



# Leveraged Lion Capital Equity Research Report 11.18.19

## Leveraged Lion Capital Equity Research – 11/18/19

### Equity Markets

Indices	11/11/2019	1 Day	1 Week	1 Month	YTD
<b>S&amp;P 500</b>	<b>0.77</b>	<b>0.89</b>	<b>4.17</b>	<b>24.32</b>	<b>0.77</b>
DJIA	0.80	1.17	3.63	19.95	0.80
NASDAQ	0.48	(0.15)	4.80	17.74	0.48
RUSSELL 2000	0.73	0.77	4.81	28.13	0.73
EURO STOXX 50	0.62	0.32	3.14	24.00	0.62
FTSE 100	0.14	(0.77)	1.27	8.45	0.14
NIKKEI	0.70	(0.38)	4.94	19.13	0.70
DAX	0.47	0.10	4.85	22.98	0.47
TSX	0.33	0.89	3.72	18.69	0.33

### Rates Markets

Rates	11/11/2019	1 Day	1 Week	1 Month	YTD
US 2-Yr	1.61	1.59	1.67	1.62	2.47
US 5-Yr	1.65	1.63	1.75	1.60	2.46
US 7-Yr	1.74	1.73	1.86	1.68	2.52
US 10-Yr	1.83	1.82	1.94	1.77	2.62
US 30-Yr	2.30	2.30	2.42	2.23	2.95
1Mo LIBOR	1.73	1.76	1.76	1.89	2.51
3Mo LIBOR	1.90	1.90	1.90	2.00	2.79
GER 10-Yr	(0.34)	(0.35)	(0.26)	(0.42)	0.16
JGB 10-Yr	(0.08)	(0.08)	(0.06)	(0.18)	(0.01)

### S&P 500 Sector Performance

Sector	% Change	Market Cap (\$Tn)
Communication Services	0.71	4.74
Consumer Discretionary	0.14	5.46
Consumer Staples	0.09	3.91
Energy	0.67	3.12
Financials	0.46	7.42
<b>Healthcare</b>	<b>2.21</b>	<b>5.82</b>
Industrials	0.69	4.42
Information Technology	0.84	8.72
<b>Materials</b>	<b>(0.07)</b>	<b>1.92</b>
Real Estate	0.58	1.39
Utilities	0.27	1.39

### Commodity Markets

Commodity	% Change	Price
Gold	(0.33)	1,468.50
Silver	(0.47)	16.95
Crude Oil	1.67	57.72
U.S. Brent	1.64	63.30
Copper	0.63	265.15
Natural Gas	1.55	2.69
Corn	(1.04)	380.75
Wheat	(0.98)	506.00
Soybean	0.16	918.25
Coffee	(1.66)	109.65
Sugar	(0.62)	12.73

### 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)	1.62	1.60	1.63	2.30	2.30
Agency Bond Repo Rate (Overnight)	1.62	1.60	1.63	2.30	2.30
CP A2/P2 Rate (3 Mo)	2.14	2.14	2.14	2.28	2.86
CP A1/P2 Rate (3 Mo)	2.04	2.04	2.04	2.18	2.76
CP A1/P1 Rate (3 Mo)	1.79	1.79	1.79	1.93	2.51

### Foreign Exchange Markets

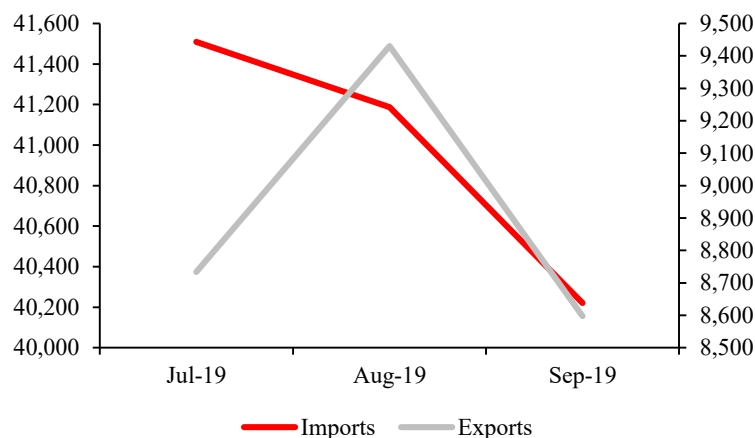
Cross	USD	EUR	JPY	GBP	CHF	CAD	AUD	NZD	HKD
HKD	7.8262	8.6481	7.1924	10.1091	7.9090	5.9173	5.3329	5.0118	
NZD	1.5615	1.7254	0.0144	2.0174	1.5787	1.1807	1.0646		0.1995
AUD	1.4671	1.6214	1.3485	1.8952	1.4828	1.1093		0.9393	0.1875
CAD	1.3223	1.4615	0.0122	1.7083	1.3368		0.9014	0.8470	0.1690
CHF	0.9894	1.0936	0.9093	1.2779		0.7481	0.6743	0.6336	12.6421
GBP	0.7742	0.8557	0.7116		0.7825	0.5854	0.5277	0.4958	0.0989
JPY	108.81	120.08		140.54	109.98	82.27	74.15	69.67	13.90
EUR	0.9050		0.8317	1.1688	0.9147	0.6842	0.6168	0.5794	0.1156
USD		1.1050	0.0092	1.2917	1.0107	0.7561	0.6816	0.6404	0.1278

