

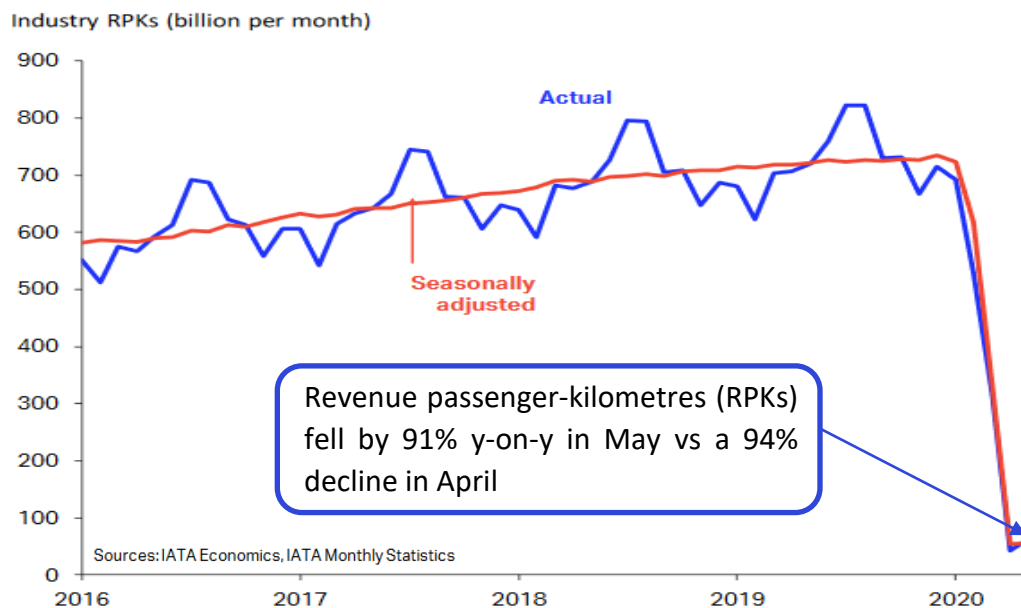
The Long and Short of it – Weekly Update

Week in review – Latest nonfarm payrolls provide another boost

The S&P 500 rose by 4% over the week, the FTSE 100 was flat, while the VIX fell by 20%, closing at 27.68. Total nonfarm payroll employment increased by 4.8 million in June, following May's 2.7 million increase. Employment in leisure and hospitality rose by over 2 million. While the figure is clearly positive, analysts urged caution because the initial claims figure remains persistently high, the latest figure being over 1.4 million, and the total employment figure is still over 14.5 million less than in February. Related to all of this, Dr Anthony Fauci, a member of the White House's Coronavirus Task Force, warned Congress on Tuesday that the U.S. could see 100,000 Covid-19 infections a day if current spikes are not contained. Elsewhere, the Chinese Caixin/Markit services PMI increased to 58.4 in June from 55.0 in May and the Bundestag authorised the Bundesbank to continue to implement the PSPP programme.

Among the companies tracked by GraniteShares ETPs, Barclays, Vodafone, Glencore, and BP outperformed the market, while BAE Systems, Royal Dutch Shell, Rio Tinto, and Rolls-Royce all underperformed, with Rolls-Royce under particular pressure. Late on Friday, it issued an RNS indicating it was in early stages of exploring options to strengthen its balance sheet. The chart below highlights the difficult environment for businesses involved in civil aerospace.

Chart of the week: Air Passenger Volumes



Source: <https://www.iata.org/en/iata-repository/publications/economic-reports/air-passenger-monthly-analysis---may-2020/>

Week ahead – Investor focus on Rolls-Royce's trading update on 9 July

Wednesday will see Rishi Sunak, Chancellor of the Exchequer, will outline further details of the government's plans to help the UK economy recover from the impact of the pandemic. Apparently, measures under consideration could include giving all adults £500 and children £250 in vouchers to spend in sectors of the economy worst hit by the Covid-19 crisis. Rolls-Royce's trading update is going to be critical for investors following the Bloomberg [article](#) about divestments or an equity raise of £1.5 - £2 billion, which led to the RNS announcement.

