



# Leveraged Lion Capital Equity Research Report 11.11.19

## Leveraged Lion Capital Equity Research – 11/11/19

### Equity Markets

Indices	11/11/2019	1 Day	1 Week	1 Month	YTD
<b>S&amp;P 500</b>	3,093.08	0.26	0.85	6.91	23.23
DJIA	27,681.24	0.02	1.22	5.80	18.57
NASDAQ	1,598.86	0.31	0.60	8.57	17.92
RUSSELL 2000	8,475.31	0.48	1.06	8.33	27.14
EURO STOXX 50	3,699.65	(0.19)	2.09	7.77	23.60
FTSE 100	7,359.38	(0.63)	0.78	3.03	9.28
NIKKEI	23,391.87	0.26	2.37	8.36	19.58
DAX	13,228.56	(0.46)	2.06	10.51	22.85
TSX	16,877.42	0.43	1.71	3.58	17.64

### Rates Markets

Rates	11/11/2019	1 Day	1 Week	1 Month	YTD
US 2-Yr	1.67	1.67	1.55	1.42	2.47
US 5-Yr	1.75	1.73	1.54	1.35	2.46
US 7-Yr	1.86	1.83	1.63	1.44	2.52
US 10-Yr	1.94	1.92	1.71	1.53	2.62
US 30-Yr	2.42	2.40	2.19	2.03	2.95
1Mo LIBOR	1.76	1.76	1.77	1.94	2.51
3Mo LIBOR	1.90	1.90	1.89	2.01	2.79
GER 10-Yr	(0.26)	(0.24)	(0.38)	(0.60)	0.16
JGB 10-Yr	(0.06)	(0.08)	(0.19)	(0.21)	(0.01)

### S&P 500 Sector Performance

Sector	% Change	Market Cap (\$Tn)
Communication Services	0.37	4.71
Consumer Discretionary	(0.03)	5.47
Consumer Staples	(0.02)	3.89
<b>Energy</b>	<b>(0.81)</b>	<b>3.17</b>
Financials	(0.01)	7.45
Healthcare	0.80	5.72
Industrials	0.16	4.40
Information Technology	0.59	8.51
Materials	0.39	1.90
Real Estate	(0.24)	1.36
Utilities	(0.38)	1.44

### Commodity Markets

Commodity	% Change	Price
Gold	(0.24)	1,462.90
Silver	(1.10)	16.82
Crude Oil	0.16	57.24
U.S. Brent	0.35	62.51
<b>Copper</b>	<b>(1.67)</b>	<b>268.20</b>
Natural Gas	0.61	2.79
Corn	0.53	377.25
Wheat	(0.44)	510.25
<b>Soybean</b>	<b>(0.59)</b>	<b>931.00</b>
Coffee	0.22	112.85
Sugar	1.45	12.57

### 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	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)	1.63	1.62	1.65	1.91	2.30
Agency Bond Repo Rate (Overnight)	1.63	1.62	1.65	1.91	2.30
CP A2/P2 Rate (3 Mo)	2.14	2.14	2.13	2.33	2.82
CP A1/P2 Rate (3 Mo)	2.04	2.04	2.03	2.23	2.72
CP A1/P1 Rate (3 Mo)	1.79	1.79	1.78	1.98	2.47

