

**TOP STORIES**

- Global Coronavirus Cases Surpasses 10M, Death Toll Tops 500K
- Facebook Ad Boycotts Accelerate as Pepsi, Others Join Exodus
- Trump Faces Mounting Defections from Key GOP Groups

**INDEX FUTURES**

Futures	Change	Fair Value
<b>S&amp;P 500</b>	<b>3013.75 (6.75)</b>	<b>15.7</b>
<b>Nasdaq</b>	<b>9848.25 (-17.5)</b>	<b>12.16</b>
<b>Dow</b>	<b>25049 (99)</b>	<b>164.45</b>

**GLOBAL INDICES**

INDEX	CLOSE	CHANGE
<b>FTSE</b>	<b>6182.72</b>	<b>0.38%</b>
<b>DAX</b>	<b>12132.95</b>	<b>0.36%</b>
<b>Nikkei</b>	<b>21995.04</b>	<b>-2.3%</b>
<b>Hang Seng</b>	<b>24301.28</b>	<b>-1.01%</b>

**ECONOMIC CALENDAR**

<b>10:00</b>	<b>Pending Home Sales</b>	<b>11.3%</b>
<b>10:30</b>	<b>Dallas Fed</b>	
<b>3:00</b>	<b>Williams Speaks</b>	

**FOREX**

<b>EUR/USD</b>	<b>1.128 (0.57%)</b>
<b>USD/JPY</b>	<b>107.2 (-0.01%)</b>
<b>USD/CAD</b>	<b>1.366 (-0.24%)</b>
<b>GBP/USD</b>	<b>1.232 (-0.13%)</b>

**COMMODITY**

<b>Oil</b>	<b>38.62 (0.35%)</b>
<b>Natural Gas</b>	<b>1.598 (3.38%)</b>
<b>Gold</b>	<b>1758.7 (0.30%)</b>
<b>Copper</b>	<b>2.6965 (1.41%)</b>

**VOLATILITY INDICES**

INDEX	SYMBOL	CLOSE
<b>S&amp;P</b>	<b>VIX</b>	<b>34.73 (7.79%)</b>
<b>Nasdaq</b>	<b>VXN</b>	<b>33.81 (6.29%)</b>
<b>Oil</b>	<b>OVX</b>	<b>63.69 (1.50%)</b>
<b>Gold</b>	<b>GVZ</b>	<b>20.52 (4.00%)</b>

**MARKET OUTLOOK**

Futures indicating a higher open for the morning despite a weak open on Sunday night. Europe continues to outperform as their COVID-19 cases remain subdued vs the US. The overall news this weekend remained somewhat the same with cases continuing to surge in these new hot spots like Florida and Texas. The WHO warned that the pandemic has entered a 'new and dangerous' phase. There were also some new flare ups in Australian and Japan. And, on top of it all, there remains conflicting messages from leadership on how to manage the breakout and optimism around a vaccine seems modest even with some positive commentary from PFE over the weekend. Elsewhere, Facebook (FB) will see further pressure today as more advertisers suspended spending with them. Finally, POTUS continues to see slipping poll numbers against Joe Biden ahead of the Nov. election. There were reports that he's losing support internally of some key GOP operatives as well.

Asian markets were lower across the board this morning with the Nikkei lagging down over 2.2%. China was weak as well despite its central bank pledging to pump more cash into the banking system. **Softbank** down 3% after it announced some preliminary figures from the T-Mobile sale.

European markets are broadly lower as well, although not nearly as bad as some other regions. Europe remains cautious overall about new cases of COVID-19 but has largely done a better job at distancing practices. Oil majors are weak with **Total** and **BP** both down around 2% as crude fell. Consumer stocks also lagging with **Danone** and **Unilever** down 2.5%. The airlines saw a bit of a rally today with **Ryanair** and **EasyJet** both up 3% to 4%. **TUI** was also up 3.5% after reporting a 50% W/W gain in bookings. **Airbus** up 2% after its CEO gave commentary on production levels. Germany's **Wirecard** jumped over 150% after media reports that **Worldline** is looking to buy some assets. **AMS** up 4.5% after reports that its deal for **Osram** is set to go through. **Commerzbank** up 2% as it got approval for more branch closures.

It was a quiet weekend for **economic data**. China industrial profits fell 19.3% in May, better than the 27.4% drop in April. China also reported another plunge in tourism revenue for the Dragon Boat festival, down 68.8% Y/Y. Japan retail sales fell 12.3% in May, worse than expected. EU consumer confidence was in line with expectations but both services sentiment and industrial sentiment for June missed.

