

TOP STORIES

- Los Angeles to Extend Stay at Home Another Three Months
- India to Provide \$40B in Loans for SMB As Part of \$265B Stimulus Plan
- UK GDP Shrinks by Record 5.8% in March Due to COVID-19 Crisis
- Druckenmiller Says Risk/Reward In Stocks “Worst He’s Seen”

INDEX FUTURES

Futures	Change	Fair Value
S&P 500	2868.5 (16)	4.88
Nasdaq	9144 (65.75)	40.5
Dow	23727 (153)	47.5

GLOBAL INDICES

INDEX	CLOSE	CHANGE
FTSE	5941.75	-0.88%
DAX	10681.72	-1.27%
Nikkei	20267.05	-0.49%
Hang Seng	24180.3	-0.27%

ECONOMIC CALENDAR

8:30	PPD-FD	
9:00	Jerome Powell Speaks	
10:30	EIA Inventories	

FOREX

EUR/USD	1.085 (0.07%)
USD/JPY	107.01 (-0.11%)
USD/CAD	1.403 (-0.37%)
GBP/USD	1.229 (0.24%)

COMMODITY

Oil	25.6 (-0.70%)
Natural Gas	1.696 (-1.40%)
Gold	1706.7 (-0.01%)
Copper	2.3615 (0.11%)

VOLATILITY INDICES

INDEX	SYMBOL	CLOSE
S&P	VIX	28.85 (4.64%)
Nasdaq	VXN	29.71 (3.09%)
Oil	OVX	86.58 (-21.06%)
Gold	GVZ	22.08 (-6.24%)

MARKET OUTLOOK

Futures are indicating a slightly higher open today despite some weakness globally, catching up a bit to the weak US close. There’s some caution around re-opening over the last 24 hours with California extending their shelter-in-place through August and the California University system moving online for the Fall (expect others to follow suit). This also follows Dr. Fauci’s testimony yesterday where he warned against opening too soon and the risk of new outbreaks. Jerome Powell will speak later today and expected to push back again on negative rates. He’ll likely call for more fiscal support and may also address bank capital return following some comments from Patrick Harker this week. Elsewhere, US/China tensions remain hot with a group of senators introducing sanctions legislation. Stan Druckenmiller with cautious comments calling the current risk/reward in stocks the worst he’s seen.

Asian markets were modestly lower overnight, although China, Taiwan, and Korea all closing modestly in the green. Some positive sentiment as Wuhan produced no new cases on Tuesday. Cosmetics maker **Shiseido** down 4% after earnings but did cite strong e-commerce sales. **Tencent** reporting a strong quarter with revs and DAU higher, especially around gaming.

European markets are weak again today amid worries over the coronavirus re-accelerating. Travel stocks were under pressure with more restrictions from the UK and a weak outlook for summer holiday season. **Intercontinental Hotels** down 7%. Dutch bank **ABN Amro** down 8% after earnings and citing \$1.2B in bad loan provisions. **Exor** was down 5% after the \$9B sale of their insurance business **PartnerRe** to **Covea** was scrapped. **Commerzbank** down 5% after earnings. **Deutsche Bank** down 3% after announcing more cost cuts. **L’Oreal** down 1.5% after suspending a planned 10% dividend hike. Travel company **TUI** down 3.5% after earnings and a major restructuring plan. Software group **Sage** the lone bright spot up 4% after a 40% jump in 1H profits.

Finally, a quiet night for **economic data**. New Zealand kept rates unchanged while doubling their QE. UK GDP was better than feared at down 2% vs down 2.5% forecast. Industrial production was down 8.2% vs down 9.3%. UK construction output was also better than feared. EU industrial production was down 11.3% M/M in March, better than the 12.1% decline expected.

S&P TECHNICALS

Overnight futures dipped early down to 2825.25, continuing the late move on Monday, but steadily rebounding ever since. We’ve gradually run higher since about 8pm with overnight VWAP at 2851.5 and sloping higher. VWAP from the Sunday night open is higher at 2905.5 which aligns closely with where we broke down late yesterday. The 8-EMA is at 2871.50 but sloping down and potential resistance. On the daily, we did hold channel support from the last month.



