

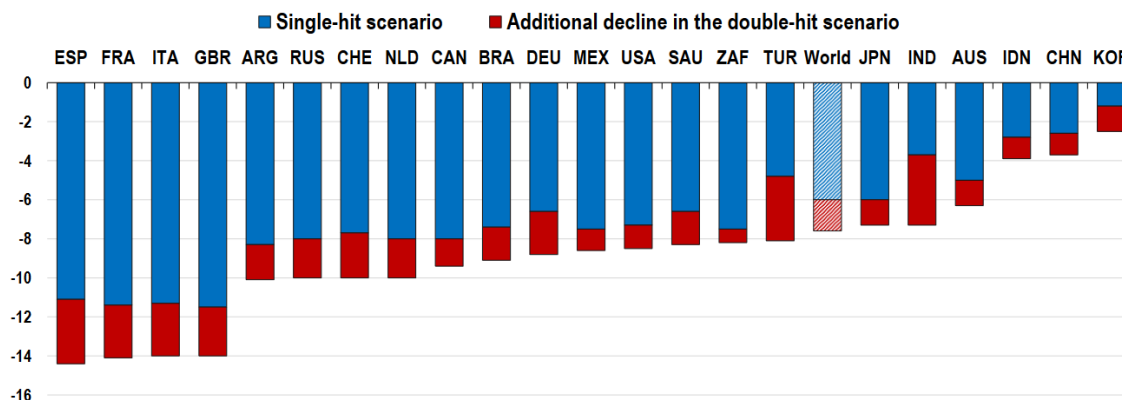
The Long and Short of it – Weekly Update

Week in review – Back on the big dipper

Suspect number one for the market weakness: a dovish Fed, which indicated that rates are on hold until the end of 2021. It is [projecting](#) a GDP fall of 6.5% for 2020 and an unemployment rate of 9.3% in the fourth quarter. Jerome Powell [highlighted](#) that “...you could see significant job growth in -- in coming months, as people return to their jobs, but you're still going to face probably an extended period where it will be difficult for many people to find work”. Powell's comments at the press conference elicited a tweet from the White House, which started “The Federal Reserve is wrong so often. I see the numbers also, and do MUCH better than they do. We will have a very good Third Quarter, a great Fourth Quarter, and one of our best ever years in 2021....” Time will tell. The Fed's reality check caused investors to take fright on Thursday with the S&P 500 falling 5.9% and the FTSE 100 falling 4%, recoveries on Friday did not prevent both ending down on the week, while the VIX rose by 48% over the week, closing at 36.09.

Among the stocks tracked by GraniteShares ETPs, only Rio delivered positive returns with a gain of 1%. The other cyclical were under pressure, Barclays being the biggest faller, down 10.9%, just ahead of BP. Rolls-Royce demonstrated how geared it is to the expectations about the broader economy. It was up 11.9% on Monday before three significant down days, which left it down 8% on the week. A £64 million fine from the FCA on Thursday contributed to a weekly fall of 10.2% in Lloyds Banking Group's share price.

Chart of the week: OECD Economic Outlook projections, Projected GDP change in 2020 in G20 economies, % year-on-year



Source: OECD Economic Outlook, The World Economy on a Tightrope, 10 June 2020

https://read.oecd-ilibrary.org/view/?ref=134_134128-yslmloiby1&title=OECD-Economic-Outlook-The-World-on-a-Tightrope

Week ahead – Time to inject some urgency into the post-Brexit trade talks

The week starts with post-Brexit trade talks between Boris Johnson and EU Commission President Ursula von der Leyen. Given that the UK has committed to not extending the transition period beyond the end of the year, the need to reach a workable trade deal becomes ever more pressing for UK businesses. Tuesday sees the publication of the latest U.S. retail sales and industrial production figures, which will reflect the impact of the ending of lockdowns across many states. Retail sales are expected to show solid growth mirroring the strong rebound in car sales. The Bank of England is expected to announce an expansion of its QE programme on Thursday, analysts are expecting by between £100 and £150 billion. The EU Summit on Friday will discuss the Recovery Fund proposal.

