

The Long and Short of it – Weekly Update

Week in review – Green shoots from China eclipsed by the demise of the consumer

The chart for U.S. retail sales below tells the story and reflects what is happening globally. The consumer is reining in discretionary expenditure. It is hardly surprising in the context of the prevailing uncertainty, and as J-S Jacques, Rio Tinto's CEO, highlighted in his Q&A at the Bank of America Metals Conference on 12 May, that while in China the industrial side was strong "the service economy, the leisure part of the economy, is under pressure and will take time to return to full activity." With so many unemployed in the U.S., it's probably going to be a while before see headlines like "The US consumer is keeping the economy from tanking and will get another boost from the Fed." (CNBC, 16 July 2019)

This theme is also reflected among the companies tracked by GraniteShares ETPs with Rolls-Royce's share price hitting a new 52 week low before recovering slightly. A slew of announcements from airlines and manufacturers highlight the difficulties facing it. These included the Boeing CEO suggesting it would take at least three years for travel to return to 2019 levels, Virgin Atlantic indicating it would not resume flights till August if the UK implemented a 14-day quarantine for travellers, Airbus furloughing 3163 staff in Spain (total furloughed over 10,000).

Chart of the week: Advance Retail Sales (excluding Food Services) – Seasonally Adjusted



Source: <https://fred.stlouisfed.org/graph/?id=RSXFS> (Federal Reserve Bank of St Louis)

Week ahead – More data points on the consumer

Continuing with the consumer theme, eurozone consumer confidence figures are released on Wednesday and will give a first indication of attitudes as lockdowns are eased. UK retail sales figure will be released on Thursday and anything less than a 15% decline would be viewed by analysts as a good result. Thursday also brings the weekly initial jobless claims data from the U.S. With the decline in manufacturing activity reported this week, which saw it hit a level last seen in 1997, there could be more weeks of dismal numbers as workers continue to lose their jobs.

Top performing ETPs over the week

Top performing long ETP	3x Long Vodafone (3LVO)	+20.4%
Top performing short ETP	3x Short Rolls Royce (3SRR)	+45.2%

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 15 May 2020	Weekly change	MA 200d	MA 50d	High - 52w	Low - 52w	Price vs 52w High
AstraZeneca	8,671.00	1.3%	7,402.65	7,573.48	9,056.00	5,739.00	-4.3%
BAE Systems	496.50	-3.1%	566.19	517.34	672.60	428.60	-26.2%
Barclays	97.45	-7.6%	146.77	98.06	192.96	73.04	-49.5%
BP	296.50	-6.1%	445.64	313.75	565.80	222.90	-47.6%
Diageo	2,743.00	-1.3%	3,060.92	2,608.91	3,633.50	2,139.00	-24.5%
Glencore	141.28	-4.7%	210.33	139.37	273.26	109.76	-48.3%
Lloyds Banking Group	28.51	-8.9%	50.63	33.25	69.99	27.12	-59.3%
Rio Tinto	3,922.00	5.3%	4,061.20	3,617.20	4,977.34	2,954.00	-21.2%
Rolls-Royce	249.70	-13.0%	629.63	358.14	939.61	235.50	-73.4%
Royal Dutch Shell A	1,228.00	-6.0%	2,000.98	1,340.38	2,637.50	946.10	-53.4%
Vodafone	120.98	7.1%	143.85	114.23	169.46	92.76	-28.6%

3x Long ETP performance

Underlying stock	Ticker	11-May	12-May	13-May	14-May	15-May	1 Week	Last 20 days
AstraZeneca	3LAZ	5.1%	5.1%	5.0%	-8.0%	-3.2%	3.4%	74.2%
BAE Systems	3LBA	-5.4%	8.4%	-7.1%	-7.3%	2.3%	-9.7%	-26.0%
Barclays	3LBC	-7.9%	-1.8%	-11.7%	-2.8%	1.0%	-21.6%	-12.4%
BP	3LBP	-1.9%	-0.5%	-11.0%	-5.3%	0.0%	-17.8%	-32.0%
Diageo	3LDO	5.7%	5.6%	-6.4%	-13.5%	5.3%	-4.9%	9.5%
Glencore	3LGL	0.0%	-1.5%	-18.2%	-4.4%	10.5%	-14.8%	-17.2%
Lloyds Banking Group	3LLL	-8.3%	-5.3%	-8.8%	-4.0%	-1.2%	-24.9%	-43.7%
Rio Tinto	3LRI	-4.2%	3.2%	1.4%	2.1%	13.2%	15.8%	-0.6%
Rolls-Royce	3LRR	-4.8%	-3.8%	-22.4%	-13.6%	3.8%	-36.2%	-69.9%
Royal Dutch Shell A	3LRD	-1.5%	-0.5%	-10.7%	-11.6%	6.0%	-18.0%	-52.6%
Vodafone	3LVO	0.1%	26.2%	-3.4%	-4.8%	3.7%	20.4%	15.3%

