

TOP STORIES

- Futures Flat Ahead of Unemployment Data
- Wall Street Heavyweights Sound Alarm About Stock Prices
- China Accelerates Purchases of US Farm Goods
- IEA Sees Oil Market Improving Amid Sharp Drop in Production

INDEX FUTURES

Futures	Change	Fair Value
S&P 500	2809 (-4)	-4.5
Nasdaq	9000.25 (8)	9.5
Dow	23115 (-51)	-48.3

GLOBAL INDICES

INDEX	CLOSE	CHANGE
FTSE	5746.78	-2.36%
DAX	10351.89	-1.86%
Nikkei	19914.78	-1.75%
Hang Seng	23,829.74	-1.45%

ECONOMIC CALENDAR

8:30	Weekly Claims	2.5M
8:30	Import/Export Prices	
10:30	EIA Nat Gas	
1:00	Kashkari Speaks	

FOREX

EUR/USD	1.079 (-0.25%)
USD/JPY	106.98 (-0.04%)
USD/CAD	1.409 (-0.11%)
GBP/USD	1.221 (-0.17%)

COMMODITY

Oil	26.48 (4.71%)
Natural Gas	1.631 (0.93%)
Gold	1725.2 (0.52%)
Copper	2.3375 (-0.36%)

VOLATILITY INDICES

INDEX	SYMBOL	CLOSE
S&P	VIX	34.76 (5.21%)
Nasdaq	VXN	35.62 (6.97%)
Oil	OVX	82.83 (-4.64%)
Gold	GVZ	22.71 (1.16%)

MARKET OUTLOOK

Futures are indicating a flat open for the day while global markets are firmly in the red. The disparity between the two likely has to do with some catch-up from Jerome Powell's comments but overall news has been quiet in the last 24 hours. There has also been more cautious news out about testing/vaccine development recently with Novartis warning that a vaccine may not come until 2H 2021. This adds to the ABT woes yesterday and other questions on Tuesday/Wed. about manufacturing capabilities. Jobless claims will be ugly again but likely the 'best' number in about two months. Goldman now seeing unemployment in the US peaking at 25%. Elsewhere, POTUS publicly challenged Dr. Fauci's assessment of the re-opening process saying his answer to Congress was unacceptable. There's also growing criticism among GOP senators that Fauci is an obstacle to Trump's plans. China stimulus remains in focus ahead of the 5/22 meeting. Oil is up about 5% after positive comments from the IEA.

Asian markets fell overnight after the cautious comments from Jerome Powell. Japanese stocks were down for the third straight session. **Sony** down almost 4% after their earnings report. **Takeda Pharma** higher by 4.5% after giving a positive update on the pipeline and cost savings from the **SHPG** deal.

European markets are also in the red early. Stock-specific news in the region was fairly light. Retailer **WH Smith** is down 4% after earnings and cutting 2H guidance. Homebuilder **Persimmon** is down 5% after an update on re-opening. **BMW** is down 2.5% after lowering FY expectations. Industrial group **Bouygues** is down 5% after a wide Q1 loss. **Merck KGaA** is down 1.5% after lowering their FY outlook. On the positive side, utility **EDF** is up 3% after affirming their nuclear output guidance. Exchange operator **Euronext** is up 3% after reporting a 55% jump in quarterly revenues.

Finally, a quiet night for **economic data**. Australian unemployment was better than expected at 6.2% vs 8.3% but the participation rate sank. German CPI was 0.4% vs 0.3% in April. French unemployment actually went down in Q1 to 7.8% vs 8.4%. Japanese tool orders in April fell 48.3%.

S&P TECHNICALS

It was a very quiet night for futures, the lowest overall volatility in a while. We basically stayed within the afternoon range from Wednesday with 2,820 and 2,796.50 our bounds. We have been forming lower highs and lower lows since about 7pm. Overnight VWAP is flat at 2810. VWAP for the week so far is up at 2871. On the daily, we barely held channel support yesterday with our close but some overhead supply right at 2845/2850 with the declining 8-EMA and 20-MA. Notable support below is 2635.75, the breakout area from early April.



KEY EVENTS

Earnings After the Close: AMAT, CVET, DENN, FTCH, GLOB, GTBIF, HBM, NEWR, NLOK, SSRM

Conferences: JP Morgan Consumer/Retail, JP Morgan TMT, Goldman Industrials/Materials, Credit Suisse Utilities, BAML Transports/Industrials, BAML Healthcare, BAML Metals

