

TOP STORIES

- US Sets Record for Daily New Cases as Virus Surges in South and West
- Some Re-openings Halted as Virus Limbo Impacts Businesses
- Tri-State Governors to Quarantine Visitors from Coronavirus Hot Spots
-

INDEX FUTURES

Futures	Change	Fair Value
S&P 500	3041.5 (-7.5)	2.17
Nasdaq	10015.75 (5)	26.05
Dow	25301 (-92)	-15.94

GLOBAL INDICES

INDEX	CLOSE	CHANGE
FTSE	6120.02	-0.06%
DAX	12143.06	0.41%
Nikkei	22259.79	-1.22%
Hang Seng	Closed - Holiday	

ECONOMIC CALENDAR

8:30	Durable Goods	10.3%
8:30	GDP	-5.0%
8:30	Trade	-\$66.5B
8:30	Weekly Claims	1.38M
10:30	EIA Nat Gas	
12:00	Mester Speaks	

FOREX

EUR/USD	1.121 (-0.35%)
USD/JPY	107.25 (0.21%)
USD/CAD	1.362 (-0.12%)
GBP/USD	1.245 (0.27%)

COMMODITY

Oil	37.59 (-1.10%)
Natural Gas	1.562 (-2.19%)
Gold	1770.4 (-0.27%)
Copper	2.6485 (-0.08%)

VOLATILITY INDICES

INDEX	SYMBOL	CLOSE
S&P	VIX	33.84 (7.87%)
Nasdaq	VXN	33.58 (7.52%)
Oil	OVX	64.96 (10.42%)
Gold	GVZ	20.01 (-2.44%)

MARKET OUTLOOK

Futures indicating a mostly flat open after a quiet night while Europe rebounds from its early weakness. There was not a lot of new information in the last 12 hours to change the overall narrative for markets. COVID-19 cases continue to rise in the US after one of its highest-ever increases in the number yesterday. Texas hospitals are on the brink of overcapacity again as they remain a big hotspot. We're also starting to see more companies implement policies to avoid shutting down again. Casinos like Caesars and MGM both will require masks now indoors while Disneyland will delay its opening. Overall, remains a very cautious environment but unless we see wholesale shutdowns for non-essential businesses again (which remains unlikely), the impact likely remains a sluggish recovery. Elsewhere, jobless claims expected to top 1.3M today for the 14th week in a row. Crude is down around 1% and continues to roll over. Bonds up around 25 bps and looking at a flag breakout.

Asian markets were mostly lower with the Nikkei down over 1.2%. There were a number of markets closed on Holiday including Hong Kong, China, and Taiwan. **Olympus** higher by 11% after plans to sell its struggling camera business to focus on medical equipment.

European markets have rebounded off the early lows and now trading flat for the most part. Autos are helping lift the DAX with **Daimler**, **VW** and **BMW** all up around 2-3%. **Lufthansa** shares higher by 16% after top shareholder voted in favor of a government bailout. **Bayer** slightly higher after agreeing to a \$10.9B settlement over RoundUp. **BAE Systems** higher by 1% after guiding to a strong 2H recovery. **Fiat** higher by 1.5% after Italy approved a bailout. **Wirecard** down 15% after filing for insolvency. **Royal Mail** down over 7% after announcing significant job cuts. **EasyJet** down 5% after raising more than \$500M through a secondary.

It was a real quiet morning for economic data. German consumer sentiment surveys came in positive at -9.6 vs -12. Spanish PPI was slightly worse than expected. The ECB announced it would begin offering Euro liquidity to non-EU central banks.

S&P TECHNICALS

It was a quiet night, overall, for S&P futures. We traded in a narrow range between 3,050 and 3,025 for the most part but around 3am did have a quick dip to 3,005 that was bought up quick. Overnight VWAP is basically flat at 3,034. VWAP for the week is up at 3,083. On the daily, we're holding the 200-MA at 3,017.25 and overnight action setting up a possible hammer reversal with a move above 3,050 today.