3x Short ETP performance

Underlying stock	Ticker	11-May	12-May	13-May	14-May	15-May	1 Week	Last 20 days
AstraZeneca	3SAZ	-5.2%	-5.1%	-5.0%	8.0%	3.2%	-4.9%	-48.8%
BAE Systems	3SBA	5.3%	-8.5%	7.1%	7.3%	-2.3%	8.2%	13.5%
Barclays	3SBC	8.0%	1.7%	11.7%	2.6%	-1.0%	24.7%	-25.5%
BP	3SBP	1.9%	0.6%	11.1%	5.2%	-0.1%	19.6%	11.5%
Diageo	3SDO	-5.8%	-5.6%	6.4%	13.5%	-5.3%	1.6%	-16.6%
Glencore	3SGL	-0.1%	1.5%	18.3%	4.2%	-10.5%	11.9%	-14.1%
Lloyds Banking Group	3SLL	8.3%	5.2%	8.8%	4.1%	1.1%	30.4%	32.2%
Rio Tinto	3SRI	4.1%	-3.2%	-1.4%	-2.2%	-13.2%	-15.6%	-15.1%
Rolls-Royce	3SRR	4.6%	3.8%	22.7%	12.7%	-3.3%	45.2%	91.0%
Royal Dutch Shell A	3SRD	1.5%	0.5%	10.6%	11.6%	-6.0%	18.2%	38.0%
Vodafone	3SVO	-0.3%	-26.2%	3.4%	4.8%	-3.7%	-23.2%	-28.6%

Data and charts

All performance data to 7 May 2020. Data and charts sourced from Bloomberg, unless otherwise indicated.

Company events data sourced from company websites.

Company	AstraZeneca (AZN)	AZN Performance	
Listed ETPs	3x Long AstraZeneca Daily ETP (3LAZ)	1 week	1.3%
	3x Short AstraZeneca Daily ETP (3SAZ)	1 month	13.9%
		YTD	16.3%
Exchange	London Stock Exchange	Price vs 52w high	-4.3%

Overview

Market outperformer over the week. Drug-related news flow included [announcement](#) that Enhertu, developed jointly with Daiichi Sankyo Company, had been granted Breakthrough Therapy Designation in the US for HER2-positive metastatic gastric cancer. BTd is designed to accelerate the development and regulatory review of potential new medicines that are intended to treat a serious condition and address a significant unmet medical need. Jefferies International maintained 'hold' rating, raised target to 8000p from 7575p, Bryan Garnier maintained 'buy' rating, raised target to 8780p from 8550p.

Chart with moving averages and RSI indicator



Consensus forecasts

	12/31/2020			12/31/2021		
	Net Income	EPS	DPS	Net Income	EPS	DPS
Current	\$5.2 b	\$4.07	\$2.80	\$6.5 b	\$4.98	\$2.83
1 month change	0.4%	3.6%	0.4%	0.6%	1.7%	0.4%

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	-3.1%
	3x Short BAE Systems Daily ETP (3SBA)	1 month	-4.3%
		YTD	-12.1%
Exchange	London Stock Exchange	Price vs 52w high	-26.2%

Overview

Market underperformer over the week. Quiet on the corporate news front, with press releases on its role in development of clean technologies for marine transportation in the U.S. using its [HybriGen power and propulsion solution](#) and another, one year after its acquisition, on [Riptide unmanned underwater vehicles \(UUV\)](#).

