The Long and Short of it – Weekly Update

Week in review – Markets on a roll while jobless numbers soar

The U.S. and many other equity markets were on a roll going into the weekend, yet U.S. jobless figures hit a post-war record: 20.5 million jobs lost in a month. Worryingly, it is affecting the least well-off hardest as evidenced by the increase in average earnings. 7.7 million jobs were lost in leisure and hospitality, elsewhere some of the big losses came in durable goods manufacturing (914k), local government (801k), personal and laundry services (797k). A Bloomberg article quoted the head of monetary policy at Moody's Analytics, "It's going to take years to recover from this. There's a case to be made that a lot of these are temporary layoffs, so hopefully people can return to work quickly as we begin to reopen the economy -- but there's no guarantee in that."

Among the companies tracked by GraniteShares ETPs, interest centred on Rolls-Royce which, in its AGM Statement, confirmed that it was furloughing more than 8,000 employees. It also indicated that expected deliveries of wide body engines would be down significantly in 2020. Meanwhile, a US value investor, Causeway Capital, took a large stake. Will other value investors be drawn in over the coming weeks if the share price continues to be weak?

Chart of the week: U.S. Jobless hits 14.7% in April

Chart 1. Unemployment rate, seasonally adjusted, April 2018 – April 2020

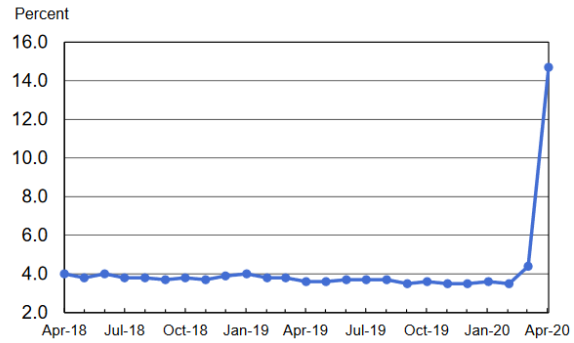
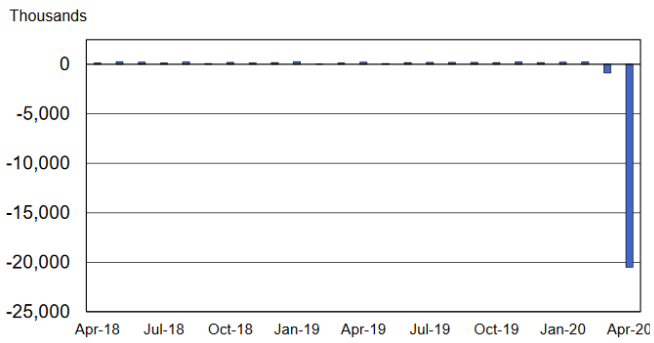


Chart 2. Nonfarm payroll employment over-the-month change, seasonally adjusted, April 2018 – April 2020



"In April, unemployment rates rose sharply among all major worker groups. The rate was 13.0 percent for adult men, 15.5 percent for adult women, 31.9 percent for teenagers, 14.2 percent for Whites, 16.7 percent for Blacks, 14.5 percent for Asians, and 18.9 percent for Hispanics."
Source: https://www.dol.gov/newsroom/economicdata/empsit_05082020.pdf (US Department of Labor, The Empoloyment Situation, April 2020)

Week ahead – Green shoots from China?

Q1 GDP figures for the UK and Germany will be released this week. While the figures may not be as bad as the 5% figures that came out of France, Italy and Spain, for the UK anything less than a 2.5% drop will probably be considered good, bearing in mind the flood damage that occurred before the lockdown. Data coming out of China on Friday will be followed with interest. The retail sales figure is expected to show a less significant drop than the March figure and the consensus is that the industrial production figure will show growth year on year.

Company announcements: Vodafone results on 12 May, perhaps more keenly followed than usual in the wake of the announced Virgin Media-O2 tie up.

