

## TOP STORIES

- Global Markets Steady as G-20 Focus Ramps
- US to Introduce New Sanctions on Iran as Pompeo Seeks Global Coalition
- Trump: “I’m Not Happy with Powell; I Don’t Think He’s Done a Good Job”
- Eldorado to Acquire Caesars for \$8.6B
- Big Banks Ace First Round of Federal Reserve Stress Tests
- Bitcoin Soars Above \$11,000 for First Time in 15 Months

## INDEX FUTURES

Futures	Change	Fair Value
<b>S&amp;P 500</b>	<b>2957.75 (7.25)</b>	<b>2.49</b>
<b>Nasdaq</b>	<b>7776.5 (25)</b>	<b>18.72</b>
<b>Dow</b>	<b>26755 (58)</b>	<b>24.87</b>

## GLOBAL INDICES

INDEX	CLOSE	CHANGE
<b>FTSE</b>	<b>7411.96</b>	<b>0.06%</b>
<b>DAX</b>	<b>12270.19</b>	<b>-0.57%</b>
<b>Nikkei</b>	<b>21285.99</b>	<b>0.13%</b>
<b>Hang Seng</b>	<b>28513</b>	<b>0.14%</b>

## ECONOMIC CALENDAR

TIME	INDICATOR	CONSENSUS
<b>8:30</b>	<b>Chicago Fed</b>	
<b>10:30</b>	<b>Dallas Fed</b>	

## FOREX

<b>EUR/USD</b>	<b>1.1393 (0.24%)</b>
<b>USD/JPY</b>	<b>107.28 (-0.02%)</b>
<b>USD/CAD</b>	<b>1.3184 (-0.28%)</b>
<b>GBP/USD</b>	<b>1.2737 (-0.02%)</b>
<b>USD</b>	<b>95.55 (-0.18%)</b>

## COMMODITY

<b>Oil</b>	<b>57.89 (0.80%)</b>
<b>Natural Gas</b>	<b>2.207 (0.96%)</b>
<b>Gold</b>	<b>1411 (0.78%)</b>
<b>Copper</b>	<b>2.6925 (-0.44%)</b>

## VOLATILITY INDICES

INDEX	SYMBOL	CLOSE
<b>S&amp;P</b>	<b>VIX</b>	<b>15.40 (4.41%)</b>
<b>Nasdaq</b>	<b>VXN</b>	<b>19.18 (2.5%)</b>
<b>Oil</b>	<b>OVX</b>	<b>42.13 (1.13%)</b>
<b>Gold</b>	<b>GVZ</b>	<b>15.54 (1.13%)</b>

## MARKET OUTLOOK

Futures are indicating a slightly higher open for the morning with all eyes on the G20 Summit later this week. Both the US and Chinese teams are in talks after Trump and Xi agreed to meet. The White House is still pushing for advances in tech transparency and potentially proposing that all 5G gear used in the US be designed and made outside of China. POTUS stepped up threats with Iran over the weekend but said he is ready to sit down and talk to quell fears of a conflict. Sec. Pompeo has said that significant sanctions will be announced on Iran today. POTUS is leery of entering a war with the country as it is seen as sparking backlash throughout the region. A busy morning for deals highlighted by **Caesars (CZR)** being acquired by **Eldorado (ERI)**. Other involved in deals today include **DFRG, NSIT, ECOL** and **AROC**.

Asian markets were modestly higher this morning with trade the main focus later in the week. The Nikkei faded a bit in the afternoon after moving red-to-green in the morning. Japanese leading index rose to 95.9 vs 95.5 forecast. Singapore CPI rose to 0.9% vs 0.6% estimated. It was a quiet day for individual stocks with some tech weakness in **Tokyo Electron** and **TDK**.

European markets are mixed this morning with the DAX lagging down over 50 bps. German business expectations came in below forecasts at 94.2 vs 94.6. The prior report was revised down to 95.2. Current assessment rose to 100.8 vs 100.3 estimated. The German IFO business climate index was steady at 97.4. Autos were weak with **Daimler** down 3% after warning for the third time this year.

**International Paper (IP)** in focus today after Stephens downgraded to Neutral, \$60 PT. The firm notes that RISI decided to cut the price of containerboard \$10 just three days after investors breathed a sigh of relief on encouraging supply-demand fundamentals. The \$10 price cut triggers contract cuts as supply and demand were showing clear indications of moving back into balance.