Chart with moving averages and RSI indicator



Consensus forecasts

	12/31/2020			12/31/2021		
	Net Income	EPS	DPS	Net Income	EPS	DPS
Current	£1.4 b	\$0.44	\$0.24	£1.6 b	\$0.50	\$0.25
1 month change	-0.1%	-0.7%	-2.0%	0.4%	-1.0%	-0.8%

Upcoming Events

30/07/20 Half year results

Company	Barclays (BARC)	BARC Performance	
Listed ETPs	3x Long Barclays Daily ETP (3LBC)	1 week	-7.6%
	3x Short Barclays Daily ETP (3SBC)	1 month	12.0%
Exchange	London Stock Exchange	YTD	-45.8%
		Price vs 52w high	-49.5%

Overview

Market underperformer over the week. No corporate news of note in the week post the AGM, it [announced](#) that Barclays Research had launched UK Spend Trends 2.0, a set of signals designed to provide an in-depth view into consumer spending in the UK using more than 12 billion anonymised and aggregated UK consumer transactions.

Chart with moving averages and RSI indicator



BARC LN Equity (Barclays PLC) Barclays weekly update Daily 04OCT2019-16MAY2020

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Consensus forecasts

	12/31/2020			12/31/2021		
	Net Income	EPS	DPS	Net Income	EPS	DPS
Current	£0.5 b	\$0.00	\$0.39	£4.6 b	\$0.36	\$0.39
1 month change	-69.4%	-100.0%	-3.2%	-8.9%	39.8%	-3.0%

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	-6.1%
	3x Short BP Daily ETP (3SBP)	1 month	1.7%
		YTD	-34.3%
Exchange	London Stock Exchange	Price vs 52w high	-47.6%

Overview

Market underperformer over the week. It was [reported](#) that BP had joined the panel of industry experts convened by Oil and Gas UK to develop a strategy for its three stage framework to preserve jobs in the sector looking at immediate needs, industry recovery and accelerating to a net zero future. UBS maintained its 'buy' rating, cut price target to 410p from 440p.

Chart with moving averages and RSI indicator



Consensus forecasts

	12/31/2020			12/31/2021		
	Net Income	EPS	DPS	Net Income	EPS	DPS
Current	-£0.1 b	\$0.06	\$0.02	£2.5 b	\$0.15	\$0.05
1 month change	-103.0%	-18.6%	-37.5%	-22.8%	-13.1%	-26.6%

Upcoming Events

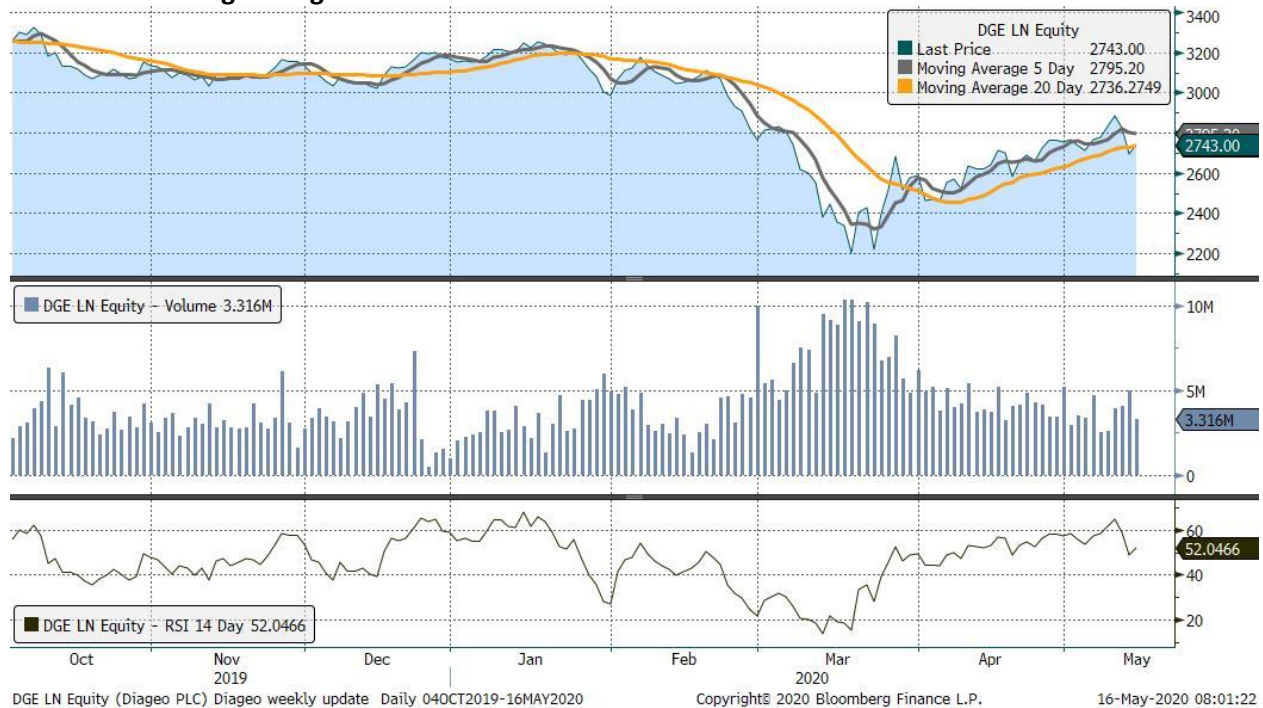
07/05/20	XD, Q1 Dividend (10.50 cents)
28/07/20	Q2 Results
27/10/20	Q3 Results