Top performing ETPs over the week

Top performing long ETP	3x Long Rio Tinto (3LRI)	+2.7%
Top performing short ETP	3x Short BP (3SBP)	+35.7%

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 12 Jun 2020	Weekly change	MA 200d	MA 50d	High - 52w	Low - 52w	Price vs 52w High
AstraZeneca	8,201.00	-2.7%	7,526.95	8,214.30	9,333.00	5,871.00	-12.1%
BAE Systems	504.80	-1.9%	562.17	511.78	672.60	428.60	-24.9%
Barclays	117.06	-10.9%	144.36	103.06	192.96	73.04	-39.3%
BP	323.05	-10.8%	428.96	320.53	563.00	222.90	-42.6%
Diageo	2,780.00	-4.1%	3,006.74	2,741.40	3,633.50	2,139.00	-23.5%
Glencore	172.34	-4.8%	204.52	147.95	273.26	109.76	-36.9%
Lloyds Banking Group	31.93	-10.2%	48.92	31.03	69.99	27.12	-54.4%
Rio Tinto	4,596.00	1.0%	4,089.77	3,982.95	4,977.34	2,954.00	-7.7%
Rolls-Royce	327.50	-8.0%	586.93	309.21	924.31	235.50	-64.6%
Royal Dutch Shell A	1,350.40	-8.6%	1,907.89	1,365.52	2,637.50	946.10	-48.8%
Vodafone	126.10	-6.5%	142.22	120.10	169.46	92.76	-25.6%

3x Long ETP performance

Underlying stock	Ticker	8-Jun	9-Jun	10-Jun	11-Jun	12-Jun	1 Week	Last 20 days
AstraZeneca	3LAZ	-8.1%	1.6%	5.8%	-4.6%	-2.7%	-8.3%	-26.1%
BAE Systems	3LBA	5.5%	3.9%	-0.9%	-7.1%	-6.8%	-6.0%	4.8%
Barclays	3LBC	0.9%	-14.9%	-3.0%	-21.9%	5.4%	-31.4%	32.2%
BP	3LBP	2.8%	-10.3%	-7.4%	-20.6%	2.1%	-30.8%	6.6%
Diageo	3LDO	-1.7%	-4.3%	2.8%	-10.0%	0.6%	-12.4%	-7.8%
Glencore	3LGL	1.2%	-7.4%	2.5%	-16.8%	6.4%	-15.0%	49.0%
Lloyds Banking Group	3LLL	11.2%	-13.4%	-1.8%	-25.5%	-1.0%	-30.3%	33.5%
Rio Tinto	3LRI	0.8%	-2.5%	3.5%	-5.5%	6.7%	2.7%	24.0%
Rolls-Royce	3LRR	35.0%	-21.5%	-12.9%	-26.9%	5.0%	-29.1%	13.6%
Royal Dutch Shell A	3LRD	5.3%	-13.1%	-5.2%	-17.8%	4.8%	-25.3%	8.1%
Vodafone	3LVO	4.6%	-4.7%	-5.8%	-14.4%	0.4%	-19.2%	-1.9%

3x Short ETP performance

Underlying stock	Ticker	8-Jun	9-Jun	10-Jun	11-Jun	12-Jun	1 Week	Last 20 days
AstraZeneca	3SAZ	8.1%	-1.7%	-5.8%	4.6%	2.7%	7.5%	26.0%
BAE Systems	3SBA	-5.5%	-3.9%	0.9%	7.0%	6.8%	4.7%	-10.1%
Barclays	3SBC	-1.0%	14.8%	3.0%	21.8%	-5.4%	35.0%	-44.8%
BP	3SBP	-2.9%	10.4%	7.3%	20.5%	-2.0%	35.7%	-21.8%
Diageo	3SDO	1.6%	4.2%	-2.9%	10.0%	-0.7%	12.5%	1.7%
Glencore	3SGL	-1.3%	7.3%	-2.5%	16.9%	-6.5%	12.9%	-43.4%
Lloyds Banking Group	3SLL	-11.3%	13.4%	1.7%	25.5%	1.1%	29.8%	-43.1%
Rio Tinto	3SRI	-0.9%	2.4%	-3.5%	5.5%	-6.8%	-3.7%	-21.9%
Rolls-Royce	3SRR	-35.9%	21.4%	13.6%	26.9%	-5.5%	5.9%	-74.0%
Royal Dutch Shell A	3SRD	-5.4%	13.1%	5.2%	17.9%	-4.9%	26.1%	-20.9%
Vodafone	3SVO	-4.7%	4.6%	5.8%	14.3%	-0.4%	20.1%	-2.9%

Data and charts

All performance data to 12 June 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	-2.7%
	3x Short AstraZeneca Daily ETP (3SAZ)	1 month	-8.9%
		YTD	10.0%
Exchange	London Stock Exchange	Price vs 52w high	-12.1%

