

TOP STORIES

- Global Stocks Rise as China Plans New Stimulus Measures
- U.S. Considers More Iran Sanctions
- Iron Ore Surges on Supply Crunch Worries
- U.S. Small-Business Optimism Climbs to Highest in Seven Months

INDEX FUTURES

Futures	Change	Fair Value
S&P 500	2902.25 (13)	14.97
Nasdaq	7566.5 (51)	61.57
Dow	26197 (111)	125.32

GLOBAL INDICES

INDEX	CLOSE	CHANGE
FTSE	7407.13	0.43%
DAX	12197.89	1.27%
Nikkei	21204.28	0.33%
Hang Seng	27789.34	0.76%

ECONOMIC CALENDAR

TIME	INDICATOR	CONSENSUS
8:30	PPI-FD	2.0%

FOREX

EUR/USD	1.1314 (0.02%)
USD/JPY	108.72 (0.27%)
USD/CAD	1.326 (-0.04%)
GBP/USD	1.27 (0.13%)
USD	96.75 (0.04%)

COMMODITY

Oil	53.72 (0.86%)
Natural Gas	2.372 (0.64%)
Gold	1326 (-0.25%)
Copper	2.683 (0.81%)

VOLATILITY INDICES

INDEX	SYMBOL	CLOSE
S&P	VIX	15.94 (-2.21%)
Nasdaq	VXN	19.98 (0.25%)
Oil	OVX	39.12 (0.95%)
Gold	GVZ	10.87 (-4.73%)

MARKET OUTLOOK

Futures are indicating a higher open again for the morning with China making some key policy moves on stimulus. The PBOC set their yuan fixing stronger than expected overnight and also announced plans to sell bills in Hong Kong later this month. The moves will support the currency at a time when POTUS has been vocal about manipulation. China's Li also said that they will continue to cut taxes. The G-20 remain in focus later this month with Trump again threatening to raise tariffs if President Xi doesn't meet with him. China has yet to confirm a sit-down with the WH.

Big tech in focus today with bipartisan hearings kicking off today in Washington. The House Judiciary will launch its investigation into Silicon Valley's dominance today and hear debate on the Journalism Competition and Preservation Act. **Google (GOOG)** and **Facebook (FB)** will be the focus.

Asian markets are higher overnight despite some choppy overall trade. The Nikkei edged higher with a weaker yen closing above the psychologically key 21,000 level. Financials were strong with **MUFG** up 1.5%. **Renesas** jumped 4.4% after announcing a joint laboratory with Volkswagen. The group will focus on automotive R&D. **MonotaRO** was higher by 7.5% on earnings and strong May sales.

European markets are strong again this morning with the DAX up over 1.25% as it plays catch-up after yesterday's closure. Eurozone investor confidence fell in June to -3.3 vs 2.3 forecast, down from 5.3 in May. This is the second weakest reading since 2014. UK unemployment remained steady at 3.8%. The EC blocked a deal between **Tata Steel** and **Thyssenkrupp** on competition concerns. The deal would've built the second largest steelmaker in EU. **Novo Nordisk** rose 5% after data from peer Lilly's (LLY) diabetes drug was seen as underwhelming. **Hugo Boss** rose 4% after an upgrade. UK fashion company **Ted Baker** fell 25% after cutting their forecast.

S&P TECHNICALS

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



4655 Advancing	Declining 2620
61.1%	34.4%
337 New High	New Low 84
80.0%	20.0%
3316 Above SMA50	Below 4278
43.7%	56.3%
3802 Above SMA200	Below 3792
50.1%	49.9%

KEY EVENTS TO WATCH

Earnings After the Close: PLAY

Analyst Days: CARG, PAA, AXX

Conferences: E3 Electronics Conf., Morgan Stanley Financials Conf., Deutsche Bank Consumer Conf.

Tomorrow... CPI at 8:30 AM, Atlanta Fed at 10:00, EIA Petroleum at 10:30. **Earnings After the Close:** LULU, OXM, RH, TLRD