Tomorrow... Earnings from Richemont, Prada, JD, PBF, VFC

ANALYST ACTION/COMMENTS

Canadian Natural (CNQ) upgraded to Buy at Goldman

Vodafone (VOD) upgraded to Neutral at New Street

Fresenius (FMS) upgraded to Buy at Kepler Chevreux

CVS Health (CVS) upgraded to Buy at Credit Suisse

Best Buy (BBY) upgraded to Buy at Evercore

Rent-a-Center (RCII) upgraded to Buy at Stephens

Armstrong (AFI) upgraded to Buy at Nomura

Fiserv (FISV) upgraded to Buy at Susquehanna

Regal Beloit (RBC) upgraded to Buy at Keybank

United Rentals (URI) upgraded to Buy at UBS

McCormick (MKC) upgraded to Buy at Credit Suisse

Leggett (LEG) upgraded to Strong Buy at RayJay

Johnson Controls (JCI) upgraded to Buy at Cowen

National Oilwell (NOV) downgraded to Neutral at Barclays

Zuora (ZUO), VMWare (VMW), Smartsheet (SMAR) downgraded to Neutral at Jefferies

Enphase (ENPH) downgraded to Neutral at Goldman

Macerich (MAC) downgraded to Neutral at Evercore

Adobe (ADBE) downgraded to Neutral at DZ Bank

Medtronic (MDT) downgraded to Neutral at DZ Bank

Sprouts (SFM) downgraded to Neutral at OpCo

Wayfair (W), Lowes (LOW) downgraded to Neutral at Evercore

Eaton (ETN) downgraded to Neutral at Keybank

Steven Madden (SHOO) cut to Sell at Wells Fargo

SVMK initiated Buy at Needham, \$24 PT

Draft Kings (DKNG) initiated Buy at Susquehanna

MEDIA HIGHLIGHTS

'Speculation growing' about possible **Goldman (GS), Wells Fargo (WFC)** merger – FBN's Gasparino

Coronavirus to cost insurers more than \$200B - FT

Tesla (TSLA), California county reach pact over restarting U.S. plant – Reuters

Thyssenkrupp in talks to combine warship unit with **Fincantieri** - Reuters

BMW CEO sees 'very slow' U.S. recovery – Reuters

Disney (DIS) suspends cruises through July 27 – Reuters

Zoom Video (ZM) sued by church over hacking incident – Bloomberg

Steel Output in India Tumbles as Lockdown Slashes Demand (**MT**)– Bloomberg

Trump Says U.S. Is 'Looking at' Chinese Companies on Exchanges (**BABA, JD, BIDU**) – Bloomberg

BT Adds U.S. Fiber Supplier **Adtran (ADTN)** to Limit Its Reliance on Huawei Gear - Bloomberg

Tyson Foods (TSN) lowers beef prices charged to supermarkets – WSJ

Fed Sends Fresh Rebuke to **Deutsche Bank (DB)** – WSJ

Food-Delivery Companies Still Struggle to Profit (**UBER, GRUB**) – WSJ

TV Shopping Avoids Retailers' Woes (**QRTEA**) – WSJ

STOCK SPECIFIC NEWS OF NOTE

ASCO updates from **EXAS, ARVN, EXEL, LLY, BMY, BLUE, ALLO, LXX, GTHX, GRTX, MGNX, ICAD**

Fiat Chrysler (FCAU), Peugeot will not distribute dividend in FY20

Mastercard (MA) says May operating metrics improved

Newmont (NEM) to resume operations in Mexico

CoStar (CSGP) to acquire **Ten-X Commercial** for \$190M

Tutor Perini (TPC) announces termination of acquisition transaction talks

Intelsat (I) file voluntary Chapter 11

Applied DNA Sciences (APDN) receives FDA EUA for COVID-19 assay kit

3M Co (MMM) April sales fell 11%, China rebounded +7%

PRE-MARKET MOVERS

Moving Higher: APDN 63%, CODX 24%

Moving Lower: CS -4%, RDS.A -3%, BUD -3%, UBS -3%,
ING -1.5% < AZN -1.5%

INSIDER TRADING (Form 4 Filings)

Buying: AXDX, BCO, MCY, LKFN, DHR, APLS, HOG,
CVS, MYE, STAY, AVID

Selling: ROP, EFX, FTNT, REGI, LVGO, APO, TPTX, STX,
QDEL, MRNA, FORM, CNC, WING

POTENTIAL SYMPATHY TRADES

GDDY, VRSN – on WIX earnings

CHKP, CRWD, PANW, FEYE – on CSCO security
commentary

OPTION HIGHLIGHTS (Prior Day)

Darden (DRI) buyer of 6,000 July \$70 calls up to \$5.60 to open today and follows buyers of 1,500 July \$80 calls yesterday. DRI has seen bullish positioning out into October and later with the January \$70/\$100 call spread and January 2022 \$60/\$100 call spread bought longer-term. DRI is trading back to YTD VPOC today around \$62.50 after rebounding from the March lows. The recent multi-week consolidation under \$80 has upside to \$100 and the 200-MA with a continuation higher. The \$8.62B restaurant operator trades 27X earnings and 0.98X sales with ample cash and liquidity after an equity raise on 4/21. Like many others, DRI saw a sharp drop in sales at the start of the pandemic but noted on 4/20 that their to-go business had improved steadily with comps at both Olive Garden and Long Horn growing M/M. Analysts have an average target for shares of \$86.75. BAML positive on 4/22 noting that the equity raise puts them on the offensive and they should outperform peers given their scale advantage and growing cost of capital advantage to others following years of conservatively running their balance sheet. BTIG positive on 4/8 noting that Olive Garden has been strong relative to peers in their checks since the shutdown started and off-premises growth had started far before the current situation. They think DRI is better positioned than others to survive a long-term shift in consumer behavior and take share when things re-open. Raymond James stress tested the stock on 4/2 noting that the company can still earning \$6/share in EPS in a to-go and limited capacity environment. Short interest is 6.2%. Hedge fund ownership fell 4% in Q4. DRI saw a lot of insiders buy stock in the offering at \$58.50 including a \$1.5M allocation for the CEO, \$1M allocation for director Tim Wilmott, and a \$750k allocation for another director. In total, twelve insiders bought stock.

