



Leveraged Lion Capital Equity Research Report 10.21.19

Leveraged Lion Capital Equity Research – 10/21/19

Equity Markets

Indices	10/18/2019	1 Day	1 Week	1 Month	YTD
S&P 500	2,986.20	(0.39)	0.54	(0.68)	18.97
DJIA	26,770.20	(0.95)	(0.17)	(1.39)	14.67
RUSSELL 2000	1,535.48	(0.41)	1.56	(2.10)	13.24
NASDAQ	8,089.54	(0.83)	0.40	(1.07)	21.36
EURO STOXX 50	3,579.41	(0.26)	0.27	1.46	19.59
NIKKEI	22,492.68	0.18	3.18	2.42	14.98
DAX	12,633.60	(0.17)	0.97	1.97	19.4%

Overall Sector Performance

Sector	% Change	Market Cap (T)
Comm. Services	(0.87)	4.65
Consumer Discr.	(0.32)	5.36
Consumer Staples	0.19	3.89
Energy	(0.54)	3.01
Financials	0.23	7.10
Health Care	(0.34)	5.50
Industrials	(0.87)	4.15
IT	(0.91)	8.05
Materials	(0.10)	1.83
Real Estate	0.98	1.41
Utilities	0.36	1.49

FX Markets

Cross	USD	EUR	JPY	GBP	CHF	CAD	AUD	NZD	HKD
HKD	7.8430	8.7466	7.2308	10.1352	7.9570	5.9717	5.3713	5.0035	1.0000
NZD	1.5669	1.7473	0.0145	2.0248	1.5905	1.1936	1.0742	1.0000	0.1999
AUD	1.4604	1.6293	1.3464	1.8874	1.4818	1.1118	1.0000	0.9317	0.1862
CAD	1.3134	1.4645	0.0121	1.6972	1.3322	1.0000	0.8994	0.8380	0.1675
CHF	0.9856	1.0994	0.9085	1.2736	1.0000	0.7505	0.6749	0.6290	12.5660
GBP	0.7738	0.8637	0.7134	1.0000	0.7849	0.5892	0.5298	0.4939	0.0987
JPY	108.47	120.95	1.0000	140.17	110.07	82.60	74.27	69.23	13.83
EUR	0.8968	1.0000	0.8264	1.1585	0.9102	0.6828	0.6142	0.5721	0.1143
USD	1.0000	1.1152	0.0092	1.2922	1.0146	0.7614	0.6847	0.6382	0.1275

Rates Markets

Rates	10/18/2019	1 Day	1 Week	1 Month	YTD
US 2-Yr	1.57	1.60	1.59	1.76	2.47
US 5-Yr	1.57	1.58	1.55	1.68	2.46
US 7-Yr	1.66	1.66	1.64	1.75	2.52
US 10-Yr	1.75	1.75	1.73	1.80	2.62
US 30-Yr	2.25	2.23	2.19	2.24	2.95
1MO LIBOR	1.85	1.85	1.91	2.04	2.51
3MO LIBOR	1.95	1.97	2.00	2.16	2.79
GER 10-Yr	(0.38)	(0.41)	(0.44)	(0.51)	0.16
JGB 10-Yr	(0.14)	(0.16)	(0.19)	(0.19)	(0.01)

Commodity Markets

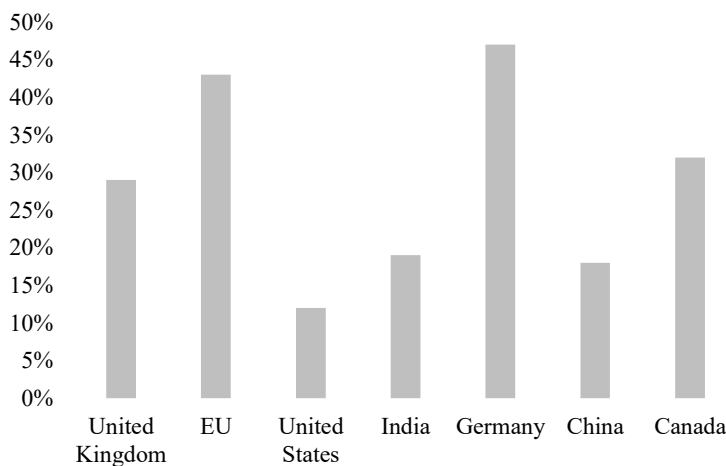
Commodity	% Change	Price
Gold	(0.12)	1,490.05
Silver	(0.19)	17.58
Crude Oil	(0.28)	53.78
U.S. Brent	(0.82)	69.42
Copper	1.48	263.60
Natural Gas	(0.09)	2.32
Corn	(0.95)	391.00
Wheat	1.28	532.25
Soybean	0.27	934.00
Coffee	3.01	95.70
Sugar	0.65	12.32