KEY EVENTS**Earnings After the Close:** CAMP, NKE, PRGS, SNX**Analyst Days:** SNCR**Other:** US Bank Stress Test Results**Tomorrow...** Michigan Consumer Sentiment at 10am, Earnings from APOG**ANALYST ACTION/COMMENTS****AeroVironment (AVAV)** upgraded to Buy at Stifel**Patterson (PDCO)** upgraded to Neutral at Goldman**Ameriprise (AMP)** upgraded to Buy at Goldman**DuPont (DD)** upgraded to Buy at RBC Capital**Diamondback (FANG)** upgraded to Buy at Sun Trust**Pioneer (PXD)** upgraded to Buy at Sun Trust**Fortiv (FTV)** upgraded to Buy at Baird**Allstate (ALL)** upgraded to Neutral at Credit Suisse**Vivint Solar (VSLR)** downgraded to Neutral at Goldman**Solar Edge (SEDG)** downgraded to Sell at Goldman**Boeing (BA)** downgraded to Sell at Berenberg**Marathon (MRO)** downgraded to Neutral at Wells Fargo**Uniqure (QURE)** downgraded to Neutral at Baird**Intercontinental (IHG)** downgraded to Neutral at Jefferies**IQIYI (IQ)** downgraded to Neutral at OppenheimerOppenheimer starting **APPS, DOCU** at Buy**Smile Direct (SDC)** initiated Buy at Stephens**Talos Energy (TALO)** initiated Buy at MKM Partners**Yext (YEXT)** initiated Buy at MKM Partners**Inphi (IPHI)** initiated Buy at SMBC Nikko**Varonis (VRNS)** initiated Buy at Piper SandlerBAML starting **RGNX** at Buy; **BBIO** at Neutral; **PBYI, GNFT** at Underperform**Blackstone (BX)** initiated Buy at UBS**Flexion (FLXN)** initiated Buy at HCW**MEDIA HIGHLIGHTS**CA to ask judge to classify **Uber (UBER), Lyft (LYFT)** drivers as employees – Reuters**Fiat Chrysler (FCAU)** sees car sales in Italy dropping by at least 35% - Reuters**Chuck E. Cheese** parent files for bankruptcy – Reuters**Sosei, AbbVie (ABBV)** sign drug discovery deal worth up to \$1B – Reuters**Lufthansa** soars after shareholders back bailout – Reuters**BAE Systems** expects strong H2 recovery – ReutersSingapore telcos pick **Nokia (NOK), Ericsson (ERIC)** over Huawei to build main 5G networks – Reuters**Disney (DIS)** mulls postponing release of 'Mulan' -WSJ**Disneyland (DIS)** reopening to be delayed beyond July 17 – LA Times**SoftBank** CEO Masa Son steps down from **Alibaba's (BABA)** board – WSJ**Google (GOOGL)** Strikes Deals to Pay Some Publishers for News - WSJ**Southwest Airlines (LUV)** May Have Just Started a Fare War – Barron's**Brookfield (BPY)** Says Office Demand Has Increased as Workers Return – Bloomberg**STOCK SPECIFIC NEWS OF NOTE****uniQure (QURE), CSL Behring** enter license agreement for hemophilia B gene therapy**Ally Financial (ALLY), CardWorks** mutually agree to terminate merger**MasterCard (MA)** reports cross border volume in week ending 6/21 down 41%**AT&T (T)** announces additional early repayment of debt**Wirecard** files for opening of insolvency proceedings**MGM Resorts (MGM)** to require masks for guests inside all public spaces**Moderna (MRNA), Catalent (CTLT)** announce collaboration on COVID-19 vaccine candidate

PRE-MARKET MOVERS

Moving Higher: RAD 10%

Moving Lower: RCL -5%, CCL -4.5%, NCLH -4.5%

INSIDER TRADING (Form 4 Filings)

Buying: SUME, RPRX, CATM, FOX

Selling: ANSS, PLAY, MORN, MRNA, AVGO, VEEV, KEYS, CIEN, APPN, KTOS, GDOT

POTENTIAL SYMPATHY TRADES

DHI, PHM, LEN – on KBH earnings

CTSH, INFY, SAP – on ACN earnings

OPTION HIGHLIGHTS (Prior Day)

