.55
DAX	12,894.51	0.17	2.07	5.40	21.87
TSX	16,404.49	0.21	0.17	(2.26)	14.34

### S&P 500 Sector Performance

Sector	% Change	Market Cap (\$Tn)
Communication Services	0.71	4.64
Consumer Discretionary	(0.21)	5.38
Consumer Staples	(0.53)	3.84
Energy	0.77	3.11
Financials	0.49	7.19
<b>Healthcare</b>	<b>0.19</b>	<b>5.53</b>
Industrials	0.64	4.22
<b>Information Technology</b>	<b>1.20</b>	<b>8.14</b>
Materials	1.04	1.86
Real Estate	(1.31)	1.42
Utilities	(1.09)	1.51

### 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	3.70
US Prime Rate	5.00	5.00	5.00	5.00	5.25
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)	1.84	1.88	1.87	1.90	2.26
Agency Bond Repo Rate (Overnight)	1.84	1.88	1.87	1.90	2.26
CP A2/P2 Rate (3 Mo)	2.24	2.24	2.28	2.43	2.76
CP A1/P2 Rate (3 Mo)	2.14	2.14	2.18	2.33	2.66
CP A1/P1 Rate (3 Mo)	1.89	1.89	1.93	2.08	2.41

### Foreign Exchange Markets

Cross	USD	EUR	JPY	GBP	CHF	CAD	AUD	NZD	HKD
HKD	7.8375	8.6862	7.2087	10.0444	7.8774	6.0012	5.3474	4.9793	<b>1.0000</b>
NZD	1.5736	1.7449	0.0145	2.0177	1.5817	1.2050	1.0742	<b>1.0000</b>	0.2008
AUD	1.4657	1.6244	1.3480	1.8793	1.4732	1.1224	<b>1.0000</b>	0.9314	0.1870
CAD	1.3059	1.4475	0.0120	1.6738	1.3127	<b>1.0000</b>	0.8911	0.8299	0.1666
CHF	0.9949	1.1024	0.9150	1.2750	<b>1.0000</b>	0.7618	0.6785	0.6321	12.6942
GBP	0.7803	0.8646	0.7177	<b>1.0000</b>	0.7843	0.5975	0.5322	0.4957	0.0996
JPY	108.7200	120.5000	<b>1.0000</b>	139.3500	109.2800	83.2500	74.1800	69.0600	13.8700
EUR	0.9023	<b>1.0000</b>	0.8298	1.1563	0.9069	0.6909	0.6155	0.5732	0.1151
USD	<b>1.0000</b>	1.1083	0.0092	1.2816	1.0051	0.7657	0.6822	0.6355	0.1276

### Rates Markets

Rates	10/25/2019	1 Day	1 Week	1 Month	YTD
US 2-Yr	1.62	1.58	1.57	1.68	2.47
US 5-Yr	1.62	1.58	1.57	1.61	2.46
US 7-Yr	1.71	1.68	1.66	1.67	2.52
US 10-Yr	1.79	1.77	1.75	1.74	2.62
US 30-Yr	2.29	2.26	2.25	2.19	2.95
1Mo LIBOR	1.80	1.80	1.85	2.05	2.51
3Mo LIBOR	1.93	1.94	1.95	2.10	2.79
GER 10-Yr	(0.36)	(0.41)	(0.38)	(0.58)	0.16
JGB 10-Yr	(0.15)	(0.15)	(0.14)	(0.26)	(0.01)