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Trade War

- U.S. and China announced tentative trade deal
- The phase one is still in early stages
- **The United States remains the least exposed of the world's 20 largest economies to a drop in exports in part because of its massive domestic consumer spending base**

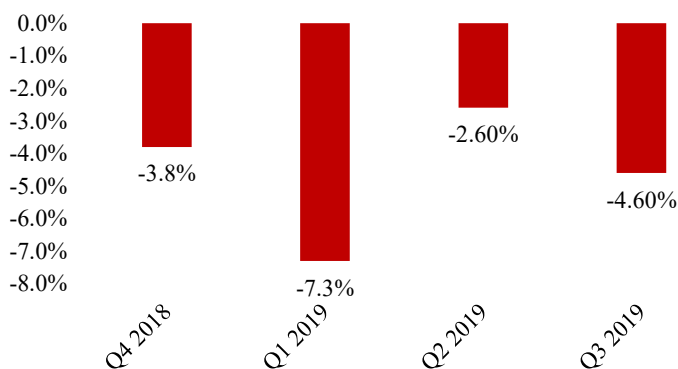
Exports as Share of GDP



Earnings Estimates

- More than 14% of S&P companies reported last week
- 20% of S&P companies will be reporting this week
- Of those companies, 81% posted earnings that beat analyst expectations
- **Analysts expect third quarter earnings to drop by 4.6%**

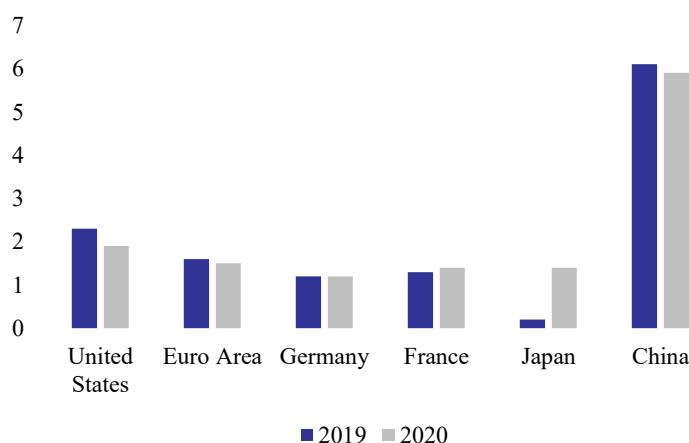
S&P Percent Change During Quarter



IMF Meeting

- International Monetary Fund (IMF) **lowered projection for global growth from 3.5% to 3.0%**
- Household spending has been in line with economic growth over 10-year expansions, contributing to 70% of GDP
- Last week data showed that retail sales slumped for the first time in seven months by 0.3%

