

TOP STORIES

- Global Markets Flat as Trade Anxiety Continues to Build
- Report: US Considering Blacklisting Chinese Surveillance Companies
- Bullard: Fed May Have Overdone it With December Rate Hike
- UK Inflation Back Above Official Target as Energy Costs Rise

INDEX FUTURES

Futures	Change	Fair Value
S&P 500	2863 (-3)	-2.66
Nasdaq	7444.75 (-19.25)	-15.77
Dow	25859 (-16)	-12.33

GLOBAL INDICES

INDEX	CLOSE	CHANGE
FTSE	7360.57	0.43%
DAX	12180.82	0.31%
Nikkei	21283.37	0.05%
Hang Seng	27705.94	0.18%

ECONOMIC CALENDAR

TIME	INDICATOR	CONSENSUS
10:00	John Williams Speaks	
10:10	Raphael Bostic Speaks	
10:15	Robert Kaplan Speaks	
2:00	FOMC Minutes	

FOREX

EUR/USD	1.1166 (0.07%)
USD/JPY	110.44 (-0.05%)
USD/CAD	1.3386 (-0.14%)
GBP/USD	1.2663 (-0.33%)
USD	97.84 (-0.06%)

COMMODITY

Oil	62.62 (-0.81%)
Natural Gas	2.62 (0.27%)
Gold	1273.2 (0.01%)
Copper	2.6915 (-0.87%)

VOLATILITY INDICES

INDEX	SYMBOL	CLOSE
S&P	VIX	14.95 (-8.34%)
Nasdaq	VXN	19.58 (-9.52%)
Oil	OVX	26.93 (-2.53%)
Gold	GVZ	8.99 (-1.86%)

MARKET OUTLOOK

Futures are indicating a lower open for the morning despite some global strength as US/China tensions continue to build. Reports that the WH is considering banning Chinese surveillance company Hikvision from buying US goods. The move is Trump's latest attempt to slow Beijing's tech growth after the Huawei ban last week. Meanwhile, China's leadership has shown no signs of giving in to Trump and preparing for a long-term trade cold war. In the UK, PM May's status is looking weaker after her latest attempt to push through a Brexit deal failed to gain support before a vote. May is widely expected to step down after her plan fails again. The FOMC Minutes in focus later today. Discussion of the future balance sheet will be in focus. The Fed's Bullard was out overnight saying that the group may have overdone it with the December hike. However, he thinks its too early to talk cuts. CME Watch currently puts the odds of a rate cut in December at 68%.

Asian markets closed this morning slightly higher, although remains overall cautious. China retail sales rose slower than expected in April at 7.2% vs 8.6%. Industrial production slowed as well to 5.4% vs 6.5%. Japanese imports rose 6.4%, better than forecast, while exports fell 2.4%. Rental property company **Leoplace 21** jumped 5.7% after a large holder raised their stake. **Suzuki Motor** fell 5.5% after reports that India's antitrust regulator is looking at anti-competitive practices. Rare earth companies rose after President Xi visited a firm. **Tohu** up 3.8% and **Osaka Titanium** up 3.6%.

European markets are firmly in the green this morning despite opening flat. UK CPI rose less than expected at 2.1% vs 2.2%. PPI also slowed to 2.1%. **Marks & Spencer** fell 5% after earnings. Bank stocks are modestly lower with bond yields lower. **IG Group** was higher by 12% after outlining a long-term growth plan. The financial derivative broker sees a slump in the near-term.

S&P TECHNICALS

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



KEY EVENTS TO WATCH

Earnings After the Close: CPRT, CTRP, LB, NTAP, SCVL, SNPS, VIPS

Analyst Days: ARGX

Conferences: UBS Healthcare, RBC Healthcare, Needham Emerging Tech, Wells Fargo Financial Services

Economic Data on Thursday: Weekly Claims at 8:30 AM, PMI Composite Flash at 9:45, New Home Sales at 10:00, EIA Nat Gas at 10:30, KC Fed at 11:00, Robert Kaplan Speaks at 1:00, Tom Barkin Speaks at 1:00, Raphael Bostic Speaks at 1:00, Mary Daly Speaks at 1:00

Earnings Before the Open Thursday: WMS, BBY, BJ, HRL, MDT, RY, SINA, TK, TTC, TD, WB

