

TOP STORIES

- Eurozone Bond Rally Takes a Breather
- Money Markets Pricing in 2 US Rate Cuts by Early 2020
- Oil Higher as US Inventories Decline Above Expectations
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INDEX FUTURES

Futures	Change	Fair Value
S&P 500	2787.5 (7.5)	2783.5 (3.5)
Nasdaq	7233.25 (17.25)	7222.85 (6.85)
Dow	25148 (39)	25127.4 (18.4)

GLOBAL INDICES

INDEX	CLOSE	CHANGE
FTSE	7220	0.48%
DAX	11903.75	0.56%
Nikkei	20942.53	-0.29%
Hang Seng	27114.9	-0.44%

ECONOMIC CALENDAR

TIME	INDICATOR	CONSENSUS
8:30am	Trade Balance	-\$72B
8:30am	Jobless Claims	1670K
8:30am	US Q1 GDP	3.1%
10am	Pending Home Sales	+1.1%

FOREX

EUR/USD	1.1138 (0.06%)
USD/JPY	109.7 (0.1%)
USD/CAD	1.3493 (-0.2%)
GBP/USD	1.2627 (0.01%)

COMMODITY

Oil	59 (0.36%)
Natural Gas	2.602 (-0.85%)
Gold	1280.2 (-0.06%)
Copper	2.644 (-0.75%)

VOLATILITY INDICES

INDEX	SYMBOL	CLOSE
S&P	VIX	18 (2.9%)
Nasdaq	VXN	22.3 (2.2%)
Oil	OVX	36.4 (6%)
Gold	GVZ	8.9 (-3.37%)

MARKET OUTLOOK

Stocks are indicating a higher open this morning after reversing off key support in yesterday's session, seeing a return of some risk appetite in global markets overnight as Bonds pulled in.

In Europe markets were steadily higher as yields moved higher off record lows led by two newspaper companies. The US/China trade dispute and Italy's budget concerns remain overhangs. Bloomberg is reporting US/EU trade talks are struggling which threatens a new front in the trade war.

The schedule picks up today with a number of economic reports including Trade Balance, GDP and Pending Home Sales. Tomorrow we get Personal Income/Spending as well as Chicago PMI.

On the technical front the S&P bounced at key 2,770 support yesterday as a level of note on the weekly chart being the rising 55 week MA, weekly cloud support, and a re-test of the failed October/November rally resistance we broke through earlier this year. A move below that level could cause a deeper correction back to 2,700, or even a 50% retracement of the December/April range to 2,650.

Zynga (ZNGA) with a notable upgrade to Overweight at Stephens this morning with a new Street high target of \$8.25 citing confidence in the live service portfolio and acceleration of recent acquisitions. It sees upside drivers in a robust new game slate and further accretive M&A, also citing industry contacts noting ZNGA's improving reputation.

S&P TECHNICALS

Levels: Support 2,775/2,700; Resistance 2,850/2,900



KEY EVENTS TO WATCH

Earnings AMC: COO, COST, DELL, GPS, MRVL, NTNX, OKTA, RRGB, UBER, ULTA, VMW, WSM, YEXT, ZS, ZUO

Analyst Events: EVH, WM

Conferences: Bernstein Strategic Decisions

Earnings BMO: BIG, CONN, GCO

ANALYST ACTION/COMMENTS

Borg Warner (BWA) Raised to Overweight at Barclays

Citi (C) Raised to Buy at Goldman

Zynga (ZNGA) Raised to Overweight at Stephens

American Trust (AAT) Raised to Outperform at JMP

Comcast (CMCSA) Raised to Buy at Guggenheim

Reliance Steel (RS) Raised to Buy at Deutsche Bank

Penumbra (PEN) Raised to Overweight at JP Morgan

Veeva (VEEV) Raised to Overweight at Stephens

Encompass Health (EHC) Raised to Overweight at Barclays, \$70 Target

Global Payments (GPN) Raised to Buy at Guggenheim

Teva (TEVA) Cut to Underperform at BAML

Verizon (VZ) Cut to Neutral from Buy at UBS

Tesla (TSLA) Target Cut to \$150 at Barclays; Unlikely to Meet Delivery Targets

Canada Goose (GOOS) Cut to Neutral from Buy at BAML

US Steel (X) Cut to Sell at Deutsche Bank; **Nucor (NUE)**, **Steel Dynamics (STLD)** Cut to Neutral

Adyen (ADDYF) Started Overweight at Cantor

Huya (HUYA) Started Buy at BAML

SharpSpring (SHSP) Started Buy at National Securities, \$20 Target

Boston Scientific (BSX) Added to Top Picks at BMO

MEDIA HIGHLIGHTS

Golden Gate to Buy \$1.2B Majority Stake in Bon Secours Mercy Health, a Hospital-Billing Software Company – WSJ