**S&P TECHNICALS**

It was a quiet night for S&P futures after opening lower on Sunday. We made an overnight low within the first five minutes of the week at 2,983.5 before rebounding and then trading in a narrow range between 3,020 and 3,000. The overnight high aligns with a big pivot from Friday's session and above that range can run up to 3,042 and fill a low-volume gap. Overnight VWAP is 3,006 and fairly flat. On the daily, the rising 50-MA right below at 2,976 is the first big line in the sand this week.



**KEY EVENTS NEXT WEEK****Earnings After the Close:** MLHR, MU**Tomorrow...** Case-Schiller at 9am, Chicago PMI at 9:45am, Consumer Confidence at 10:00am; **Earnings Before the Open:** AYI, CAG, MEI**ANALYST ACTION/COMMENTS****SouthWest (LUV)** upgraded to Buy at Goldman**Middleby (MIDD)** upgraded to Buy at Keybank**CDW** upgraded to Buy at Raymond James**ST Micro (STM)** upgraded to Buy at Bryan Garnier**Chart Industries (GTLS)** upgraded to Buy at Evercore**Big Lots (BIG)** upgraded to Buy at Loop Capital**Allegiant (ALGT)** downgraded to Neutral at Goldman**Pilgrim's Pride (PPC)** downgraded to Neutral at Barclays**Beyond Meat (BYND)** downgraded to Sell at Barclays**Diamondback (FANG)** downgraded to Neutral at BMO**Unilever (UL)** downgraded to Sell at UBS**Danone** downgraded to Sell at UBS**Neurocrine (NBIX)** downgraded to Neutral at Goldman**Spotify (SPOT)** downgraded to Sell at Guggenheim**AMC Entertainment (AMC)** downgraded to Sell at CSFB**Cinemark (CNK)** downgraded to Neutral at CSFB**Lyondell (LYB)** downgraded to Neutral at Citi**Fiserv (FISV)** downgraded to Neutral at Oppenheimer**Zoom Info (ZI)** initiated Buy at Stifel, Piper, BAML, MSCO, Credit Suisse; initiated Neutral at Wells Fargo, Canaccord, and JMP; Street High PT \$60**Leap Therapeutics (LPTX)** initiated Buy at Piper**Gossamer (GOSS)** initiated Buy at HC Wainwright**Arena Pharma (ARNA)** initiated Buy at HC Wainwright**Enphase (ENPH)** initiated Buy at Needham**Warner Music (WMG)** initiated Buy at RBC, \$40 PT**MEDIA HIGHLIGHTS**Fracking Trailblazer **Chesapeake Energy (CHK)** Files for Bankruptcy – WSJThe WSJ takes a deep dive look at the **Apple (AAPL)** App Store and Negative Rules Imposed on DevelopersPick Up **Albertsons (ACI)** on Sale – WSJTravel Bans Take Shine Off Banks' Premium Rewards Cards (**AXP**) – WSJ

China Weighs Letting Its Big Banks Broker Deals on Wall Street – Bloomberg

**Velodyne**, Maker of Self-Driving Vehicle Sensors Said to Be in Talks to Go Public - Bloomberg**Coty (COTY)** to buy 20% stake in Kim Kardashian West's beauty line – FT

Equity fund managers retreat from European banks - FT

**American Air (AAL)** CEO says recovery will take longer than anticipated – Reuters**Boeing (BA)** 737 MAX certification flight tests to begin on Monday – ReutersItaly's **Generali** in bid to acquire U.S. asset manager **Brightsphere (BSIG)** – ReutersA Barron's columnist says that **Amazon (AMZN)** Should Buy **Macy's (M)**The Post-Coronavirus Cruise? Not Ready to Sail (**CCL**, **NCLH**, **RCL**) – NYT**Pfizer (PFE)** CEO: COVID-19 Vaccine May Be Ready For October Approval – Inside Health Policy**STOCK SPECIFIC NEWS OF NOTE****NetScout (NTCT)** announces cloud collaboration with **Oracle (ORCL)****IHS Markit (INFO)** selects AWS as preferred cloud infrastructure provider**Alexion (ALXN)** announces EMA approval of ULTOMIRIS**BP PLC (BP)** sells petrochemicals business to UK-based **Ineos** for total of \$5B**Airbus** warns plane production will be down 40% from pre-COVID levels for two years**Facebook (FB)** sees more companies suspend advertising including KO, HMC, HSY, DEO, PEP, LEVI, SBUX; **TWTR** also saw some ad suspensions too**HP (HPQ)** poison pill expires 8 months early