Ionis Pharmaceuticals (IONS) large buyer of 5,000 October \$70 calls for \$2.30 to open in a stock replacement follows buyers earlier in the day in the August \$60 calls over 600X for \$3.50 to \$3.70. IONS still has some size January \$70 calls in OI from last August that are well-underwater from their original buy. Shares are sitting right at a big downtrend from 2019 and consolidating in a narrow range with a breakout setting up under \$60. The rising 50-MA is just below at \$56.25 and supportive in May on the dip. The \$7.95B company trades 8.29X sales and well-capitalized with over \$17/share in cash and limited debt. IONS expects to ramp to \$1B in annual sales by FY23 up from around \$725M today, mid-double digit annual growth. Their commercial operations continue to ramp up 24% Y/Y last quarter as SPINRAZA continues to see strong growth US adult patient populations and plenty of opportunity left to expand into emerging markets. TEGSEDI is also starting to see strong growth in the US and launching in more EU countries this summer should be a boost into the 2H. IONS has one of the deepest pipelines within the mid-cap bio space with ten different NDAs on track for the next five years and more than sixteen programs in development across Huntington's, Hep B, hATTR polyneuropathy, FCS, hereditary angioedema and more. Analysts have an average target for shares of \$75 while Wells Fargo a Street High \$120 PT. Citi raising their PT on 6-5 noting that IONS is a more defensive name in the current macro environment given their cash position, diversified pipeline, and safe revenue streams from large pharma partnerships. RBC starting at Outperform in May noting their TTR franchise is poised for asymmetrical upside given current expectations. Short interest is 6.3% and trending down steadily since 2016 to 10-year lows. Hedge fund ownership fell 3.4% in Q1 but Ecor1 a buyer of a new position while Baillie Gifford, Bellevue and Peregrine Capital other notable holders.

AFTER HOURS MOVERS

Gainers: SRNE 15%, ALLY 9%, ZGNX 5%, XLRN 3.5%

Losers: KBH -13.3%, QURE -12.5%, PHM -3.5%

MARKET SENTIMENT / INTERNALS

INDICATOR	READING	SIGNAL
CBOE Equity Put/Call Ratio	0.57	Complacency
VIX Curve	Contango	Normal
CNN Fear & Greed Index	55	Neutral
NYMO	-25.39	Slight Oversold
McClellan Summation	1037.63	Above 8-EMA but Turning Cautious
Lipper Fund Flows	-\$20B	Bullish
Univ. of Michigan Consumer Sentiment	78.9 (June)	-19.7%
NAAIM Exposure Index	88.25	Extreme High
AAII Sentiment	47.8% Bears	Bullish

SMART MONEY (13g/13d Filings)

IPO MONITOR

Albertson's (ACI) issuing 65.8M shares at \$18-\$20; One of the largest food retailers in the U.S.

Double-Down (DDI) issuing 11M shares at \$17-\$19; Korea-based developer and publisher of digital games on mobile and web-based platforms

SECONDARY MONITOR

Castle Bio (CSTL) 2M share Secondary priced at \$37

Yandex (YNDX) 8.12M share Secondary priced at \$49.25

TRADE

WEEKLY TECHNICAL BREAKOUT

TW:



TradeWeb (TW) shares are forming a nice bull flag under \$66/\$67 with MACD nearing a bullish cross and RSI set to clear 60 again, ready to run. A breakout above \$68 targets \$75 but strong name overall.

FUNDAMENTAL TRADE OF THE WEEK

Stock: Solar Edge (SEDG)

Price: \$153.50

Valuation: Undervalued

Analysis: The \$7.49B company focuses on optimized inverter systems for residential and commercial solar uses. SEDG trades cheap with revenue growth in the mid-30% range while EPS is expanding quickly and ROI and FCF remain best-in-breed. SEDG continues to gain market share in key markets.

