

TOP STORIES

- Euro Falls as Draghi Clears Path for More Stimulus
- POTUS Critizes Draghi: Making It Unfairly Easier to Compete with US
- China Cuts Treasury Holdings to Two-Year Low Amid Trade War
- Germany Helps Europe Car Market Gain First Time in 9 Months
- Facebook Unveils Crypto White Paper, 'Libra' to Launch Next Year

INDEX FUTURES

Futures	Change	Fair Value
S&P 500	2910.5 (14.25)	15.83
Nasdaq	7625.75 (64.5)	70.23
Dow	26249 (111)	120.47

GLOBAL INDICES

INDEX	CLOSE	CHANGE
FTSE	7411.25	0.73%
DAX	12230.32	1.20%
Nikkei	20972.71	-0.72%
Hang Seng	27498.77	1.00%

ECONOMIC CALENDAR

TIME	INDICATOR	CONSENSUS
	FOMC Meeting Begins	
8:30	Housing Starts	1.24M
8:55	Redbook	

FOREX

EUR/USD	1.1193 (-0.21%)
USD/JPY	108.29 (-0.24%)
USD/CAD	1.3412 (0.01%)
GBP/USD	1.2524 (-0.06%)
USD	97.16 (0.11%)

COMMODITY

Oil	51.74 (-0.37%)
Natural Gas	2.39 (-1.20%)
Gold	1350.5 (0.57%)
Copper	2.669 (0.85%)

VOLATILITY INDICES

INDEX	SYMBOL	CLOSE
S&P	VIX	15.35 (0.46%)
Nasdaq	VXN	20.04 (0.96%)
Oil	OVX	46.15 (7.60%)
Gold	GVZ	11.99 (0.76%)

MARKET OUTLOOK

Futures are indicating a higher open for the morning with ECB head Mario Draghi clearing the way for more stimulus in the region if necessary. Speaking at a conference in Portugal he said the EBC could cut rates or new asset purchases if inflation does not return to target. The move comes amid more weakness in the region as trade issues continue. POTUS was critical of Draghi saying the ECB's moves give it an unfair advantage to compete with the US. This is an interesting parallel to the Fed meeting kicking off today with Trump increasingly calling for a cut. The consensus remains that no cut will happen this week but expectations high for the Fed to layout potential for near-term moves to ease.

Asian markets were mixed overnight with the Nikkei sliding to a two-week low in choppy trade. Volumes were light again at just 71% of the 30-day average. It was a quiet night for new data with just China housing prices which stayed steady at 10.7% in May. Insurers and financials were weak with **Japan Post** down 1.5%. Drugstore operator **Tsuruha** rose 4% after guiding higher for the year.

European stocks are in the black this morning despite opening weak. The DAX has recovered by more than 1.5% from the early lows. Draghi's comments helping lift sentiment in the region. Eurozone ZEW economic sentiment fell to -20.2 in the latest survey, much weaker than the -3.6 expected. This is the weakest since January. CPI fell modestly in May to 0.8% and slowing M/M to 0.1%. German ZEW economic sentiment fell to -21.1, the worst since November. German chipmaker **Siltronic** fell 10% after warning on US restrictions on exports to China. This follows Broadcom's (AVGO) warning last week. **Infineon** and **ST Micro** fell 3-4%. **Tietto** rose 5% after buying peer **Evry** whose shares jumped 16.9%.

S&P TECHNICALS

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



3598 Advancing	Declining 3591
47.3%	47.2%
268 New High	New Low 179
60.0%	40.0%
3220 Above SMA50	Below 4363
42.5%	57.5%
3787 Above SMA200	Below 3796
49.9%	50.1%