**PRE-MARKET MOVERS**

**Moving Higher:** WKHS 23%, ALT 20%, BA 5.5%

**Moving Lower:** ICPT -30%, FB -3%, SNAP -3%, TWTR -3%

**INSIDER TRADING (Form 4 Filings)**

**Buying:** EPZM, BSIG, ARDX

**Selling:** EVER, IONS, PLAY, NVDA, DOCU, PGNV, REAL, CENX, WORK, CHWY, BAND

**POTENTIAL SYMPATHY TRADES**

**MDGL, NVO, GNFT** – on ICPT NASH CRL

**TWTR, SNAP** – lower with FB/social boycotts

**OPTION HIGHLIGHTS (Prior Day)**

**Upwork (UPWK)** seeing 2,350 August \$17.50 call sweeps early \$1 to \$1.45 and volumes now running over 5800 on the morning, around 7X average. UPWK has not seen a lot of notable flows lately, especially outside of July, but has seen some January stock overwrites into strength. Shares are working out of a multi-week consolidation today above \$14.50 after a big gap higher on earnings in May and short-term measured move up to \$17.50/\$18. Longer-term, UPWK broke a long downtrend that stretched back to its IPO in late 2018 and a move above \$16.50 puts it back above a big volume node from last year and room to move back to \$20. The \$1.66B company trades 5.25X sales and 11.5X cash with profitability hitting break-even in FY21. UPWK is guiding to mid-teens revenue growth and COVID-19 likely drawing more near-term upside as employers look for flexible staffing solutions. UPWK has struggled since its debut and late 2019 saw their CEO step down less than 12 months after the IPO. But, the new c-suite has shifted focus to gaining traction among larger firms and recently announced hiring partners like Microsoft and Nasdaq as well as a partnership with Glassdoor. They are coming off a big quarter with the global shift to remote work likely pulling forward a significant amount of new users to the platform and record website visitors in April and May. UPWK is an online marketplace which connects businesses with freelance professionals across end-markets like marketing, data analytics, graphic design, and mobile development. The company is benefitting from broader macro trends around skills shortages and a move towards more remote work environments. They see plenty of room to grow in the \$322B freelancing market. Analysts have an average target for shares of \$14. RBC noting in February that their new CEO has focused 2020 as an investment year with greater focus on bigger clients and long-term perspective towards user growth. Short interest is 3.4% and down from around 5.5% in January. Hedge fund ownership rose 4.7% in Q1. Hawk Ridge Capital a notable buyer of 4.2M shares in a new position. UPWK has also seen insiders active with a director adding \$5.4M in stock in May at \$9.95 and two other, separate \$1M buys in March at \$8.

**AFTER HOURS MOVERS**

**Gainers:**

**Losers:**

**MARKET SENTIMENT / INTERNALS**

INDICATOR	READING	SIGNAL
CBOE Equity Put/Call Ratio	0.55	Rising – Cautious
VIX Curve	Normal	Contango
CNN Fear & Greed Index	45	Neutral
NYMO	-70.35	Oversold
McClellan Summation	826.25	Below 8-EMA
Lipper Fund Flows	-\$5B	Continued Outflows
Univ. of Michigan Consumer Sentiment	78.1	Down 20.5%
NAAIM Exposure Index	76.57	Still Elevated
AAII Sentiment	48.9% Bears	Overly Negative

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

**IPO MONITOR**

Nothing Scheduled

**SECONDARY MONITOR**

## TRADE

### WEEKLY TECHNICAL BREAKOUT

#### MKTX:

MARKETAXESS HOLDINGS INC. 10 Close BZX 065.58 661.00 485.04 488.02 -11.23 (-1.48%)



**MarketAxess (MKTX)** shares flagging under \$520 and near a breakout of a bull flag which measures up to \$580. MACD has reset and near a bullish crossover while RSI in a healthy trend.