## S&P TECHNICALS

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



2470 Advancing	Declining 4753
32.5%	62.5%
269 New High	New Low 127
67.9%	32.1%
4171 Above SMA50	Below 3412
55.0%	45.0%
4249 Above SMA200	Below 3334
56.0%	44.0%

**KEY EVENTS TO WATCH****Analyst Days:** NEWT**Tuesday...** Case-Schiller at 9:00 AM, New Home Sales at 10:00, Consumer Confidence at 10:00, Richmond Fed at 10:00, James Bullard Speaks at 6:30.**Earnings BMO** include BNED, FDS, LEN**ANALYST ACTION/COMMENTS****Enviva (EVA)** upgraded to Buy at Goldman**Boise Cascade (BCC)** upgraded to Buy at Goldman**United Tech (UTX)** upgraded to Outperform at Cowen**Deere (DE)** upgraded to Buy at Jefferies**AGCO** upgraded to Buy at Jefferies**Fortinet (FTNT)** upgraded to Overweight at JP Morgan**Rent-a-Center (RCII)** upgraded to Neutral at Stephens**Sprouts (SFM)** upgraded to Neutral at Bernstein**Dunkin (DNKN)** upgraded to Outperform at Wedbush**Hostess (TWNK)** upgraded to Buy at UBS, \$17 PT**Sonoco (SON)** downgraded to Sell at Goldman**Spotify (SPOT)** downgraded to Sell at Evercore**Occidental (OXY)** downgraded to Neutral at MSCO**WEC Energy (WEC)** downgraded to Underperform at BAML**International Paper (IP)** downgraded to Neutral at Stephens, \$60 PT**Rockwell Medical (RMTI)** initiated Overweight at Piper**Splunk (SPLK)** initiated Overweight at Piper**Waitr (WTRH)** initiated Outperform at RBC**Concert Pharma (CNCE)** initiated Buy at Sun Trust**Electronic Arts (EA)** named best idea at Stephens**Micron (MU)** PT lowered to \$44 at MizuhoPiper still skeptical of **AMAG Pharma (AMAG)** despite Vyleesi approval**MEDIA HIGHLIGHTS**Fed's stress test results show all banks able to withstand economic shock (**XLFF**) – BloombergJana Partners said to have built position in **Axalta Coating (AXTA)** - BloombergU.S. may require **5G** equipment for domestic use be made outside China – WSJ

Daimler issues third profit warning in a year, Bloomberg

**Fiat Chrysler (FCAU)**, **Renault** hoping merger talks will restart soon - WSJ**Amazon (AMZN)** exploring drones to provide surveillance as service - ReutersBarron's positive **MAR, HUM, PLNT, BA, CVNA, SNA, HRL, ZG, UBNT, FB**; cautious **GOOG, NLS, CLUB****Exxon (XOM)** aims to sell Norwegian gas assets. Reuters**Huawei** has sued Commerce Department over seized equipment – ReutersDelivery companies are receiving pushback from restaurants over fees (**GRUB, UBER**). WSJ**Dish (DISH)** wants FCC to waive deadline for airwaves. Bloomberg**Suning.com** to Buy 80% of **Carrefour China** for \$699 Million - Bloomberg**Aecom (ACM)** Wins Contract to Manage Saudi's Neom Bay – Bloomberg**Metro AG** Gets Takeover Offer Valuing Retailer at \$6.6 Billion – Bloomberg**STOCK SPECIFIC NEWS OF NOTE****Amag Pharmaceuticals (AMAG)** says FDA approves Vyleesi for HSDD**Disney (DIS)** Toy Story 4 Opens to \$118M, below \$140M est.**Eldorado Resorts (ERI)** to acquire **Caesars (CZR)** for \$12.75 per share in Cash and Stock**US Ecology (ECOL)**, **NRC Group** to merge in all-stock transaction**Insight (NSIT)** to acquire **PCM (PCMI)** \$35 per share**Nanometrics (NANO)**, **Rudolph Technologies (RTEC)** to combine in an all-stock merger of equals**Banco Santander (SAN)** to acquire **Allianz's** 60% stake in Allianz Popular

**PRE-MARKET MOVERS**

**Moving Higher:** AMAG 15%, CZR 14.2%, TEVA 3%

**Moving Lower:** CCL -3%, NOK -1.4%

**INSIDER TRADING (Form 4 Filings)**

**Buying:** NAVB, WAL, JILL, HEB, LOW, OPK

**Selling:** CVGW, TWTR, FOXF, SNAP, CRM, SWKS, TWLO, AME, NOW, MATX

**POTENTIAL SYMPATHY TRADES**

**MGM, BYD, VICI, WYNN, LVS** – on CZR deal

**OPTION HIGHLIGHTS (Prior Day)**

**World Wrestling (WWE)** buyers of more than 1,340 August \$80 calls for \$3.30 to \$3.40 today, same spot where 1,000 were bought last week. WWE had buyers of more than 3,000 July \$80 calls yesterday for \$1.90 and the July \$75 calls have 2,000 in OI from buyers on 6/5. Shares have pulled back from recent highs around \$100 and forming a small base as well as a higher low vs the October pullback. WWE has a channel target higher around \$110 but in the near-term above \$77.50 can target a key VPOC at \$85 from April/May. The \$5.96B company trades 24.7X earnings, 6.45X sales, and 17.6X cash with a small yield. WWE is targeting more than \$3.50/share in earnings by 2021, up from \$1 in 2019, and revenues above \$1.4B as they continue to monetize their OTT efforts and expand Internationally. The company is coming off a weak quarter with ratings down double-digits and attendance down 11% across their major events. The company sees both inflecting higher into year-end with much of their top talent returning which will drive engagement. They also see better visibility in Q4 when new content distribution deals come into effect. Analysts have an average target for shares of \$102.50. MKM positive today noting that India, ME, and China deals still to be done and will be positive drivers in the near-term. They also think it would "not be surprising" if WWE was able to "claw back" its ability to sell some of U.K.'s free-to-air rights for possible extra monetization. Loop Capital positive as well today noting that live event programming remains under-monetized. MSCO on 6/12 laying out a scenario for the company to double EDITDA by 2025 as they announce new deals. Hedge Fund ownership rose 11% last quarter. Lone Pine a top holder with 2.2M shares. Short interest is 12.1% and rising steadily all year.

