

TOP STORIES

- Global Stocks, Commodities Rally as More Dovish Fed Surprises
- BOJ's Keeps Rates Unchanged; Kuroda: Extra Stimulus an Option to Boost Inflation
- BOE Keeps Rates Unchanged as Expected
- Mexico Votes to Ratify Trade Deal with US, Canada
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INDEX FUTURES

Futures	Change	Fair Value
S&P 500	2956.75 (23.25)	25.24
Nasdaq	7791.75 (89.75)	95.01
Dow	26732 (196)	211

GLOBAL INDICES

INDEX	CLOSE	CHANGE
FTSE	7428.85	0.34%
DAX	12417.02	0.88%
Nikkei	21462.86	0.60%
Hang Seng	28550.43	1.23%

ECONOMIC CALENDAR

TIME	INDICATOR	CONSENSUS
8:30	Jobless Claims	
8:30	Philly Fed	
8:30	Current Account	
10:00	Leading Indicators	
10:30	Nat Gas Stockpiles	

FOREX

EUR/USD	1.1303 (0.70%)
USD/JPY	107.76 (-0.31%)
USD/CAD	1.3189 (-0.67%)
GBP/USD	1.2698 (0.47%)
USD	96.18 (-0.42%)

COMMODITY

Oil	55.53 (3.29%)
Natural Gas	2.286 (0.44%)
Gold	1384.3 (2.63%)
Copper	2.7125 (1.19%)

VOLATILITY INDICES

INDEX	SYMBOL	CLOSE
S&P	VIX	14.30 (-5.6%)
Nasdaq	VXN	18.84 (-3.43%)
Oil	OVX	40.79 (-6.08%)
Gold	GVZ	12.41 (0.08%)

MARKET OUTLOOK

Futures are indicating a sharply higher open after the Fed's more dovish tone yesterday seems to have caught some by surprise. Traders largely focusing on the removal of the word 'patient' and the forecast of a larger miss of their inflation target. The odds of a cut in July jumped to 78% while the odds of another cut in September are now 80%. 2020 Fed Fund futures are pricing in 75 bps of easing by year-end. The 10-year yield dropped below 2% overnight while gold surged up 2.7%. Crude oil is ripping this morning with the more risk-on move as WTI jumps almost 3.5%. Elsewhere impacting oil, tensions in the middle east are rising overnight with Iran shooting down a US drone in the Strait of Hormuz. This follows recent incidents in the region.

Asian markets were higher overnight with the dovish Fed statement but a strong yen capped some gains. The BOJ kept rates unchanged at -0.10% while Kuroda reiterated the policy that they remain flexible with respect to adding more stimulus. Real estate jumped while autos underperformed with **Toyota** and **Honda** lagging. Pharmaceutical company **Iwaki** rose 4% after raising guidance.

European markets are strong early with the DAX leading after the Fed. Italy's MIB was up 1% with some talk that the EU could hold off on moves to discipline the country over their rising debt. UK retail sales slowed in May to 2.3% vs 2.7%. The BOE kept rates unchanged, as expected, on a 9-0 vote. The committee noted that rising risk for a no deal Brexit kept them more cautious on adjusting rates. They also said that hikes will be needed if forecasts hold. **Renault** was up 2% as their saga with Nissan continues. **SAP** up 2% after Oracle's strong quarter. **Delivery Hero** rising 10% after raising their FY outlook. **Deutsche Bank** down 1% after reports of a probe.