## Leveraged Lion Capital Equity Research – 11/18/19

### Trade War

- U.S. & China trade negotiators held some **“constructive discussions”** about the **phase one deal during a phone call Saturday**
- The call followed Trump’s administration signaling that the first phase of a broad trade agreement was entering the final stages
- However, **the final stages are where most complex issues are debated** so there is no guarantee

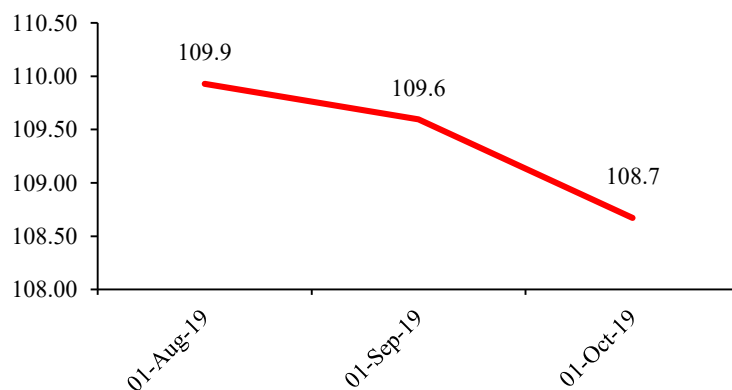
### U.S. Trade in Goods with China



### FED

- Jerome Powell told House lawmakers the central bank is **optimistic that its interest rate cuts would support U.S. economy against headwinds** (U.S. trade uncertainty & global slowdown)
- Powell did not mention any risks that would prompt the FED to raise rates, indicating a bias towards lowering them
- **Powell mentioned that the trade war has contributed to declines in U.S. manufacturing activity**

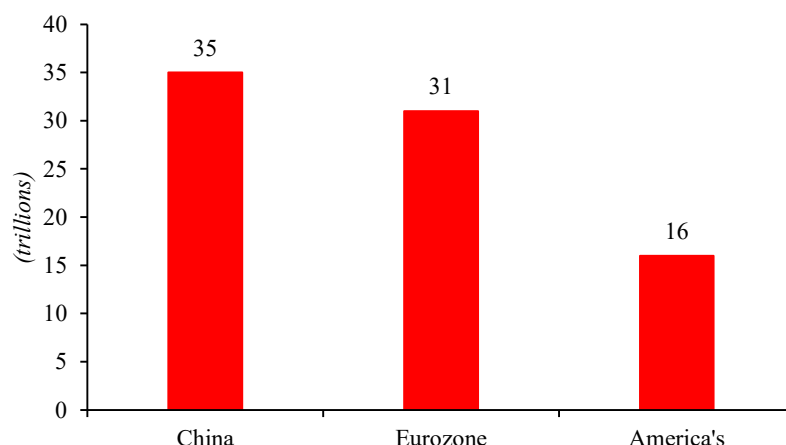
### U.S. Industrial Production Index



### China Banking System

- Over the weekend, China’s Harbin Bank said it was now under government control. This is after China’s government seized control of other small lenders, Baoshang Bank & Bank of Jinzhou
- **China introduced deposit insurance in 2015, making it attractive for customers to favor larger institutions**
- Those factors, plus interest-rate controls, made it hard for smaller banks to force depositors away from large banks