KEY EVENTS TO WATCH**Earnings After the Close:** ADBE, JBL, LZB**Analyst Days:** GE Aviation, PLT, IQV, RARX, CCMP, VZ**Conferences:** Paris Air Show, Jefferies Global Consumer Conference, Oppenheimer Consumer Conference (LOW, ULTA, MNRO, SIX, AZO, DG, DPZ, FIVE, EXPR, NCLH, PLCE, WMT, TIF, LL, PRGO, BJRI, DENN, FRPT, TUP, WTW, SPB, SCI, WH, WYND, MPAA, CVNA, LOPE, PSMT, SERV)**Other:** HPE Discover Conference, MDB World 2019**ANALYST ACTION/COMMENTS****Bank of America (BAC)** upgraded to Outperform at BMO**Sun Power (SPWR)** upgraded to Buy at Goldman**Sun Run (RUN)** upgraded to Buy at Goldman**Solar Edge (SEDG)** upgraded to Neutral at Goldman**Volaris (VLRS)** upgraded to Buy at UBS**Telephone & Data (TDS)** upgraded to Buy at MSCO**BCE** upgraded to Buy at TD Securities**CNH Industrial (CNHI)** upgraded to Hold at Deutsche**JK Solar (JKS)** downgraded to Neutral at UBS**Azul (AZUL)** downgraded to Sell at UBS**Copa Holdings (CPA)** downgraded to Neutral at UBS**JB Hunt (JBHT)** downgraded to Neutral at UBS**Schneider (SNDR)** downgraded to Neutral at UBS**IHG** downgraded to Sell at Barclays**KB Home (KBH)** downgraded to Sell at Raymond James**Lennar (LEN)** downgraded to Neutral at Raymond James**Sanofi (SNY)** downgraded to Neutral at Intrinisic Health**Fresh Pet (FRPT)** downgraded to Hold at Sun Trust**Schwab (SCHW)** downgraded to Hold at Deutsche Bank**Twilio (TWLO)** initiated Buy at Needham**Pinterest (PINS)** initiated Buy at Wedbush, \$33 PT**Rattler (RTLK)** initiated Outperform at Raymond James**Tradeweb (TW)** initiated Neutral at Raymond James**MEDIA HIGHLIGHTS****HEXO** and **Molson (TAP)** plan cannabis-infused drinks by December, Bloomberg**NiSource (NI)** plans sale of unit tied to gas explosions, could fetch \$2B - Bloomberg**Boeing (BA)** gets first plane orders at Paris Air Show - CNBC**GE Aviation** books \$24B in orders on first day of Paris Air Show – CNBC**JPMorgan (JPM)** working on secretive digital banking project – TechCrunchSenator aims to bar **Huawei** from seeking damages in patent courts – Reuters**Alibaba (BABA)** shuffles top executives, business unit ahead of HK listing - FT**STOCK SPECIFIC NEWS OF NOTE****illumina (ILMN)** wins infringement suit against Ariosa Diagnostics**EQT** sees Q2 sales volumes 'at high end of guidance range**Synovus (SNV)** raises buyback authorization to \$725M**MoneyGram (MGI)** enters strategic partnership with Ripple**Steel Dynamics (STLD)** lowers Q2 outlook**Cisco (CSCO)** awarded maximum \$724.1M Defense Information Systems Agency contract**Biohaven (BHVN)** offers to sell \$300M in common stock**Rockwell (RMTI)** announces offering of common stock**Facebook (FB)** unveils blockchain currency Libra with plans to launch in 2020**Air Lease (AL)** confirms lease placement of ten new Boeing 787-10 with Korean AirFive TV station owners settle DOJ antitrust allegations (**CBS**, **TGNA**, **SSP**, **FOX**)**Nvidia (NVDA)**, **Volvo** partner to develop AI platform for autonomous trucks**AstraZeneca's (AZN)** Lynparza approved as 1st line ovarian cancer maintenance treatment

EU passenger car registrations up 0.1% in May

SM Energy (SM) raises Q2 production guidanceTop **Ashland (ASH)** holder says CEO has failed to communicate strategy effectively

PRE-MARKET MOVERS

Moving Higher: BYND 18.6%, SNAP 3.8%, ARQL 3.6%, CRWD 2.7%, TSLA 2%, FB 1.7%

Moving Lower: BHVN -25%

INSIDER TRADING (Form 4 Filings)

Buying: PSEC, HY, HEI

Selling: DGX, TYL, ZTS, IBM, SKY, GPN, FRPT, SEDG, SHW, LNG, PLAY, DENN, FICO, PEGA

POTENTIAL SYMPATHY TRADES

AL, BA, TGI – on Paris deals

FCAU, GM, F – on EU car registrations

OPTION HIGHLIGHTS (Prior Day)

Audentes Therapeutics (BOLD) trading over 50X average calls today with buyers in the July \$45 calls over 2,375X up to \$1.85 to open as IV jumps. BOLD does not see a lot of options activity but did have buyers recently in the November \$40 calls which remain in OI. BOLD shares are flagging in a nice multi-week range under \$42 with a breakout targeting \$50 and continuing momentum from a nice run in February. MACD has pulled back around zero and curling higher while RSI is moving back above 55, signs of strength. On the weekly, BOLD is consolidating around a big area of resistance from early 2018 and run here would put it into space. Shares are moving today with the Array (ARRY) deal and potential for a Uniqure (QURE) deal as the \$1.7B company has a number of early-stage assets in gene therapy. Shares trade 4.6X cash with limited debt. BOLD's focus is X-linked myotubular myopathy but they also have an early-stage DMD treatment which they announced in April and will start enrollment in December. They presented positive data for AT132 at ASCO in May which showed improvements in both neuromuscular function. Analysts have an average target for shares of \$40 with 11 buy ratings, 2 hold, and 2 sell. HCW raising their PT to \$48 in April given the many opportunities encompassing XLMTM, Pompe, and AT702 as a potential disease modifying therapy for DMD patients with genotypes amenable to skipping of exons 1 to 5. Short interest is 4.1% and near its lowest level in a year, down from 7% in October. Hedge Fund ownership rose 1.5%. Orbimed a top buyer of 4.8M shares while Baker Bros have 1.7M shares and Redmile a buyer of nearly 2.73M shares over the last couple quarters.