### Commodity Markets

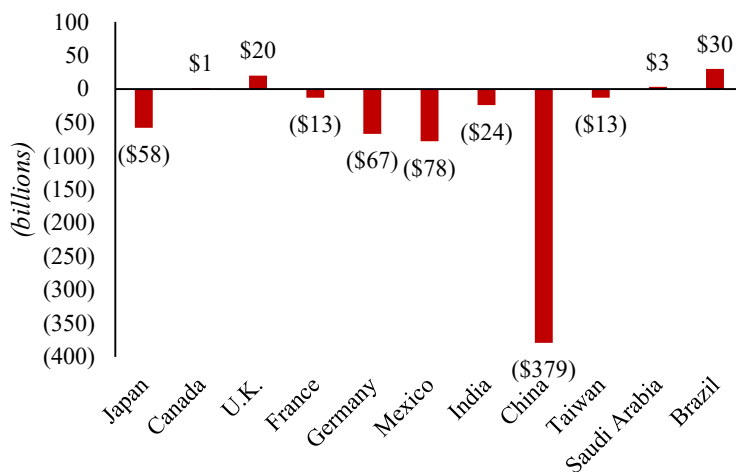
Commodity	% Change	Price
<b>Gold</b>	<b>0.04</b>	<b>1,505.30</b>
Silver	0.69	17.93
Crude Oil	0.76	56.66
U.S. Brent	0.57	62.02
Copper	0.28	267.55
Natural Gas	(0.69)	2.30
Corn	0.00	386.75
Wheat	0.34	517.75
Soybean	(1.32)	934.00
Coffee	3.11	99.45
Sugar	0.41	12.35

## Leveraged Lion Capital Equity Research – 10/30/19

### Trade War

- U.S. and China are moving closer to a trade agreement following Friday's conference call
- On the call, China's trade negotiators were expected to ask the U.S. not to impose 15% of tariffs on December 15<sup>th</sup>, but unclear if anything was agreed on
- **The tentative U.S.-China trade deal is said to include China making concession for no intellectual property in exchange for U.S. not to implement new tariffs on Chinese goods on October 15<sup>th</sup>**

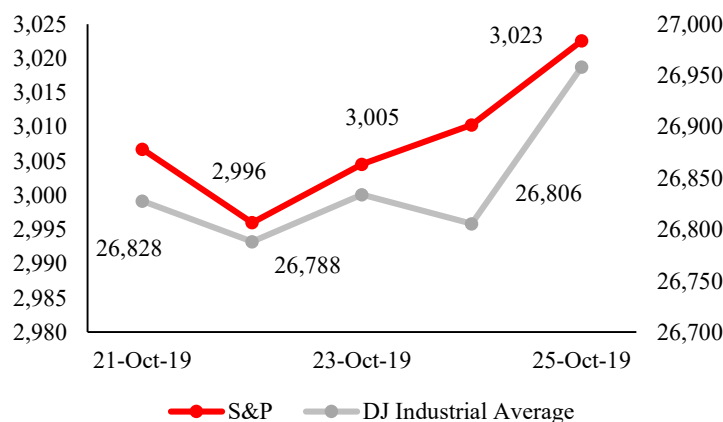
### The Gap in U.S. Trade



### Earnings Estimates

- **U.S. stocks edged higher for the third straight week**
- **Gains have been driven by earnings reports that have beat analysts' expectations so far**
- However, **growth is clearly weakening** as companies like Ford and 3M deal with the effects of the trade war
- About a third of companies in S&P have reported
- 81% of those reports have been better than expected, according to FactSet

### S&P & DJ Industrial Price Performance



### Tiny Trades

- Tiny trades are taking over the U.S. stock market
- **Tiny trades/odd-lot trades in which fewer than 100 shares change hands** were insignificant part of stock trading
- **The shift to smaller trades is mainly driven by growing number of expensive stocks such as Amazon & the rise of computerized trading strategies**
- Shares of tiny trades hit a record of 48.9% on Oct 7<sup>th</sup>