S&P TECHNICALS

Levels: Support 2,800/2,750; Resistance 2,925/2,950



KEY EVENTS TO WATCH**Earnings After the Close:** CGC, KFT, RHT**Analyst Days:** QGEN, NEE, BRKR, TSN, MRK**Conferences:** Paris Air Show**Tomorrow...** Quad Witching, PMI Composite Flash at 9:45 AM, Existing Home Sales at 10:00, Lael Brainard Speaks at 12:00, Loretta Mester Speaks at 12:00. **Earnings before the open** from KMX**ANALYST ACTION/COMMENTS****AES (AES)** upgraded to Neutral at BofA/Merrill**Bloom Energy (BE)** upgraded to Neutral at BofA/Merrill**Bright Horizons (BFAM)** upgraded to Buy at Goldman**Commscope (COMM)** upgraded to Buy at Goldman**First Financial (FFBC)** upgraded to Overweight at Piper**Genomic Health (GHDX)** upgraded to Overweight at Piper**Nordstrom (JWN)** upgraded to Hold at Gordon Haskett**TE Connectivity (TEL)** upgraded to Buy at Goldman**Fresenius (FMS)** upgraded to Overweight at Barclays**Ventas (VTR)** upgraded to Buy at Stifel**Hershey (HSY)** downgraded to Sell at Piper, \$125 PT**Chubb (CB)** downgraded to Underweight at Atlantic**Santander Consumer USA (SC)** downgraded to Neutral from Positive at Susquehanna**Enphase (ENPH)** downgraded to Neutral at HCWWells Fargo initiating **ASML**, **AMAT** at Outperform, **LRCX**, **KLAC** at NeutralDA Davidson starting **TWNK**, **SMPL**, **FRPT**, **NOMD** at Buy**Dell Tech (DELL)** initiated Buy at Deutsche Bank**Apple (AAPL)** initiated with a Hold at Deutsche Bank**Joint Corp (JYNT)** initiated with a Buy at B. Riley, PT \$23**MEDIA HIGHLIGHTS**May video game sales fall 13% versus same period in 2018 (**EA**, **ATVI**, **TTWO**) – NPJ**Facebook's (FB)** crypto plans to face U.S. Senate scrutiny on July 16 – Reuters**T-Mobile (TMUS)** readies for Boost auction if Dish talks fall through – Reuters**Renault CEO** says cutting **Nissan** stake is not on agenda – Reuters**Noble Group** to take near 8% stake in rare earths developer **Arafura** – Reuters**Alibaba (BABA)**, **JD.com (JD)** seek deeper merchant loyalty with shopper data - Reuters**Boeing (BA)** in discussions for additional 737 MAX orders after IAG - Reuters**Union Pacific (UNP)** CEO Lance Fritz says Q2 volume was down 4%. WSJ**Deutsche Bank (DB)** Faces Criminal Investigation for Potential Money Laundering Lapses: NYTBounce in NAND Flash Prices Remains Unlikely in 3Q (**MU**, **STX**, **WDC**) – DRAMeXchange**Glaxo (GSK)** offers concessions to address EU concerns over **Pfizer (PFE)** deal – ReutersThe Valuation Conundrum in the **United Tech (UTX)**, **Raytheon (RTN)** Merger – WSJ**STOCK SPECIFIC NEWS OF NOTE****Mondelez (MDLZ)** to acquire majority interest in Perfect Snacks, no terms disclosed**Canopy Growth (CGC)** shareholders approve resolutions regarding Acreage acquisition**Quidel (QDEL)** receives 510k clearance for Triage TOX Drug ScreenFTC approves **UnitedHealth's (UNH)** acquisition of **DaVita (DVA) Medical** with conditions**Slack (WORK)** reference price set at \$26**Vera Bradley (VRA)** to acquire majority interest in Pura Vida**Carnival (CCL)** lowers FY outlook, sees Q3 belowStarboard says **Aecom (ACM)** separation 'a positive first step,' urges strategic review

PRE-MARKET MOVERS

Moving Higher: KERN 40%, ORCL 5.7%, AU 5%, STM 4.2%, GDX 3%

Moving Lower: MLNT -13%, CCL -7%, RCL -5%

INSIDER TRADING (Form 4 Filings)

Buying: OPK, NBR, JILL

Selling: HUBS, EXC, NVCR, SMTC, VEEV, CIEN, LII, TDOC, GLW, RMD, BMRN, SYK, ATRC, RUN SFLY

POTENTIAL SYMPATHY TRADES

RCL, NCLH – on CCL outlook cut

SAP, CRM, IBM – on ORCL earnings

OPTION HIGHLIGHTS (Prior Day)