### Foreign Exchange Markets

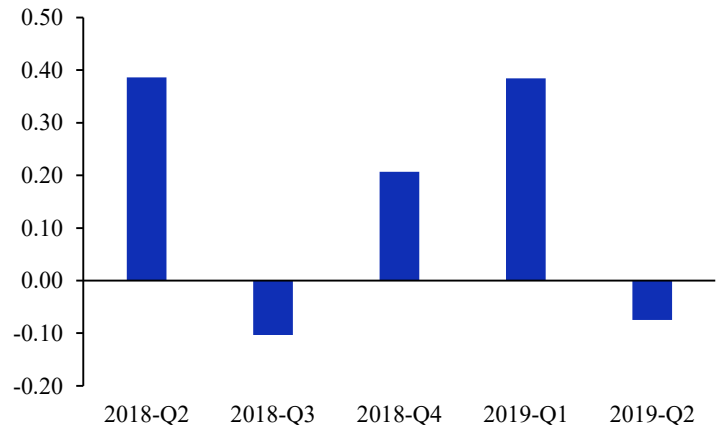
Cross	USD	EUR	JPY	GBP	CHF	CAD	AUD	NZD	HKD
HKD	7.8299	8.6312	7.1705	10.0165	7.8533	5.9223	5.3743	4.9594	
NZD	1.5772	1.7405	0.0145	2.0180	1.5836	1.1942	1.0830		0.2016
AUD	1.4565	1.6052	1.3339	1.8635	1.4609	1.1017		0.9225	0.1860
CAD	1.3221	1.4575	0.0121	1.6913	1.3261		0.9076	0.8382	0.1689
CHF	0.9970	1.0993	0.9129	1.2750		0.7540	0.6843	0.6314	12.7330
GBP	0.7817	0.8617	0.7159		0.7841	0.5913	0.5367	0.4955	0.0998
JPY	109.20	120.36		139.68	109.54	82.59	74.96	69.22	13.95
EUR	0.9072		0.8308	1.1600	0.9097	0.6861	0.6228	0.5751	0.1159
USD		1.1023	0.0092	1.2792	1.0030	0.7564	0.6866	0.6339	0.1277

## Leveraged Lion Capital Equity Research – 11/11/19

### Trade War

- Donald Trump & Jerome Powell **will speak this week about the nation's status on trade war with China**
- Investors hope he will shed light on a planned initial deal with China
- Germany will also release economic data
- **Germany's economy is linked to the economy of the U.S. so any slowdown with Germany means slowdown for U.S. and China**

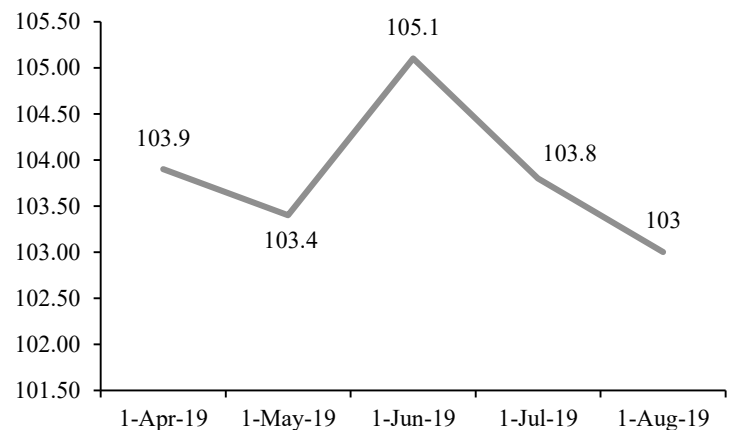
### Germany Percent Change in GDP



### China

- On Friday, China said its **economy grew by 6% in the third-quarter**
- Slowest growth since 1992
- The slow growth threatens China's manufacturing prices
- While cheaper goods may be good to foreign consumers, **the overall effect is a spiral of falling prices worldwide as companies are forced to compete with Chinese rivals**

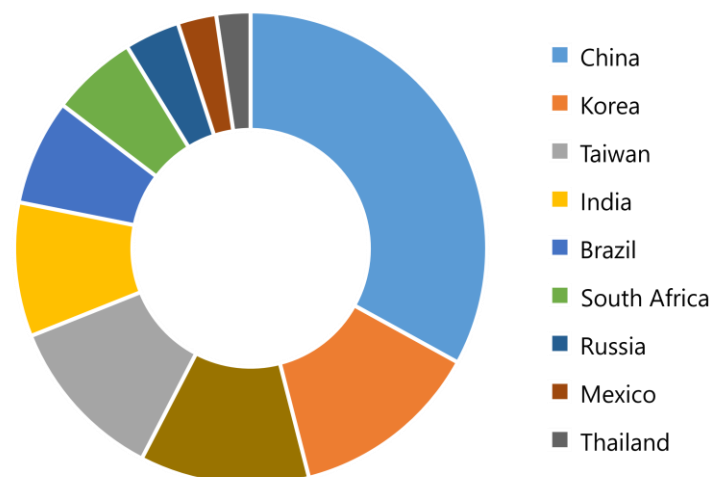
### China Export Prices



### Emerging Markets

- **Before Friday, developing-nation stocks had touched the highest level since May**
- Risks associated with emerging markets **include the trade war & signs of China's economy slowing**
- The MSCI Emerging Market index, used to measure equity market performance in emerging markets is down more than 6% over a six-month period, but up more than 6% year to date
- Central banks across the globe have been cutting rates