IMF World Economic Outlook Projections

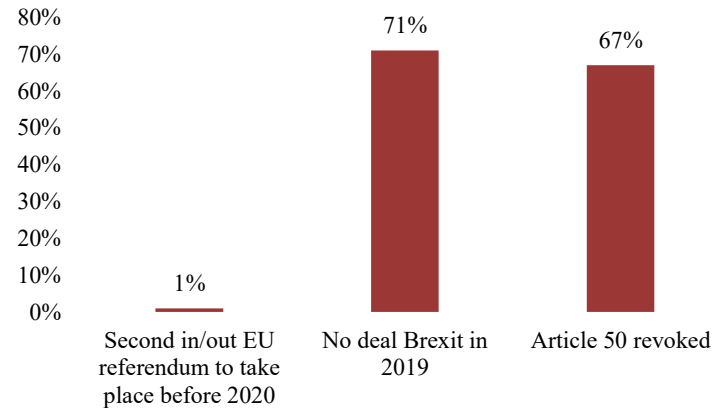


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Brexit

- **European leaders announced a tentative Brexit trade deal between the U.K. and the eurozone.** This deal still needs to be approved by Parliament
- Politicians asked Johnson to ask Brussels for an extension on the October 31, 2019 deadline
- Unlikely that they would want a no-deal scenario because the potential economic issues could be felt on both sides
- Brussels could offer technical extension of a few weeks

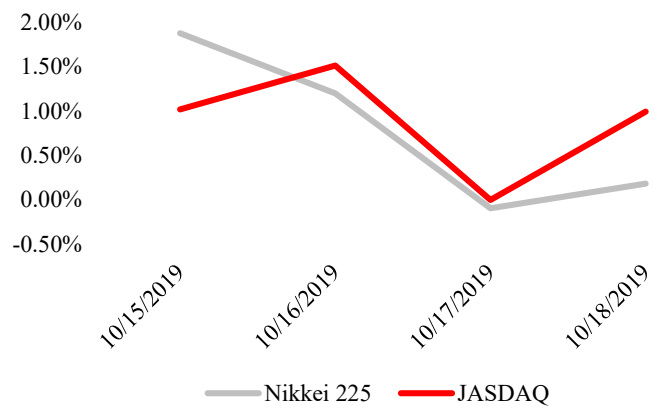
Brexit Odds (Betfair)



Bank of Japan Monetary Easing

- Haruhiko Kurdod, governor of Bank of Japan says “Japan’s economy has improved significantly and for the first time in about 15 years, the economy is no longer in deflation”
- As of 2018, the Japanese debt-to-GDP ratio was at an all-time high at 245%
- **BOJ will continue with “powerful monetary easing”**
- BOJ closely watching the policy impact on financial system

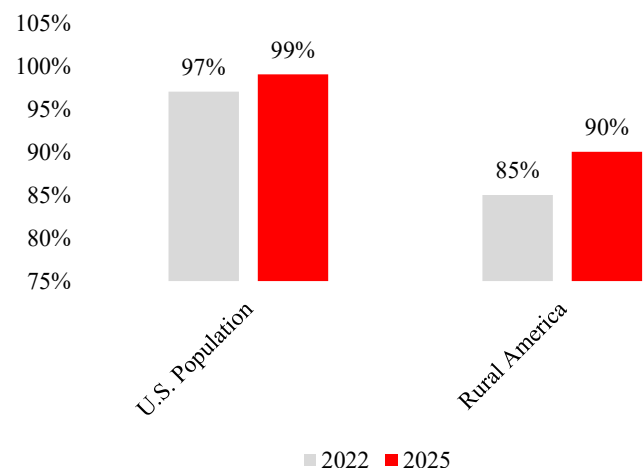
Nikkei 225 & JASDAQ



T-Mobile & Sprint

- **T-Mobile & Sprint officially secured approval from the FCC**
- The merger is proposed at \$26bn
- T-Mobile and Sprint have agreed to help incubate a fourth carrier - **DISH Network** in order to preserve competition
- Critics argue that plan is insufficient considering DISH's inexperience in building and operating a cellular network on a national scale

T-Mobile & Sprint 5G Rollout



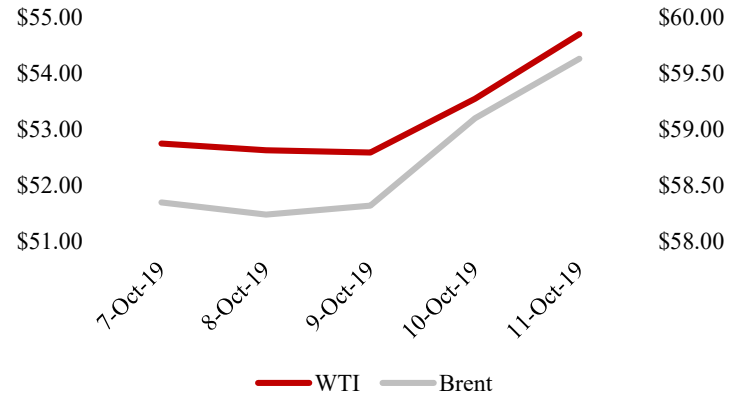
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Oil

