

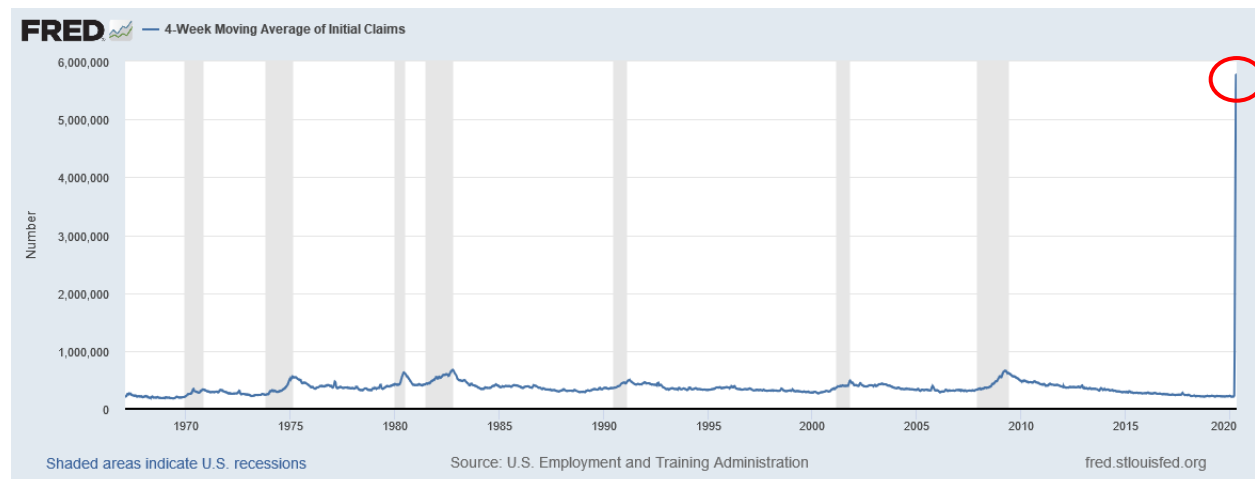
## The Long and Short of it – Weekly Update

### Week in review – Reality check, dividends are not sacrosanct

More than 30 million Americans have filed for unemployment benefits in the past six weeks. James Knightley at ING [suggests](#) that we are on course for an unemployment rate of 22% but as he highlights a third of Americans between the age of 18-65 are not classified as employed or unemployed, which means that less than half working age Americans may be earning a wage next month. No wonder those facing elections are keen to get the economy started again regardless of any other costs. Against the weakening economic backdrop, Fed chair Powell indicated that the Fed is likely to do more without giving any information about specific measures.

Investor enthusiasm faded in the second half of the week. In the UK, the reality check came for income investors when Royal Dutch Shell cuts its dividend for the first time in over 75 years. The board took the decision because of the great uncertainty prevailing and the desire to build resilience. One question investors may have, was BP, which reported first, 'suckered' into maintaining its dividend because it believed Shell would not break with history?

### Chart of the week: 4-week average of US initial claims - 5,033,250



"In the week ending April 25, the advance figure for seasonally adjusted initial claims was 3,839,000, a decrease of 603,000 from the previous week's revised level."

Source: <https://www.dol.gov/ui/data.pdf> (US Department of Labor), chart from the Federal Reserve Bank of St Louis

### Week ahead – I'm an economy, get me out of here

Investors in the UK will be keenly awaiting more information on the Government's phased approach to opening the economy. Key releases this week include the EU's economic forecasts on Thursday, which will include fiscal and debt projections for 2020 and 2021. Italy is likely to be in focus after this week's surprise downgrade of Italy to BBB- by Fitch. In the UK on Thursday, the BoE is likely to indicate that it is prepared to take additional measures to support the economy and will provide updated forecasts for the UK economy. No change in interest rates is expected. The week also sees a number of IHS Markit PMI releases.

No company announcements scheduled.