### Banking Assets by Region

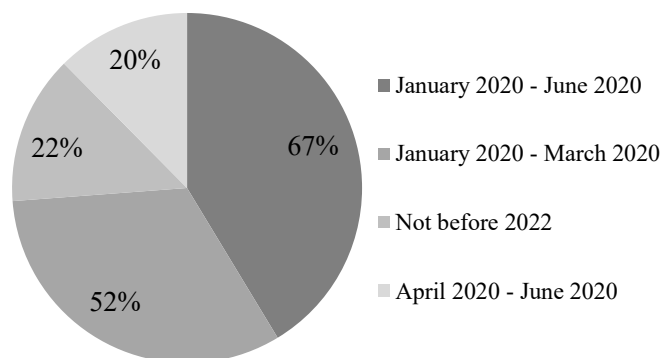


## Leveraged Lion Capital Equity Research – 11/18/19

### Brexit

- A trade expert has suggested **more than 60% of goods entering Northern Ireland from Great Britain could be subject to tariffs under the Brexit deal**
- Northern Ireland would remain part of UK's customs territory under Johnson's proposed deal
- Johnson has said that all **Conservative Party candidates in the December 12<sup>th</sup> election have agreed to back his Brexit deal**, increasing the probability that the agreement will pass through parliament

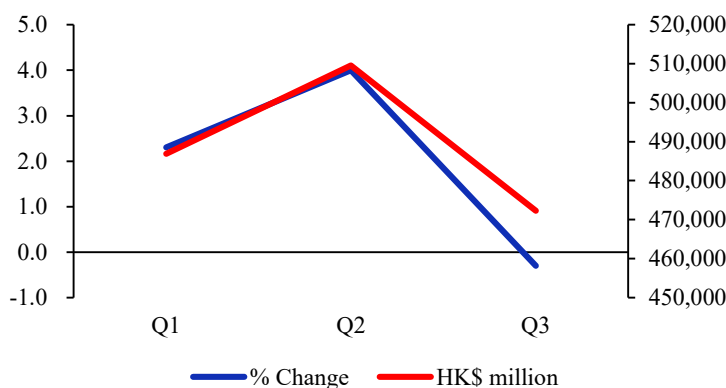
### Brexit Odds



### Hong Kong

- Hong Kong's **retail, restaurants and hotels are cutting wages and hours to survive** the recent economic turmoil
- Hong Kong's overall unemployment has remained at 2.9% since July, but the **October jobless figure is expected to rise to 3%**
- **The rate of consumption & tourism-related sectors is showing greater signs of weakness** as it rose to 4.9% for July-September

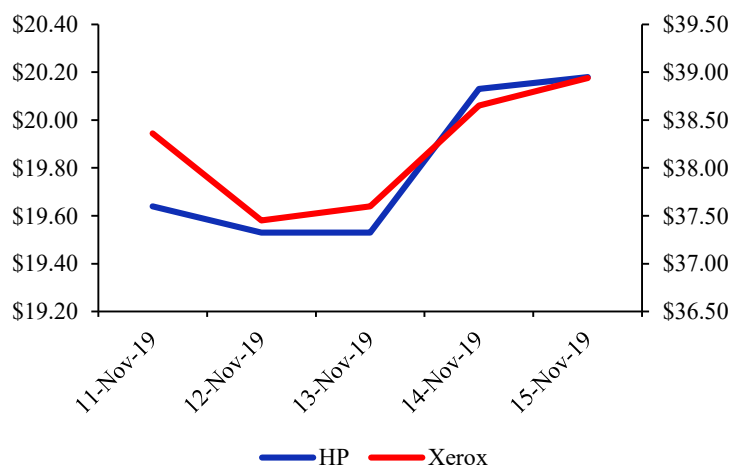
### Hong Kong GDP Annual Growth Rate



### Xerox & HP

- **Xerox offered HP \$22 a share in a takeover bid**
- HP's board unanimously **rejected Xerox's bid, saying the \$22-a-share offer is too low and cited concerns about the smaller rival's prospects in printing industry**
- HP is open to explore options, but there are "fundamental questions that need to be addressed" – HP CEO

### Xerox & HP Price Performance



### Oil

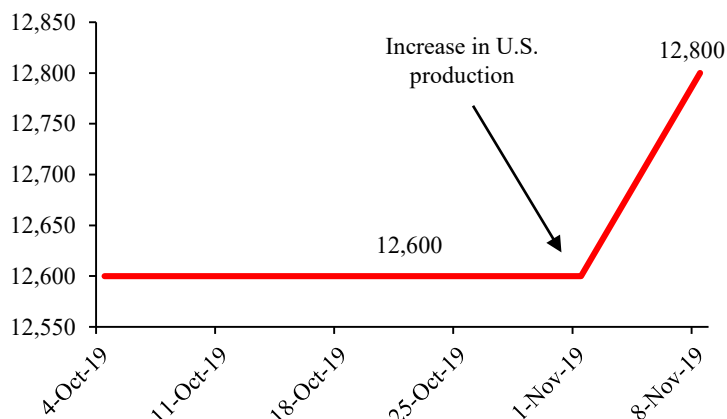
#### U.S. Rig Count

- Brent Crude rose above \$63 for the first time in seven week
- **Overall, oil prices managed to edge higher despite the increase of 2.2 million barrels in U.S. crude oil inventories**
- **Bullish signs for price of oil continue amid positive China manufacturing data & falling U.S. rig counts**
- U.S. active rig count has decreased to 684
- **The drop in U.S. rig count has led WTI crude oil price to hover around low or mid \$50s**