Top performing ETPs over the week

Top performing long ETP	3x Long Barclays (3BARC)	+12.3%
Top performing short ETP	3x Short Rolls-Royce (3SRR)	+19.3%

Past performance is not a reliable indicator of future results. The value of an investment may go down as well as up and can result in losses, up to and including a total loss of the amount initially invested. All ETP performance figures are inclusive of fees and other adjustments.

Weekly performance and moving averages – Underlying stocks

Underlying stock	Closing price 3 Jul 2020	Weekly change	MA 200d	MA 50d	High - 52w	Low - 52w	Price vs 52w High
AstraZeneca	8,459.00	0.0%	7,628.64	8,511.22	9,333.00	5,871.00	-9.4%
BAE Systems	482.20	-0.6%	556.81	503.18	672.60	428.60	-28.3%
Barclays	115.72	4.3%	142.25	111.13	192.96	73.04	-40.0%
BP	307.55	1.0%	414.36	317.76	556.20	222.90	-44.7%
Diageo	2,690.00	-0.4%	2,956.83	2,791.64	3,633.50	2,139.00	-26.0%
Glencore	169.68	1.8%	199.02	158.67	272.49	109.76	-37.7%
Lloyds Banking Group	31.03	-0.2%	47.45	31.48	69.99	27.12	-55.7%
Rio Tinto	4,458.50	-1.7%	4,111.45	4,216.88	4,847.95	2,954.00	-8.0%
Rolls-Royce	263.20	-7.6%	550.74	306.69	893.91	235.50	-70.6%
Royal Dutch Shell A	1,299.00	-1.6%	1,835.92	1,339.77	2,636.00	946.10	-50.7%
Vodafone	129.64	3.5%	140.00	125.19	169.46	92.76	-23.5%

3x Long ETP performance

Underlying stock	Ticker	29-Jun	30-Jun	1-Jul	2-Jul	3-Jul	1 Week	Last 20 days
AstraZeneca	3LAZ	3.2%	-4.5%	1.1%	5.1%	-4.7%	-0.2%	5.4%
BAE Systems	3LBA	6.5%	-7.5%	0.0%	0.1%	-0.8%	-2.3%	-11.0%
Barclays	3LBC	9.4%	-0.2%	-2.4%	11.6%	-5.6%	12.3%	-3.9%
BP	3LBP	9.9%	-7.2%	1.9%	3.8%	-5.5%	2.0%	-9.9%
Diageo	3LDO	0.0%	-2.1%	1.7%	4.9%	-5.6%	-1.4%	-5.8%
Glencore	3LGL	5.2%	2.8%	-6.5%	9.0%	-5.1%	4.6%	0.8%
Lloyds Banking Group	3LLL	1.5%	-0.7%	-4.7%	11.3%	-7.8%	-1.4%	-7.1%
Rio Tinto	3LRI	0.2%	0.7%	-6.7%	6.5%	-5.7%	-5.4%	-2.7%
Rolls-Royce	3LRR	5.7%	-5.4%	0.0%	7.5%	-29.9%	-24.6%	-50.1%
Royal Dutch Shell A	3LRD	4.5%	-12.0%	4.1%	2.0%	-3.1%	-5.5%	-9.8%
Vodafone	3LVO	6.1%	2.4%	-2.4%	3.9%	0.3%	10.6%	11.3%

3x Short ETP performance

Underlying stock	Ticker	29-Jun	30-Jun	1-Jul	2-Jul	3-Jul	1 Week	Last 20 days
AstraZeneca	3SAZ	-3.3%	4.5%	-1.1%	-5.1%	4.7%	-0.7%	-8.1%
BAE Systems	3SBA	-6.5%	7.4%	0.0%	-0.1%	0.8%	1.1%	6.5%
Barclays	3SBC	-9.6%	0.2%	2.3%	-11.5%	5.5%	-13.5%	-5.1%
BP	3SBP	-10.2%	7.3%	-2.1%	-3.8%	5.5%	-4.3%	4.3%
Diageo	3SDO	-0.1%	2.1%	-1.7%	-5.0%	5.6%	0.6%	-0.1%
Glencore	3SGL	-5.3%	-2.8%	6.5%	-9.1%	5.0%	-6.4%	-7.0%
Lloyds Banking Group	3SLL	-1.7%	0.7%	4.6%	-11.2%	7.8%	-1.0%	-0.6%
Rio Tinto	3SRI	-0.4%	-0.8%	6.7%	-6.6%	5.7%	4.2%	-0.8%
Rolls-Royce	3SRR	-4.9%	4.3%	-0.2%	-7.3%	30.0%	19.3%	66.4%
Royal Dutch Shell A	3SRD	-4.6%	11.8%	-4.1%	-1.8%	3.0%	3.5%	4.3%
Vodafone	3SVO	-6.2%	-2.5%	2.4%	-3.9%	-0.4%	-10.3%	-14.1%