### Top performing ETPs over the week

Top performing long ETP	<b>3x Long Barclays (3LBC)</b>	<b>+46.8%</b>
Top performing short ETP	<b>3x Short Royal Dutch Shell (3SRD)</b>	<b>+26.5%</b>

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 1 May 2020	Weekly change	MA 200d	MA 50d	High - 52w	Low - 52w	Price vs 52w High
AstraZeneca	8,202.00	0.0%	7,305.91	7,307.18	8,635.00	5,626.00	-5.0%
BAE Systems	503.00	-0.4%	567.78	544.57	672.60	428.60	-25.2%
Barclays	102.74	15.9%	149.62	110.38	192.96	73.04	-46.8%
BP	298.85	-3.2%	456.64	338.65	565.80	222.90	-47.2%
Diageo	2,765.50	4.2%	3,091.25	2,644.03	3,633.50	2,139.00	-23.9%
Glencore	139.78	0.4%	216.39	152.67	296.65	109.76	-52.9%
Lloyds Banking Group	31.69	6.6%	51.93	37.70	69.99	27.70	-54.7%
Rio Tinto	3,614.50	-3.6%	4,109.70	3,663.98	4,977.34	2,954.00	-27.4%
Rolls-Royce	313.10	0.9%	658.92	428.09	939.61	249.00	-66.7%
Royal Dutch Shell A	1,231.60	-10.7%	2,065.27	1,444.33	2,637.50	946.10	-53.3%
Vodafone	110.38	1.0%	144.97	120.16	169.46	92.76	-34.9%

### 3x Long ETP performance

Underlying stock	Ticker	27-Apr	28-Apr	29-Apr	30-Apr	1-May	1 Week	Last 20 days
AstraZeneca	3LAZ	3.1%	-3.7%	0.7%	4.2%	-4.3%	-0.3%	49.7%
BAE Systems	3LBA	5.3%	-0.8%	13.8%	-15.6%	-3.2%	-2.8%	-21.8%
Barclays	3LBC	8.2%	22.0%	38.3%	-11.8%	-8.9%	46.8%	5.1%
BP	3LBP	5.4%	7.7%	10.6%	-18.4%	-13.6%	-11.5%	-34.5%
Diageo	3LDO	7.9%	4.2%	0.3%	-1.8%	1.7%	12.6%	13.9%
Glencore	3LGL	1.5%	11.8%	18.9%	-14.7%	-14.9%	-2.1%	-17.7%
Lloyds Banking Group	3LLL	8.2%	26.6%	13.7%	-21.8%	-5.2%	15.4%	-21.3%
Rio Tinto	3LRI	0.8%	0.9%	13.6%	-19.7%	-5.7%	-12.5%	-21.2%
Rolls-Royce	3LRR	-2.6%	11.6%	35.2%	-23.1%	-15.3%	-4.2%	-37.4%
Royal Dutch Shell A	3LRD	4.2%	7.3%	11.1%	-32.4%	-21.2%	-33.9%	-52.3%
Vodafone	3LVO	4.0%	6.1%	15.5%	-17.0%	-4.7%	0.7%	-10.3%

### 3x Short ETP performance

Underlying stock	Ticker	27-Apr	28-Apr	29-Apr	30-Apr	1-May	1 Week	Last 20 days
AstraZeneca	3SAZ	-3.2%	3.7%	-0.7%	-4.2%	4.3%	-0.4%	-37.6%
BAE Systems	3SBA	-5.4%	0.8%	-13.8%	15.5%	3.2%	-2.0%	12.8%
Barclays	3SBC	-8.3%	-22.1%	-38.1%	11.6%	8.9%	-46.3%	-33.4%
BP	3SBP	-5.3%	-7.7%	-10.6%	18.3%	13.6%	5.0%	23.8%
Diageo	3SDO	-8.0%	-4.2%	-0.3%	1.8%	-1.7%	-12.1%	-16.5%
Glencore	3SGL	-1.6%	-12.0%	-18.9%	14.8%	14.9%	-7.3%	-6.8%
Lloyds Banking Group	3SLL	-8.1%	-26.6%	-13.7%	21.7%	5.2%	-25.5%	-0.7%
Rio Tinto	3SRI	-0.9%	-0.9%	-13.6%	19.7%	5.7%	7.3%	11.4%
Rolls-Royce	3SRR	2.3%	-11.4%	-35.8%	23.1%	15.3%	-17.4%	5.4%
Royal Dutch Shell A	3SRD	-4.3%	-7.4%	-11.1%	32.5%	21.1%	26.5%	49.5%
Vodafone	3SVO	-4.1%	-6.1%	-15.6%	17.0%	4.7%	-6.8%	0.0%