Overview

Market outperformer over the week. On the drug front, it [announced](#) that Calquence, a next-generation, selective inhibitor of Bruton's tyrosine kinase, showed long-term efficacy and tolerability for patients with chronic lymphocytic leukaemia in two trials. On Saturday, it [announced](#) that it has reached an agreement with Europe's Inclusive Vaccines Alliance (IVA), spearheaded by Germany, France, Italy and the Netherlands, to supply up to 400 million doses of the University of Oxford's COVID-19 vaccine, with deliveries starting by the end of 2020. 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	\$5.03	\$2.83
1 month change	0.4%	1.8%	-0.2%	-0.6%	0.8%	0.3%

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	-1.9%
	3x Short BAE Systems Daily ETP (3SBA)	1 month	0.0%
		YTD	-10.6%
Exchange	London Stock Exchange	Price vs 52w high	-24.9%

Overview

Market outperformer over the week. It [announced](#) that the U.S. Navy has awarded BAE Systems a contract to produce multiple types of [Vertical Launching System](#) (VLS) canisters with a total lifetime maximum value of \$955 million. Goldman Sachs maintained 'neutral' rating, cut price target to 560p from 611p.

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	\$0.24	£1.6 b	\$0.50	\$0.25
1 month change	-2.0%	-0.9%	0.0%	-0.2%	-0.2%	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	-10.9%
	3x Short Barclays Daily ETP (3SBC)	1 month	19.4%
Exchange	London Stock Exchange	YTD	-34.8%
		Price vs 52w high	-39.3%

Overview

Market underperformer over the week. No corporate news to report. For those who like a bit of gossip, the civil trial via Zoom began involving Amanda Staveley, who claims that Barclays owe her £1.6 billion over her involvement in the deal to raise finance from Gulf-based investors that saved Barclays in 2008. Some less than complimentary comments made by one of lawyers defending Barclays made in a 'private chat' on Zoom reached a wider audience than intended... Do remember to hit mute first. 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	\$0.3 b	\$0.03	\$0.38	\$4.6 b	\$0.37	\$0.38
1 month change	-40.0%	42.9%	-1.0%	-2.3%	-2.9%	-2.3%

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	-10.8%
	3x Short BP Daily ETP (3SBP)	1 month	7.1%
		YTD	-28.4%
Exchange	London Stock Exchange	Price vs 52w high	-42.6%

Overview

Market underperformer over the week. On Monday, [Reuters](#) broke the story that BP is planning to reduce its workforce by 15%, cutting 10,000 jobs out of 71,000, with the focus being on senior office-based roles rather than frontline operational staff. About 3,000 jobs in the UK will go. 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	\$0.01	£2.3 b	\$0.14	\$0.04
1 month change	-15.5%	-9.6%	-50.0%	-6.2%	-8.4%	-16.0%