Company	Diageo (DGE)	DGE Performance	
Listed ETPs	3x Long Diageo Daily ETP (3LDO)	1 week	-1.3%
	3x Short Diageo Daily ETP (3SDO)	1 month	4.7%
		YTD	-13.5%
Exchange	London Stock Exchange	Price vs 52w high	-24.5%

Overview

Market outperformer over the week. Still quiet in terms of corporate news flow, [Forbes](#) ran a piece "What Could Drive \$3.6 Billion Revenue Loss For Diageo In 2020: North America Or Asia-Pacific?", based on analysis by Trefis suggests revenues will fall to \$13bn in 2020 from \$16.6bn in 2019.

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	\$1.14	\$0.70	£2.9 b	\$1.27	\$0.74
1 month change	0.3%	-1.2%	-3.0%	-1.1%	-0.5%	-1.5%

Upcoming Events

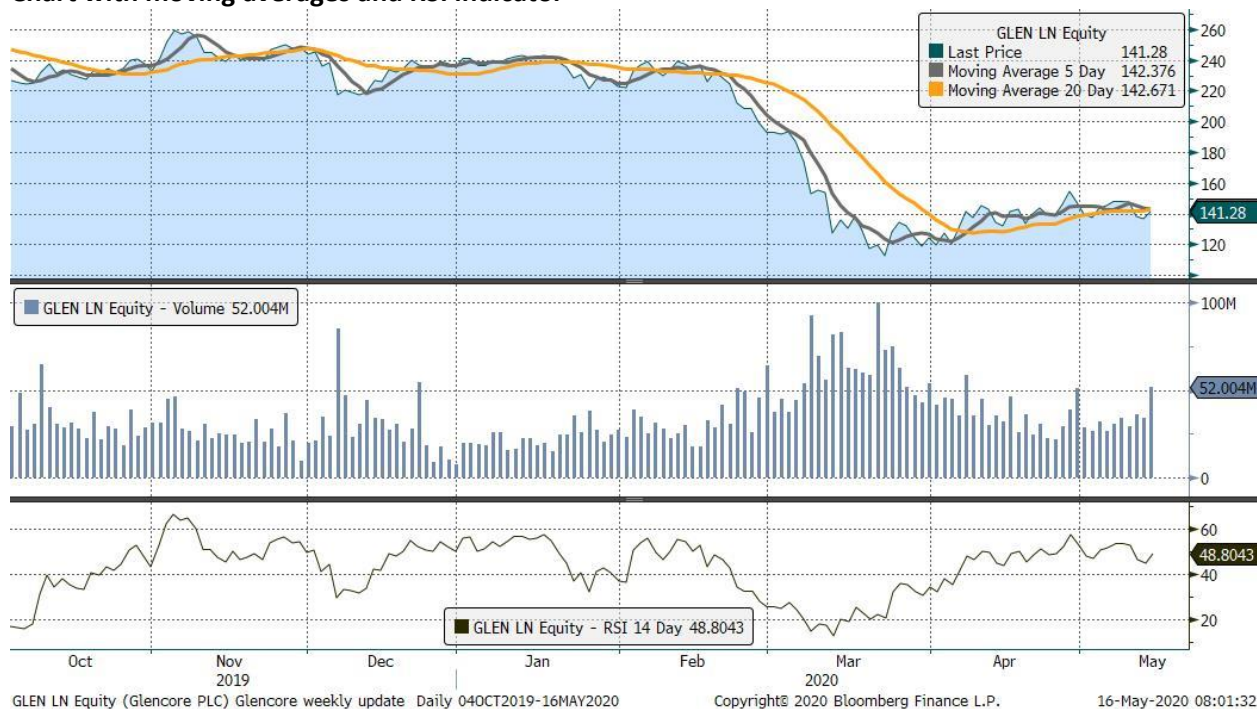
30/07/20	Preliminary results
13/08/20	XD, Final Dividend
01/10/20	AGM