Data and charts

All performance data to 03 July 2020. Data and charts sourced from Bloomberg, unless otherwise indicated.

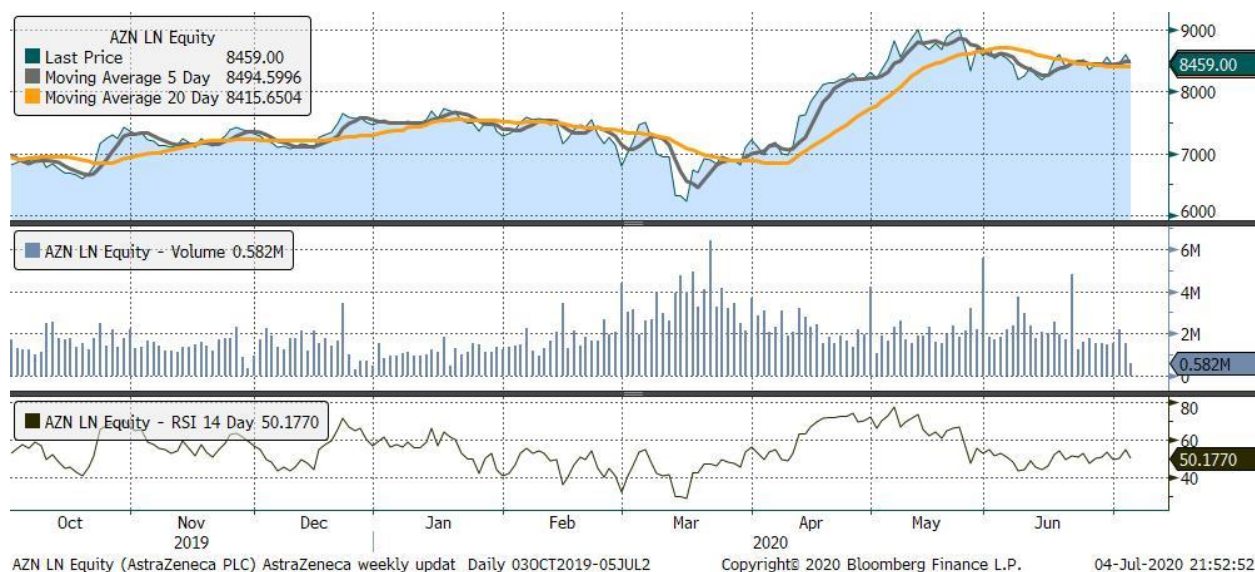
Broker forecasts sourced from www.sharesmagazine.co.uk, company events sourced from company websites.

Company	AstraZeneca (AZN)	AZN Performance	
Listed ETPs	3x Long AstraZeneca Daily ETP (3LAZ)	1 week	0.0%
	3x Short AstraZeneca Daily ETP (3SAZ)	1 month	-1.6%
		YTD	13.5%
Exchange	London Stock Exchange	Price vs 52w high	-9.4%

Overview

Performed in line with market over the week. It [announced](#) that selumetinib, co-developed and co-commercialised with MSD Inc., has been granted orphan drug designation (ODD) in Japan for the treatment of neurofibromatosis type 1 (NF1). NF1 is a debilitating genetic disease that affects one in every 3,000 to 4,000 individuals. No broker notes.