KEY EVENTS

Earnings After the Close: ONEM, CSCO, FLO, JACK, NVGS, OII, SDC, STE, VRTU

Analyst Days: AGR, RCII, AVY, BRKL

Conferences: JP Morgan Consumer/Retail, JP Morgan TMT, Goldman Industrial/Materials, BAML Transports/Industrials, Wells Fargo Gaming/Hospitality, BAML Healthcare, BAML Metals

Tomorrow... Konami, Bouygues, Wirecard, AZUL, BAM, AG, GDS, KEM, MLCO, NICE, NCLH, NVMI, SPNS, SSYS, WNC, WIX

ANALYST ACTION/COMMENTS

B&G Foods (BGS) upgraded to Buy at Piper Sandler

Allegiant (ALGT) upgraded to Buy at Raymond James

United Natural (UNFI) upgraded to Neutral at Wells Fargo

Total (TOT), BP, Equinor (EQNR) upgraded to Buy at Redburn; **Shell (RDS.A), Exxon (XOM)** upgraded to Neutral

BHP Billiton (BHP) upgraded to Buy at UBS

Vodafone (VOD) upgraded to Buy at DZ Bank

Bunge (BG) upgraded to Buy at Baird

JD.com (JD) upgraded to Buy at Mizuho, \$58 PT

Ingersoll Rand (IR) downgraded to Hold at Deutsche

Ciena (CIEN) downgraded to Hold at B Riley

Reliance Steel (RS), Steel Dynamics (STLD) downgraded to Hold at Keybank

Coty (COTY) downgraded to Hold at BNP Paribas

Xcel Energy (XEL) downgraded to Sell at MSCO

Radius (RDUS) downgraded to Hold at MSCO

Molson Coors (TAP) downgraded to Hold at Industrial Alliance

RBC initiating **DRNA, ADVM, BLUE, IONS, FIXX, ARWR** at Outperform; **RGNX** at Neutral

WW initiated Buy at Jefferies

Compugen (CGEN) initiated Buy at Stifel, \$19 PT

MEDIA HIGHLIGHTS

Las Vegas Sands (LVS) Gives Up on \$10 Billion Japan Casino Project – Bloomberg

Amazon (AMZN) Says Delivery Speed Returning to Normal After Covid Crush – Bloomberg

Eventbrite (EB) CEO Sees Opportunities in Online Events Amid Covid-19 Pandemic – Bloomberg

Big **Exxon (XOM)** shareholder to vote against chief – FT

Spruce Point says **Forescout (FSCT)** may have violated sale covenants – Reuters

Sony (SNE) braces for lowest profit in four years, hit broadly by coronavirus – Reuters

Neiman Marcus creditor calls for deal with **Saks Fifth Avenue** – Reuters

U.S. proposes divestiture as condition for **Novelis** purchase of **Aleris** – Reuters

CBA sells 55% stake in unit **Colonial First State** to **KKR** for \$1.1 bln – Reuters

Fiat's (FCAU) Agnelli Family Sees \$9 Billion Sale of Insurance Business Falter – WSJ

Big Advertisers Set to Cancel Commitments to TV Networks (**IPG, WPP, OMC**) – WSJ

GM kills its electric bike project – The Verge

Uber (UBER), GrubHub (GRUB) at odds over price of potential deal – CNBC

Micron (MU) ramping up Taiwan production of 12nm DRAM chips - DigiTimes

STOCK SPECIFIC NEWS OF NOTE

AT&T (T) CFO: Moving forward with transformation plans on costs, efficiencies

Natera (NTRA), Illumina (ILMN) reach settlement over patent suit in California

Thermo Fisher (TMO) FDA further expands EUA for multiplex real-time PCR test

8x8 (EGHT), Virgin Media to partner on voice and comms

PNC to sell **BlackRock (BLK)** interest at \$420 per share

Maersk sees volumes in Q2 down 20-25%

United Natural (UNFI) sees Q3 far above Street

Bluebird (BLUE), Bristol (BMY) receive RTF from FDA for bb2121 due to CMC issue

PRE-MARKET MOVERS

Moving Higher: ALC 12%, JD 3%

Moving Lower: Z -5%

INSIDER TRADING (Form 4 Filings)

Buying: ETH, HOG, RCII, AVNS, MCY, AXDX, VVNT

Selling: CMS, LEA, RGR, IPHI, BLD, TPX, PEN, BYND, NBIX, EVER, AMK, EA, CDNA, FIVN

POTENTIAL SYMPATHY TRADES

ZNGA, BABA – on TCEHY earnings

EL, ULTA – on Shiseido earnings

OPTION HIGHLIGHTS (Prior Day)