### Average S&P Stock Prices

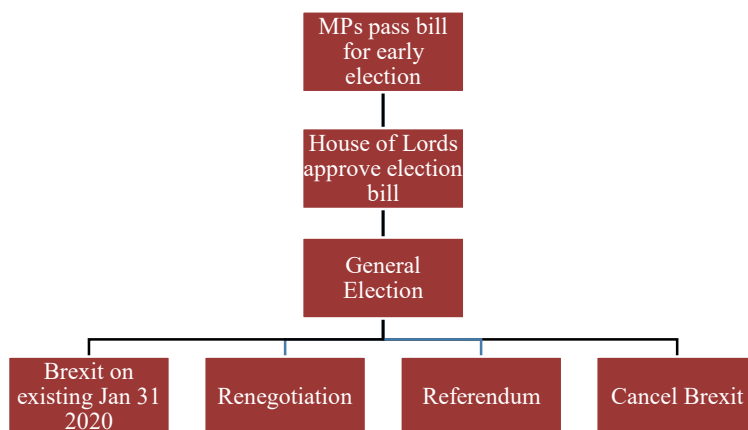


## Leveraged Lion Capital Equity Research – 10/30/19

### Brexit

- **The UK is set to go to the polls on December 12<sup>th</sup> after MPs backed Boris Johnson's call for an election following months of Brexit deadlock**
- This is the third extension of Brexit in just this year
- Johnson hopes the election will give him a fresh mandate for his Brexit deal and break the current Parliamentary deadlock
- UK's exit is now further delayed to **January 31st, 2020**

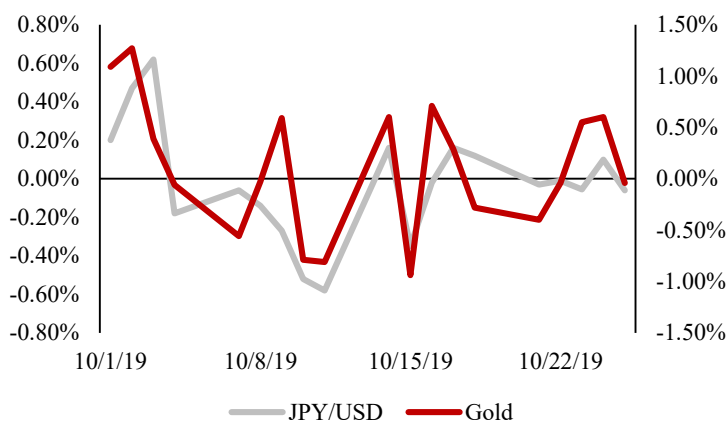
### Path to General Election



### Safe Havens

- Money managers are **scaling back wagers on gold, the Japanese yen and other popular havens**
- Gold prices down 4% after hitting six-year high in September
- Yen has given back half the gains it made against the dollar since trade tensions increases
- Other safe havens like the U.S. dollar, Treasury's, Swiss franc have weakened

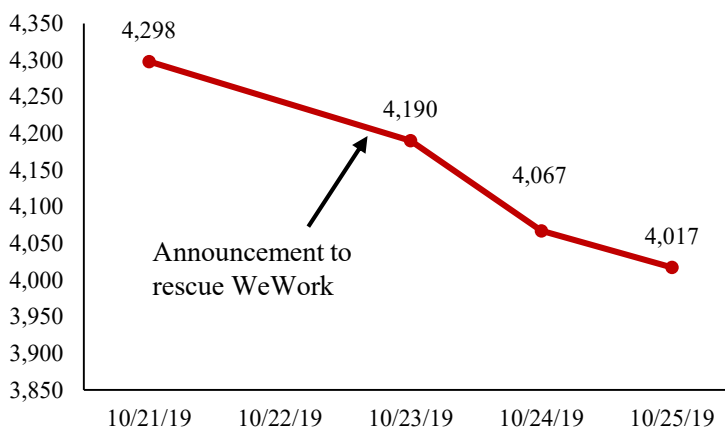
### JPY/USD & Gold Percent Change



### SoftBank & WeWork

- The Japanese conglomerate, **SoftBank, spent ~10 bn to rescue WeWork**
- SoftBank announced late Tuesday that it would spend 4.5 bn in share purchases and around 5 bn on debt financing to rescue WeWork
- The burden of WeWork will fall on SoftBank
- **SoftBank shares fell 6.6% in the past week** while credit-rating firms have signaled concern