Brookfield (BAM) Near \$585M Solar Deal for 50% Stake in X-Elio – Reuters

DOJ Wants **T-Mobile (TMUS)**, **Sprint (S)** to Set Up 4th Carrier – Bloomberg

Department of Commerce Issues Preliminary Antidumping Duty Determination on Mattresses from China

Germany's Axel Springer Shares Surge on **KKR** Bid Talks – WSJ

Corn Prices Rise Over Harvest Concerns – WSJ

First Group to Sell Greyhound Bus Unit – Bloomberg

STOCK SPECIFIC NEWS OF NOTE

Palo Alto (PANW) Acquires Twistlock \$410M Cash

Zyme (ZYME) ZW25 Granted Fast Track Designation by FDA

Chevron (CVX) Sells North Sea Assets for \$2B to Delek Group's Ithaca Energy Unit

Melco (MLCO) Purchases 19.99% Stake in Crown Resorts

Waste Mgmt. (WM) Reaffirms Outlook into Investor Day

PRE-MARKET MOVERS

Moving Higher: BITA 11%, BYND 3.5%, ZNGA 2.8%, C 1.2%, DG 5%, CSIQ 3%, EXPR 13%, DLTR 2%

Moving Lower: TEVA -2.2%, X -2%, TSLA -1%, MOV -15%,

INSIDER TRADING (Form 4 Filings)

Buying: ANIP, AGNC, MAC

Selling: CISN, BSX, EPAM, SKY, AFL, O, YEXT, XLNX, DBX, SEAS

POTENTIAL SYMPATHY TRADES

OPTION HIGHLIGHTS (Prior Day)

Disney (DIS) with another 2,500 September \$140 calls bought into early weakness after seeing 2,500 add with buys yesterday and recent buying in August \$135, September \$145, October \$140 and multiple July call strikes as well. DIS shares are pulling back near support of its gap move as it continues to consolidate a strong long-term range breakout move. The \$238.75B Company trades 20.45X Earnings, 32X FCF and 16X EV/EBITDA with a 1.33% dividend yield. DIS recent momentum has stemmed from its move to a DTC streaming service as it competes with Netflix (NFLX) and others. Analysts have an average target near \$150 and short interest is low at 1.2% of the float. DIS has seen plenty of recent Box Office success continue, strong Aladdin numbers this past weekend. On 4-23 BAML added to the US1 List with a \$168 target expecting shares to Outperform driven by (1) the 11/12/19 US rollout of the Disney+ direct-to-consumer (DTC) service; (2) continued traction at Hulu and ESPN+; (3) a solid Studio slate (i.e., Avengers: Endgame on 4/26/19, Toy Story 4 on 6/21/19 and The Lion King on 7/19/19); (4) solid Parks, Experiences & Consumer Products trends (aided by the opening of Star Wars Land on 5/31/19 at Disneyland and 8/29/19 at Walt Disney World (WDW) along with multiple gate enhancements leading up to WDW's 50th anniversary in FY22); (5) stable-to-low-growth Media Networks; (6) Fox synergy realization (at least \$2bn in cost saves by FY21E); and (7) the potential resumption of capital returns once gross leverage returns to 1.5-2x (we believe gross leverage will fall toward 2.4x upon conclusion of the Fox RSN divestitures later this year, or 2.2x net). Rosenblatt put a \$175 target on shares. Hedge Fund ownership soared 68% in Q1 filings, Point-72 disclosing a call option position and Yacktman taking a 6.26% weighted stake.

AFTER HOURS MOVERS

Gainers: KEYS 7%, VEEV 7%, VIAV 2.3%, VRNT 1.8%

Losers: TLYS -11%, PVH -9%, FOLD -5.8%, PANW -5%, TWLO -3.2%, ENPH -2.3%, DSGX -6%

MARKET SENTIMENT / INTERNALS

INDICATOR	READING	SIGNAL
CBOE Equity Put/Call Ratio	0.68	Neutral
CBOE Index Put/Call Ratio	1.33	Elevated
CBOE Skew Index	111.9	Complacent
VIX Curve	Contango	Normal
CNN Fear & Greed Index	23	Extreme Fear
NYMO	-41.9	Oversold
NYSE Highs/Lows	28.7%	Bearish
McClellan Summation	403.65	Below 8-EMA
Univ. of Michigan Consumer Sentiment	102.4 (May Prelim.)	15-Year Highs

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:

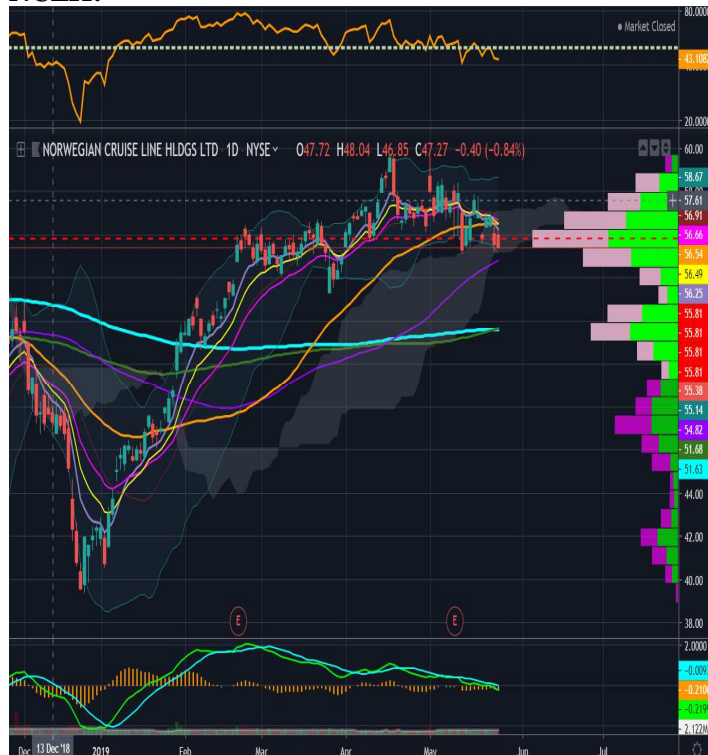
	Fwd. PE	P/S	P/B	EV / EBITDA	P/FCF
Stock	7.85X	4X	2.9X	7.7X	9.6X
Industry Avg.					

Analysis: The \$7.8B Biotech is coming off a 2nd 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>
American Woodmark (AMWD)	Macerich (MAC)	Evolent (EVH)
Pay-Sign (PAYS)	Newpark (NR)	Cypress (CY)
Sprout Markets (SFM)	Ameritrade (AMTD)	At Home (HOME)
Synovus (SNV)	KKR (KKR)	Noble (NE)
Pampa (PAM)	Gluu (GLUU)	Bed Bath (BBBY)
Corn (CORN)	Fossil (FOSL)	Allergan (AGN)
<u>Lowest Put/Call Ratio</u>	<u>Highest Put/Call Ratio</u>	<u>Implied Volatility Decliner</u>
Caleres (CAL)	Deere (DE)	Cara (CARA)
Waste Connection (WCN)	Energy Transfer (ET)	Canada Goose (GOOS)
Fidelity (FIS)	DaVita (DVA)	Abercrombie (ANF)
Sprout (SFM)	Macerich (MAC)	YY (YY)
Fiserv (FISV)	Top Build (BLD)	Workday (WDAY)
Pivotal (PVTI)	Chico (CHS)	Genworth (GNW)
<u>OTM Calls on Offer</u>	<u>OTM Puts on Offer</u>	<u>Elevated IV30</u>
Fiserv (FISV)	Cypress Semi (CY)	Savara (SVRA)
US Steel (X)	Allergan (AGN)	Intra Cellular (ITCI)
FMC (FMC)	Macerich (MAC)	Assembly Bio (ASMB)
At Home (HOME)	Borg Warner (BWA)	Jumia (JMIA)
Mylan (MYL)	Tesla (TSLA)	Athenex (ATNX)
<u>Positive Net Delta</u>	<u>Negative Net Delta</u>	<u>Option Volume Gainers (%)</u>
NVIDIA (NVDA)	Twitter (TWTR)	YPF (YPF)
Alibaba (BABA)	Ollie's (OLLI)	Cypress (CY)
Bank America (BAC)	J&J (JNJ)	Pampa (PAM)
Verizon (VZ)	Dick's (DKS)	Signet (SIG)
Amarin (AMRN)	Intel (INTC)	Dick's Sporting (DKS)
<u>Bullish Call Flow</u>	<u>Bearish Put Flow</u>	<u>Large Spread Trades</u>
Gilead (GILD)	Capital One (COF)	DLTR, July \$90/\$80 Put Spread, 2600X
Golar LNG (GLNG)	Dollar Tree (DLTR)	YPF, Jan \$18/\$23 Call Spread, 30,000X
Disney (DIS)	Bed Bath (BBBY)	SPY, Aug \$265/\$245 Put Spread, 9000X
Pivotal (PVTI)	Teva (TEVA)	IGV, June \$205/\$190 Put Spread, 3500X
Luckin (LK)	Twitter (TWTR)	SIG, Jan \$40 to Jan 2021 \$30 Call Roll, 10,000X16,000

Extras

Varex Imaging (VREX) roll of June \$30 puts to August \$25/\$20 put spreads 2670X

Uber (UBER) late block of 10,000 January \$35 calls bought \$8.60 to open ITM as a stock replacement, earnings tomorrow night