Chart with moving averages and RSI indicator



Consensus forecasts

	12/31/2020			12/31/2021		
	Net Income	EPS	DPS	Net Income	EPS	DPS
Current	\$5.3 b	\$4.04	\$2.81	\$6.6 b	\$5.04	\$2.82
1 month change	0.4%	0.2%	1.0%	-2.0%	-0.3%	-0.2%

Upcoming Events

30/07/20	Half year results
13/08/20	XD, First interim dividend

Company	BAE Systems (BA.)	BA. Performance	
Listed ETPs	3x Long BAE Systems Daily ETP (3LBA)	1 week	-0.6%
	3x Short BAE Systems Daily ETP (3SBA)	1 month	-6.1%
		YTD	-14.6%
Exchange	London Stock Exchange	Price vs 52w high	-28.3%

Overview

Market underperformer over the week. It [announced](#) that it has delivered its first shipment of next-generation radiation-hardened software defined radios (SDR) enabled by its RAD5545 computer to Lockheed Martin Space. Goldman Sachs maintained 'neutral' rating, cut its price target to 514p from 560p; Deutsche Bank maintained 'buy' rating, cut its price target to 675p from 695p; Berenberg maintained 'buy' rating, cut its price target to 590p from 600p; Credit Suisse maintained 'outperform' rating, cut its price target to 645p from 690p.

Chart with moving averages and RSI indicator



Consensus forecasts

	12/31/2020			12/31/2021		
	Net Income	EPS	DPS	Net Income	EPS	DPS
Current	£1.3 b	\$0.43	\$0.23	£1.6 b	\$0.49	\$0.25
1 month change	-2.1%	-1.8%	-0.9%	-0.7%	-1.2%	-0.4%

Upcoming Events

30/07/20 Half year results

Company	Barclays (BARC)	BARC Performance	
Listed ETPs	3x Long Barclays Daily ETP (3LBC)	1 week	4.3%
	3x Short Barclays Daily ETP (3SBC)	1 month	-7.7%
		YTD	-35.6%
Exchange	London Stock Exchange	Price vs 52w high	-40.0%

Overview

Market outperformer over the week. In the trial involving Amanda Staveley and her claim that Barclays owes her £1.6 billion, it was [reported](#) that John Varley, former Barclays CEO, in his witness statement said that he believed PCP (Amanda Staveley's firm) "greatly overstates its own role and significance in the events of October 2008". No broker notes.

Chart with moving averages and RSI indicator



Consensus forecasts

	12/31/2020			12/31/2021		
	Net Income	EPS	DPS	Net Income	EPS	DPS
Current	\$0.2 b	\$0.03	\$0.36	\$4.7 b	\$0.33	\$0.35
1 month change	-35.5%	-55.1%	-9.1%	0.3%	-7.6%	-7.4%

Upcoming Events

29/07/20	Half Year Results
23/10/20	Q3 Results

Company	BP (BP.)	BP. Performance	
Listed ETPs	3x Long BP Daily TP (3LBP)	1 week	1.0%
	3x Short BP Daily ETP (3SBP)	1 month	-9.4%
		YTD	-31.8%
Exchange	London Stock Exchange	Price vs 52w high	-44.7%

Overview

Market outperformer over the week. On Monday, it [announced](#) the agreement to sell its petrochemicals business to INEOS for \$5 billion, which delivers its target for agreed divestments a year earlier than originally scheduled. Credit Suisse maintained 'neutral' rating, raised its price target to 360p from 350p; Goldman Sachs maintained 'conviction buy' rating, cut its price target to 530p from 550p; JP Morgan Cazenove maintained 'overweight' rating, cut its price target to 400p from 425p; Barclays Capital maintained 'overweight' rating, raised its price target to 400p from 380p.

Chart with moving averages and RSI indicator



Consensus forecasts

	12/31/2020			12/31/2021		
	Net Income	EPS	DPS	Net Income	EPS	DPS
Current	£0.8 b	\$0.05	\$0.02	£2.5 b	\$0.15	\$0.05
1 month change	61.1%	2.2%	21.4%	5.7%	2.8%	9.5%

