

## TOP STORIES

- Euro little moved as EU vote shows limited gains by nationalists; Spanish/Portugal Yields Hit Record Lows; Italy Concerns Return
- US and Japan Look to Strike Trade Deal by August
- US Not Ready for Deal with China – Trump
- EuroZone Sentiment Rebounds in May

## INDEX FUTURES

Futures	Change	Fair Value
<b>S&amp;P 500</b>	<b>2826.75 (-5)</b>	<b>2826.9 (-4.8)</b>
<b>Nasdaq</b>	<b>7309.25 (-6.25)</b>	<b>7309 (0.3)</b>
<b>Dow</b>	<b>25596 (-24)</b>	<b>25584.7 (11.3)</b>

## GLOBAL INDICES

INDEX	CLOSE	CHANGE
<b>FTSE</b>	<b>7269.55</b>	<b>-0.11%</b>
<b>DAX</b>	<b>12015.35</b>	<b>-0.46%</b>
<b>Nikkei</b>	<b>21260.1</b>	<b>0.37%</b>
<b>Hang Seng</b>	<b>27390.8</b>	<b>0.38%</b>

## ECONOMIC CALENDAR

TIME	INDICATOR	CONSENSUS
<b>9:00</b>	<b>Case-Schiller</b>	<b>0.2%</b>
<b>10:00</b>	<b>Consumer Confidence</b>	<b>129.8</b>
<b>10:30</b>	<b>Dallas Fed Mfg.</b>	<b>7.0</b>

## FOREX

<b>EUR/USD</b>	<b>1.1187 (-0.05%)</b>
<b>USD/JPY</b>	<b>109.36 (-0.13%)</b>
<b>USD/CAD</b>	<b>1.3478 (0.26%)</b>
<b>GBP/USD</b>	<b>1.2678 (-0.01%)</b>

## COMMODITY

<b>Oil</b>	<b>59.11 (0.82%)</b>
<b>Natural Gas</b>	<b>2.575 (-1.38%)</b>
<b>Gold</b>	<b>1283.2 (-)</b>
<b>Copper</b>	<b>2.702 (0.1%)</b>

## VOLATILITY INDICES

INDEX	SYMBOL	CLOSE
<b>S&amp;P</b>	<b>VIX</b>	<b>15.85 (-6.32%)</b>
<b>Nasdaq</b>	<b>VXN</b>	<b>20.63 (-3.19%)</b>
<b>Oil</b>	<b>OVX</b>	<b>33.19 (-1.78%)</b>
<b>Gold</b>	<b>GVZ</b>	<b>9.00 (-4.96%)</b>

## MARKET OUTLOOK

Stocks are indicating a lower start to the week after spending much of the closed Monday session higher as US/China trade talks continue to sour and global economic data shows further concerns. European stocks, bond yields and the Euro declined Tuesday on concerns over Italy's budget which overshadowed a modest move higher Monday following EU parliamentary elections and talks of a Fiat-Chrysler / Renault mega-deal in the automotive sector. Eurozone sentiment did rebound in May after 10 consecutive monthly falls.

Oil is moving higher this morning on rising Middle East tensions and Russian supply disruptions. The USD is strengthening versus other currencies.

The schedule today is set to be a light one with the back-half of the week busy with a slew of data coming Thursday/Friday that will be instrumental this week. The earnings schedule is slow the next two weeks but there are some reports set to come from high-growth Tech names, and **PLAN** kicked it off with a strong report this morning.

M&A is a developing theme with two major deal talks this weekend, Fiat-Chrysler & Renault sparking global auto stocks while Global Payments and Total Systems near a \$40B merger in the consolidating payments space.

## S&P TECHNICALS

**Levels:** Support 2,800/2,750; Resistance 2,900/2,950



4960 Advancing	Declining 2204
65.2%	29.0%
229 New High	New Low 206
52.6%	47.4%
2647 Above SMA50	Below 4937
34.9%	65.1%
3440 Above SMA200	Below 4144
45.4%	54.6%