### FUNDAMENTAL TRADE OF THE WEEK

#### Stock: Endava (DAVA)

**Price:** \$50.58

**Valuation:** Undervalued

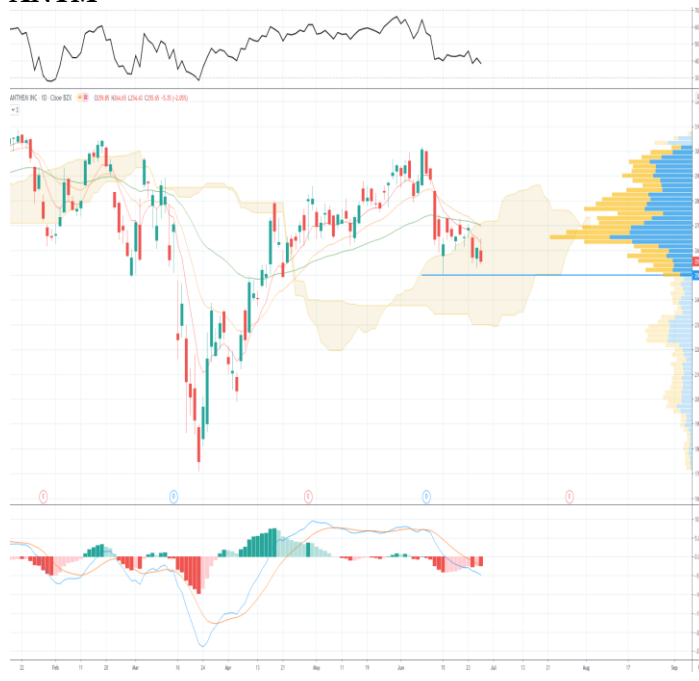
**Analysis:** Endava (DAVA) is a \$2.73B company that focuses on software development for a number of verticals with digital transformation consulting and automation. DAVA trades 6.1X EV/sales and tailwinds from the pull-forward of companies looking for more digital capabilities post-COVID. DAVA grows revenues in the mid-30% range and has a massive TAM. Plus, it's exposure to Europe a positive given how well they've managed the crisis vs the US.

## IDEAS

### WEEKLY TECHNICAL BREAKDOWN

#### ANTM

ANTHEM INC. 10 Close BZX 230.00 245.00 230.00 230.00 -15.00 (-6.52%)



**Anthem (ANTM)** shares setting up in a bear flag just above \$250 and a big low-volume gap back to \$230. ANTM could also trace back to the low-end of cloud support after breaching it last week. Meanwhile, RSI is weak set to break lower.

### PAIR TRADE OF THE WEEK

**Industry:** Advertising

**Long/Short:** Long Trade Desk (TTD), Short Lamar (LAMR)

**Analysis:** TTD is disrupting a massive industry as it provides a platform for ad buyers and targeted digital ads, a spot where traditional spending is shifting. TTD has huge data trove and right in the sweet spot of a trends in connected TV. LAMR faces headwinds from shifts away from outdoor advertising while small-business spending likely pulls back and goes online.

### SMALL CAP TRADE OF THE WEEK

**Palomar (PLMR)** is a \$1.98B company that focuses on P&C insurance and a specialty on residential, hurricane, floor, and others for the West Coast and Hawaii. PLMR is undergoing a CEO change after Genstar Capital sold their position and making the company no-longer a controlled company. PLMR has tailwinds from better data analytics use which is improving their risk on underwriting.

## News Continued

UK's Johnson pledges 'Rooseveltian' spending boost after COVID hit – Reuters

China Oil Titans Plan Joint Crude Buying to Add Market Clout – Bloomberg

Carlyle To Buy 20% Stake in **Piramal's** Pharmaceutical Business – Bloomberg

**Roche** Says Demand for Covid-19 Tests Exceeds Production – Bloomberg

Gun Maker **Remington** Preps for Bankruptcy, Seeks Sale to Navajo Nation – WSJ

**Under Armour (UAA)** to discontinue record apparel partnership with UCLA – Reuters

**Gilead (GILD)** prices 5-day treatment of remdesivir at \$2,340

**Nikola (NKLA)** confirms pre-orders for Badger start today

**Intercept (ICPT)** receives CRL for obeticholic acid for treatment of NASH

**Kiniksa (KNSA), Regeneron (REGN)** says Phase 3 trial of riloncept meets efficacy endpoints

## Extras

**Capri (CPRI)** late day buyer of 5000 July 2nd (W) \$14.50 calls for \$1.20 and spread with a sale of the July 10th (W) \$11.50 puts for \$0.46, earnings on 7-1

**Ascendis (ASND)** with 350 October \$125 synthetic long spreads opening as some June calls close

**Bank of America (BAC)** with 4,000 February \$18 puts sold to open for \$1.45

**Cerner (CERN)** with 1,000 December \$57.50 puts sold to open for \$2.60

**RingCentral (RNG)** with buyers of 600 July \$285 puts around \$13-\$14

**Sonos (SONO)** buyers of 3,000 August \$15 calls for \$2.25 as bullish flows continue

**SS&C Tech (SSNC)** with 6,000 August \$45 puts sold to open for \$0.85

**Deciphera (DCPH)** with 400 October \$50 synthetic long spreads opening as some June calls close

**Western Union (WU)** buyer of 2,500 August \$21 puts for \$1.30

**Everbridge (EVBG)** with a buyer of 100 February \$145 calls for \$24.20