Top performing ETPs over the week

Top performing long ETP	**3x Long BP (3LBP)**	**+26.3%**
Top performing short ETP	**3x Short Rolls Royce (3SRR)**	**+24.8%**

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 7 May 2020	Weekly change	MA 200d	MA 50d	High - 52w	Low - 52w	Price vs 52w High
AstraZeneca	8,559.00	4.4%	7,358.25	7,403.98	8,850.00	5,643.00	-3.3%
BAE Systems	512.20	1.8%	567.10	529.14	672.60	428.60	-23.8%
Barclays	105.42	2.6%	148.24	103.15	192.96	73.04	-45.4%
BP	315.90	8.6%	451.35	324.62	565.80	222.90	-44.2%
Diageo	2,778.00	0.5%	3,075.38	2,612.41	3,633.50	2,139.00	-23.5%
Glencore	148.18	6.0%	213.35	144.84	282.54	109.76	-47.6%
Lloyds Banking Grou	31.29	-1.3%	51.28	35.33	69.99	27.70	-55.3%
Rio Tinto	3,725.50	3.1%	4,082.23	3,616.08	4,977.34	2,954.00	-25.2%
Rolls-Royce	287.10	-8.3%	644.80	393.60	939.61	249.00	-69.4%
Royal Dutch Shell A	1,320.60	7.2%	2,033.85	1,386.20	2,637.50	946.10	-49.9%
Vodafone	112.92	2.3%	144.52	116.05	169.46	92.76	-33.4%

3x Long ETP performance

Underlying stock	Ticker	04-May	05-May	06-May	07-May	1 Week	Last 20 days
AstraZeneca	3LAZ	5.8%	5.4%	11.2%	-9.2%	12.6%	15.6%
BAE Systems	3LBA	-6.9%	2.8%	-3.4%	13.3%	4.7%	-21.2%
Barclays	3LBC	-9.0%	11.2%	-7.3%	13.5%	6.5%	42.1%
BP	3LBP	1.7%	18.0%	-4.8%	10.5%	26.3%	16.8%
Diageo	3LDO	-3.4%	-2.4%	5.7%	1.5%	1.1%	7.3%
Glencore	3LGL	-4.9%	13.7%	2.2%	6.9%	18.0%	4.0%
Lloyds Banking Group	3LLL	-10.3%	-0.2%	-4.1%	11.2%	-4.6%	5.2%
Rio Tinto	3LRI	-4.8%	3.5%	0.4%	10.1%	8.9%	-11.9%
Rolls-Royce	3LRR	-20.9%	9.2%	-6.3%	-6.8%	-24.6%	-39.5%
Royal Dutch Shell A	3LRD	8.1%	16.7%	-11.2%	8.1%	21.1%	-14.6%
Vodafone	3LVO	-2.0%	7.7%	0.2%	0.9%	6.7%	1.9%

3x Short ETP performance

Underlying stock	Ticker	04-May	05-May	06-May	07-May	1 Week	Last 20 days
AstraZeneca	3SAZ	-5.9%	-5.4%	-11.2%	9.2%	-13.7%	-16.8%
BAE Systems	3SBA	6.8%	-2.8%	3.4%	-13.3%	-7.0%	14.4%
Barclays	3SBC	8.9%	-11.2%	7.3%	-13.6%	-10.3%	-49.1%
BP	3SBP	-1.8%	-18.3%	4.9%	-10.5%	-24.7%	-28.4%
Diageo	3SDO	3.3%	2.4%	-5.7%	-1.5%	-1.8%	-11.0%
Glencore	3SGL	4.7%	-13.5%	-2.3%	-6.9%	-17.6%	-21.1%
Lloyds Banking Group	3SLL	10.2%	0.2%	4.0%	-11.1%	2.1%	-22.1%
Rio Tinto	3SRI	4.7%	-3.5%	-0.5%	-10.1%	-9.6%	0.9%
Rolls-Royce	3SRR	20.7%	-8.9%	6.3%	6.7%	24.8%	17.9%
Royal Dutch Shell A	3SRD	-8.3%	-16.7%	11.2%	-8.1%	-21.9%	-12.1%
Vodafone	3SVO	1.9%	-7.7%	-0.3%	-0.9%	-7.1%	-10.7%