### MSCI Emerging Markets – Country Weights

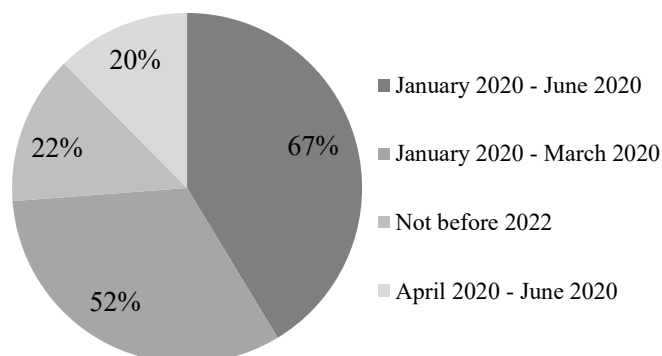


## Leveraged Lion Capital Equity Research – 11/11/19

### Brexit

- Prime Minister Boris Johnson's comment on Northern Ireland seemed to contradict what his own government has said
- Politicians in Northern Ireland are worried the deal creates a border between them and Great Britain
- **Businesses in Northern Ireland think that goods will be subject to new checks as they cross the Irish Sea**
- **Johnson claims that there will be no checks**

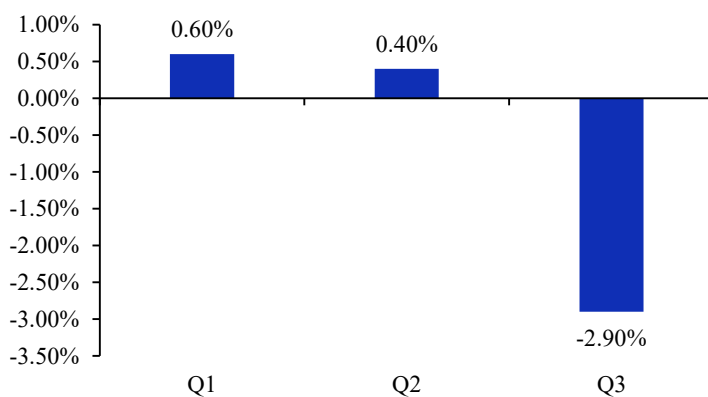
### Brexit Odds



### Hong Kong

- Hong Kong's government said domestic **consumption weakened amid ongoing anti-government protests & U.S.-China trade war**
- With no end in sight for the protests, economists say that they believe Hong Kong's economy will continue to slow down this year
- Hong Kong economy shrank 2.9% year-on-year in Q3 of 2019

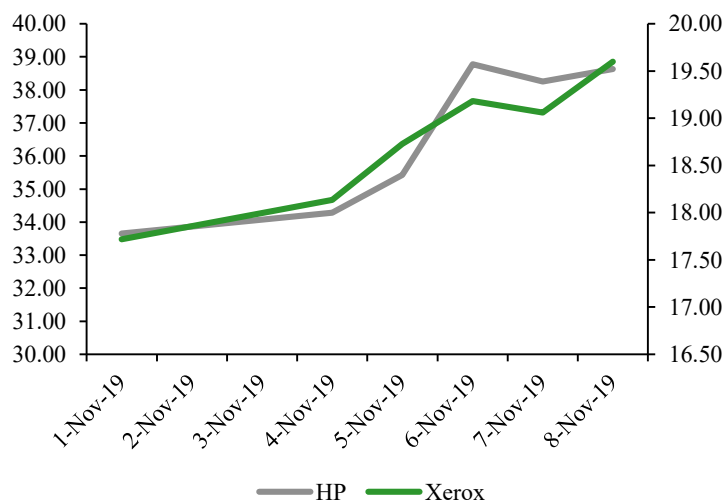
### Hong Kong GDP Annual Growth Rate



### Xerox & HP

- **Xerox offered HP \$22 a share in a takeover bid**
- Xerox offer comprised of 77% cash and 23% stock
- HP announced last month that it will cut between 7,000-9,000 jobs by end of fiscal 2022 as part of broader restructuring plan to save cash
- There is a lot of skepticism about the deal getting done, **Xerox stock is up more than 90% this year, but down 75% from two decades ago**