Fibro-Gen (FGEN) with 2,500 November \$50 calls bought today to open for \$5.10 as shares continue to rebound off of recent lows. FGEN had some December \$45 ITM put sales yesterday around \$7 and recent buyers in the September \$50 calls as well around \$7.80. The only notable put positions in the name are set to expire this week. Shares have been weak in 2019 after trading up to \$61 in February but rebounding off of long-term channel support around \$35. Shares have room back up to \$55+ and continuation of the three-year trend higher as MACD and RSI on the weekly move off of oversold levels. The \$3.86B company trades 18.8X sales and 6.8X cash and about to enter the early stages of commercialization for their lead asset Roxadustat as a treatment for CKD. The company posted positive Phase 3 data late last year and in May pooled safety data continued to show overall non-inferiority and a positive benefit. The company expects to file an NDA in September/October. Analysts have an average target for shares of \$63 with 5 buy ratings and 2 hold. Jefferies positive on 5-10 defending shares and noting that Roxa continues to be clearly better than Epo and fear around their comments about initiating discussions with the FDA are overblown. The firm thinks the MACE data was a clear de-risking event which removes a major overhang because we now know that Roxa is not only safe but its risk/benefit is positive. The firm was out on 6-10 noting they expect more communication on an FDA agreement soon, a potential catalyst. Hedge Fund ownership dropped last quarter by 20% but BlueMountain Capital and Farallon two notable holders. Short interest is 5.2% and up from around 3% in late 2018.

AFTER HOURS MOVERS

Gainers: KERN 44.5%, AOBC 7%, ORCL 5%

Losers: SCS -10%

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>
Gerdau (GGB)	Gerdau (GGB)	Melinta (MLNT)
Novocure (NVCR)	La Z Boy (LZB)	Sesen Bio (SESN)
Axalta (AXTA)	Leidos (LDOS)	Hertz (HTZ)
Colfax (CFX)	Axon Enterprises (AAXN)	Nordstrom (JWN)
Match (MTCH)	Winnebago (WGO)	Zayo (ZAYO)
Leidos (LDOS)	KB Home (KBH)	Coherus (CHRS)
<u>Lowest Put/Call Ratio</u>	<u>Highest Put/Call Ratio</u>	<u>Implied Volatility Decliner</u>
ANGI Homeservices (ANGI)	Qurate (QRTEA)	Dova Pharma (DOVA)
Colfax (CFX)	Criteo (CRTO)	Savara (SVRA)
Coherus (CHRS)	Turning Point (TPB)	La-Z-Boy (LZB)
Ally Financial (ALLY)	CIT Group (CIT)	Jabil (JBL)
HR Block (HRB)	Welbilt (WBT)	Luckin (LK)
Renewable Energy (REGI)	Emerson (EMR)	Winnebago (WGO)
<u>OTM Calls on Offer</u>	<u>OTM Puts on Offer</u>	<u>Elevated IV30</u>
Fibrogen (FGEN)	Sprint (S)	Intra Cellular (ITCI)
Sesen Bio (SESN)	Tiffany (TIF)	Zynerba (ZYNE)
Mylan (MYL)	Nio (NIO)	GlycoMimetics (GLYC)
Schlumberger (SLB)	McDermott (MDR)	Beyond Meat (BYND)
Teva Pharma (TEVA)	Amgen (AMGN)	Revolve (RVLV)
<u>Positive Net Delta</u>	<u>Negative Net Delta</u>	<u>Option Volume Gainers (%)</u>
Nvidia (NVDA)	Gap (GPS)	Gerdau (GGB)
Intel (INTC)	Novocure (NVCR)	La Z Boy (LZB)
Citi (C)	Baidu (BIDU)	Leidos (LDOS)
Abercrombie (ANF)	Match (MTCH)	Colfax (CFX)
Square (SQ)	Philip Morris (PM)	Match (MTCH)
<u>Bullish Call Flow</u>	<u>Bearish Put Flow</u>	<u>Large Spread Trades</u>
Boeing (BA)	Allergan (AGN)	HSY, 3,350 August \$135/\$145 call spreads
Match (MTCH)	YY	LEN, 3,000 July \$52.50/\$57.50 call spreads
Grupo Financiero (GGAL)	Hershey (HSY)	IIPR, 500 October \$120/\$95 put spreads
Citrix (CTXS)	Zillow Z(Z)	MTCH, September \$85 calls sold to buy the \$65/\$55 put spread
Lennar (LEN)	RH (RH)	FB, 3000 July 26th (W) / August \$215 OTM call calendar spreads

Extras

Carvana (CVNA) late spreads sell the August \$80 calls to buy the \$60/\$50 put spread, 2750X and similar to MTCH spreads earlier likely protective

Fed-Ex (FDX) July \$175 calls active this afternoon up to \$3 for 2,950X, earnings 6-25