ANALYST ACTION/COMMENTS

Flir (FLIR) upgraded to Outperform at Imperial

Legg Mason (LM) upgraded to Neutral at Evercore

Diamond Offshore (DO) upgraded to Neutral at Piper

Ericsson (ERIC) upgraded to Buy at BAML

Covenant (CVTI) upgraded to Outperform at Cowen

ArcBest (ARCB) upgraded to Outperform at Cowen

Redfin (RDFN) upgraded to Neutral at DA Davidson

Mallinckrodt (MNK) downgraded to Hold at Jefferies

Zayo (ZAYO) downgraded to Neutral at Raymond James

Franco-Nevada (FNV) downgraded to Neutral at RBC

Anadarko (APC) downgraded to Neutral at Cowen

Ryanair downgraded to Hold at HSBC

Activision (ATVI) downgraded to Neutral at Stephens

CTS Corp (CTS) started at Outperform at Cowen, \$34 PT

Littlefuse (LFUS) started at Outperform at Cowen

SemTech (SMTC) started at Outperform at Cowen

Titan Medical (TMDI) initiated Overweight at Piper

RA Pharma (RARX) initiated Outperform at Leerink

Sea Ltd (SE) price target raised to \$35 from \$25 at Piper

Intuitive Surgical (ISRG) has opportunity to upgrade install base, says Piper

MEDIA HIGHLIGHTS

Sony (SNE) aims to bolster cash flow to better compete in chips, games – Nikkei

Brookfield, Fortress among bidders for **Anbang** hotel portfolio - Bloomberg

Avon Products (AVP) nearing sale to Brazil's Natura, all-stock deal valued over \$2B – FT

U.S. may blacklist up to 5 Chinese video surveillance companies - Bloomberg

Commerzbank may adjust strategy after **Deutsche (DB)** deal collapses - Reuters

Juul Labs opens books to overseas investors - NY Post

MGM ends talks to buy **Wynn's (WYNN)** Boston-area casino - Bloomberg

Harley-Davidson (HOG) uses loans in effort to attract younger riders - WSJ

China's big airlines seek compensation from **Boeing (BA)** over 737 MAX - Reuters

Tencent, Riot Games developing 'League of Legends' mobile version - Reuters

STOCK SPECIFIC NEWS OF NOTE

NPD Video Games sales up 1% in April (**TTWO, ATVI, EA**)

Tocagen's (TOCA) Toca 5 Phase 3 clinical trial continues with modification

Urban Outfitters (URBN) launches Nuuly women's apparel subscription rental service

Immersion (IMMR) signs license agreement with Panasonic Avionics for in-flight systems

CVR Energy (CVI) to evaluate strategic alternatives, including 'potential sale'

LPL Financial (LPLA) to acquire Allen & Company

FDA says benefits of **Abiomed's (ABMD)** Impella RP system continue to outweigh risks

Novartis (NVS) QVM149 phase II data shows improvements over current standard-of-care

Amgen (AMGN) announces recommended public cash offer to the shareholders of Nuevolution

Sempra Energy (SRE), Aramco Services sign HOA for Port Arthur LNG

Qualcomm (QCOM) falls as judge sides with FTC in antitrust case

PRE-MARKET MOVERS

Moving Higher: SE 22%, TGT 7.7%

Moving Lower: JWN -10.7%, QCOM -9%, LOW -7.9%, RYAA -2.8%, BCS -2.6%

INSIDER TRADING (Form 4 Filings)

Buying: DDS, CREE, REPH, ELY, NAVB

Selling: H, TDS, EPAM, RXN, UCTT, CERN, BLL, RDNT, SBGI, NEE, AXP, HSY

POTENTIAL SYMPATHY TRADES

AZO, ORLY, GPC – on AAP earnings

AEO, ANF, GPS, EXPR – on URBN earnings

DHI, LEN, KBH, PHM – on TOL earnings

WMT, COST – on TGT earnings

OPTION HIGHLIGHTS (Prior Day)