AFTER HOURS MOVERS

Gainers: MGI 153.8%, PHASE 16.5%, BYND 9.7%

Losers: BHVN -25%, CALA -9%

MARKET SENTIMENT / INTERNALS

INDICATOR	READING	SIGNAL
CBOE Equity Put/Call Ratio	0.65	Rising / Cautious
CBOE Index Put/Call Ratio	1.16	Rising / Cautious
CBOE Skew Index	113.33	Multi-Month Lows
VIX Curve	Contango	Normal
CNN Fear & Greed Index	38	Fear
NYMO	19.85	Neutral
NYSE New Highs	139	Neutral
McClellan Summation	369.59	Above 8-EMA
Univ. of Michigan Consumer Sentiment	100.0 (May Final)	Strong

SMART MONEY (13g/13d Filings)

IPO MONITOR

Grocery Outlet (GO) issuing 17.2M shares at \$15-\$17; Extreme value retailer of name-brand consumables and fresh products in a 'treasure hunt' format

Slack (WORK) issuing 118.4M shares in a direct listing; Developer of cloud-based tools that facilitate work-place collaboration

Biotech listings from **STOK, PSNL, PRVL**, and **DRMT**

TRADE

WEEKLY TECHNICAL BREAKOUT

WCN:



Waste Connections (WCN) shares are consolidating in a multi-week bull flag under \$95 with a breakout targeting \$100 and a continuation of the long-term trend higher. MACD is off of recent highs and curling higher, near a bull cross, and RSI is clearing a downtrend.

FUNDAMENTAL TRADE OF THE WEEK

Stock: Columbia (COLM)

Price: \$98.75

Valuation: Undervalued

Key Ratios:

	Fwd. PE	P/S	P/B	EV / EBITDA	P/FCF
Stock	23.3X	2.4X	3.9X	13.2X	35.8X
Industry Avg.	24.4X	1.5X	4.4X	12.1X	29.8X

Analysis: COLM is a \$6.63B retailer which trades 19.65X earnings and 2.33X sales with double-digit growth and strong comps. COLM has pulled back to the February gap support and basing nicely under \$98 with a move higher targeting a big VPOC above at \$105. COLM's sportswear brands and broad product line gives them strength into the FY and fall run.

IDEAS

WEEKLY TECHNICAL BREAKDOWN

MU:



Micron (MU) shares are consolidating in a bear flag under the declining 20- and 50-day MA with a move under \$32 targeting the December lows at \$28.50. MU has a larger weekly bear flag in play as well under that level which has room back to the 2016 low-range.

PAIR TRADE OF THE WEEK

Industry: Cruises

Long/Short: Long Royal Caribbean (RCL), Short Carnival Cruise (CCL)

Analysis: RCL had a far more upbeat tone than peers last quarter despite macro issues and well positioned with new ship launches as a key catalyst. CCL is facing headwinds in Europe and Alaska pricing while taking down estimates for the FY to single-digits vs peers.

SMALL CAP TRADE OF THE WEEK

Innospec (IOSP) is a \$2B chemicals company which trades 15.6X earnings and 1.39X sales. The company focuses on fuel specialties like octane additives. IOSP is seeing better product mix which is helping margins. IMO 2020 is a big future catalyst with sales in the IMO products starting to ramp, and those will be higher margin products than others.