**KEY EVENTS TO WATCH**

**Earnings AMC Tuesday:** HEI, RAMP, NXGN, WDAY, YY

**Analyst Events:** PNW, TEUM

**Conferences:** Craig-Hallum Institutional Investor Conference

**Economic Data on Wednesday:** Redbook at 8:55 AM, Richmond Fed at 10:00

**Earnings BMO Wednesday:** WUBA, ANF, BMO, BZUN, GOOS, CPRI, CMCO, DAKT, DKS

**ANALYST ACTION/COMMENTS**

**Rio Tinto (RIO)** Raised to Buy at Goldman Sachs

**ActiVision (ATVI)** Raised to Conviction Buy at Goldman, \$54 Target

**Hess (HES)** Raised to Buy at MKM

**EOG Resources (EOG)** Raised to Buy at Goldman

**Sina, (SINA), Weibo (WB)** Cut to Hold from Buy at Jefferies

**Teva (TEVA)** Cut to Neutral from Buy at UBS

**Gilead (GILD)** Cut to Sell at Goldman Sachs on Limited Growth and Pipeline Opportunities

**JB Hunt (JBHT)** Cut to Neutral at BAML

**Nutanix (NTNX)** Cut to Equal Weight from Overweight at MSCO

**Apple (AAPL)** Target Lowered at Citi on Trade Tensions

**Roku (ROKU)** Cut to Equal Weight at Stephen's

**J&J (JNJ), Eli Lilly (LLY), Bristol Myers (BMY), Pfizer (PFE)** Started Buy at Goldman; **AbbVie (ABBV), Merck (MRK), Allergan (AGN)** Started Neutral