Illumina (ILMN) with 915 September \$360 calls bought to open early for \$11 and trading up as high as \$15 now with the stock up 2.5%. ILMN has seen some positive flows recently including 575 June \$350 calls bought yesterday while the June \$370 calls bought on 4/20. ILMN also popular with put sales across the September options. Shares are working out of a weekly downtrend from the July highs near \$380 and out of a bull flag today with some space above \$335 to run. There's also a gap from last Summer back up to \$360 to be filled. The \$47.62B diagnostics company trades 42X earnings and 13.3X sales with a strong cash balance and limited debt or near-term maturities, current ratio of 4.1X. ILMN still sees low-teens revenue growth in FY22 driven by growth in their next-gen sequencing platform NovaSeq and NextSeq. The company continues to see their overall base grow by double-digits and their lower-cost, higher efficiency platforms likely see better demand in a post-COVID world with labs focusing on costs and output. The pandemic has disrupted a lot of near-term lab projects where ILMN would thrive, especially in emerging research opportunities like liquid biopsy, CRISPR, microbiome, and others, but commentary from some of the leaders in those spaces suggesting a pickup in activity in the 2H while ILMN themselves noted that purchases picked up quickly in the first month of Q2. The company also noting that many academic projects remain fully funded and a matter of when not if they resume. ILMN also noting that many labs are shifting to COVID related projects where they see potential for incremental demand. Analysts have an average target for shares of \$330. Piper with a \$356 PT seeing pressures near-term but longer-term a lot of growth opportunities for the company in next-generation sequencing which remain intact. Short interest is 2.2%. Hedge fund ownership fell 3%. Lone Pine Capital with over 500k shares bought.

AFTER HOURS MOVERS

Gainers: PGNY 17%, XP 8.6%, UNFI 5%

Losers: VREX -13.5%

MARKET SENTIMENT / INTERNALS

INDICATOR	READING	SIGNAL
CBOE Equity Put/Call Ratio	0.73	Falling but Remains Bullish
VIX Curve	Backwardation	Fear
CNN Fear & Greed Index	45	Neutral
NYMO	49.77	Elevated
McClellan Summation	165	Above 8-EMA
Lipper Fund Flows	-\$15.6B	Biggest Outflow in a Month
Univ. of Michigan Consumer Sentiment	71.8 (April Final)	-26.1%
NAAIM Exposure Index	67.95	Fell Slightly
AAII Sentiment	52.5% Bears	Extreme

SMART MONEY (13g/13d Filings)

IPO MONITOR

Nothing Scheduled

SECONDARY MONITOR

Zillow (Z) 8M share Secondary priced at \$48.00

Roku (ROKU) enters into 4M equity distribution agreement with Morgan Stanley and Citi

Insulet (PODD) 2.37M share Spot Secondary priced at \$211

Q2 (QTWO) 4.118M share Spot Secondary priced at \$76.50

TRADE

WEEKLY TECHNICAL BREAKOUT

BSX:



Boston Scientific (BSX) shares coiled in a multi-week range under \$38 with a breakout into some space above and targeting the low-end of Feb. value and YTD VPOC at \$42.25. BSX has run well off the March lows and MACD/RSI momentum re-setting a bit here and looking for resumption.

FUNDAMENTAL TRADE OF THE WEEK

Stock: Intuitive Surgical (ISRG)

Price: \$537.77

Valuation: Undervalued

Analysis: Intuitive Surgical (ISRG) shares moving away from YTD VPOC last week and one of the stronger med-tech stories with momentum back to new highs. ISRG likely sees near-term pressures for their Da Vinci systems but their operating lease program gives them a strong position to build for long-term placement.

IDEAS

WEEKLY TECHNICAL BREAKDOWN

SPR:



Spirit (SPR) shares in a narrow multi-week range above \$18.50 and a breakdown to new lows. Shares have a measured move down to \$12 and not bouncing back with the rest of the market much lately, so likely underperforms on a pullback.

PAIR TRADE OF THE WEEK

Industry: Logistics + Shipping

Long/Short: Long **Prologis (PLD)**, Short **Fed-Ex (FDX)**

Analysis: FDX faces pressure with negative operating leverage weighing on margins while greater macro worries driving overall challenges to global trade. PLD with a solid balance sheet and liquidity and demand tailwinds from growing inventories amid store closures.