ANALYST ACTION/COMMENTS

Red Rock (RRR) upgraded to Buy at Goldman Sachs

Yandex (YNDX) upgraded to Buy at RenCap

Toronto Dominion (TD) raised to Overweight at Barclays

Novo Nordisk (NVO) upgraded to Neutral at Barclays

Zimmer Bio (ZBH) upgraded to Neutral at Bernstein

Public Storage (PSA) upgraded to Neutral at Keybank

Life Storage (LSI) upgraded to Overweight at Keybank

Jet Blue (JBLU) upgraded to Buy at Citi

Lyft (LYFT) upgraded to Positive at Susquehanna

Vereit (VER) upgraded to Buy at BAML

Essential Properties (EPRT) upgraded to Buy at BAML

Dollar Tree (DLTR) upgraded to Overweight at JP Morgan

Facebook (FB) upgraded to Buy at MoffettNathanson

Beyond Meat (BYND) downgraded to Neutral at JP Morgan

Wells Fargo (WFC) downgraded to Sell at Atlantic

Symantec (SYMC) downgraded to Sell at MSCO

CBOE downgraded to Neutral at Raymond James

American Homes (AMH) downgraded to Hold at Citi

FormFactor (FORM) initiated Buy at Needham

Agilent (A) initiated Buy at Piper

Fastly (FSLY) initiated Buy at Stifel, \$25 PT

Barclays initiating **AMAG, FOMX, JAZZ, MYL, PCRX, ZTS, CHRS** at Buy, **AMRX, RDY, ENDP, MNK, LGND** at Neutral, and **TEVA, EOLS, AGN** at Sell

Avantor (AVTR) initiated Buy at Goldman Sachs

MEDIA HIGHLIGHTS

Book distributor Readerlink trying to outbid PE firm for **Barnes & Noble (BKS)** - WSJ

Ares Management (ARES), Leonard Green near deal to acquire **Press Ganey** - Bloomberg

Uber (UBER) rival **Bolt** plans London launch this week - TechCrunch

Federal judge may block **CVS Health (CVS), Aetna (AET)** deal - NY Post

Unilever (UN) sees Vietnam as growth 'star' - Reuters

Amazon (AMZN) shutting down Amazon Restaurants in the U.S. - GeekWire

Citi (C) partners with **Grab** for co-branded cards - Reuters

Facebook (FB) to launch Portal video-chat devices in Fall 2019 - BI

Whirlpool (WHR) plant closure leads Italian government to cut incentives - Reuters

Display industry outlook remains weak in June - Digitimes

Shift to electric vehicles risks metals shortages – FT

Alibabo (BABA) teams up with Audi, Renault and Honda on smart cars – Nikkei

Ericsson (ERIC) increases 5G forecasts – Reuters

Hudson's Bay Chairman teams up with other shareholders to take company private for \$1.3B – Reuters

Foxconn has enough capacity to make all US-bound **Apple (AAPL)** iPhones outside of China – Bloomberg

STOCK SPECIFIC NEWS OF NOTE

Plains All American (PAA), Phillips 66 (PSX) announces strategic JV

Shutterfly (SFLY) to be acquired by Apollo Global managed affiliates for \$2.7B

Varian (VAR) acquires Endocare, Alicon for \$185M

NCR Corp (NCR) to acquire minority interest Banco Bradesco holds in NCR Manaus

PPG Industries (PPG) to take \$190M restructuring charge

Eli Lilly (LLY) says CAROLINA trial met primary endpoint

Slack (WORK) revenue growth decelerates, up 67% with net dollar retention of 138% for Q1

CymaBay (CBAY) sinks 55% after seladelpar data

PRE-MARKET MOVERS

Moving Higher: CLF 4%, LYFT 4%, X 3.3%, FCX 3%, BHP 3%, NOK 3%, NVO 1.5%

Moving Lower: BYND -6%

INSIDER TRADING (Form 4 Filings)

Buying: CLR, CWH, REV, TTS

Selling: HXL, HAE, ULTA, OC, AMD, BLUE, NVCR, ABC, INSM, ETSY, AAON, ORA, CB, VRSK

POTENTIAL SYMPATHY TRADES

MUSA – on CASY earnings

GOOG, FB, AMZN, AAPL – on House hearings

GRUB – higher on AMZN shuttering Restaurants

CLF, FCX, BHP – on iron ore jump

OPTION HIGHLIGHTS (Prior Day)

CH Robinson (CHRW) with another 2,850 August \$80 puts bought today for \$3.20 to \$3.30, spot where 4,000 have accumulated over the last two weeks. Shares are consolidating in a bear flag near recent lows at \$78 with the declining 20-day MA acting as resistance over the last four sessions. A breakdown has room back to \$73, key volume support from late 2017. The \$10.86B company trades 15.25X earnings, 0.66X sales, and 20X FCF with a 2.5% yield. The company took down estimates in May and now sees EPS growth slowing in both FY20 and FY21 into the low-single digits while sales growth is expected to slow to 2.8%. The company is facing headwinds from lower volumes and pricing across both truckload and LTL while labor shortages continue to plague the industry. Analysts have an average target for shares of \$92 with 5 buy ratings, 10 hold, and 2 sell. UBS downgrading shares to Neutral in May citing cyclical and secular competitive pressures which are weighing on growth. Keybank downgrading earlier this week as well noting that gross margin expansion is likely to moderate in 2H 2019 and 2020 as comps become more challenging. Baird cautious in April after Amazon's freight launch which will be an overhang. Short interest has jumped recently to 8.9%, up from 6.2% in late March. Hedge Fund ownership rose 10.5%. Bailee Gifford selling over 4.4M shares, nearly their entire position.