IDEAS

WEEKLY TECHNICAL BREAKDOWN

LVS



Las Vegas Sands (LVS) shares breaking down out of small range and uptrend from the March lows. The low-end of value is down around \$40 and an ideal target for continued weakness.

PAIR TRADE OF THE WEEK

Industry: Discount Stores

Long/Short: Long BJs Wholesale (BJ); short PriceSmart (PSMT)

Analysis: BJ is coming off a strong quarter with high renewal rates, member growth, and club expansion. New management is executing on a plan for better margins while gaining share in the \$167B warehouse club market. PSMT faces headwinds from lower tourism rates to the Caribbean as well a slowdown in new store openings. They're also facing additional costs from its digital transformation which continue to weigh.

SMALL CAP TRADE OF THE WEEK

GW Pharma (GWPH) is a \$4.07B pharmaceutical which focuses on developing cannabinoid medicines. They have a number of indications targeted including Dravet, Lennox-Gastaut, and infantile spasms. Epidiolex has seen strong uptake in its first 18-months after approval and should see further growth with expansion into new labels in 2020.

Extras

Facebook (FB) large 1000 lot late day opening sale of December \$190 puts for \$8.62

Guardant Health (GH) trade selling 800 January \$100 calls and 800 \$80/\$50 put spreads while also buying 900 January 2022 \$80 calls to open, similar to a recent trade structure seen in **ISRG**

Burlington (BURL) buyers of 750 July \$210 calls for \$6.40 to \$7

Dave & Buster (PLAY) late day buyer 2000 July \$17 calls \$0.95 to open

Compass Mineral (CMP) unusual late buy 1000 July \$45 puts \$1.32 to \$1.35 to open

Hanesbrand (HBI) IV rose late with sweep buyers 2500 August \$11 calls \$1.15 offer

PetsMed (PETS) IV rose late day with buyers 775 August \$35 calls near \$4.55

Alibaba (BABA) afternoon size buys of 5000 August \$230 calls \$10.65 to \$11.15

Gilead (GILD) opening sale 2000 July 24th (W) \$75 puts for \$2.80

Lockheed (LMT) opening seller 100 January 2022 \$360 puts for \$58

Earnings

Ticker	Stock	EPS Actual	EPS Est.	Revs Actual	Revs Est.	Change	Notes
BB	BlackBerry	\$0.02	-\$0.02	\$214.00	\$215.58	-19.90%	
FUL	H.B. Fuller	\$0.68	\$0.55	\$675.00	\$664.28	-11.20%	
KBH	KB Home	\$0.55	\$0.58	\$913.97	\$1,077.05	-10.60%	
ACN	Accenture	\$1.90	\$1.84	\$10,991.30	\$10,888.52	-1.00%	FY In Line
DRI	Darden	-\$1.24	-\$1.64	\$1,270.00	\$1,270.00	-43.50%	FY Above
FDS	FactSet	\$2.86	\$2.44	\$374.10	\$376.35	2.60%	FY In Line
GMS	GMS	\$0.56	\$0.51	\$770.90	\$734.20	-1.20%	
MKC	McCormick	\$1.47	\$1.16	\$1,401.10	\$1,369.07	7.60%	
RAD	Rite Aid	-\$0.04	-\$0.38	\$6,027.40	\$5,610.58	12.20%	
WOR	Worthington	\$0.29	\$0.26	\$611.60	\$653.00	-34.90%	

KBH – Missed on EPS and Revs - “Though these measures significantly disrupted our business, we generated solid financial results in the second quarter, with year-over-year growth across several key metrics. Most notable of these were the 100-basis point increase in our housing gross profit margin and the expansion of our pretax income. The prolonged stay-at-home public health orders, resulting economic shutdown and our conservative approach to navigating the uncertain environment significantly impacted our orders during the quarter. However, following a low point in April, we are very encouraged by the resilience of housing market demand. We experienced steady and significant improvement in our order trends beginning in May, which was further fueled by welcoming walk-in traffic to our communities.

This improvement has accelerated dramatically in the first three weeks of June during which time we have achieved a modestly positive year-over-year comparison, as orders have returned to more normalized levels,” concluded Mezger.