Data and charts

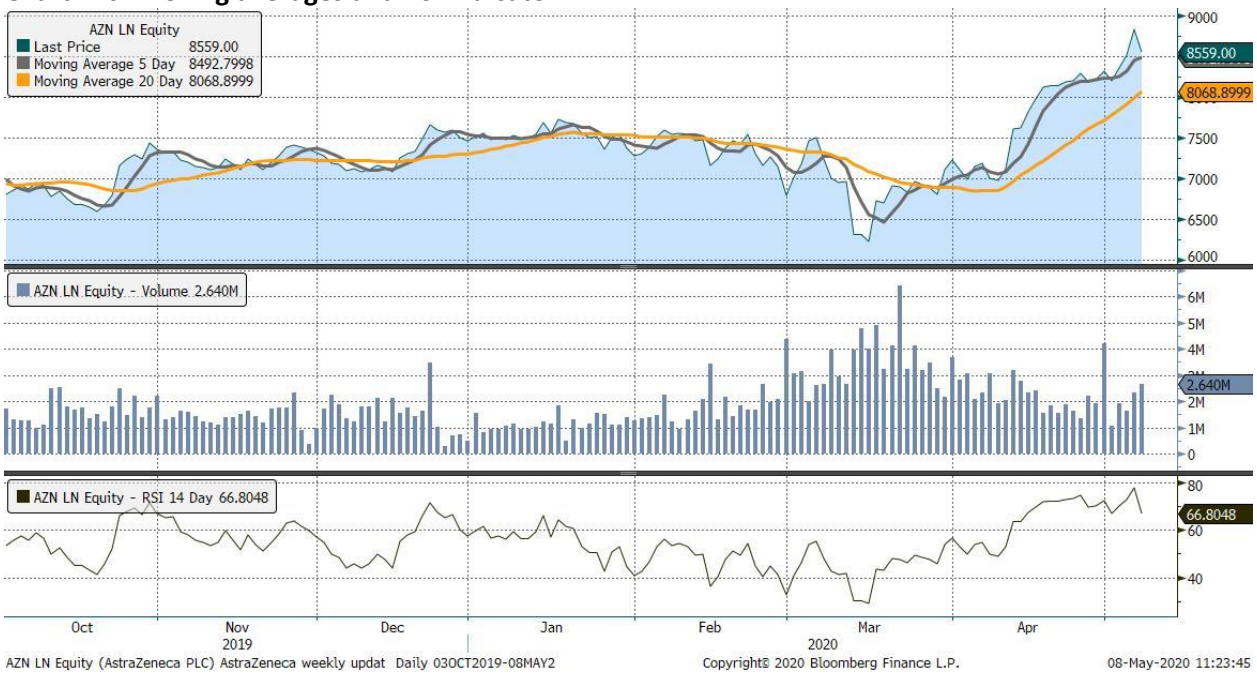
All performance data to 7 May 2020. Data and charts sourced from Bloomberg, unless otherwise indicated. Company events data sourced from company websites.

Company	**AstraZeneca (AZN)**	AZN Performance	
Listed ETPs	3x Long AstraZeneca Daily ETP (**3LAZ**)	1 week	4.4%
	3x Short AstraZeneca Daily ETP (**3SAZ**)	1 month	22.3%
		YTD	14.8%
Exchange	London Stock Exchange	Price vs 52w high	-3.3%

Overview

Market outperformer over the week. Announced that Farxiga (dapagliflozin) has been approved in the US to reduce the risk of cardiovascular death and hospitalisation for heart failure in adults with heart failure with reduced ejection fraction with and without type-2 diabetes. Cardiovascular, Renal and Metabolism (CVRM) is one of AstraZeneca's three therapy areas and is viewed as a key growth driver.

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	$4.98	$2.83
1 month change	0.3%	-1.0%	-0.4%	-0.3%	0.3%	-0.6%

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	1.8%
	3x Short BAE Systems Daily ETP (**3SBA**)	1 month	-3.1%
		YTD	-9.3%
Exchange	London Stock Exchange	Price vs 52w high	-23.8%

Overview

Market underperformer over the week. Announced completion of the acquisition of Raytheon Technologies Corporation's Airborne Tactical Radios ("Airborne Radios") business, "bringing industry-leading, battle-tested products and capabilities into the company's extensive Electronic Systems portfolio," augmenting its portfolio in airborne communications with broad-spectrum, multi-band, multi-channel radios that feature robust anti-jamming and encryption capabilities.