AFTER HOURS MOVERS

Gainers: CASY 6%, PRVB 5.5%

Losers:

MARKET SENTIMENT / INTERNALS

INDICATOR	READING	SIGNAL
CBOE Equity Put/Call Ratio	0.65	Rising / Negative
CBOE Index Put/Call Ratio	1.15	Rising / Negative
CBOE Skew Index	114.67	Multi-Month Lows
VIX Curve	Contango	Normal
CNN Fear & Greed Index	32	Fear
NYMO	27.4	Multi-Month Highs
NYSE New Highs	204	Highest Since Jan. 2018
McClellan Summation	235.4	Below 8-EMA
Univ. of Michigan Consumer Sentiment	100.0 (May Final)	Strong

SMART MONEY (13g/13d Filings)

IPO MONITOR

Chewy (CHWY) issuing 41.6M shares at \$17-\$19; Online destination for pet products

CrowdStrike (CRWD) issuing 18M shares at \$28-\$30; Developer of cyber security software tailored for the cloud era

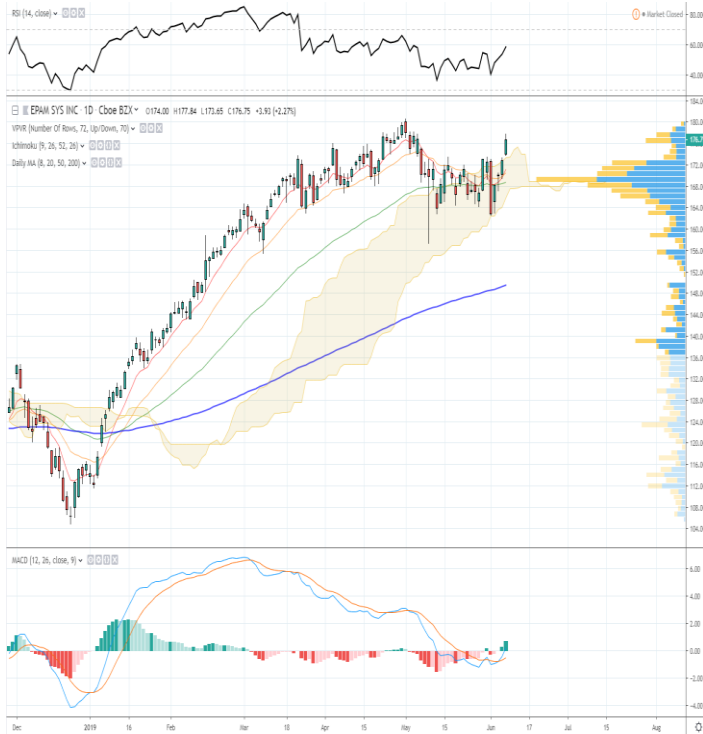
Fiverr (FVRR) issuing 5.3M shares at \$18-\$20; Developer of a digital marketplace built with comprehensive SKU-like services catalog

Mohawk (MWK) issuing 3.3M shares at \$14-\$16; Maker of home and kitchen appliances, kitchenware, beauty products and electronics

TRADE

WEEKLY TECHNICAL BREAKOUT

EPAM:



EPAM Systems (EPAM) shares are not far from a flag breakout to new highs above \$180 which targets a move higher to \$200 from the May lows. RSI has cleared a multi-month downtrend while MACD crossed over bullish last week. Shares are in a strong uptrend.

FUNDAMENTAL TRADE OF THE WEEK

Stock: Top Build (BLD)

Price: \$82.50

Valuation: Undervalued

Key Ratios:

	Fwd. PE	P/S	P/B	EV / EBITDA	P/FCF
Stock					
Industry Avg.					

Analysis: BLD is a \$2.83B company which trades 14.48X earnings and 1.13X sales with mid-double digit growth. The company focuses on insulation, gutters, windows, and other services for residential construction. BLD traded higher by 8% in May on earnings driven by M&A, better volumes at TruTeam, and price hikes to help stymie material headwinds.

IDEAS

WEEKLY TECHNICAL BREAKDOWN

RF:



Regions Financial (RF) shares have been forming a series of lower highs since February and near a breakdown which targets long-term trend support at \$12.50. RSI is weak on a longer-term timeline while MACD crossed over bearish on the weekly.

PAIR TRADE OF THE WEEK

Industry: Staples

Long/Short: Long P&G (PG), short Clorox (CLX)

Analysis: PG is a best-in-breed name which gaining share across a number of categories while the reinvestment cycle can drive growth in 2020+. CLX faces headwinds for revenue growth from competition in bags and wipes while promotional spending hikes will weigh.