### Data and charts

All performance data to 1 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 ( <b>3LAZ</b> )	1 week	0.0%
	3x Short AstraZeneca Daily ETP ( <b>3SAZ</b> )	1 month	15.5%
		YTD	10.0%
Exchange	London Stock Exchange	Price vs 52w high	-5.0%

### Overview

Performed in line with the market over the week. [Q1 results](#): unchanged financial guidance for FY 2020, total revenue expected to increase by a high single-digit to a low double-digit percentage and core EPS to increase by a mid-to high-teens percentage. News flow included [announcement](#) of collaboration with Oxford University on a Covid-19 vaccine. HSBC kept its 'reduce' rating, raised its price target to 6690p from 6450p; Credit Suisse kept its 'outperform' rating, raised price target to 9000p from 8500p.

### 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	\$4.05	\$2.81	\$6.5 b	\$4.97	\$2.83
1 month change	0.0%	-2.0%	2.1%	-1.1%	-0.6%	0.7%

### 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 ( <b>3LBA</b> )	1 week	-0.4%
	3x Short BAE Systems Daily ETP ( <b>3SBA</b> )	1 month	3.2%
		YTD	-10.9%
Exchange	London Stock Exchange	Price vs 52w high	-25.2%

### Overview

Market underperformer over the week. [Announced](#) that its business leaders were providing mentoring and expert advice to SMEs through the pandemic under the Be the Business programme. Deutsche Bank maintained 'buy' rating, cut price target to 695p from 730p, JP Morgan Cazenove maintained 'overweight' rating, cut target price to 765p from 775p, Morgan Stanley upgraded to 'overweight', cut target price to 625p from 685p.

### 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	-2.1%	0.0%	-2.0%	-0.9%	-2.0%	-2.0%

### Upcoming Events

07/05/20	AGM
30/07/20	Half year results

Company	Barclays (BARC)	BARC Performance	
Listed ETPs	3x Long Barclays Daily ETP ( <b>3LBC</b> )	1 week	15.9%
	3x Short Barclays Daily ETP ( <b>3SBC</b> )	1 month	24.0%
Exchange	London Stock Exchange	YTD	-42.8%
		Price vs 52w high	-46.8%

### Overview

Market outperformer over the week as investors warmed to the results. [Q1 results](#): Group profit before tax was £0.9bn (Q119:£1.5bn), EPS was 3.5p (Q119:6.1p), £2.1bn bad loan provision, CET1 ratio at 13.1%, net interest margin 2.91% vs 3.03% (4Q19), tangible net asset value increased to 284p vs 262p in December 2019. Also of note, it was a record quarter for the Markets business.

### 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	\$0.00	\$0.39	£4.6 b	\$0.32	\$0.39
1 month change	-69.4%	-98.0%	-1.8%	-17.6%	16.2%	-1.5%

### Upcoming Events

07/05/20	AGM
29/07/20	Half Year Results
23/10/20	Q3 Results



Company	BP (BP.)	BP. Performance	
Listed ETPs	3x Long BP Daily TP ( <b>3LBP</b> )	1 week	-3.2%
	3x Short BP Daily ETP ( <b>3SBP</b> )	1 month	-10.4%
		YTD	-35.5%
Exchange	London Stock Exchange	Price vs 52w high	-47.2%

### Overview

Market underperformer over the week. [Q1 results](#): underlying replacement cost profit for Q1 \$0.8bn vs \$2.4bn Q1 last year, quarterly dividend maintained at 10.5 cents; \$32.5 billion in available liquidity, cutting organic capital spend to \$12 billion, a reduction of 25% to the guidance given in February, planning to reduce cash costs by \$2.5 billion by the end of 2021 relative to 2019. Several broker notes published, including RBC Capital Markets with a price target of 250p and Citigroup with a 330p target.