Perrigo (PRGO) buyer of 3,000 November \$50 calls for \$5 this morning as some June \$45 calls adjust out at no cost, coiled name with a number of potential catalysts in front of it. PRGO has seen recent buyers in the June \$50 calls, August \$45 calls, and November \$50 calls as well as the November \$45 short puts. PRGO has also seen a number of insider buys in late 2018 between \$63 and \$65 with over \$2.3M in shares bought by six different people. The CEO bought \$1M at \$63.79. The \$6.77B company trades 11.2X earnings, 1.44X sales, and 8X cash with a 1.7% yield. They see mid-single digit EPS growth over the next two years. PRGO has been undergoing a significant transformation plan with \$1B committed to infrastructure changes, innovation initiatives, tech upgrades, and bolt-on M&A. They recently agreed to a \$750M deal for Ranir Global which expands their scale in private-label oral care products. They are also jettisoning under-performing businesses like their Animal Health unit which they sold to PetIQ (PETQ) while their prescription pharma unit has drawn several PE bidders and could fetch \$2.5B. The company has a late 2019 timeline for the sale/separation. Analysts have an average target for shares of \$73 with 2 buy ratings, 11 hold, and 1 sell. Sun Trust with a \$51 PT yesterday noting the company is making progress on their plan but waiting for signs of sustainable growth. Institutional ownership rose 1.85%. Starboard Value remains a top holder with 10M shares, their third largest position. Jeff Smith is also a board member. Short interest is 4.7% and down from 7% in late 2018.

AFTER HOURS MOVERS

Gainers: PVH 3%

Losers: TOCA -32%, PSTG -16.5%, JWN -9%

MARKET SENTIMENT / INTERNALS

INDICATOR	READING	SIGNAL
CBOE Equity Put/Call Ratio	0.63	Multi-Month Highs
CBOE Index Put/Call Ratio	1.12	Neutral
CBOE Skew Index	118.69	Low
VIX Curve	Contango	Normal
CNN Fear & Greed Index	36	Fear
NYMO	-24.73	Neutral / Not Oversold
NYSE Highs/Lows	61.49	Multi-Month Lows
McClellan Summation	590.69	Below 8-EMA
Univ. of Michigan Consumer Sentiment	102.4 (May Prelim)	15-Year Highs

SMART MONEY (13g/13d Filings)

Point72 Asset Management takes 5.0% passive stake in **PTC Therapeutics (PTCT)**

Engaged Capital raises stake in **Hain Celestial (HAIN)** to 20.2%

IPO MONITOR

Rattler Midstream (RTLRL) issuing 33.3M shares for \$16-\$19; Limited partnership formed by Diamondback to own, operate, and acquire midstream infrastructure assets

Three small biotech IPOs in **BCYC, IDYA, and PLTX**

TRADE

WEEKLY TECHNICAL BREAKOUT

ORCL:



Oracle (ORCL) shares are consolidating in a small flag under new 52-week highs at \$55.50 with a breakout targeting \$58. MACD is back around zero and RSI still in a healthy zone above 50. Longer-term, shares re-tested a key breakout area at \$53.

FUNDAMENTAL TRADE OF THE WEEK

Stock: Alteryx (AYX)

Price: \$88.50

Valuation: Undervalued

Key Ratios:

	Fwd. PE	P/S	P/B	EV / EBITDA	P/FCF
Stock		20.8X	17X	131.5X	
Industry Avg.		8.4X	9.4X	41.3X	

Analysis: The \$5.5B company trades 19.6X EV/sales and 15X cash with growth estimates out through 2021 of 31.8% and 35.7%. AYX expects to make around \$1/share by 2021. The company focuses on data analytics and productivity for businesses. They have strong dollar-based retention and strength last quarter from International and enterprise demand. They're seeing better margins from new product mix as well as higher services.

IDEAS

WEEKLY TECHNICAL BREAKDOWN

HRL:



Hormel (HRL) shares are consolidating in a bear flag above \$39 with a big volume gap under which targets \$37 and then a big high-volume node around \$35. Shares have major resistance above at \$41.

PAIR TRADE OF THE WEEK

Industry: QSR

Long/Short: Long Chipotle (CMG), Short Dine Global (DIN)

Analysis: CMG has been seeing stronger SSS growth with their digital business in the early innings of adoption and seeing nice early uptake with higher ACP. Their rewards program will be a key driver into the 2H. DIN has seen mixed comps while margins are weakening.