Disney (DIS) with 3,000 August \$140 calls bought to open, the July \$140 calls sold against

Barrick (GOLD) with 1,500 December \$10 calls bought to open \$2.20 late in the session

Intuit (INTU) with another 1,500 July \$240 puts bought near \$6.10

Turning Point Brands (TPB) similar spread to 5/24 traded 500X selling the January \$40 puts to buy the \$50/\$65 call spreads

DXC Tech (DXC) traded 600 January \$57.5/\$45 bull risk reversals to open

Winnebago (WGO) buyers of 1,250 July \$30 puts to open near \$1, reports mid-June

American Eagle (AEO) into Retail weakness with 1,500 August \$19/\$16 bull risk reversals opening \$0.30 debit, reports 6-5

Kellogg (K) buyers of 1,400 September \$55 calls \$1.40 to \$1.45 into late day weakness

Tapestry (TPR) buyer of 1,850 June 28th (W) \$29 calls to open at \$1

Mosaic (MOS) buyers of 3000 September \$26 calls \$0.32 to \$0.34

Waste Mgmt. (WM) buyer of 1,000 October \$105 puts to open \$4 offer into Analyst Day

Mirati (MRTX) with 1,000 July \$85 calls sold to open down to \$3.20 late day

CVS Health (CVS) with 3000 June 2020 \$47.50 puts sold to open \$3.90 in a stock replacement

PayPal (PYPL) opening sales of 5,000 July 5th (W) \$112 calls down to \$2.65

EARNINGS RESULTS

Earnings After Market Close (Wednesday)							
Ticker	Company	EPS Actual	EPS Forecast	Rev Actual	Rev Forecast	YY Growth	Notes
UHAL	AMERCO	\$0.04	-\$0.37	\$725.50	\$789.23	-4.20%	
DSGX	Descartes	\$0.09	\$0.13	\$78.00	\$78.60	16.40%	
KEYS	Keysight	\$1.22	\$0.99	\$1,090.00	\$1,073.90	9.40%	Q3 Above
PANW	Palo Alto Networks	\$1.31	\$1.25	\$726.60	\$704.89	28%	Q4 EPS Light
PVH	PVH	\$2.46	\$2.45	\$2,400.00	\$2,370.25	1.80%	Lowers FY20
QADA	QAD	-\$0.14	-\$0.08	\$78.00	\$78.25	-9.50%	Q2 Below Street
SMTC	Semtech	\$0.34	\$0.33	\$131.40	\$130.40	-13.50%	Q2 EPS Light
TLYS	Tilly's	\$0.02	\$0.02	\$130.30	\$129.04		Weak Outlook
VEEV	Veeva Systems	\$0.50	\$0.45	\$244.75	\$238.69	25.20%	Fy20 Above
VRNT	Verint Systems	\$0.73	\$0.62	\$315.00	\$317.97	11%	Raises FY20

Earnings Before Market Open (Thursday)							
Ticker	Company	EPS Actual	EPS Forecast	Rev Actual	Rev Forecast	YY Growth	Notes
BITA	Bitauto Holdings	\$0.32	\$0.18	\$407.50	\$368.34	17.70%	
BURL	Burlington Stores	\$1.26	\$1.25	\$1,630.00	\$1,620.85	14.20%	In-Line Guidance
CSIQ	Canadian Solar	-\$0.29	-\$0.57	\$484.70	\$468.25	-46.20%	Q2 View Above Street
DBI	Designer Brands	\$0.43	\$0.42	\$878.50	\$874.91	23.40%	Raises FY20 EPS, Reaffirms Comps
DG	Dollar General	\$1.48	\$1.39	\$6,600.00	\$6,567.23	8.30%	SSS +3.8%; Reaffirms
DLTR	Dollar Tree	\$1.14	\$1.14	\$5,809.00	\$5,783.98	4.60%	SSS +2.2%
EXPR	Express	-\$0.15	-\$0.31	\$451.30	\$429.41	-5.90%	Weak Q2 View
JILL	J. Jill	\$0.29	\$0.17	\$176.50	\$179.93	-2.80%	Weak Q2 View
MOV	Movado Group	\$0.24	\$0.31	\$146.55	\$148.70	15.30%	Reaffirms FY20
SAFM	Sanderson Farms	\$1.83	\$1.77	\$845.20	\$843.36	3.9%	
SPWH	Sportsmans Warehouse	-\$0.12	-\$0.09	\$174.00	\$177.48	-3.40%	SSS -5.7%
TECD	Tech Data	\$2.04	\$1.97	\$8,410.00	\$8,453.55	-1.70%	Q2 Revenue View Light
TITN	Titan Machinery	\$0.02	-\$0.05	\$278.30	\$250.38	14.20%	Reaffirms FY20