### 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	\$0.08	\$0.02	£2.6 b	\$0.16	\$0.06
1 month change	-105.2%	-14.0%	-34.5%	-29.4%	-14.7%	-23.6%

### Upcoming Events

07/05/20	XD, Q1 dividend
28/07/20	Q2 results
06/08/20	XD, Q2 dividend

Company	Diageo (DGE)	DGE Performance	
Listed ETPs	3x Long Diageo Daily ETP ( <b>3LDO</b> )	1 week	4.2%
	3x Short Diageo Daily ETP ( <b>3SDO</b> )	1 month	12.3%
		YTD	-12.8%
		Price vs 52w high	-23.9%
Exchange	London Stock Exchange		

### Overview

Market outperformer over the week. [Announced](#) that it had launched and priced a \$2.5 billion SEC-registered bond offering, consisting of \$750 million 1.375% fixed rate notes due 2025; \$1 billion 2.000% fixed rate notes due 2030; and \$750 million 2.125% fixed rate notes due 2032. Oddo upgraded its rating to 'buy' from 'neutral', raised price target to 3130p from 2480p.

### 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	-6.0%	-4.3%	-4.0%	-6.3%	-6.1%	-2.3%

### 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	0.4%
	3x Short Glencore Daily ETP (3SGL)	1 month	17.3%
		YTD	-40.6%
Exchange	London Stock Exchange	Price vs 52w high	-52.9%

### Overview

Performed in line with the market over the week. [Q1 production report and update](#): Ivan Glasenberg, CEO, commented that thanks to the Marketing business "to date, we have generated annualised earnings within our \$2.2 to \$3.2 bn p.a. long-term guidance range." JP Morgan Cazenove maintained its 'underweight' rating, raised target to 170p from 140p, Jefferies International downgraded its rating to 'hold' from 'buy', cut target price to 150p 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	\$0.7 b	\$0.04	\$0.11	\$1.7 b	\$0.14	\$0.14
1 month change	-43.4%	-8.7%	-0.9%	-15.0%	-19.6%	-15.8%

### 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	6.6%
	3x Short Lloyds Banking Group Daily ETP (3SLL)	1 month	12.1%
Exchange	London Stock Exchange	YTD	-49.3%
		Price vs 52w high	-54.7%

### Overview

Market underperformer over the week. [Q1 Interim Management Statement](#): PBT £74m vs £1.6bn (1Q19), EPS of 0.5p (Q1 19: 1.5p), impairment charge of £1.43n, CET-1 ratio 14.2%, net interest margin 2.79% vs 2.85% (4Q19). Forward guidance was withdrawn indicating that “the impact of lower rates, lower levels of activity and higher impairment on the Group’s business will continue into the second quarter, but remains difficult to quantify given the significant uncertainty.”

### Chart with moving averages and RSI indicator



### Consensus forecasts

	12/31/2020			12/31/2021		
	Net Income	EPS	DPS	Net Income	EPS	DPS
Current	\$2.0 b	\$0.03	\$0.01	\$3.1 b	\$0.05	\$0.03
1 month change	-50.7%	0.0%	-18.2%	-19.5%	-5.9%	0.0%

### 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	-3.6%
	3x Short Rio Tinto Daily ETP (3SRI)	1 month	0.2%
		YTD	-15.9%
Exchange	London Stock Exchange	Price vs 52w high	-27.4%

### Overview

Market underperformer over the week. News flow included [story](#) that it had entered into an earn-in and joint venture agreement with Midnight Sun Mining, which entitles Rio Tinto to buy up to a 75% interest in the Solwezi licences in Zambia for \$51m. The licences are located adjacent to First Quantum's Kansanshi mine. JP Morgan Cazenove maintained its 'neutral' rating, cut its target to 4730p from 4870p.