Upcoming Events

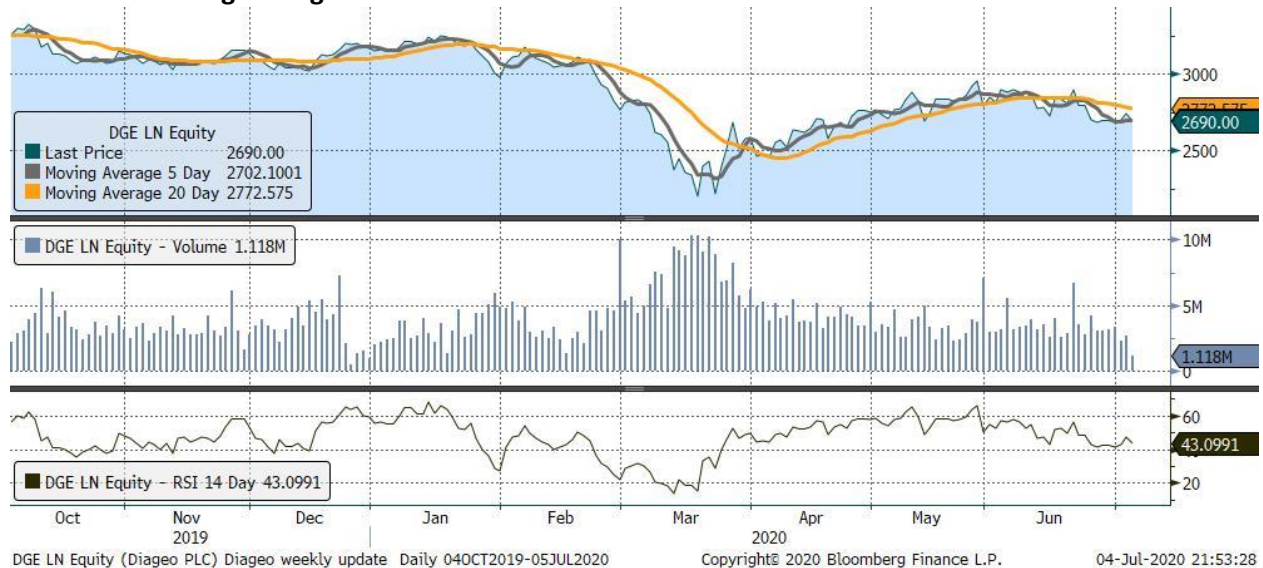
28/07/20	Q2 Results
27/10/20	Q3 Results

Company	Diageo (DGE)	DGE Performance	
Listed ETPs	3x Long Diageo Daily ETP (3LDO)	1 week	-0.4%
	3x Short Diageo Daily ETP (3SDO)	1 month	-7.0%
		YTD	-15.2%
		Price vs 52w high	-26.0%
Exchange	London Stock Exchange		

Overview

Performed in line with market over the week. It [announced](#) on Monday that its new Kentucky whiskey distillery, which will distil Bulleit, is expected to be carbon neutral – one of the largest in North America, and a first for Diageo. The site will be powered by 100% renewable electricity, with a capacity to produce up to 10 million proof gallons per year. Barclays Capital maintained 'overweight' rating, cut its price target to 3220p from 3230p.

Chart with moving averages and RSI indicator



Consensus forecasts

	6/30/2020			6/30/2021		
	Net Income	EPS	DPS	Net Income	EPS	DPS
Current	£2.6 b	\$1.11	\$0.68	£2.8 b	\$1.21	\$0.72
1 month change	-1.4%	-1.7%	-0.1%	-2.6%	-2.5%	-1.1%

Upcoming Events

30/07/20	Preliminary results
13/08/20	XD, Final Dividend
01/10/20	AGM

Company	Glencore (GLEN)	GLEN Performance	
Listed ETPs	3x Long Glencore Daily ETP (3LGL)	1 week	1.8%
	3x Short Glencore Daily ETP (3SGL)	1 month	0.7%
		YTD	-27.9%
Exchange	London Stock Exchange	Price vs 52w high	-37.7%

Overview

Market outperformer over the week. It confirmed that dates of its Half Year Production Report and Half Year Results (see below). No broker notes.

Chart with moving averages and RSI indicator



Consensus forecasts

	12/31/2020			12/31/2021		
	Net Income	EPS	DPS	Net Income	EPS	DPS
Current	\$0.5 b	\$0.05	\$0.08	\$1.7 b	\$0.13	\$0.12
1 month change	18.7%	12.5%	-8.0%	5.8%	-5.3%	-11.9%

Upcoming Events

31/07/20	Half Year Production Report
06/08/20	Half Year Results
30/10/20	Q3 Production Report

Company	Lloyds Banking Group (LLOY)	LLOY Performance	
Listed ETPs	3x Long Lloyds Banking Group Daily ETP (3LLL)	1 week	-0.2%
	3x Short Lloyds Banking Group Daily ETP (3SLL)	1 month	-8.1%
		YTD	-50.4%
Exchange	London Stock Exchange	Price vs 52w high	-55.7%

Overview

Performed in line with market over the week. The latest [Lloyds Bank Business Barometer](#) showed that business confidence is still near record low despite an improvement in sentiment. It [reported](#) that Halifax mortgage enquiries had doubled in June compared to May. No broker notes.