### Xerox & HP Price Performance

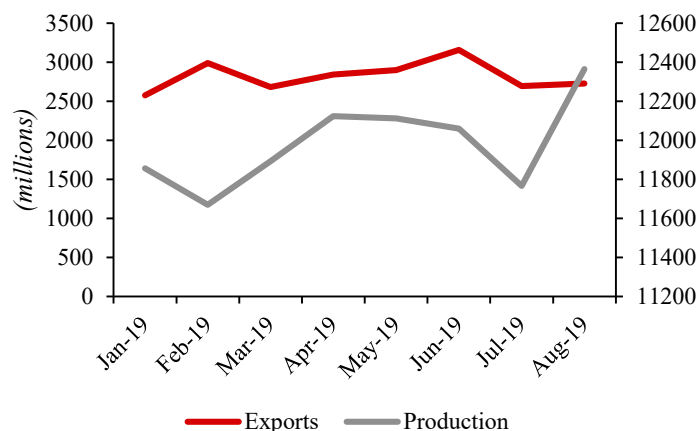


### Oil

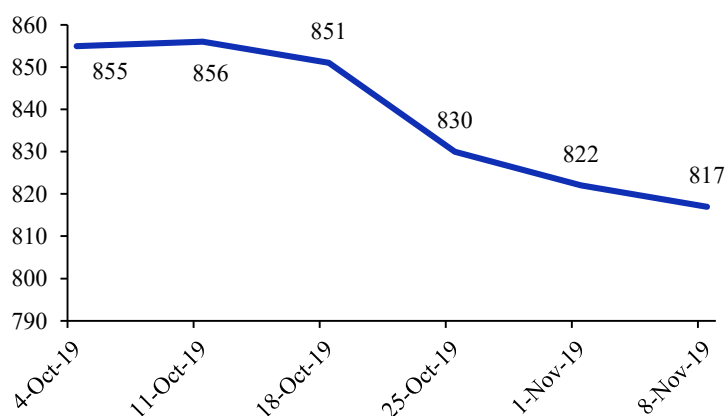
#### U.S. Rig Count

- Baker Hughes reported that the number of active **U.S. rigs drilling for oil fell** by 7 this week, bringing the count of 684
- **The total active U.S. rig count also fell by 5 to 817**
- New Mexico led in the rig declines this week, posting a loss of four. Texas lost three & North Dakota lost one
- Despite declining rig count, production has grown
- **According to EIA U.S now pumps 12.5 million barrels a day**

#### Monthly U.S. crude oil production & exports



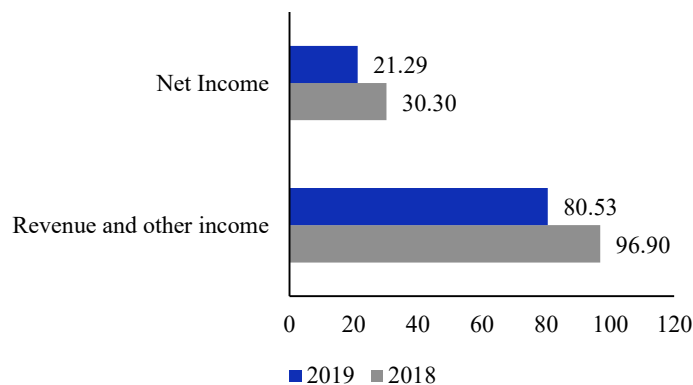
#### U.S. Rig Count



#### Oil Supply & Demand

- **Saudi Aramco officially launched its IPO, valued ~1.5 trillion**
- **Saudi Arabi's ability to protect their facilities will be important in calculating Aramco's value**
- Costs associated with attacks on its facilities this year along with lower oil prices have **dragged down Aramco's third-quarter revenues**
- Although Aramco was able to return full oil production within weeks of the attacks, it was forced to import oil to feed domestic refineries to maintain customer demand
- For the next few weeks, Aramco and its advisers will determine the offering's price and issue size based on demand, ahead of a planned listing on the local Tadawul stock exchange
- Aramco will allow investors to start bidding for shares on November 17<sup>th</sup>.