### 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	\$4.83	\$2.98	\$6.8 b	\$4.25	\$2.77
1 month change	-3.2%	0.2%	-123.3%	-3.6%	-1.8%	-1.6%

### 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 ( <b>3LRR</b> )	1 week	0.9%
	3x Short Rolls-Royce Daily ETP ( <b>3SRR</b> )	1 month	2.7%
Exchange	London Stock Exchange	YTD	-54.2%
		Price vs 52w high	-66.7%

### Overview

Market outperformer over the week. It was [reported](#) that Babcock International had awarded the contract for manufacturing the engines for the Royal Navy's new £1.25 bn frigate fleet to Rolls-Royce. Following the news that Airbus and Rolls-Royce were shelving the E-Fan X hybrid-electric RJ100 experiment, it was [reported](#) that Rolls-Royce would continue to ground test the power generation system. The FT [broke a story](#) that Rolls-Royce was planning to cut up to 8,000 jobs that was widely picked up over the weekend. An announcement is expected by the end of the month.

### Chart with moving averages and RSI indicator



### Consensus forecasts

	12/31/2020			12/31/2021		
	Net Income	EPS	DPS	Net Income	EPS	DPS
Current	£0.10 b	\$0.04	\$0.12	£0.36 b	\$0.18	\$0.13
1 month change	-65.7%	-67.4%	-9.2%	-31.4%	-36.3%	-3.7%

### Upcoming Events

07/05/20	AGM
03/08/20	Half year results

Company	Royal Dutch Shell A (RDSA)	RDSA Performance	
Listed ETPs	3x Long Royal Dutch Shell Daily ETP ( <b>3LRD</b> )	1 week	-10.7%
	3x Short Royal Dutch Shell Daily ETP ( <b>3SRD</b> )	1 month	-13.3%
		YTD	-43.9%
Exchange	London Stock Exchange	Price vs 52w high	-53.3%

### Overview

Market underperformer over the week. [Q1 results](#): dividend cut to 0.16 cents from 0.47 cents, loss attributable to shareholders \$24m vs profit of \$965m in previous quarter, current cost of supplies (CCS) earnings \$2.86bn vs \$2.93bn (4Q19) and \$5.30bn (1Q19). Cutting the dividend reflects the company's decision to bolster resilience in the face of "the continued deterioration in the macroeconomic outlook and the significant mid and long-term uncertainty" (CEO statement).

### Chart with moving averages and RSI indicator



### Consensus forecasts

	12/31/2020			12/31/2021		
	Net Income	EPS	DPS	Net Income	EPS	DPS
Current	\$4.1 b	\$0.54	\$0.93	\$9.5 b	\$1.34	\$1.37
1 month change	-21.7%	-28.7%	-29.4%	-8.8%	-6.1%	-27.0%

### 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	0.97%
	3x Short Vodafone Shell Daily ETP (3SVO)	1 month	0.7%
		YTD	-24.8%
Exchange	London Stock Exchange	Price vs 52w high	-34.9%

### Overview

Market outperformer over the week. News flow from India, first, [Bloomberg](#) reported India's top court dismissed an appeal by Vodafone Group Plc's Indian unit for a tax refund of 47.6 billion rupees (\$629 million), secondly, it was [reported](#) that analysts' views that the \$200m funding provided to the Indian unit was inadequate, a Fitch analyst commenting at best it offers, "a temporary breather for VIL as the latter's cash generation is barely sufficient to meet interest expenses."

### Chart with moving averages and RSI indicator



### Consensus forecasts

	3/31/2020			3/31/2021		
	Net Income	EPS	DPS	Net Income	EPS	DPS
Current	£1.49 b	\$0.06	\$0.09	£2.05 b	\$0.08	\$0.09
1 month change	-4.0%	-13.2%	0.0%	-13.2%	-9.8%	0.0%

### Upcoming Events

12/05/20 Full year results



Feedback and comments: please send to [graniteshares@europe.com](mailto:graniteshares@europe.com)

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