**Iqvia (IQV)** Started Outperform at Leerink

**MasTec (MTZ)** Started Buy at UBS

**SciPlay (SCPL)** Started Buy at BAML, Goldman, JPM and RBC

**SRC Energy (SRCI)** Started Overweight at KeyBanc

**Axsome (AXSM)** Started Buy at SunTrust, \$50 Target

**So-Young (SY)** Started Buy at Needham, \$16.50 Target

**MEDIA HIGHLIGHTS**

**Barron's Bullish Renault, FMC Corp (FMC), MGM, PayPal (PYPL); Bearish Tesla (TSLA)**

**Fiat Chrysler (FCAU)** Have Discussed Merger of Equals as Part of Alliance Talks

**TE Connectivity (TEL)** in Advanced Takeover Talks for **First Sensor** – Reuters

**Cisco (CSCO)** to Benefit from US Attack on Huawei – Forbes

US Reviews CBD Amid Pressure to Act Quickly – Bloomberg

**AstraZeneca (AZN)** to Prioritize Early-Stage Cancers – WSJ

**Alibaba (BABA)** Mulls Raising \$20B Via 2<sup>nd</sup> Listing – Bloomberg

**Huawei** Reviewing Relationship with **Fed-Ex (FDX)** – Reuters

**Disney's (DIS)** Aladdin Grosses \$112.7M Memorial Day Weekend, Exceeding Estimates

**Volkswagen** to Intensify Talks with **Northvolt** – Reuters

**Amazon.com (AMZN)** Ad Prices Could Soar Next Year – Motley Fool

**Facebook (FB)** to Launch Crypto-Currency GlobalCoin in 2020 – BBC

Refiners Poised for Boost from Clean-Fuel Rules – WSJ

**Global Payments (GPN)** and **Total Systems (TSS)** Near \$40B Merger of Equals – CNBC

**Occidental (OXY)** to Sell Parts of **Anadarko (APC)** after Debt-Fueled Acquisition - Reuters

**STOCK SPECIFIC NEWS OF NOTE**

**Google (GOOG)** to Invest EUR600M in Finnish Data Center

**Meredith (MDP)** Sells Sports Illustrated for \$110M to Authentic Brands

**Star-Bulk (SBLK)** to Acquire 11 Dry Bulk Vessels from **Delphin Shipping** for \$139.5M

**Jumei (JMEI)** Authorizes \$100M Buyback

**Ticket-Master (LYV)** Announces Decade Long Extension with NHL

**SeaWorld (SEAS)** Buying Back \$150M in Shares from Pacific Alliance Group

**PRE-MARKET MOVERS**

**Moving Higher:** AMD 2.2%, MOMO 5.9%, TEVA 1.7%, FCAU 8.7%, NIO 7.5%, JMEI 16%

**Moving Lower:** BMRN -6%, ERIC -1.7%, ROKU -1.3%

**INSIDER TRADING (Form 4 Filings)**

**Buying:** XON, FRGI, CTL, DISH, F, SPKE, WAB

**Selling:** FOXF, SRPT, ALKS, FGEN, QTWO, SAGE, WMT, BLDR, AXX, CHRS, FTNT

**POTENTIAL SYMPATHY TRADES**

**OPTION HIGHLIGHTS (Prior Day)**

**Clovis (CLVS)** sizable trade today with 20,000 January 2021 \$20 calls being bought for \$5.90 in a stock replacement strategy. CLVS has seen recent buyers in the June \$17, June \$21, and June \$22 calls with some smaller July \$20 short puts opened in April as well. CLVS has lagged peers in 2019 and back near the 2016 lows and 2012 high-volume base. Shares have been in a narrow channel lower since March highs around \$30 and a move over \$17.50 triggers out of this trend with room back higher. The \$931M company trades 8.5X sales and 2.29X cash with estimates for 49.8% and 54.8% revenue growth the next two years. CLVS has focused on expansion of Rubraca across a number of cancer indications with recent regulatory wins in Europe for ovarian and fallopian cancer and positive data in pancreatic cancer. They are moving forward with combo studies in multiple tumor types as well. In April, they ended a Phase 2 trial looking at the treatment in bladder cancer. The company will be at ASCO next week. Analysts have an average target for shares of \$35.50 with 8 buy ratings and 3 hold ratings. Short interest is 16.4% but down sharply from early January highs around 24%. HCW has a \$37 PT for shares and noting that the recent ATLAS failure only had about a 15% chance of success and discontinuation isn't a huge surprise. The firm thinks investors are missing the potential opportunity that the PARP market holds in ovarian cancer and other indications. While penetration of the PARP market has been slow, investors are not giving Clovis enough credit for the potential size of the market. Sun Trust has a \$35 PT for shares with a lot of clinical potential in 2019 to expand into important indications beyond ovarian. They also expect a late 2019 NDA for prostate cancer. Institutional ownership fell 10%. Palo Alto, Redmile, and Orbimed notable holders.

**AFTER HOURS MOVERS**

**Gainers:** RGNX 2.7%, BAH 2%

**Losers:** LSCC -1.4%

**MARKET SENTIMENT / INTERNALS**

INDICATOR	READING	SIGNAL
<b>CBOE Equity Put/Call Ratio</b>	<b>0.64</b>	<b>Rising</b>
<b>CBOE Index Put/Call Ratio</b>	<b>0.99</b>	<b>Low</b>
<b>CBOE Skew Index</b>	<b>114.12</b>	<b>Multi-Month Lows</b>
<b>VIX Curve</b>	<b>Contango</b>	<b>Normal</b>
<b>CNN Fear &amp; Greed Index</b>	<b>27</b>	<b>Fear</b>
<b>NYMO</b>	<b>-26.19</b>	<b>Neutral</b>
<b>NYSE Highs/Lows</b>	<b>54.89</b>	<b>Multi-month Lows</b>
<b>McClellan Summation</b>	<b>445.54</b>	<b>Below 8-EMA</b>
<b>Univ. of Michigan Consumer Sentiment</b>	<b>102.4 (May Prelim.)</b>	<b>15-Year Highs</b>

**SMART MONEY (13g/13d Filings)**

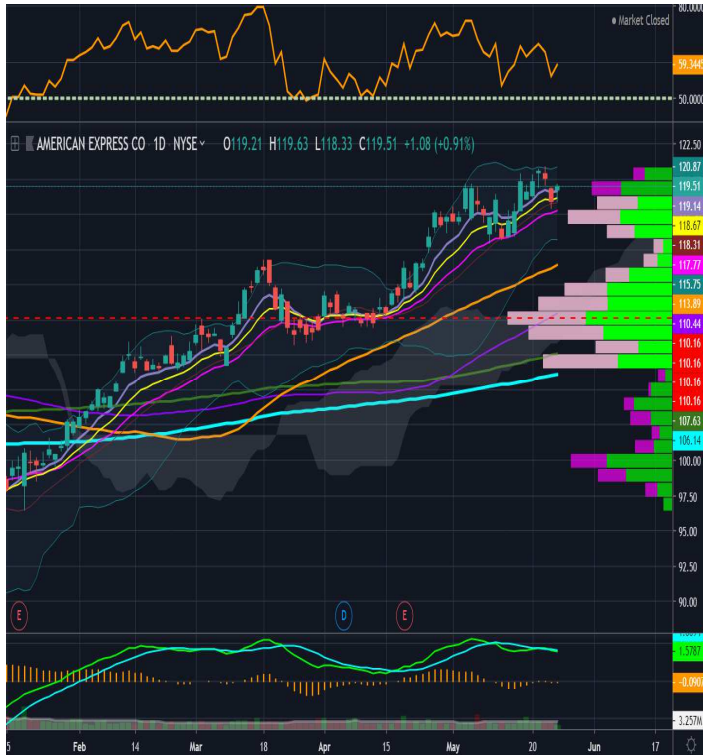
**IPO MONITOR**

**Blue Hat Interactive (BHAT)** issuing 1.8M shares at \$4; Producer, developer and operator of augmented reality interactive entertainment games and toys in China

# TRADE

## WEEKLY TECHNICAL BREAKOUT

AXP:



American Express (AXP) shares looking for a break above recent highs and have ridden the 21 day MA higher showing impressive relative strength.