Upcoming Events

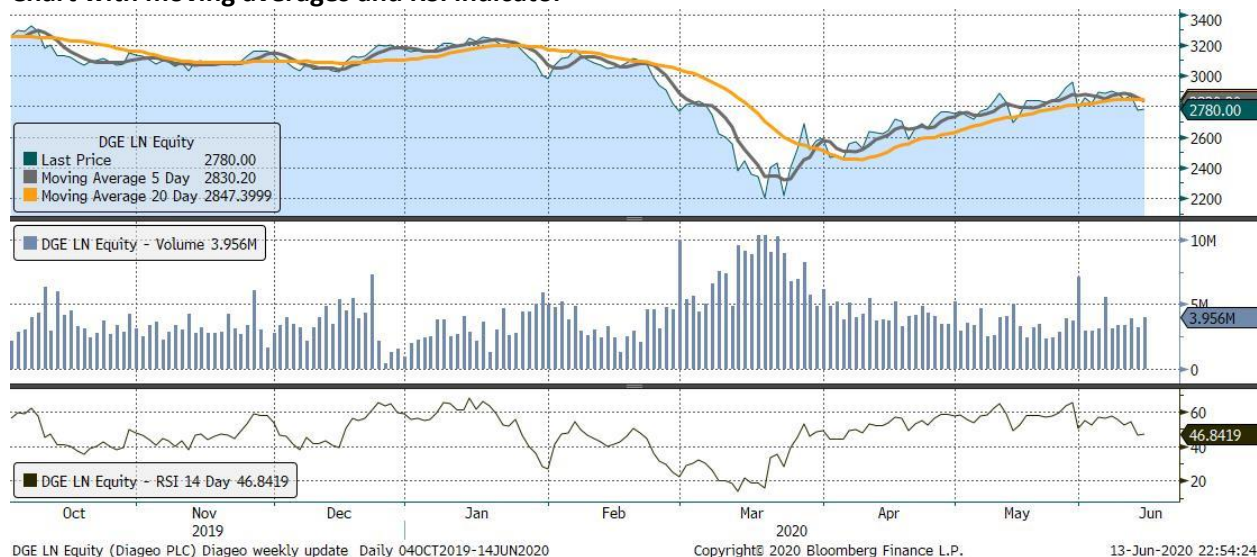
28/07/20	Q2 Results
27/10/20	Q3 Results

Company	Diageo (DGE)	DGE Performance	
Listed ETPs	3x Long Diageo Daily ETP (3LDO)	1 week	-4.1%
	3x Short Diageo Daily ETP (3SDO)	1 month	-1.5%
		YTD	-12.3%
		Price vs 52w high	-23.5%
Exchange	London Stock Exchange		

Overview

Market outperformer over the week. No corporate news apart from the [announcement](#) that Seagram's 7 Crown American whiskey will move to 100% recycled plastic bottles removing virgin plastic from bottles across all its PET (Polyethylene Terephthalate) formats: 1.75l, 750ml, 375ml and 200ml. The change will reduce the use of virgin plastic by almost 1000 tons annually. No broker notes.

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	\$1.12	\$0.70	£2.8 b	\$1.23	\$0.73
1 month change	-1.2%	-4.2%	-1.1%	-3.0%	-3.3%	-1.5%

Upcoming Events

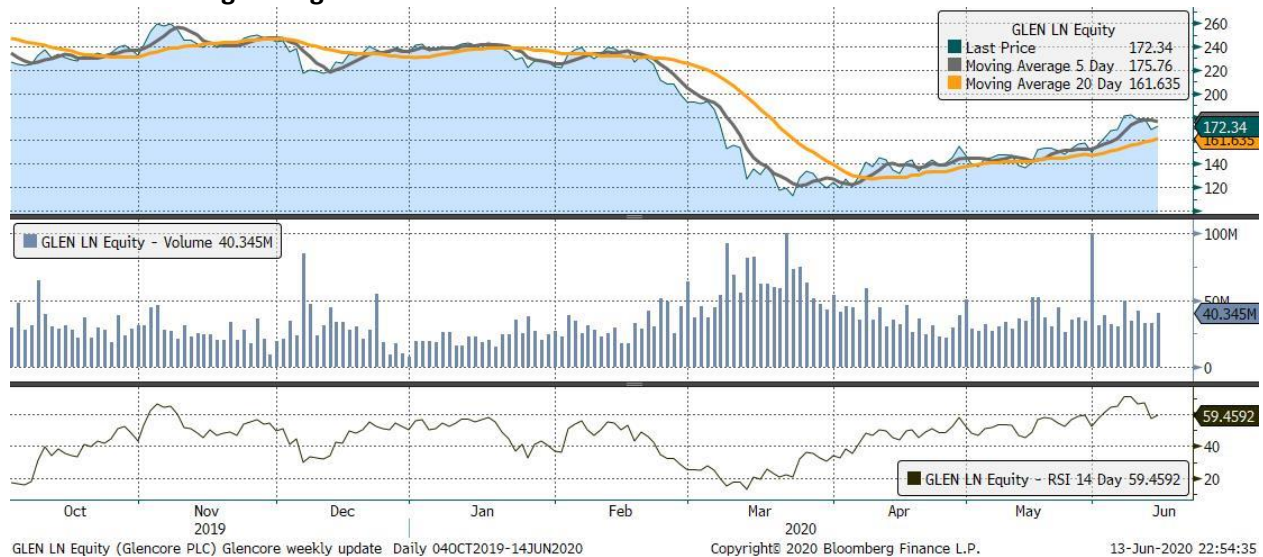
30/07/20	Preliminary results
13/08/20	XD, Final Dividend
01/10/20	AGM

Company	Glencore (GLEN)	GLEN Performance	
Listed ETPs	3x Long Glencore Daily ETP (3LGL)	1 week	-4.8%
	3x Short Glencore Daily ETP (3SGL)	1 month	24.5%
		YTD	-26.8%
Exchange	London Stock Exchange	Price vs 52w high	-36.9%

Overview

Market outperformer over the week. It was widely [reported](#) that the US\$1 billion [Valeria](#) mine in Queensland has been designated a “coordinated project” by regional authorities. It is seen as an important element in creating jobs, 1400 during construction and 950 ongoing roles once fully operational. The mine is expected to produce 20 million tonnes annually over a 35-year life. 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	\$0.4 b	\$0.04	\$0.08	\$1.5 b	\$0.13	\$0.13
1 month change	-10.9%	7.7%	-3.8%	-2.3%	0.0%	-0.8%