### SoftBank Price Performance

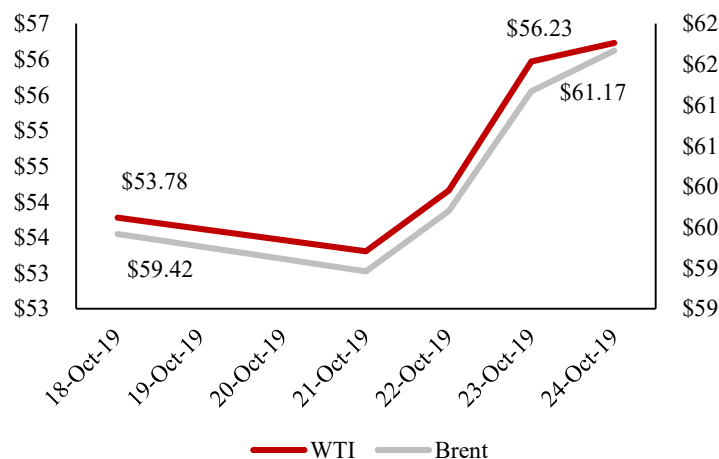


### Oil

#### Oil Prices

- **Oil prices recorded their first weekly gain in two weeks**
- Prices were driven by unrest in Iraq and Ecuador, as well as optimism over U.S. & China trade war
- Brent crude finished the week at \$60.51 per barrel
- U.S. WTI advanced to \$54.70 per barrel

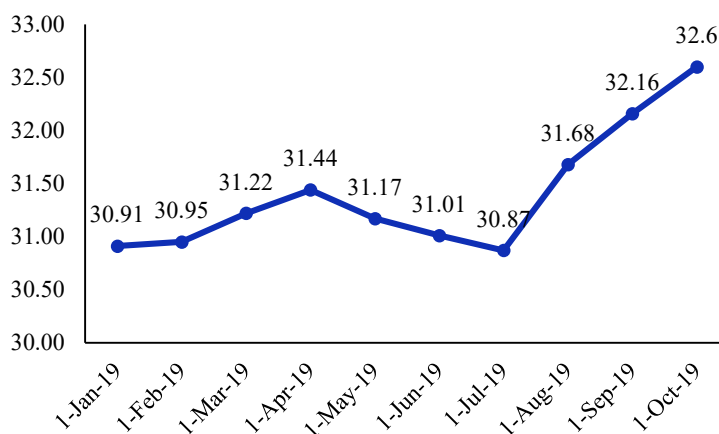
#### Brent & WTI Crude Oil Price



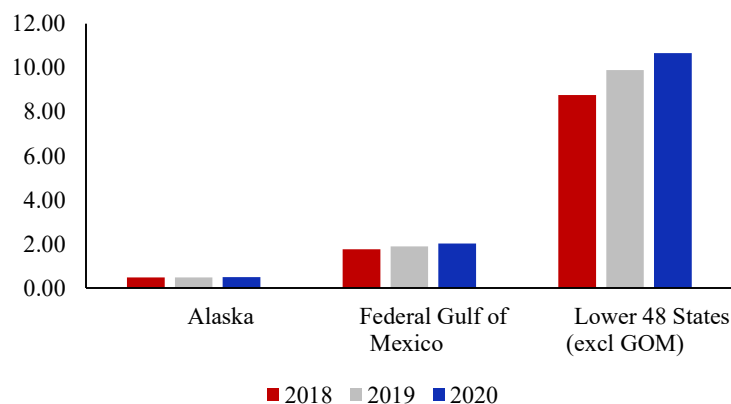
#### Oil Supply & Demand

- **Aramco delayed the launch of its IPO because of unfavorable market conditions and lower expectations among investors**
- **Supply disruptions originated from U.S. sanctions on Iran**
- Concerns over slower global growth and the US-China trade war put downward pressure on the market for future oil deliveries
- Both OPEC and IEA see a lot of oil supplies through 2020
- Each of the agencies have a pessimistic oil demand growth outlook
- In their monthly reports, neither OPEC or IEA factored concerns about global oil supply threats – even if Saudi Arabia took just 12 days to restore output

#### OECD Petroleum Production (mm barrels/day)



#### U.S. Crude Oil Production (mm barrels/day)



## Leveraged Lion Capital Equity Research – 10/30/19

**Economic Calendar (Week of 10/28/19)**

Date	Event	Time	Consensus
Monday, October 28, 2019	Advance Trade in Goods	8:30 pm	-73.5bn
Tuesday, October 29, 2019	Consumer Confidence Index	10:00 am	127.8
Wednesday, October 30, 2019	GDP, FOMC Announcement	8:30 am	1.7%
Thursday, October 31, 2019	Weekly Jobless Claims. Chicago PMI	8:30 am	215,000
Friday, November 1, 2019	Unemployment Rate	8:30 am	3.6%