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	**-1.1%**	**0.0%**	**-2.0%**	**0.8%**	**-0.8%**	**-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	2.6%
	3x Short Barclays Daily ETP (**3SBC**)	1 month	11.2%
		YTD	-41.3%
Exchange	London Stock Exchange	Price vs 52w high	-45.4%

Overview

Market underperformer over the week. From the AGM Statement, the Chairman commented "We recognise that there is a lot more to do, and our target remains to produce a group return on tangible equity consistently above 10%." A resolution that committed Barclays to be net-zero by 2050 was passed. UBS maintained 'buy' rating, cut price target to 140p from 150p, JP Morgan Cazenove maintained 'overweight' rating, cut target to 160p from 180p, Citigroup maintained 'neutral' rating, raised target to 108p from 106p.

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	$0.40	£4.6 b	$0.34	$0.39
1 month change	-62.0%	-102.8%	-1.7%	-13.3%	28.0%	-1.5%

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	8.6%
	3x Short BP Daily ETP (**3SBP**)	1 month	-4.8%
		YTD	-30.0%
Exchange	London Stock Exchange	Price vs 52w high	-44.2%

Overview

Market outperformer over the week. BP Australia announced a feasibility study into an export-scale renewable hydrogen production facility in Western Australia. The project will include an initial investment from BP of (AUS) $2.7 million, with a further $1.7 million being funded by Australian Renewable Energy Agency (ARENA) as part of its Advancing Renewables Program.

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	$0.06	$0.02	£2.6 b	$0.15	$0.05
1 month change	**-98.4%**	**-18.3%**	**-36.0%**	**-19.8%**	**-12.0%**	**-27.3%**

Upcoming Events

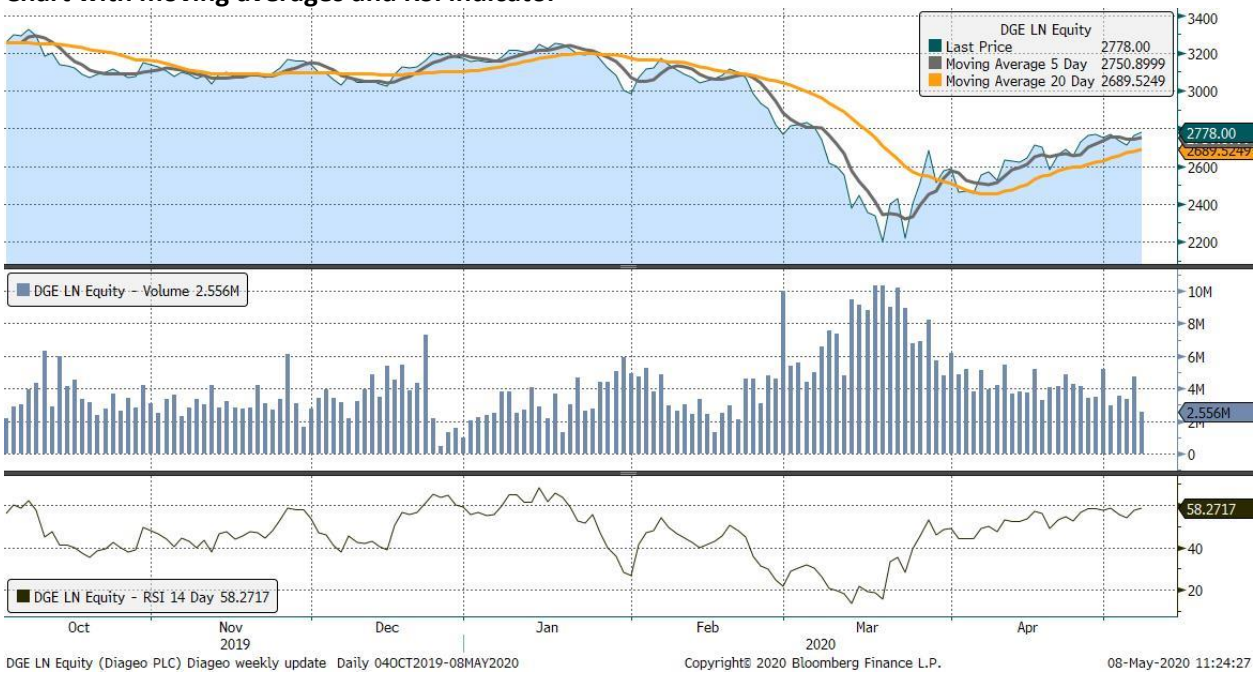
28/07/20	Q2 Results
06/08/20	XD, Q2 Dividend
27/10/20	Q3 Results

Company	**Diageo (DGE)**	DGE Performance	
Listed ETPs	3x Long Diageo Daily ETP (**3LDO**)	1 week	0.5%
	3x Short Diageo Daily ETP (**3SDO**)	1 month	8.1%
		YTD	-12.4%
Exchange	London Stock Exchange	Price vs 52w high	-23.5%

Overview

Market underperformer over the week. Nothing on the news front except help for those looking to relieve lockdown tedium, it announced the launch of the "Virtual Good Host Guide".