SMALL CAP TRADE OF THE WEEK

ACM Research (ACMR) is a \$799M semi-equipment company which focuses on single-wafer wet cleaning equipment which makes the production process better. The company reported a strong Q1 last week and focusing on expanding their sales and R&D investments to grow. Their new Ultra Furnace product rolled out in late April and expected to be a center-piece of their strategy

Extras

Tesla (TSLA) with 15,800 December \$380 puts sold to open \$22.80 as January \$380 short puts adjust

First Industrial (FR) with 2,500 June \$35 puts bought \$2.15, shares breaking the recent uptrend for the \$4.5B industrial-focused REIT

Coca Cola (KO) with 3,000 December \$35 puts sold for \$1.20 in a stock replacement

Zimmer Bio (ZBH) weak close with 500 September \$125/\$100 put spreads bought to open

Adobe (ADBE) with 550 July \$380 calls bought \$16.80 to \$17.10 as the \$360 calls adjusted up

Pinduoduo (PDD) stock replacement sold 1000 January \$55 puts to open \$9.30

Live Nation (LYV) with 15,000 June \$32.50 puts sold to open \$1.20 in late trading

Tractor Supply (TSCO) buyer of 1000 July \$105/\$90 put spreads

Yum Brands (YUM) afternoon sweep buy 1200 July \$95 calls \$1.20 offer

Elastic (ESTC) with 300 January \$90 calls bought to open for \$7.01 and the January 2022 \$90 calls with 660X opening as November \$70 calls adjusted

Earnings

Ticker	Stock	Actual	Consensus	Actual Revs	Consensus Rev	Yr/Yr Rev	Notes
EGHT	8x8	-\$0.12	-\$0.14	\$121.48	\$119.33	29.60%	FY In Line
ALC	Alcon	\$0.45	\$0.34	\$1,800.0	\$1,688.40	-1.3%	
ALGT	Allegiant Travel	\$2.05	\$1.02	\$409.20	\$409.47	-9.50%	
NVST	Envista	\$0.03	\$0.10	\$547.20	\$569.07	-17.10%	
HLI	Houlihan Lokey	\$0.96	\$0.77	\$302.69	\$290.19	3.90%	
INFN	Infinera	-\$0.27	-\$0.18	\$330.27	\$318.31	12.80%	FY In Line
PGNY	Progyny	\$0.04	\$0.02	\$81.02	\$71.81	71.70%	
RXN	Rexnord	\$0.55	\$0.50	\$547.0	\$546.68	1.8%	FY Above
SWAV	ShockWave Medical	-\$0.59	-\$0.50	\$15.20	\$14.17	109.10%	
VREX	Varex Imaging	\$0.12	\$0.35	\$197.00	\$199.90	0.50%	

PGNY – Beat on EPS and Revs - "Over the last few weeks, we have begun to see a week-to-week acceleration in both the volume of patient appointments as well as the dispensing of fertility medications. This acceleration demonstrates that members are anxious to return to treatment and is evidence that the pause they have endured in their treatment hasn't dimmed their desire to achieve their family-building goals. If access to care continues to improve as currently anticipated, we would expect our minimum second quarter results to be at least \$45 million in revenue, \$4.2 million in net loss, and \$(1.3) million in Adjusted EBITDA1," said Schlanger. "Relative to other areas of the economy that have been significantly affected by COVID-19, we believe Progyny's business will recover more quickly. We have been shielded from the worst impacts of the historic levels of unemployment due to the composition of our client base, and our 2.1 million members as of March 31st remain intact as of today."

Although the volume of appointments has been accelerating, significant uncertainty remains as to the timing of the resumption of services at network clinics, as well as how long it will take both clinics and patients to return to normal practice volumes and member utilization levels.

Earnings BMO

Ticker	Stock	Actual	Consensus	Revs	Street Revs	Y/Y %	Notes
CYBR	CyberArk	\$0.50	\$0.37	\$95.90	\$106.59	-10.20%	
SDGR	Schrodinger	-\$0.34	-\$0.25	\$26.20	\$23.73	26.60%	
SNE	Sony	\$10.10	\$47.20	\$1,748,700.00	\$1,922,507.17	-17.80%	
TSEM	Tower Semi		\$0.19		\$297.64		