**Economic Calendar (Week of 10/21/19)**

Date	Event	Time	Consensus	Result
Monday, October 21, 2019	Federal Budget Balance	2:00 pm	-200 bn	83.0bn
Tuesday, October 22, 2019	Weekly Jobless Claims, Existing	8:30 am	215,000,	212,000,
	Home Sales	8:30 am	5.43	5.38
Wednesday, October 23, 2019	House Price Index	9:00 am	0.3%	0.2%
Thursday, October 24, 2019	Durable Goods Order	8:30 am	-0.7%	-1.1%
Friday, October 25, 2019	Consumer Sentiment Index	10:00 am	96.0	95.5

**Economic Calendar (Week of 10/14/19)**

Date	Event	Time	Consensus	Result
Monday, October 14, 2019	-	-	-	-
Tuesday, October 15, 2019	Empire State Index	8:30 am	2.0	4.0
Wednesday, October 16, 2019	Retail Sales	8:30 am	0.3%	(0.3%)
Thursday, October 17, 2019	Weekly Jobless Claims	8:30 am	215,000	214,000
Friday, October 18, 2019	-	-	-	-

**Economic Calendar (Week of 10/7/19)**

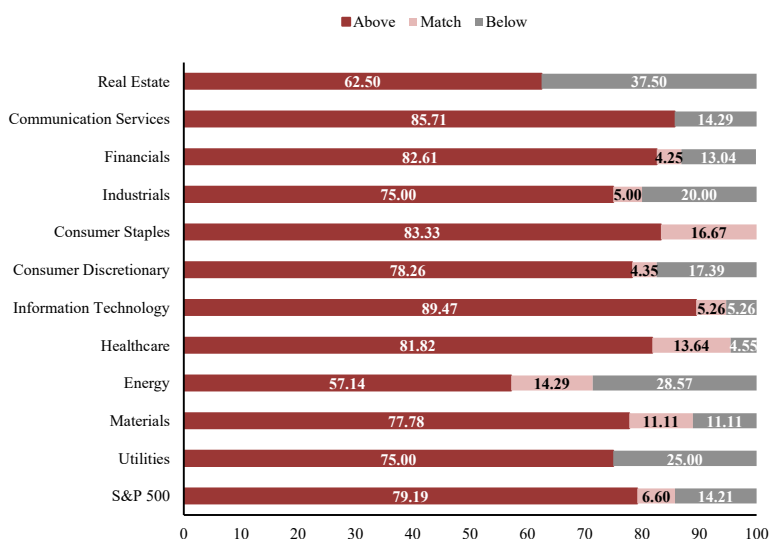
Date	Event	Time	Consensus	Result
Monday, October 7, 2019	Consumer Credit Change (Aug)	1:00 pm	\$15.5 bn	\$18.0 bn
Tuesday, October 8, 2019	Producer Price Index	8:30 am	0.2%	(0.3%)
Wednesday, October 9, 2019	30 Yr Mortgage Rate	7:00 am	3.99%	3.90%
Thursday, October 10, 2019	Inflation Rate	8:30 am	1.9%	1.7%
Friday, October 11, 2019	Export Prices	8:30 am	(1.4%)	(1.6%)
	Import Prices	8:30 am	(0.1%)	(0.2%)