## FUNDAMENTAL TRADE OF THE WEEK

**Stock:** Jazz Pharma (JAZZ)

**Price:** \$136.75

**Valuation:** Undervalued

**Key Ratios:**

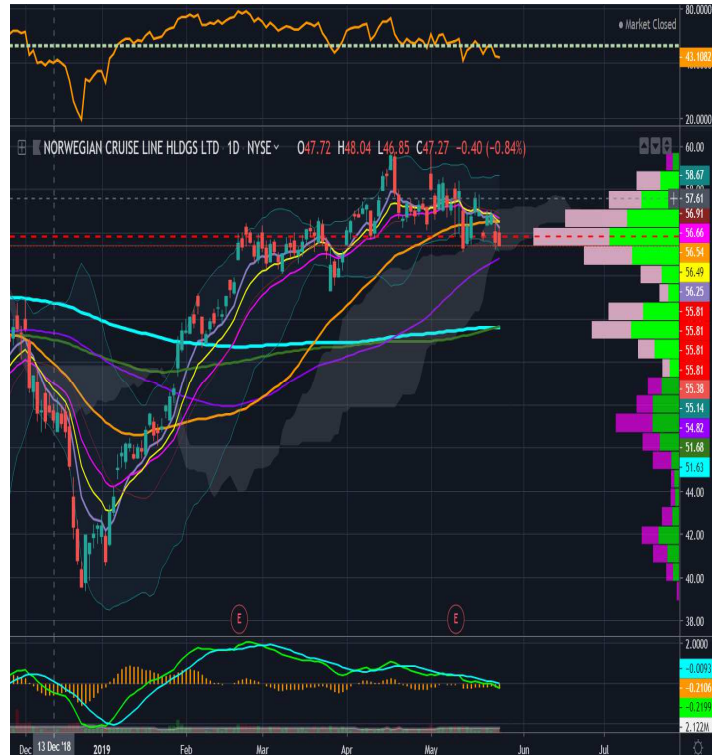
	Fwd. PE	P/S	P/B	EV / EBITDA	P/FCF
Stock	7.85X	4X	2.9X	7.7X	9.6X
Industry Avg.					

**Analysis:** The \$7.8B Biotech is coming off a 2<sup>nd</sup> straight strong quarter and continues to trade at a steep discount to the market and peers. JAZZ posted 14.3% Y/Y revenue growth last quarter and has potential in its pipeline with it set to present at ASCO next week. JAZZ's top product Xylem continues to exceed estimates and has a large and durable market.

# IDEAS

## WEEKLY TECHNICAL BREAKDOWN

NCLH:



Norwegian Cruise (NCLH) shares putting in a topping pattern and starting to break key support with room to fall back towards the 200 day MA near \$52.

## PAIR TRADE OF THE WEEK

**Industry:** Recreational Vehicles

**Long/Short:** Long Polaris (PII) / Short REV Group (REVG)

**Analysis:** PII shares have been beaten up on China fears but the company sets up well at historically cheap valuation into a strong product cycle launch. REVG is a struggling specialty vehicle name seeing minimal growth and is over-leveraged.

## SMALL CAP TRADE OF THE WEEK

**iCAD (ICAD)** is a \$100M maker of image analysis and radiation therapy products with estimates calling for accelerating growth each quarter this year with 17.5% total revenue growth. Shares are also setting up strong on the char breaking out of a large pattern that measures to 30% near-term upside.