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) 3x Short Lloyds Banking Group Daily ETP (3SLL)	1 week -10.2% 1 month 10.1% YTD -48.9% Price vs 52w high -54.4%
Exchange	London Stock Exchange	

Overview

Market underperformer over the week. The [FCA](#) fined the bank and subsidiaries, Bank of Scotland plc and The Mortgage Business plc, £64 million for failures in relation to their handling of mortgage customers in payment difficulties or arrears. The FCA reported that the bank and its subsidiaries have nearly completed paying around £300 million in redress to 526,000 customers. 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	£1.8 b	\$0.02	\$0.01	£2.9 b	\$0.04	\$0.02
1 month change	-12.4%	0.0%	-11.1%	-3.8%	0.0%	-4.5%

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	1.0%
	3x Short Rio Tinto Daily ETP (3SRI)	1 month	23.2%
		YTD	6.9%
Exchange	London Stock Exchange	Price vs 52w high	-7.7%

Overview

Market outperformer over the week. The controversy over the destruction of two 46,000 year-old Aboriginal cultural sites in the Pilbara continued, with the Guardian [reporting](#) that there are mounting calls for changes to Western Australia's Aboriginal heritage laws and Rio's chairman had held meetings with major shareholders in London. Separately, Rio issued a [statement](#) apologising for "the distress we have caused the PKKP in relation to Juukan Gorge and our first priority remains rebuilding trust with the PKKP." Deutsche Bank maintained 'hold' rating, raised target price to 4600p from 4100p.

Chart with moving averages and RSI indicator



Consensus forecasts

	12/31/2020			12/31/2021		
	Net Income	EPS	DPS	Net Income	EPS	DPS
Current	\$8.2 b	\$5.17	\$3.20	\$7.2 b	\$4.56	\$2.93
1 month change	4.5%	1.9%	2.2%	5.1%	4.9%	4.8%

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	-8.0%
	3x Short Rolls-Royce Daily ETP (3SRR)	1 month	27.0%
		YTD	-52.1%
Exchange	London Stock Exchange	Price vs 52w high	-64.6%

Overview

Market underperformer over the week. It [announced](#) that it had delivered the 8000th engine from its site in Dahlewitz, Germany. The engine is for the Gulfstream Aerospace Corporation's G650ER business jet. In the UK, there were mounting [voices](#) to save the 700 jobs going at the Inchinnan site in Renfrewshire, where the company is planning to close the Maintenance, Repair and Overhaul base. 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	\$0.08	£0.3 b	\$0.11	\$0.09
1 month change	-116.1%	26.3%	-17.0%	-20.4%	-25.9%	-84.6%

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	-8.6%
	3x Short Royal Dutch Shell Daily ETP (3SRD)	1 month	7.8%
		YTD	-37.9%
Exchange	London Stock Exchange	Price vs 52w high	-48.8%

Overview

Market underperformer over the week. Reuters [reported](#) Shell has launched the sale of its stakes in two oilfields and two pipelines in Norway. It is selling its 6.45% interest in the Kvitebjorn field and pipeline and its 3.225% interest in the Valemon Unit and Valemon Rich Gas Pipeline. The assets are expected to raise between \$50 and \$100 million in total. 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	\$2.9 b	\$0.40	\$0.70	\$8.6 b	\$1.28	\$0.70
1 month change	-24.0%	-25.8%	-17.6%	-10.3%	-8.6%	-15.4%

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	-6.5%
	3x Short Vodafone Shell Daily ETP (3SVO)	1 month	6.9%
Exchange	London Stock Exchange	YTD	-11.5%
		Price vs 52w high	-25.6%

Overview

Market underperformer over the week. The company weighed into the Huawei debate about the removal of Huawei from the UK's 5G infrastructure, Scott Petty, the CTO of Vodafone UK, telling the [FT](#), "The UK's leadership in 5G will be lost if mobile operators are forced to spend time and money replacing existing equipment". Vodafone Idea remains in the [spotlight](#) over the case with Indian Supreme Court over Adjusted Gross Revenue dues, a senior director at Fitch Ratings saying that the venture cannot survive without a further equity injection. Is Google going to step in? 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	£1.9 b	\$0.06	\$0.09	£2.5 b	\$0.08	\$0.09
1 month change	-15.1%	-1.7%	-1.1%	-11.7%	-11.6%	-1.1%

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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