DAILY OPTIONS REPORT

<u>Unusual Call Activity</u>	<u>Unusual Put Activity</u>	<u>Implied Volatility Riser</u>
Canadian Natural (CNQ)	Enerplus (ERF)	Biohaven (BHVN)
Timken (TKR)	Community Health (CYH)	Ebix (EBIX)
Knowles (KN)	Plantronics (PLT)	Intra-Cellular (ITCI)
Ebix (EBIX)	Ebix (EBIX)	Amicus (FOLD)
Sotheby's (BID)	Sothebys (BID)	Cloudera (CLDR)
Hologic (HOLX)	Array Bio (ARRY)	Hertz (HTZ)
<u>Lowest Put/Call Ratio</u>	<u>Highest Put/Call Ratio</u>	<u>Implied Volatility Decliner</u>
Hologic (HOLX)	EZCorp (EZPW)	Sothebys (BID)
Ally Financial (ALLY)	CECO Environment (CECE)	Sprint (S)
SemGroup (SEMG)	Enerplus (ERF)	Array (ARRY)
Anaplan (PLAN)	Scorpio (STNG)	JC Penney (JCP)
Fox (FOXA)	Community Health (CYH)	NCR Corp (NCR)
Synaptics (SYNA)	AK Steel (AKS)	RH (RH)
<u>OTM Calls on Offer</u>	<u>OTM Puts on Offer</u>	<u>Elevated IV30</u>
Liberty (LBTYK)	Array Bio (ARRY)	Intra-Cellular (ITCI)
Ally Financial (ALLY)	Sprint (S)	Athenex (ATNX)
Apollo (APO)	Salesforce (CRM)	Zynerba (ZYNE)
Encana (ECA)	Microsoft (MSFT)	Beyond Meat (BYND)
Sprint (S)	Roku (ROKU)	Biohaven (BHVN)
<u>Positive Net Delta</u>	<u>Negative Net Delta</u>	<u>Option Volume Gainers (%)</u>
Transocean (RIG)	AK Steel (AKS)	Enerplus (ERF)
Facebook (FB)	Gold (GLD)	Community Health (CYH)
Snap (SNAP)	Alibaba (BABA)	Plantronics (PLT)
Bed Bath (BBBY)	Apple (AAPL)	Sotheby's (BID)
Gap (GPS)	Fox (FOXA)	Hologic (HOLX)
<u>Bullish Call Flow</u>	<u>Bearish Put Flow</u>	<u>Large Spread Trades</u>
Roku (ROKU)	Nike (NKE)	QQQ, June 28th (Q) \$184/\$175 put spreads 5000X10,000
Nutanix (NTNX)	Uber (UBER)	NKE, 1,480 June 28th (W) \$81/\$75 put spreads
Knowles (KN)	Advanced Auto (AAP)	PE, 600 January 2021 \$17.50/\$30 call spreads
Dell Tech (DELL)	Western Digital (WDC)	V, 4,500 July 26th (W) \$170/\$175 call spreads
Nvidia (NVDA)	Danaher (DHR)	FDX, January \$160/\$195 call ratio spread 1,200X2,400

Stock Specific News

Caesars Entertainment (CZR) and Carl Icahn are in disagreement about sale. NY Post

Gaming monitor shipments to grow 40% on year in 2019 – Digitimes

Trump's Immigration Policy Has Made Jails Risky Investments (**GEO, CXW**) – Bloomberg

Mobile sports betting not coming to New York anytime soon – NY Post

Wafer maker **Siltronic** hits 3-year low as U.S. Huawei ban bites – Reuters

U.S. solar installation outlook brightens on falling costs (**FSLR, SEDG**) – Reuters

Intertrust to acquire US-based **Viteos** for \$330M – Reuters

Finnish IT services firm **Tieto** is buying Norwegian peer **Evry** for \$1.5B

Unity Bio (UBX) says UBX0101 was safe, well-tolerated in Phase 1 study

US Administration Weighs Further Boost To Ethanol – WSJ

Extras

NXP Semi (NXPI) with 3,000 June / July \$90 call calendar spreads opening late for \$2.39

Palo Alto (PANW) opening sale 400 January \$185 puts for \$10.275

Insider Focus

Fox (FOX) with a notable insider buy last week from Chairman Rupert Murdoch of \$21.1M in stock at \$35.29. Shares have traded weak since the asset sale to Disney (DIS) in March and looking for support around \$34 recently and potentially out of a downtrend around \$36.50. The move targets \$40, around the split price, and then higher up to \$46-\$50. The sale of Fox's assets to Disney makes the NewCo leaner and more focused with an eye on Fox News, the Fox broadcast network, owned-and-operated network affiliates, Fox Business, Fox Sports, and a number of local TV stations. Analysts have an average target for the New Co at \$46 with 13 buy ratings, 9 hold, and 2 sell. CSFB started at Outperform in March with a \$46 PT. Their thesis centers on the accretive deployment of Fox's FCF primarily via share repurchases and TV station M&A. Despite a slow CY19 for Cable Network affiliate revenue growth (CSe +3.5%), the firm expects Fox will post the fastest revenue and EBITDA growth in Media the next few years, due to having pricing power over distributors and ~50% of its renewals the next two years, plus continued rapid Broadcast retransmission growth (~16% 3-year CAGR), the 2020 election cycle and potential cost efficiencies as they right size this new company. CSFB also thinks a focus on sports and news will moderate secular challenges. FOX has seen a lot of bullish flow including 5,000 July \$35 calls bought in June and 20,000 January \$40 calls.