



EoW Product Report

Week of February 17 – February 21, CY2020

Equity Derivatives Products Sector

EoW Product Report

Phil Dangelo

Lead Analyst | Equity Derivatives
dangellop@gmail.com

AJ Reinach

Lead Analyst | Equity Derivatives
ajreinach@gmail.com

Cole Hogan

Lead Associate | Equity Derivatives
coleh793@gmail.com

Equity Derivatives Products Price Action Sheet

	End of Week Close	End of week % Change
S&P 500 Futures	3,339.30	(0.89%)
Nasdaq 100 Futures	9,458.00	(1.85%)
Hang Seng Futures	27,200.00	(2.31%)
FTSE 100 Futures	7,355.50	(0.41%)
S&P 500 Health Care Futures	1,042.80	(0.18%)
Nikkei 225 Futures	23,290.00	(1.06%)
Emerging Markets Futures	1,079.80	(1.93%)
Dow Real Estate Futures	394.00	(0.03%)

Market Data as of February 14, 5:00 pm EST

Jake Spagnola

President | PSAMG
jakespagnola@gmail.com

Nathan Pontician

Vice President | PSAMG
nathanpontician@gmail.com

Justin Shea-Katz

Chief Investment Officer | PSAMG
jsheakatz@gmail.com

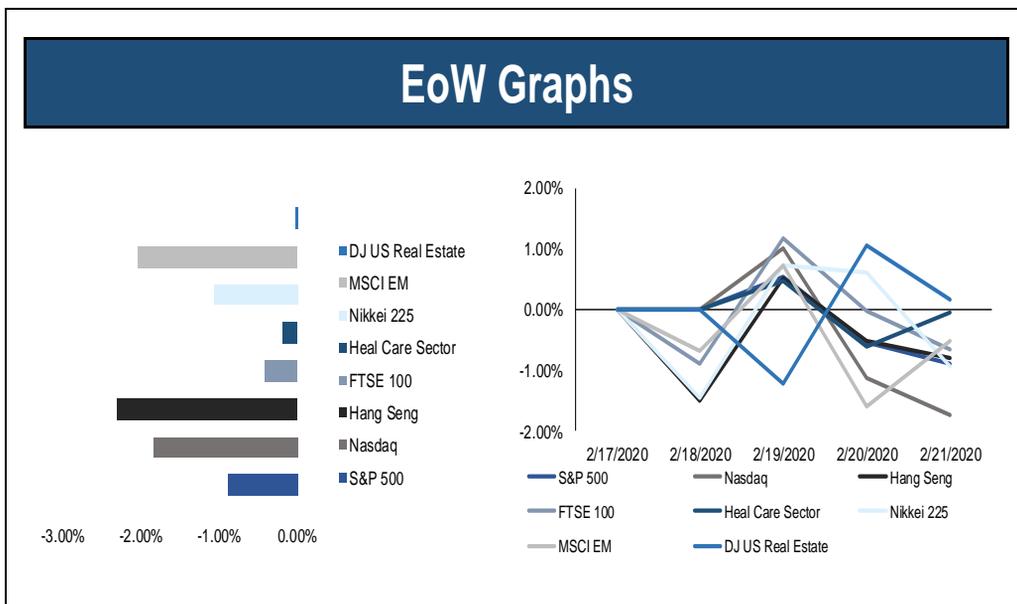
Liam Callahan

Director of Economic | PSAMG
liam.callahan00@gmail.com

Chris Vaughan

Director of Education | PSAMG
vaughanc7298@gmail.com

Product Price Movement





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coleh793@gmail.com

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President | PSAMG
jakespagnola@gmail.com

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nathanpontician@gmail.com

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PSAMG
jsheakatz@gmail.com

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PSAMG
liam.callahan00@gmail.com

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Director of Education |
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vaughanc7298@gmail.com

Japan Posts Poor GDP Growth

This past Monday, Japan released (1.60%) QoQ GDP growth for 4Q2019 which was worse than the expected (0.90%). In October, CY2019, the Japanese government increased the sales tax rate from 8.00% to 10.00%, which severely hurt household consumption. Household consumption fell by an annualized rate of (11.50%) for 4Q2019, falling below the expected (7.30%). This decrease is a similar reaction in the first quarter after the introduction of a sales tax in 1997, and an increase in the sales tax rate in 2014. Both of the previous events resulted in continued slow household spending for at least one year, and these prior tax hikes came when Japan had a stronger consumer. Making a rebound from the contractionary quarter in Japan will be tough because the sales tax will continue to keep household consumption low in Japan. The Bank of Japan will be unable to help the economy with the already negative short term lending rates, and very high government debt will allow for little fiscal stimulus to ease the effects of the tax increase on consumers. Falling household consumption and a possible coronavirus outbreak will continue to put pressure on the Japanese economy.

Coronavirus Hits Markets With New Data

Following last week's large gains, many of the major indices realized losses as statements from companies such as Apple, Coca-Cola, and Microsoft announced that supply chains will be disrupted in 1Q2020; however, they believe long-term guidance would still be reached. The most current statistics about the Coronavirus indicate 77,273.00 cases and 2,250.00 deaths as of Friday, February 21, CY2020. The virus has also spread to 32.00 countries with Lebanon and Egypt receiving their first cases. The number of cases reported in the U.S. are up this week due to 20.00 of the 350.00 people returning from the Diamond Princess, the quarantined cruise ship in Japan, having the confirmed coronavirus. When they arrived in the U.S. on Tuesday, February 18, CY2020, they were immediately transported to Travis Air Force Base in Fairfield, CA to undergo a two-week quarantine. South Korea publicly announced on Friday, February 21, CY2020 that they have failed to keep the virus from spreading and must now shift their focus on containing the virus to as few people as possible. Large social gatherings in both South Korea and China have been suspended indefinitely, including university tests and holiday events. In one week, South Korean cases have increased by 125.00 bringing the total to a little over 200.00. The NASDAQ fell 1.85% this week due to the supply chain disruptions that are beginning to affect U.S. electronics and information technology companies. With parts of technology not being able to be made on a normal schedule, suppliers are not able to get the parts to these companies. These supply chain disruptions may have lasting effects on U.S. companies' bottom line.

U.S. Economic Data

U.S. Services PMI fell to 49.4 in February CY2020 marking the largest decline in business activity in four years because job creation slowed coupled with new export orders falling. The contraction is mainly due to the effects of the coronavirus, so markets will continue monitoring the effects. Earlier today, existing U.S. home sales from January CY2020 were released. Month over month existing home sales fell by (1.30%) which was less than the expected (2.20%). This was good news for U.S. real estate because CY2020 is expected to be slow for home buying, but this data shows that expectations might be a little too low.