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	**0.1%**	**-1.9%**	**-3.0%**	**-0.9%**	**-1.0%**	**-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	6.0%
	3x Short Glencore Daily ETP (**3SGL**)	1 month	4.7%
		YTD	-37.0%
Exchange	London Stock Exchange	Price vs 52w high	-47.6%

Overview

Market outperformer over the week. It was announced that the Glencore Merafe Chrome Venture, in which Glencore has 79.5% stake, has recommenced operations at the Lion smelter and Eastern Chrome mines. The Venture's four other smelters and Kroondal mine will remain under care and maintenance. South Africa accounted for ca 79% of China's chrome ore imports in 2019 and has over 72% of the world's chrome reserves.

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	$0.05	$0.09	$1.8 b	$0.14	$0.14
1 month change	**-7.1%**	**58.6%**	**-2.1%**	**6.2%**	**7.0%**	**-15.4%**

Upcoming Events

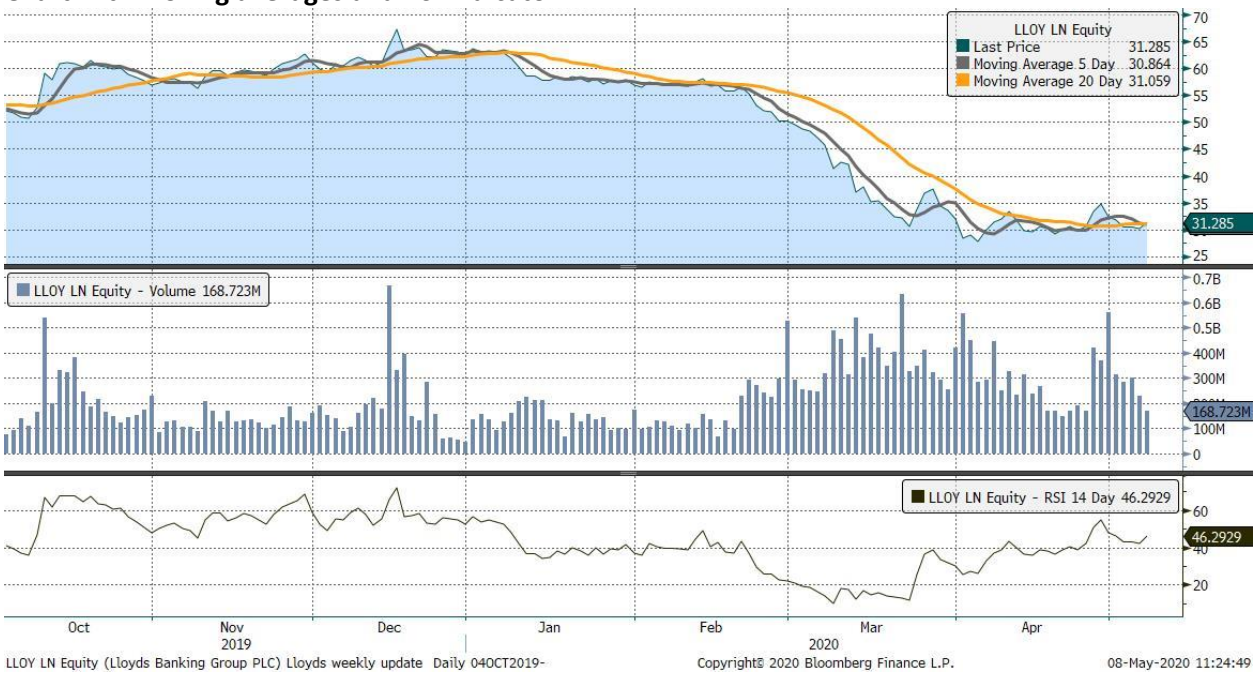
31/07/20	Half Year Production Report
05/08/20	Half Year Results
30/10/20	Q3 Production Report