Company	Glencore (GLEN)	GLEN Performance	
Listed ETPs	3x Long Glencore Daily ETP (3LGL)	1 week	-4.7%
	3x Short Glencore Daily ETP (3SGL)	1 month	5.1%
		YTD	-40.0%
Exchange	London Stock Exchange	Price vs 52w high	-48.3%

Overview

Market underperformer over the week. Ivan Glasenberg, CEO, [spoke](#) at the Bank of America Global Metals, Mining and Steel Conference on 12 May, providing an operational update. He highlighted that low above ground inventories at the start of the year (relative to previous economic cycles) should help limit the extent of potential inventory build likely to be seen in copper, zinc and nickel.

Chart with moving averages and RSI indicator



Consensus forecasts

	12/31/2020			12/31/2021		
	Net Income	EPS	DPS	Net Income	EPS	DPS
Current	\$0.6 b	\$0.05	\$0.09	\$1.8 b	\$0.14	\$0.14
1 month change	-2.1%	11.9%	-1.1%	2.3%	5.9%	-13.5%

Upcoming Events

31/07/20	Half Year Production Report
05/08/20	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	-8.9%
	3x Short Lloyds Banking Group Daily ETP (3SLL)	1 month	-4.2%
		YTD	-54.4%
Exchange	London Stock Exchange	Price vs 52w high	-59.3%

Overview

Market underperformer over the week. [Announced](#) a tender offer to purchase for cash any and all of certain series of its U.S. dollar denominated senior notes, total principal amount outstanding of \$4.86 bn. In relation to the pandemic, it [announced](#) that it had provided over £4 bn of finance for business bounce back, including approval of 74,623 Bounce Back Loans applications to the value of £2.4 bn.

Chart with moving averages and RSI indicator



Consensus forecasts

	12/31/2020			12/31/2021		
	Net Income	EPS	DPS	Net Income	EPS	DPS
Current	\$2.1 b	\$0.02	\$0.01	\$3.1 b	\$0.04	\$0.02
1 month change	-18.0%	-4.8%	-18.2%	-8.3%	-6.8%	-4.2%

Upcoming Events

21/05/20	Annual General Meeting
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	5.3%
	3x Short Rio Tinto Daily ETP (3SRI)	1 month	6.9%
		YTD	-8.8%
Exchange	London Stock Exchange	Price vs 52w high	-21.2%

Overview

Market outperformer over the week. J-S Jacques, CEO, [spoke](#) at the Bank of America Global Metals, Mining and Steel Conference on 12 May. On China, he commented, "Overall we feel pretty confident about China. Full year GDP growth may be impacted from the shock in the first quarter but what we see is the industrial part of the economy is running in a normal way, I mean at full speed. And by the way, this part of the economy, or the recovery, if you want to talk about recovery, is proving to be pretty commodity intensive. Which is a great piece of news for Rio Tinto. Now it's fair to say that on the other side, the service economy, the leisure part of the economy, is under pressure and will take time to return to full activity." JP Morgan Cazenove maintained 'neutral' rating, cut target to 4560p from 4730p.