Chart with moving averages and RSI indicator



Consensus forecasts

	12/31/2020			12/31/2021		
	Net Income	EPS	DPS	Net Income	EPS	DPS
Current	£1.6 b	\$0.02	\$0.01	£2.9 b	\$0.04	\$0.02
1 month change	-8.2%	0.0%	0.0%	-3.6%	-2.4%	0.0%

Upcoming Events

30/07/20	Half Year Results
30/10/20	Q3 Interim Management Statement

Company	Rio Tinto (RIO)	RIO Performance	
Listed ETPs	3x Long Rio Tinto Daily ETP (3LRI)	1 week	-1.7%
	3x Short Rio Tinto Daily ETP (3SRI)	1 month	-1.3%
		YTD	3.7%
Exchange	London Stock Exchange	Price vs 52w high	-8.0%

Overview

Market underperformer over the week. It made an [announcement](#) that Oyu Tolgoi LLC has completed an updated feasibility study (OTFS20) and is in the process of submitting this to the Government of Mongolia. It reported a delay of 21 to 29 months for first sustainable production compared to the original feasibility study guidance in 2016 and a cost increase of \$1.3 billion to \$1.8 billion from the original \$5.3 billion development capital. Deutsche Bank upgraded its rating to 'buy' from 'hold', raised its target price to 4900p from 4600p.

Chart with moving averages and RSI indicator



Consensus forecasts

	12/31/2020			12/31/2021		
	Net Income	EPS	DPS	Net Income	EPS	DPS
Current	\$8.4 b	\$5.33	\$3.34	\$7.5 b	\$4.66	\$3.02
1 month change	4.6%	1.7%	0.8%	6.8%	4.5%	4.2%

Upcoming Events

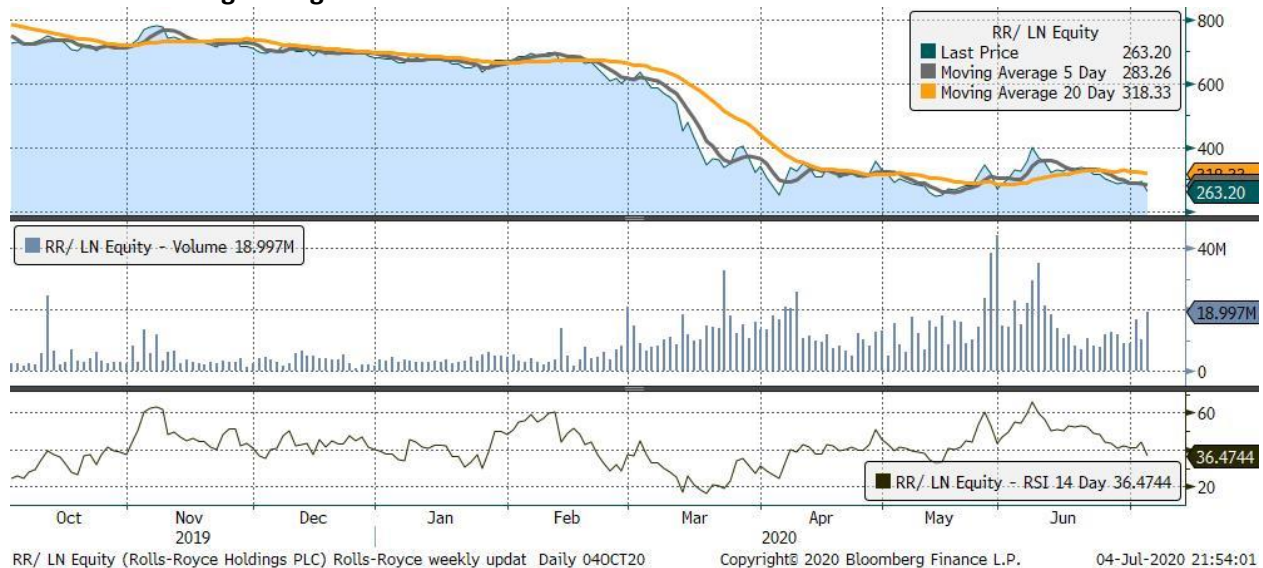
16/07/20	Q2 Operations Review
29/07/20	Half Year Results
16/10/20	Q3 Operations Review