## DAILY OPTIONS REPORT

<u>Unusual Call Activity</u>	<u>Unusual Put Activity</u>	<u>Implied Volatility Riser</u>
DXC Tech (DXC)	DXC Tech (DXC)	Luckin (LK)
Clovis (CLVS)	Changyou (CYOU)	ArQule (ARQL)
Total System (TSS)	Cara Therapeutics (CARA)	Huron (HURN)
Ally Financial (ALLY)	Buckle (BKE)	Lannett (LCI)
ArQule (ARQL)	Altice (ATUS)	Dynavax (DVAX)
Kratos (KTOS)	Ocular (OCLR)	Jumia (JMIA)
<u>Lowest Put/Call Ratio</u>	<u>Highest Put/Call Ratio</u>	<u>Implied Volatility Decliner</u>
Liberty (LBTYA)	ArcBest (ARCB)	Foot Locker (FL)
Loma Negra (LOMA)	Circor (CIR)	USA Tech (USAT)
Fox (FOXA)	Brunswick (BC)	HP (HPQ)
Ally Financial (ALLY)	Chicos (CHS)	Splunk (SPLK)
Clovis (CLVS)	Commercial Metals (CMC)	Regenx (RGNX)
Titan Machinery (TITN)	KB Home (KBH)	Titan Machinery (TITN)
<u>OTM Calls on Offer</u>	<u>OTM Puts on Offer</u>	<u>Elevated IV30</u>
Titan Machinery (TITN)	Nio (NIO)	Savara (SVRA)
Knight Swift (KNX)	Medtronic (MDT)	Intra Cellular (ITCI)
Fox (FOXA)	Vale SA (VALE)	Assembly Bio (ASMB)
Delta (DAL)	Square (SQ)	Jumia (JMIA)
DowDupont (DWDP)	Snap (SNAP)	Athenex (ATNX)
<u>Positive Net Delta</u>	<u>Negative Net Delta</u>	<u>Option Volume Gainers (%)</u>
DXC Tech (DXC)	Bank of America (BAC)	DXC Tech (DXC)
Twitter (TWTR)	Nio (NIO)	Changyou (CYOU)
Ally Financial (ALLY)	Square (SQ)	Cara Therapeutics (CARA)
Ford Motor (F)	Lannett (LCI)	ArQule (ARQL)
Fox (FOXA)	Ebay (EBAY)	Kratos (KTOS)
<u>Bullish Call Flow</u>	<u>Bearish Put Flow</u>	<u>Large Spread Trades</u>
DXC Tech (DXC)	MSCI	IWM, 5000 June 2020 \$160/\$135 bull risk reversals
ArQule (ARQL)	Centene (CNC)	PVH, 1,450 June \$110/\$120 call spreads
Clovis (CLVS)	Capri (CPRI)	ANTM, 400 January \$350 calls to buy the \$300/\$240 put spreads
Spotify (SPOT)	Kohls (KSS)	CARA, 2,000 July \$22.50/\$12.50 strangles sold
Titan Machinery (TITN)	Hubspot (HUBS)	WDAY, 500 next week \$205/\$230 call spreads



## Extras

**Retail (XRT)** the July \$41/\$38 put spread bought 15,700X for \$0.80

**Russell (IWM)** buyer of 10,000 July \$157/\$135 bull risk reversals this afternoon for \$0.58

**China (FXI)** buyer of 24,000 July \$39/\$36 put spreads

**New Oriental (EDU)** with 500 January \$70 puts sold to open for \$4.95, common strategy

**EnCana (ECA)** buyers of 5,000 June \$6 calls for \$0.25 to \$0.30

**JD.com (JD)** the June 2020 \$25 puts being sold to open for \$3.40 in a stock replacement

**Chico's (CHS)** late day buyers of 1,675 August \$4 puts for \$0.67 to \$0.70

**Ubiquiti (UBNT)** another 2,000 June \$135 calls bought on the day up to \$2.60

**Las Vegas Sands (LVS)** with 800 December \$50 calls opening around \$10

**Blueprint (BPMC)** buyers this afternoon of 400 October \$95 calls for \$9.00 to \$9.50

**Luckin Coffee (LK)** also with 500 December \$15 calls bought up to \$4

Earnings Before Market Open (Tuesday)							
Ticker	Company	EPS Actual	EPS Forecast	Rev Actual	Rev Forecast	YY Growth	Notes
AMWD	American Woodmark	\$1.87	\$1.89	\$407.40	\$413.45	0.40%	
PLAN	Anaplan	-\$0.16	-\$0.20	\$75.80	\$70.66	46.90%	Q2 Above, Raises FY20
BNS	Bank of Nova Scotia	\$1.70	\$1.74	\$7,800.00	\$7,601.51	10.50%	
BAH	Booz Allen Hamilton	\$0.64	\$0.62	\$1,780.00	\$1,737.88	9.10%	
MOMO	Momo	\$0.62	\$0.54	\$554.73	\$532.98	27.50%	
NIO	NIO	-\$2.42	-\$3.36	\$1,630.00	\$1,410.00		
LEJU	Leju	-\$0.08		\$110.40		35.50%	
QTNT	Quotient	-\$0.41	-\$0.42	\$8.30	\$7.30	35.00%	