#### Aramco third-quarter earnings



## Leveraged Lion Capital Equity Research – 11/11/19

**Economic Calendar (Week of 11/11/19)**

Date	Event	Time	Consensus
Monday, November 11, 2019	-	-	-
Tuesday, November 12, 2019	NFIB Small-Business Index	6:00 am	-
Wednesday, November 13, 2019	Consumer Price Index	8:30 am	0.3%
Thursday, November 14, 2019	Weekly Jobless Claims	8:30 am	218,000
Friday, November 15, 2019	Retail Sales	8:30 am	0.3%

**Economic Calendar (Week of 11/04/19)**

Date	Event	Time	Consensus	Result
Monday, November 4, 2019	Factory Orders	8:30 pm	-0.4%	-0.6%
Tuesday, November 5, 2019	ISM Manufacturing Index	10:00 am	53.8%	54.7%
Wednesday, November 6, 2019	Productivity	8:30 am	0.8%	-0.3%
Thursday, November 7, 2019	Consumer Credit	8:30 am	-	\$10bn
Friday, November 8, 2019	Wholesale Inventories	8:30 am	-	-0.4%

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

Date	Event	Time	Consensus	Result
Monday, October 28, 2019	Advance Trade in Goods	8:30 pm	-73.5bn	-70.4bn
Tuesday, October 29, 2019	Consumer Confidence Index	10:00 am	127.8	125.9
Wednesday, October 30, 2019	GDP, FOMC Announcement	8:30 am	1.7%	1.9%
Thursday, October 31, 2019	Weekly Jobless Claims, Chicago PMI	8:30 am	215,000	218,000
Friday, November 1, 2019	Unemployment Rate	8:30 am	3.6%	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

## Leveraged Lion Capital Equity Research – 11/11/19

**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
Cryolife	Healthcare	Tuesday, July 30, 2019	Tuesday, October 29, 2019
US Silica	Materials	Tuesday, July 30, 2019	Tuesday, October 29, 2019
Intelsat	Media & Communications	Tuesday, July 30, 2019	Tuesday, October 29, 2019
Lattice Semiconductors	Information Technology	Tuesday, July 30, 2019	Tuesday, October 29, 2019
Yum! Brands	Consumer & Retail	Thursday, August 1, 2019	Wednesday, October 30, 2019
Chefs' Warehouse	Consumer & Retail	Wednesday, July 31, 2019	Wednesday, October 30, 2019
Ducommon	Industrials	Monday, August 5, 2019	Wednesday, October 30, 2019
MGM Resorts	REGAL-FIG	Thursday, July 25, 2019	Wednesday, October 30, 2019
Indivior	Healthcare	Monday, August 5, 2019	Thursday, October 31, 2019
Iron Mountain	REGAL-FIG	Thursday, August 1, 2019	Thursday, October 31, 2019
Beasley Broadcast Group	Media & Communications	Monday, August 5, 2019	Friday, November 1, 2019
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
<b>Lindblad Expeditions</b>	<b>REGAL-FIG</b>	<b>Thursday, August 1, 2019</b>	<b>Monday, November 11, 2019</b>
<b>CenturyLink</b>	<b>Media &amp; Communications</b>	<b>Wednesday, August 7, 2019</b>	<b>Monday, November 11, 2019</b>
<b>MTS Systems</b>	<b>Information Technology</b>	<b>Monday, August 5, 2019</b>	<b>Monday, November 11, 2019</b>
<b>Hudbay Minerals</b>	<b>Materials</b>	<b>Thursday, August 8, 2019</b>	<b>Tuesday, November 12, 2019</b>
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	Tuesday, July 30, 2019	Tuesday, October 29, 2019
<b>JCPenny</b>	<b>Consumer &amp; Retail</b>	<b>Thursday, August 15, 2019</b>	<b>Friday, November 15, 2019</b>
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	Wednesday, July 31, 2019	Thursday, October 31, 2019