Company	Rolls-Royce Holdings (RR.)	RR. Performance	
Listed ETPs	3x Long Rolls-Royce Daily ETP (3LRR)	1 week	-7.6%
	3x Short Rolls-Royce Daily ETP (3SRR)	1 month	-19.8%
		YTD	-61.5%
Exchange	London Stock Exchange	Price vs 52w high	-70.6%

Overview

Market underperformer over the week. It put out a stock exchange [announcement](#) late on Friday in response to press speculation that it was in “early stages of reviewing a range of potential options to strengthen our balance sheet and position ourselves for the recovery following COVID-19. However, no decisions have been made. Our current financial position and liquidity remain strong.” Bloomberg had [reported](#) that it might be seeking to divest assets or potentially raise equity. No broker notes.

Chart with moving averages and RSI indicator



Consensus forecasts

	12/31/2020			12/31/2021		
	Net Income	EPS	DPS	Net Income	EPS	DPS
Current	£0.0 b	-\$0.05	\$0.06	£0.2 b	\$0.11	\$0.07
1 month change	-336.4%	177.8%	-25.6%	-4.9%	-13.0%	-26.8%

Upcoming Events

09/07/20	Trading Update
27/08/20	Half Year Results

Company	Royal Dutch Shell A (RDSA)	RDSA Performance	
Listed ETPs	3x Long Royal Dutch Shell Daily ETP (3LRD)	1 week	-1.6%
	3x Short Royal Dutch Shell Daily ETP (3SRD)	1 month	-6.8%
		YTD	-40.2%
Exchange	London Stock Exchange	Price vs 52w high	-50.7%

Overview

Market underperformer over the week. It [issued](#) a second quarter 2020 update note in which, based on its revised price and margin outlook, it indicated aggregate post-tax impairment charges in the range of \$15 to \$22 billion are expected in the second quarter. The indicative breakdown per segment is as follows: Integrated Gas \$8 – \$9 billion, Upstream \$4 – \$6 billion, Oil Products \$3 – \$7 billion. No broker notes.

Chart with moving averages and RSI indicator



Consensus forecasts

	12/31/2020			12/31/2021		
	Net Income	EPS	DPS	Net Income	EPS	DPS
Current	\$3.3 b	\$0.48	\$0.67	\$9.0 b	\$1.26	\$0.69
1 month change	15.5%	-11.7%	-6.3%	4.1%	-1.0%	-1.7%

Upcoming Events

30/07/20	Q2 Results and Second Interim Dividend Announcement
29/10/20	Q3 Results

Company	Vodafone (VOD)	VOD Performance	
Listed ETPs	3x Long Vodafone Daily ETP (3LVO)	1 week	3.5%
	3x Short Vodafone Shell Daily ETP (3SVO)	1 month	-2.2%
		YTD	-9.0%
		Price vs 52w high	-23.5%
Exchange	London Stock Exchange		

Overview

Market outperformer over the week. It [announced](#) that it has as become the first UK operator to showcase the next phase of 5G technology, with a new network built for Coventry University. The new network uses what is known as 'Standalone' 5G technology, i.e. totally independent of 4G. Coventry University will use the new 5G network to trial state-of-the-art virtual reality learning technologies to support training for student nurses and allied health professionals. No broker notes.

Chart with moving averages and RSI indicator



Consensus forecasts

	3/31/2021			3/31/2022		
	Net Income	EPS	DPS	Net Income	EPS	DPS
Current	£2.0 b	\$0.06	\$0.09	£2.5 b	\$0.09	\$0.09
1 month change	3.9%	14.5%	0.0%	-4.8%	6.0%	0.0%

Upcoming Events

24/07/20	Q1 2021 Results
28/07/20	AGM 2020

Feedback and comments: please send to graniteshares@europe.com

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