Chart with moving averages and RSI indicator



Consensus forecasts

	12/31/2020			12/31/2021		
	Net Income	EPS	DPS	Net Income	EPS	DPS
Current	\$7.9 b	\$4.84	\$2.98	\$6.8 b	\$4.34	\$2.80
1 month change	-0.4%	1.7%	-0.4%	2.7%	3.6%	0.8%

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	-13.0%
	3x Short Rolls-Royce Daily ETP (3SRR)	1 month	-19.5%
		YTD	-63.5%
Exchange	London Stock Exchange	Price vs 52w high	-73.4%

Overview

Market underperformer over the week. Quiet on the news front after last week's AGM statement, [announced](#) that it had launched the first immersive virtual reality training for business aviation customers. JP Morgan Cazenove maintained 'underweight' rating, cut target to 155p from 175p.

Chart with moving averages and RSI indicator



Consensus forecasts

	12/31/2020			12/31/2021		
	Net Income	EPS	DPS	Net Income	EPS	DPS
Current	£0.03 b	-\$0.06	\$0.12	£0.32 b	\$0.15	\$0.12
1 month change	-78.9%	-405.3%	-9.2%	-23.8%	-37.2%	-6.2%

Upcoming Events

Early July	Trading Update
End August	Half Year Results

Company	Royal Dutch Shell A (RDSA)	RDSA Performance	
Listed ETPs	3x Long Royal Dutch Shell Daily ETP (3LRD)	1 week	-6.0%
	3x Short Royal Dutch Shell Daily ETP (3SRD)	1 month	-7.8%
		YTD	-43.5%
Exchange	London Stock Exchange	Price vs 52w high	-53.4%

Overview

Market underperformer over the week. Announced that it was investing in a new Nigeria LNG (NLNG) processing unit, adding around 8 million tonnes per annum (mtpa) of capacity to Bonny Island facility, taking total capacity to 30 mtpa. NLNG is a JV owned by National Petroleum Corporation (49%), Shell (25.6%), Total (15%) and ENI (10.4%). On the dividend, Jessica Uhl, the CFO, was [reported](#) to have said on an investor call when “our outlook stabilises and our balance sheet is in the right position, then we should be in a very strong position to increase shareholder distributions.” HSBC maintained ‘buy’ rating, cut target to 1500p from 1575p, UBS maintained ‘buy’ rating, cut target to 1650p from 1700p.

Chart with moving averages and RSI indicator



Consensus forecasts

	12/31/2020			12/31/2021		
	Net Income	EPS	DPS	Net Income	EPS	DPS
Current	\$3.7 b	\$0.50	\$0.87	\$9.1 b	\$1.33	\$1.00
1 month change	-17.3%	-14.5%	-47.2%	-3.9%	7.0%	-46.4%

Upcoming Events

19/05/20	AGM
30/07/20	Q2 Results
29/10/20	Q3 Results

Company	Vodafone (VOD)	VOD Performance	
Listed ETPs	3x Long Vodafone Daily ETP (3LVO)	1 week	7.14%
	3x Short Vodafone Shell Daily ETP (3SVO)	1 month	12.0%
		YTD	-17.6%
Exchange	London Stock Exchange	Price vs 52w high	-28.6%

Overview

Market outperformer over the week. [Preliminary results](#) for year to March 2020 brought relief to income investors with the dividend being maintained, making a full year payment of €0.09 per share. Looking at other aspects of the results, the mounting debt pile €42.2 bn vs €27.0 bn will give investors cause for concern, particularly with competition in the UK likely to hot up with the merger of Liberty Global and O2. DZ Bank upgraded to 'buy' from 'hold', cut target to 150p from 160p.

Chart with moving averages and RSI indicator



Consensus forecasts

	3/31/2021			3/31/2022		
	Net Income	EPS	DPS	Net Income	EPS	DPS
Current	£2.23 b	\$0.08	\$0.09	£2.81 b	\$0.10	\$0.09
1 month change	16.4%	-2.4%	1.1%	11.0%	-4.6%	-1.1%

Upcoming Events

11/06/20 XD, Final Dividend (€0.045)

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

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Performance and capital loss: 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.

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