## Leveraged Lion Capital Equity Research – 10/30/19

### Leveraged Lion Capital Earnings Calendar

Company	Sector	Previous Earnings Date	Upcoming Earnings Date
<b>Portfolio Holdings</b>			
Winnebago	Consumer & Retail	Wednesday, June 19, 2019	Wednesday, October 23, 2019
<b>Cryolife</b>	<b>Healthcare</b>	<b>Tuesday, July 30, 2019</b>	<b>Tuesday, October 29, 2019</b>
<b>US Silica</b>	<b>Materials</b>	<b>Tuesday, July 30, 2019</b>	<b>Tuesday, October 29, 2019</b>
<b>Intelsat</b>	<b>Media &amp; Communications</b>	<b>Tuesday, July 30, 2019</b>	<b>Tuesday, October 29, 2019</b>
<b>Lattice Semiconductors</b>	<b>Information Technology</b>	<b>Tuesday, July 30, 2019</b>	<b>Tuesday, October 29, 2019</b>
<b>Yum! Brands</b>	<b>Consumer &amp; Retail</b>	<b>Thursday, August 1, 2019</b>	<b>Wednesday, October 30, 2019</b>
<b>Chefs' Warehouse</b>	<b>Consumer &amp; Retail</b>	<b>Wednesday, July 31, 2019</b>	<b>Wednesday, October 30, 2019</b>
<b>Ducommun</b>	<b>Industrials</b>	<b>Monday, August 5, 2019</b>	<b>Wednesday, October 30, 2019</b>
<b>MGM Resorts</b>	<b>REGAL-FIG</b>	<b>Thursday, July 25, 2019</b>	<b>Wednesday, October 30, 2019</b>
<b>Indivior</b>	<b>Healthcare</b>	<b>Monday, August 5, 2019</b>	<b>Thursday, October 31, 2019</b>
<b>Iron Mountain</b>	<b>REGAL-FIG</b>	<b>Thursday, August 1, 2019</b>	<b>Thursday, October 31, 2019</b>
<b>Beasley Broadcast Group</b>	<b>Media &amp; Communications</b>	<b>Monday, August 5, 2019</b>	<b>Friday, November 1, 2019</b>
California Resources	Energy & Utilities	Thursday, August 1, 2019	Monday, November 4, 2019
Virtu Financial	REGAL-FIG	Thursday, August 8, 2019	Tuesday, November 5, 2019
Equitrans Midstream	Energy & Utilities	Tuesday, July 30, 2019	Tuesday, November 5, 2019
Par Pacific	Energy & Utilities	Tuesday, August 6, 2019	Tuesday, November 5, 2019
Sprint	Media & Communications	Friday, August 2, 2019	Tuesday, November 5, 2019
Plantronics	Information Technology	Tuesday, August 6, 2019	Wednesday, November 6, 2019
Walker & Dunlop	REGAL-FIG	Wednesday, August 7, 2019	Wednesday, November 6, 2019
Commercial Vehicle Group	Industrials	Thursday, August 8, 2019	Thursday, November 7, 2019
Realogy	REGAL-FIG	Thursday, August 8, 2019	Thursday, November 7, 2019
Boise Cascade	Materials	Monday, August 5, 2019	Thursday, November 7, 2019
Lindblad Expeditions	REGAL-FIG	Thursday, August 1, 2019	Monday, November 11, 2019
CenturyLink	Media & Communications	Wednesday, August 7, 2019	Monday, November 11, 2019
MTS Systems	Information Technology	Monday, August 5, 2019	Monday, November 11, 2019
Hudbay Minerals	Materials	Thursday, August 8, 2019	Tuesday, November 12, 2019
TransDigm	Industrials	Tuesday, August 6, 2019	Tuesday, November 19, 2019
GameStop	Consumer & Retail	Tuesday, September 10, 2019	Not Announced
Tutor Perini	Industrials	Thursday, August 8, 2019	Not Announced
Hexion	Materials	Monday, August 12, 2019	Not Announced
Dell	Information Technology	Thursday, August 29, 2019	Not Announced
<b>Portfolio Bench</b>			
The Container Store	Consumer & Retail	<b>Tuesday, July 30, 2019</b>	<b>Tuesday, October 29, 2019</b>
JCPenny	Consumer & Retail	Thursday, August 15, 2019	Friday, November 15, 2019
Navistar International	Industrials	Thursday, August 15, 2019	Wednesday, December 4, 2019
Assertio Therapeutics	Healthcare	Wednesday, August 7, 2019	Wednesday, November 6, 2019
Lannett	Healthcare	Tuesday, August 27, 2019	Tuesday, November 26, 2019
Vantage Drilling International	Energy & Utilities	Tuesday, August 14, 2019	Thursday, November 7, 2019
Casa Systems	Information Technology	<b>Wednesday, July 31, 2019</b>	<b>Thursday, October 31, 2019</b>

### S&P 500 Q3 EPS Beats and Misses



### S&P 500 YoY Change in EPS