Company	**Lloyds Banking Group (LLOY)**	LLOY Performance	
Listed ETPs	3x Long Lloyds Banking Group Daily ETP (**3LLL**)	1 week	-1.3%
	3x Short Lloyds Banking Group Daily ETP (**3SLL**)	1 month	0.2%
		YTD	-49.9%
Exchange	London Stock Exchange	Price vs 52w high	-55.3%

Overview

Market underperformer over the week. Announced that more than 32,000 businesses have today received Bounce Back Loans (BBLs) totalling over £1 billion from Lloyds Banking Group with an average loan amount of over £30,000. RBC Capital Markets maintained 'outperform' rating, cut price target to 42p from 50p, Berenberg maintained 'hold' rating, raised target to 40p from 46p, Citigroup maintained 'buy' rating, cut target to 42p from 50p, JP Morgan Cazenove maintained its 'neutral' rating, cut target to 45p from 50p.

Chart with moving averages and RSI indicator



Consensus forecasts

	12/31/2020			12/31/2021		
	Net Income	EPS	DPS	Net Income	EPS	DPS
Current	$1.9 b	$0.02	$0.01	$3.1 b	$0.05	$0.03
1 month change	**-32.5%**	**-12.0%**	**-22.2%**	**-10.6%**	**0.0%**	**8.7%**

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	3.1%
	3x Short Rio Tinto Daily ETP (**3SRI**)	1 month	-1.4%
		YTD	-13.4%
Exchange	London Stock Exchange	Price vs 52w high	-25.2%

Overview

Performed in line with the market over the week. Although targeting zero net emissions by 2050, its climate change stance is proving contentious and following the AGM in Australia it was reported in WAtoday and other media that more than 36 per cent of its investors were calling for deeper cuts to its emissions and the introduction of new targets covering the carbon footprint caused by customers using its products – known as "Scope 3" emissions.

Chart with moving averages and RSI indicator

Consensus forecasts

	12/31/2020			12/31/2021		
	Net Income	EPS	DPS	Net Income	EPS	DPS
Current	$8.0 b	$4.84	$3.00	$6.9 b	$4.37	$2.81
1 month change	2.8%	4.0%	-123.5%	5.9%	7.6%	0.0%

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	-8.3%
	3x Short Rolls-Royce Daily ETP (**3SRR**)	1 month	-14.5%
		YTD	-58.0%
Exchange	London Stock Exchange	Price vs 52w high	-69.4%

Overview

Market underperformer over the week. The AGM statement included the announcement that over 4,000 staff in the UK had been furloughed, generation of cash savings over the year now estimated at £1 billion, downgrading of expected widebody engine delivery in 2020 to 250 from previous guidance of 450. Regarding the Trent 1000 engine, it indicated that it had enough overhauled and spare engines to reduce aircraft on ground to around ten once air traffic resumes. An RNS releases on 6 May indicated that Causeway Capital, the U.S. value investor, had taken a 5% stake in the company.

Chart with moving averages and RSI indicator

Consensus forecasts

	12/31/2020			12/31/2021		
	Net Income	EPS	DPS	Net Income	EPS	DPS
Current	£0.04 b	$0.01	$0.12	£0.33 b	$0.17	$0.13
1 month change	**-77.8%**	**-90.0%**	**-7.1%**	**-27.6%**	**-34.5%**	**-2.2%**

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	7.2%
	3x Short Royal Dutch Shell Daily ETP (**3SRD**)	1 month	-13.7%
		YTD	-39.9%
Exchange	London Stock Exchange	Price vs 52w high	-49.9%

Overview

Market outperformer over the week. Announced that it was selling U.S. Appalachia gas assets to National Fuel for $541 million, almost nine times less than what it paid for the assets a decade ago. The transaction was identified as being "part of divesting non-core assets and in line with Shell's Shales strategy which focusses on development of higher margin, light tight oil assets." UBS maintained 'buy' rating, cut price target to 1700p from 1800p.