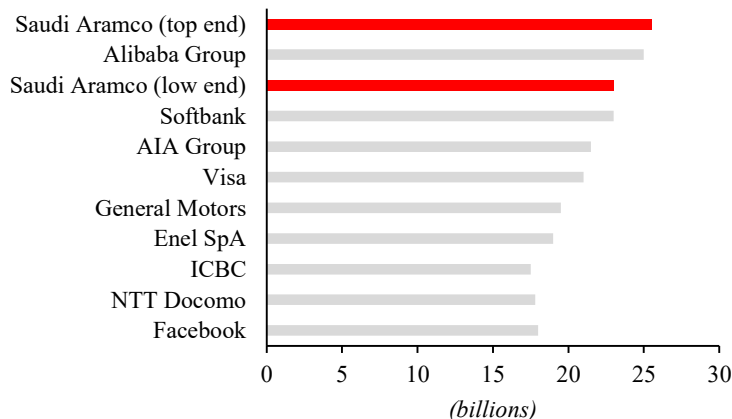
#### Aramco IPO & IEA Predications

- IEA continues to push the thesis that **U.S. output will shrink the market share** of OPEC members and Russia in total oil production
- **The 2.2 million barrel increase in U.S. crude oil inventories added a total of more than 40 million barrels of oil to U.S. commercial inventories (U.S. EIA)**
- Saudi Arabia set a valuation target for Aramco's public offering well below initial goal of \$2 trillion and shrunk the size of the sale to ensure Aramco lists on the Riyadh stock exchange next month
- **Aramco will sell 1.5% of its shares** on local stock exchange and hope for a valuation around 1.6 trillion
- **Saudi Central Bank also relaxed lending limits to boost demand from local investors**

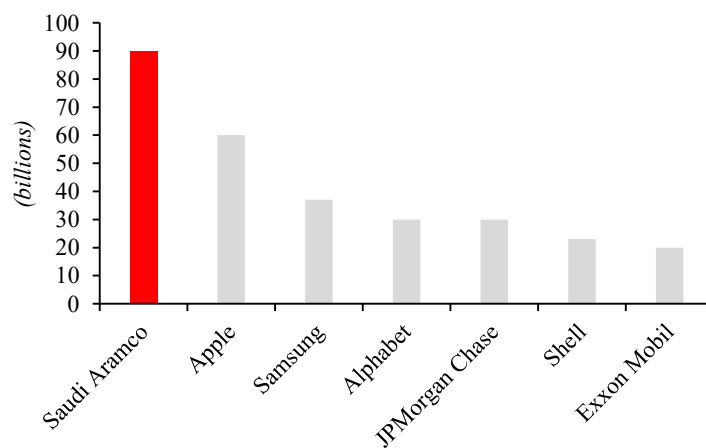
#### U.S. Crude Oil Production



#### Aramco IPO Valuation Comparison



#### Aramco 2018 Net Income Comparison



## Leveraged Lion Capital Equity Research – 11/18/19

**Economic Calendar (Week of 11/18/19)**

Date	Event	Time	Consensus
Monday, November 18, 2019	Home Builders' Index	10:00 am	-
Tuesday, November 19, 2019	Housing Starts	8:30 am	-
Wednesday, November 20, 2019	FOMC Minutes	2:00 pm	0.3%
Thursday, November 21, 2019	Weekly Jobless Claims	8:30 am	218,000
Friday, November 22, 2019	Consumer Sentiment Index	8:30 am	-

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

Date	Event	Time	Consensus	Result
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%	0.4%
Thursday, November 14, 2019	Weekly Jobless Claims	8:30 am	218,000	225,000
Friday, November 15, 2019	Retail Sales	8:30 am	0.3%	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%

## Leveraged Lion Capital Equity Research – 11/18/19

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
Ducommun	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
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
<b>TransDigm</b>	<b>Industrials</b>	<b>Tuesday, August 6, 2019</b>	<b>Tuesday, November 19, 2019</b>
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
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	Wednesday, July 31, 2019	Thursday, October 31, 2019