SMALL CAP TRADE OF THE WEEK

US Concrete (USCR) is a \$794M company which trades cheap at 12.68X earnings and 0.53X sales with tailwinds from higher aggregates demand from infrastructure projects. They've seen better gross margins in ready-mix concrete despite weather issues in some key regions like California. Their recent Polaris acquisition is also driving upside with a more scaled footprint.

DAILY OPTIONS REPORT

<u>Unusual Call Activity</u>	<u>Unusual Put Activity</u>	<u>Implied Volatility Riser</u>
Public Storage (PSA)	Savara (SVRA)	Sprint (S)
Savara (SVRA)	Thor (THO)	Beyond Meat (BYND)
QuinStreet (QNST)	Extreme Networks (EXTR)	Just Energy (JE)
Hilton Grand (HGV)	Lyondell (LYB)	Tilray (TLRY)
Vereit (VER)	H&R Block (HRB)	Tandem (TNDM)
Ashland (ASH)	Spark Therapeutics (ONCE)	Chico's (CHS)
<u>Lowest Put/Call Ratio</u>	<u>Highest Put/Call Ratio</u>	<u>Implied Volatility Decliner</u>
Arlo Tech (ARLO)	CH Robinson (CHRW)	ArQule (ARQL)
Rapid-7 (RPD)	Brinker (EAT)	Sesen (SESN)
Sanofi (SNY)	Aptiv (APTV)	Thor Industries (THO)
Fiserv (FISV)	New Oriental (EDU)	DMC Global (BOOM)
Nexstar (NXST)	Thor Industries (THO)	Guess (GES)
Upland Software (UPLD)	Kroger (KR)	Kraft (KHC)
<u>OTM Calls on Offer</u>	<u>OTM Puts on Offer</u>	<u>Elevated IV30</u>
Cracker Barrel (CBRL)	Vale SA (VALE)	Savara (SVRA)
ON Semi (ON)	Z-Scaler (ZS)	Intra-Cellular (ITCI)
Host Hotels (HST)	PagSeguro (PAGS)	Athenex (ATNX)
PBF Energy (PBF)	GameStop (GME)	Beyond Meat (BYND)
Nokia (NOK)	Sprint (S)	La Jolla (LJPC)
<u>Positive Net Delta</u>	<u>Negative Net Delta</u>	<u>Option Volume Gainers (%)</u>
Bank of America (BAC)	Kroger (KR)	Savara (SVRA)
Tesla (TSLA)	Chesapeake (CHK)	Thor (THO)
Microsoft (MSFT)	Tyson (TSN)	Extreme Networks (EXTR)
ON Semi (ON)	Ford Motor (F)	Hilton Grand (HGV)
Boston Scientific (BSX)	Gold (GLD)	Vereit (VER)
<u>Bullish Call Flow</u>	<u>Bearish Put Flow</u>	<u>Large Spread Trades</u>
Metlife (MET)	Thor (THO)	SIL, 4,000 January \$28/\$33 call spreads
Tandem (TNDM)	Mallinckrodt (MNK)	HRB, 1,500 January \$30/\$25 strangles bought
Gilead (GILD)	Fed-Ex (FDX)	AMZN, 1000 August \$1500/\$1400 put spreads
Altria (MO)	La Jolla (LJPC)	RPD, 400 August \$55/\$65 call spreads
United (UAL)	Nice (NICE)	TRIP, 1,350 September \$50/\$42.5 bear risk reversals

Extras

Ollie's (OLLI) IV rose in the afternoon with 1000 June \$95 calls bought near \$3.55 to open

Opko Health (OPK) with 5,000 January 2020 \$2 calls bought \$0.50 offer to open

Universal Display (OLED) IV rose late with size July \$175 and \$180 calls opening 1,430X and 1,365X

Netflix (NFLX) with 1000 July 12th (W) \$362.50 calls sold to open down to \$9.35

Earnings

Ticker	Company	EPS Actual	EPS Estimate	Revs Actual	Revs Estimate	Growth	Notes
AGX	Argan	-\$1.91	-\$0.12	\$49.50	\$52.60	-65.00%	
ASNA	Ascena Retail Group	-\$0.26	-\$0.37	\$1,265.70	\$1,431.90	-0.10%	Q4 Below
CASY	Casey's General	\$0.68	\$0.53	\$2,178.00	\$2,126.30	4.30%	
LOVE	Lovesac	-\$0.67	-\$0.57	\$40.96	\$40.66	53.00%	
CHS	Chico's FAS	\$0.05	\$0.03	\$517.70	\$517.61	-7.80%	
HRB	H & R Block		\$4.15		\$2,315.65		
HDS	HD Supply Holdings	\$0.84	\$0.81	\$1,493.00	\$1,491.61	7.50%	FY In Line
JW.A	John Wiley & Sons		\$1.03		\$489.67		