Expedia (EXPE) afternoon buyer of 475 October \$135 calls \$5.50 to \$5.60

United Rental (URI) with 700 September \$120 straddles sold to open for \$20.40

Raymond James (RJF) closed weak with 2200 July \$75 puts opening \$0.50

Axogen (AXGN) with 2000 July \$20 ITM puts sold to open for \$1.30

Amarin (AMRN) with 3000 August \$16 puts bought to open \$0.62 to \$0.67

Williams (WMB) opening sales 3700 January 2021 \$21 puts for \$0.48

Coupa (COUP) rose into the close with 1000 July \$125 calls bought \$7.30 to \$7.50

Adobe (ADBE) afternoon action opened 2000 October \$300 calls \$14.80 to \$15.40

DaVita (DVA) afternoon trade opened 2,000 January \$52.5/\$47.5 bull risk reversals at \$1.25 debit

Earnings After the Close

Ticker	Company	EPS Actual	EPS Estimate	Revs Actual	Revs Estimate	Growth	Notes
AOBC	American Outdoor	\$0.26	\$0.16	\$175.73	\$168.99	2.20%	FY Below
ORCL	Oracle	\$1.16	\$1.08	\$11,139.00	\$10,931.07	1.10%	Affirms FY
SCS	Steelcase	\$0.15	\$0.18	\$824.30	\$839.07	9.30%	Affirms FY

ORCL – Beat on EPS and Revenue - "In Q4, our non-GAAP operating income grew 7% in constant currency—which drove EPS well above the high end of my guidance," said Oracle CEO, Safra Catz. "Our high-margin Fusion and NetSuite cloud applications businesses are growing rapidly, while we downsize our low-margin legacy hardware business. The net result of this shift away from commodity hardware to cloud applications was a Q4 non-GAAP operating margin of 47%, the highest we've seen in five years. "Our Fusion ERP and HCM cloud applications suite revenues grew 32% in FY19," said Oracle CEO, Mark Hurd. "Our NetSuite ERP cloud applications revenues also grew 32% this year. These strong results extend Oracle's already commanding lead in worldwide Cloud ERP. Our cloud applications businesses are growing faster than our competitors.

Earnings Before the Open

Ticker	Company	EPS Actual	EPS Estimate	Revs Actual	Revs Estimate	Growth	Notes
CCL	Carnival	\$0.66	\$0.61	\$4,838.00	\$4,489.14	11.00%	Cutting Q3, FY
CMC	Commercial Metals	\$0.67	\$0.61	\$1,605.90	\$1,598.34	33.30%	
DRI	Darden Restaurants	\$1.76	\$1.73	\$2,229.10	\$2,242.22	4.50%	FY Light
KR	Kroger		\$0.71		\$37,273.68		
MEI	Method Electronics	\$0.62	\$0.73	\$266.00	\$274.36	6.80%	FY In Line

Biotech Event Focus

Ascendis (ASND) will host an R&D day on June 26th in New York where they will present expanded data for their Phase 3 heiGHt trial as well as introduce their oncology program. The company reported in March positive preliminary Phase 3 results for TransCon Growth Hormone (hGH), their long-acting growth hormone therapy for the treatment of pediatric growth hormone deficiency. The readout next week will also have expanded safety data which will support a BLA filing sometime in early 2020. Analysts have an average target for shares of \$137 with 9 buy ratings. CSFB has a \$139 PT for shares and Outperform rating. In May they previewed the R&D day noting that they expect timelines for the Phase 2 PTH study (readout expect in Q4'19) and the TransCon CNP Ph2 trial start (expected Q3), and additional details on trial design. Finally, ASND indicated that it will present preclinical data supporting a differentiated profile for its oncology product candidates, employing a similar strategy from its endocrine pipeline by leveraging the TransCon technology and exploring validated targets and parent drugs. Wedbush has a \$217 PT for shares after the impressive preliminary data. believes the results not only validates Ascendis proprietary TransCon technology and its ability to create best-in-class clinical profiles but may also lead to Ascendis' acquisition if fliGHt results in Q2 achieve at least non-inferiority. JP Morgan has a \$145 PT for shares. They see a compelling case for continued steady value creation as the platform is now de-risked and its story "is still in the early innings with multiple untapped levers in the model." Hedge Fund ownership rose 14.3%. Millennium Management added 1.19M shares, Baker Bros added 552K and now has 3.3M shares, Camber Capital added a new 430K stake, and Ghost Tree adding 260K shares. Short interest is 2.8% and up from around 0.6% in late 2018.