AFTER HOURS MOVERS

Gainers: ALLO 27.4%, RVLV 13%, UPWK 6%

Losers: MGNX -19.5%, ARVN -15%, ONEM -8%

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

Ping (PING) 8.5M share Secondary priced at \$24.00

Comstock (CRK) 40M share Spot Secondary priced at \$5

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

Int'l Flavors (IFF) with 1,500 August \$110 puts sold to buy the \$130/\$140 call spread

AbbVie (ABBV) opening sale 1500 January 2022 \$77.5 puts for \$11.55

HP (HPQ) spread sells 5000 August \$14 puts \$1.53 to buy the \$16/\$18 call spreads \$0.42

Santander (SC) opening sellers 800 July \$14 puts for \$2 late

Crowd-Strike (CRWD) late day buyer 1600 October \$55 puts \$3.80 offer

Chewy (CHWY) with 3200 June 5th (W) \$45 calls opening near \$1.60 as May 22nd (W) calls adjusted

Philip Morris (PM) opening buy 1000 January 2022 \$70 calls for \$8.90

Anterix (ATEX) unusual large trades with 1500 November \$50/\$60 call spreads bought to open

ResMed (RMD) buyer 300 October \$155 puts \$12.70 to \$12.80

2U (TWOU) late day buyer 600 July \$35 calls \$2.60 to \$2.75

Roku (ROKU) with 3000 June \$130 synthetic short positions opening as May \$125 adjusted.

Alibaba (BABA) traded the October \$250/\$300 call ratio spreads 5000X10,000

Earnings

Ticker	Stock	Actual	Est.	Revs	Street Revs	Y/Y %	Notes
ONEM	1Life Healthcare	-\$0.40	-\$0.17	\$78.80	\$75.00	25.10%	
CSCO	Cisco	\$0.79	\$0.71	\$11,983.00	\$11,849.08	-7.50%	
FLO	Flowers Foods	\$0.41	\$0.33	\$1,349.00	\$1,315.83	6.70%	
JACK	Jack In The Box	\$0.50	\$0.70	\$216.16	\$211.01	0.20%	
OII	Oceaneering Intl	\$0.04	-\$0.19	\$536.70	\$537.94	8.60%	
RVLV	Revolve Group	\$0.06	\$0.04	\$146.10	\$139.58	6.40%	
SDC	SmileDirectClub	-\$0.28	-\$0.18	\$196.65	\$217.26	10.60%	
STE	Steris	\$1.64	\$1.58	\$823.00	\$799.57	7.10%	
VRTU	Virtusa	\$0.41	\$0.56	\$329.70	\$329.76	0.60%	

CSCO – Beat on EPS and Revs - Total revenue was \$12.0 billion, down 8%, with product revenue down 12% and service revenue up 5%. Revenue by geographic segment was: Americas down 8%, EMEA down 7%, and APJC down 9%. Product revenue was led by growth in Security, up 6%. Infrastructure Platforms was down 15% and Applications was down 5%. "We executed well in Q3 in a very challenging environment, delivering strong margins and non-GAAP EPS growth," said Kelly Kramer, CFO of Cisco. "The resiliency that we have been building into our business model is paying off, with software subscriptions now at 74% of our software revenue, up 9 points year over year. We are focused on driving long-term profitable growth while delivering shareholder value."

Earnings Before the Open

Ticker	Stock	EPS Actual	EPS Est.	Revs Actual	Revs Est.	Growth	Notes
AZUL	Azul S.A.		-\$3.19		\$2,934.64		
BAM	Brookfield Asset	\$0.55	\$0.49	\$16,586.00	\$17,391.11	9.10%	
GDS	GDS Holdings	-\$0.09	-\$0.46	\$1,212.60	\$1,240.29	36.00%	
KEM	KEMET		\$0.18		\$253.10		
MLCO	Melco Resorts		-\$0.60		\$624.28		
NICE	NICE	\$1.34	\$1.32	\$411.00	\$410.11	9.00%	FY In Line
NCLH	Norwegian Cruise	-\$0.99	-\$0.49	\$1,246.90	\$1,250.87	-11.20%	
NVMI	Nova Measuring		\$0.36		\$56.85		
SPNS	Sapiens Int'l	\$0.20	\$0.19	\$90.50	\$87.98	17.80%	
SSYS	Stratasys		-\$0.05		\$133.63		
WIX	Wix.com	-\$0.01	-\$0.02	\$216.00	\$216.19	23.90%	FY Above