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	$0.52	$0.89	$9.5 b	$1.37	$1.15
1 month change	-16.8%	-21.5%	-41.5%	-2.7%	-1.2%	-38.4%

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	2.3%
	3x Short Vodafone Shell Daily ETP (**3SVO**)	1 month	-2.4%
		YTD	-23.1%
Exchange	London Stock Exchange	Price vs 52w high	-33.4%

Overview

Market underperformer over the week. Vodafone Hutchison Australia announced that the Australian Foreign Investment Review Board had given the green light for its $15 billion merger with TPG Telecom, with the deal clear to complete by mid-year. Separately, it announced that it has become a founder member of the Open RAN Policy Coalition, which will promote policies to advance the adoption of open and interoperable solutions in the Radio Access Network (RAN) as a means to create innovation, spur competition and expand the supply chain for mobile technologies including 5G. All eyes on the results, will the dividend be maintained and what about the implications of the Virgin Media-O2 merger?

Chart with moving averages and RSI indicator

Consensus forecasts

	3/31/2020			3/31/2021		
	Net Income	EPS	DPS	Net Income	EPS	DPS
Current	£1.67 b	$0.06	$0.09	£2.17 b	$0.09	$0.09
1 month change	**13.2%**	**-7.4%**	**0.0%**	**0.3%**	**-4.4%**	**0.0%**

Upcoming Events

12/05/20 Full year results

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

General Notice

For professional clients and eligible counterparties only.

GraniteShares Limited ("**GraniteShares**") is an appointed representative of Duff & Phelps Securities Ltd. which is authorised and regulated by the Financial Conduct Authority.

This document does not constitute an offer to buy or sell or a solicitation of an offer to buy securities in any company. This document is not intended for distribution to any other country where such distribution or use would be contrary to local law or regulation. Specifically, this document is not intended for general distribution in the United States or Canada.

Investing in financial markets involves a substantial degree of risk. Nothing described herein is intended to imply that an investment is "safe", "conservative", "risk free" or "risk averse". This document does not consider the specific investment objective, financial situation or particular needs of any potential investor and is intended only for those investors who are capable of understanding the risk of loss of all or a substantial part of their monies. Potential investors in the UK are reminded that they will not benefit from the UK investors compensation scheme.

Nothing contained herein constitutes investment, legal, tax or other advice nor is to be relied upon in making an investment or other decision. No recommendation is made positive or otherwise, regarding individual securities or investments mentioned herein. Any summary list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment in short and leveraged products. Prospective clients must consult with their own legal, tax and financial advisers before deciding to invest.

This document contains the opinions of the author and such opinions are subject to change without notice. The source of data is GraniteShares unless otherwise stated. No guarantee is made to the accuracy of the information provided which has been obtained from sources believed to be reliable. This document and the information contained herein is intended only for the use of persons (or entities they represent) to whom it has been provided.

Risk Factors

An investment in a GraniteShares short and leveraged exchange traded product ("**ETP**") may not be suitable for all investors. They are intended for investors who wish to take a very short term view on the underlying asset and are not intended as buy and hold investments.

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.

Generic risks: Investments in ETPs involve numerous risks including, among others, company risks, general market risks, credit risks, foreign exchange risks, interest rate risks, geopolitical risks and liquidity risks.

Specific product risks: The Index is constructed to track the performance of an increased (leveraged) and/or short exposure to the underlying asset. A fall (or rise where short and leveraged exposure) in value of the underlying asset can result in a greater reduction in the level of the Index. The Index is designed to do this on a daily basis only which should not be equated with seeking a leveraged position for periods longer than a day. The ETP's performance over periods longer than one day will not be correlated or symmetrical with the returns of the underlying asset. Potential investors should refer to the section entitled "Risk Factors" and "Economic Overview of the ETP Securities" in the Prospectus relating to the GraniteShares ETPs for further details of these and other risks associated with an investment in short and leveraged ETPs and consult their financial advisers as needed.

Counterparty risk: An investment in a GraniteShares short and leveraged ETP involves counterparty risk. GraniteShares Financial plc has entered into a Swap Agreement with a counterparty, Natixis, that is backed with collateral. Failure of the counterparty to make payments may result in an investment in an ETP suffering a loss.

Index Disclaimer

The Index is created, calculated and published by Solactive AG. No financial instrument is sponsored, promoted, sold or supported in any other manner by Solactive AG nor does Solactive AG offer any express or implicit guarantee or assurance either with regard to the results of using the Index and/or Index trade mark or the Index level at any time or in any other respect.