SMALL CAP TRADE OF THE WEEK

Domo (DOMO) is a \$1.02B software company which trades 6.66X EV/sales and 5.8X cash with 23.3% sales growth expected in both 2020 and 2021. DOMO focuses on business intelligence tools and data visualization, a \$24.4B market. DOMO also expects to expand across other markets like data integration and warehouse management which is another \$20.4B in TAM.

DAILY OPTIONS REPORT

<u>Unusual Call Activity</u>	<u>Unusual Put Activity</u>	<u>Implied Volatility Riser</u>
SSR Mining (SSRM)	GEO Group (GEO)	Stein Mart (SMRT)
Sempra (SRE)	Macerich (MAC)	Del Friscos (DFRG)
NCR Corp (NCR)	Iovance (IOVA)	Frontier (FTR)
Telaria (TLRA)	Deckers (DECK)	Deutsche Bank (DB)
Sesen Bio (SESN)	Williams Sonoma (WSM)	Kroger (KR)
Array Bio (ARRY)	Chemours (CC)	Yext (YEXT)
<u>Lowest Put/Call Ratio</u>	<u>Highest Put/Call Ratio</u>	<u>Implied Volatility Decliner</u>
Akorn (AKRX)	Oceanering (OII)	BioCryst (BCRX)
Tivo (TIVO)	GEO Group (GEO)	Golar (GLNG)
TG Therapeutics (TGTX)	Sinclair (SBGI)	AutoZone (AZO)
SSR Mining (SSRM)	Immersion (IMMR)	Hecla (HL)
Cornerstone (CSOD)	Circor (CIR)	Kohls (KSS)
Westlake (WLK)	PPL (PPL)	TJX Co (TJX)
<u>OTM Calls on Offer</u>	<u>OTM Puts on Offer</u>	<u>Elevated IV30</u>
Camceo (CCJ)	Arcelor Mittal (MT)	Cara Therapeutics (CARA)
Cara Therapeutics (CARA)	Cheniere (LNG)	Assembly (ASMB)
Williams Sonoma (WSM)	Halliburton (HAL)	Intra-Cellular (ITCI)
Viacom (VIAB)	PG&E (PCG)	Beyond Meat (BYND)
Ford Motor (F)	Beyond Meat (BYND)	Jumia (JMIA)
<u>Positive Net Delta</u>	<u>Negative Net Delta</u>	<u>Option Volume Gainers (%)</u>
Bank of America (BAC)	Microsoft (MSFT)	GEO Group (GEO)
Tesla (TSLA)	Walmart (WMT)	Macerich (MAC)
Overstock (OSTK)	VF Corp (VFC)	Iovance (IOVA)
Transocean (RIG)	Blackberry (BB)	Sesen Bio (SESN)
US Steel (X)	Chesapeake (CHK)	Array Bio (ARRY)
<u>Bullish Call Flow</u>	<u>Bearish Put Flow</u>	<u>Large Spread Trades</u>
Square (SQ)	Century Link (CTL)	CSX, 9500 July \$21/\$27 call spreads
Perrigo (PRGO)	Chemours (CC)	FXI, 6,000 June/August \$41 calendar call spreads
SSR Mining (SSRM)	Williams Sonoma (WSM)	LOW, 3000 weekly \$111/\$117 call spreads
Tableau (DATA)	MSCI	MCD, 1,250 June \$197.50/\$205 call spreads
CSX Corp (CSX)	Nokia (NOK)	NEE, 600 January \$210/\$190 strangles sold

Stock Specific News and Media

Wal Mart (WMT) aims to pitch advertising business in New York next week. Reuters

BT Group's EE unit has pulled Huawei's phones from its 5G lineup. FT

Xiaomi reports higher-than-expected sales for 1Q19 – Digitimes

Top Miner **BHP** Sees an End to the Era of Coal – Bloomberg

Tata (TTM) Faces \$14 Billion in Auto Debt - and a Slowdown in China – Bloomberg

Canada's **Barrick Gold (GOLD)** makes buyout offer for **Acacia Mining** – FT

Payments tech firm **Nuvei** to buy Britain's **SafeCharge** for \$889M – Reuters

Nokia (NOK) CEO sees possible long-term benefits from Huawei clampdown – Venture Beat

Canopy Growth (CGC) acquires This Works for C\$73.8M in cash

Synlogic (SYBX), Roche announce collaboration to explore SYN1891 with atezolizumab