Oil Prices

- Oil prices edged lower on Friday as concerns about China's economy outweighed bullish signals
- **Brent crude oil traded around \$58.24** on Thursday, 0.1% down
- **WTI was left almost unchanged at \$52.56**
- Over the past 12 months, Brent crude prices have fallen from a \$84 peak

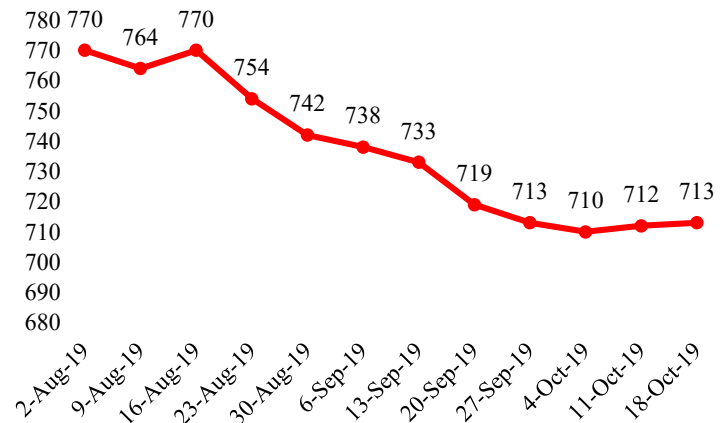
Brent & WTI Crude Oil Price



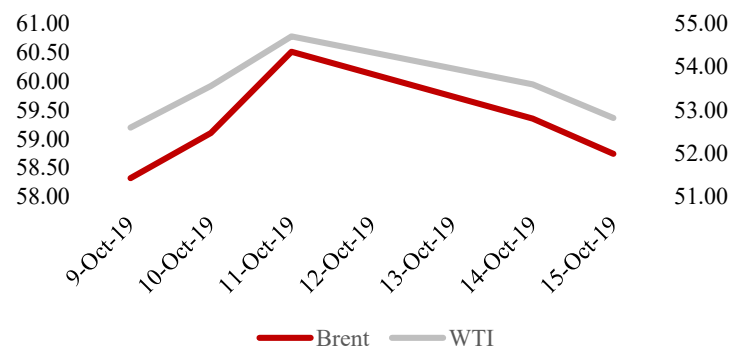
Oil Supply & Demand

- **The ongoing dispute over trade negotiations between U.S. & China** has increased worries about a global recession - that **would hurt demand for oil**
- The Forties oil and gas pipeline system (FPS) in the British North Sea reopened as planned on Friday after being halted for a few hours by a power surge resulting from a lightning strike
- **U.S. energy firms this week increased the number of oil rigs** operating for a second week in a row for the first time since June.
- **The total count of rigs is now 713**
- **OPEC lowered its 2019 global oil demand** growth forecast to 0.98 mm bpd and leaving 2020 demand growth at 1.08 mm bpd

Rig Count



Saudi Arabia Crude Oil Production



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Economic Calendar

Date	Event	Time	Consensus
Monday, October 21, 2019	Federal Budget Balance	2:00 pm	-200 bn
Tuesday, October 22, 2019	Weekly Jobless Claims, Existing Home Sales	8:30 am	215,000, 5.43
Wednesday, October 23, 2019	Mortgage Market Index	7:00 am	585.5%
Thursday, October 24, 2019	Durable Goods Order	8:30 am	-0.7%
Friday, October 25, 2019	Consumer Sentiment Index	10:00 am	96.0
Saturday, October 26, 2019	-	-	-
Sunday, October 27, 2019	-	-	-

Previous Week Economic Calendar

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	-	-	-	-
Saturday, October 19, 2019	-	-	-	-
Sunday, October 20, 2019	-	-	-	-