Tesla's (TSLA) Navigate on Autopilot could create potential safety risks – Consumer Reports

Extras

Qorvo (QRVO) late day buys coming in for 885 November \$72.5 calls \$2.95 offer

Ashland (ASH) spread buys 500 October \$75 calls for \$3.02 and sells the January \$65 puts for \$2.57

Olin (OLN) jumpy with 1000 next week \$22 calls bought late day

Pioneer Natural (PXD) buyer of 1,000 September \$175/\$210 call spreads for \$5.35

Morgan Stanley (MS) buyer of 2000 June 2020 \$52.50 calls \$1.86 to open

Earnings After the Close

Ticker	Company	EPS Actual	EPS Estimate	Revs Actual	Revs Estimate	Growth	Notes
CRMT	America's Car-Mart	\$2.07	\$1.82	\$176.9	\$184.57	4.4%	
JWN	Nordstrom	\$0.23	\$0.43	\$3,443.00	\$3,562.05	-3.30%	FY Below
PSTG	Pure Storage	-\$0.11	-\$0.08	\$326.70	\$333.06	27.70%	FY In Line
SE	Sea Limited	-\$1.86	-\$0.66	\$578.82	\$436.74	193.8%	
SKY	Skyline Corporation	\$0.26	\$0.20	\$327.68	\$343.98	23.10%	
TOL	Toll Brothers	\$0.87	\$0.75	\$1,716.00	\$1,544.28	7.30%	
URBN	Urban Outfitters	\$0.31	\$0.25	\$864.41	\$855.26	1.00%	

JWN – Missed on EPS and Revenues, Lower FY - "While we expected softer trends from the fourth quarter to continue into the first quarter, we experienced a further deceleration. We had executional misses with our customers, and we're committed to better serving them. This is well within our control to turn around," said Erik Nordstrom, co-president, Nordstrom, Inc. "The strength of our inventory and expense execution helped mitigate a meaningful portion of our sales miss. We ended the quarter with inventories in solid shape, and our financial position remains strong. We're actively taking steps to drive our top-line, and we're focused on delivering on our financial goals."

TOL – Beat on EPS and Revenues - Home building deliveries were +1% to 1,911 vs. 1650-1850 guidance. Net signed contract value was \$2.00 billion, down 16%; contract units were 2,424, down 9%. Backlog value at second-quarter end was \$5.66 billion, down 11%; units in backlog totaled 6,467, down 8%. "We are encouraged by the improvement in demand as the quarter progressed. FY 2019's April contracts surpassed FY 2018's April on both a gross and per-community basis. Although the Spring selling season bloomed late, it built momentum. We view this as a positive sign for the overall health of the new home market."

URBN – Beat on EPS and Revenues - "We are pleased to announce record first quarter sales," said Richard A. Hayne, Chief Executive Officer. "Our sales growth was driven by our seventh straight quarter of positive Retail segment 'comps' as well as continued growth in our Wholesale segment," finished Mr. Hayne. Total Company net sales for the three months ended April 30, 2019, increased 1.0% over the same period last year to a record \$864 million. Comparable Retail segment net sales increased 1%, driven by double-digit growth in the digital channel, partially offset by negative retail store sales. By brand, comparable Retail segment net sales increased 2% at Free People, 1% at the Anthropologie Group and were flat at Urban Outfitters. Wholesale segment net sales increased 2%.

Earnings Before the Open

Ticker	Company	EPS Actual	EPS Estimate	Revs Actual	Revs Estimate	Growth	Notes
AAP	Advance Auto	\$2.46	\$2.37	\$2,952.00	\$2,938.98	2.70%	FY In Line
ADI	Analog Devices	\$1.36	\$1.31	\$1,526.60	\$1,504.00	-2.40%	FY Light
KLXE	KLX Energy Services	\$0.25	\$0.15	\$145.80	\$157.40		
LOW	Lowe's	\$1.22	\$1.33	\$17,741.00	\$17,645.28	2.20%	FY Light
PLAB	Photronics	\$0.13	\$0.07	\$131.60	\$130.05	0.60%	FY In Line
TGT	Target	\$1.53	\$1.43	\$17,627.00	\$17,489.78	5.00%	FY In Line
VFC	V.F. Corp	\$0.60	\$0.59	\$3,212.97	\$3,204.83	5.50%	