**AFTER HOURS MOVERS**

**Gainers:**

**Losers:**

**MARKET SENTIMENT / INTERNALS**

INDICATOR	READING	SIGNAL
<b>CBOE Equity Put/Call Ratio</b>	<b>0.65</b>	<b>Rising / Cautious</b>
<b>CBOE Index Put/Call Ratio</b>	<b>1.17</b>	<b>Turning Lower</b>
<b>CBOE Skew Index</b>	<b>118.46</b>	<b>Rising</b>
<b>VIX Curve</b>	<b>Contango</b>	<b>Normal</b>
<b>CNN Fear &amp; Greed Index</b>	<b>52</b>	<b>Neutral</b>
<b>NYMO</b>	<b>30.83</b>	<b>Rising</b>
<b>NYSE New Highs</b>	<b>77.63</b>	<b>Rising</b>
<b>McClellan Summation</b>	<b>551.16</b>	<b>Above 8-EMA</b>
<b>Univ. of Michigan Consumer Sentiment</b>	<b>97.9 (June)</b>	<b>Strong</b>

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

**IPO MONITOR**

**The Real Real (REAL)** issuing 15M shares at \$17-\$19; Largest online marketplace for authenticated, consigned luxury goods

**Cambium (CMBM)** issuing 5.8M shares at \$13-\$15; Provider of wireless broadband networking infrastructure solutions

**Change Healthcare (CHNG)** issuing 42.9M shares at \$16-\$19; Developer of a healthcare technology platform that provides data & analytics to improve the healthcare system

Biotech issues from **ADPT, BBIO, KRTX, MORF, and PRMI**

# TRADE

## WEEKLY TECHNICAL BREAKOUT

**TTWO:**



**Take-Two (TTWO)** shares are working on a nice bull flag under \$113 after a strong run higher since mid-May. A breakout targets \$118. All of its short-term moving averages are sloping higher and 8-EMA sitting at Friday's low as support.

## FUNDAMENTAL TRADE OF THE WEEK

**Stock:** Nice (NICE)

**Price:** \$138

**Valuation:** Undervalued

**Key Ratios:**

	Fwd. PE	P/S	P/B	EV / EBITDA	P/FCF
<b>Stock</b>	24.2X	5.8X	4.2X	19.2X	23.5X
<b>Industry Avg.</b>	50.8X	8.8X	10.4X	51.6X	75.4X

**Analysis:** The \$8.63B company trades cheap at 24.2X earnings and 5.8X sales with mid-teens growth and peer-best margins. NICE is coming off a strong quarter and raising their FY outlook with cloud revenue and operating margins expanding significantly. The launch of their new digital interactions feature after the acquisition of BrandEmbassy is helping drive large deal growth while their Analytics business continues to thrive.

# IDEAS

## WEEKLY TECHNICAL BREAKDOWN

**NEWR:**



**New Relic (NEWR)** shares are forming a bear flag above the 200-day MA and \$94.50 support with a breakdown targeting \$85. Shares have a big volume node below from November/December at \$80 as well. NEWR is forming a series of lower highs.

## PAIR TRADE OF THE WEEK

**Industry:** Waste

**Long/Short:** Long Waste Connections (WCN), Short Stericycle (SRCL)

**Analysis:** WCN trades cheap relative to its steady growth and FCF growth of 7-8%. They've got a number of long-term contracts locked in which provides strong visibility to EPS as well while a recovery in E&P supports above-peer growth. SRCL has posted consistently weak numbers recently and new management sees a long road to recovery for the name with their Transformation plan.

## SMALL CAP TRADE OF THE WEEK

**NV5 Global (NVEE)** is a \$991M company which focuses on engineering and consulting services in infrastructure, energy, construction, and real estate. Shares trade at 17.3X earnings and 2.25X sales with mid-20% EPS growth. The company is executing better on costs while adding a number of smaller accretive acquisitions which are expanding their geographic reach.

## DAILY OPTIONS REPORT

<u>Unusual Call Activity</u>	<u>Unusual Put Activity</u>	<u>Implied Volatility Riser</u>
Everi (EVRI)	Tupperware (TUP)	Axovant (AXGT)
Outfront (OUT)	Stericycle (SRCL)	AMAG Pharma (AMAG)
Owens Corning (OC)	Horizon (HZNP)	Intra-Cellular (ITCI)
Dentsply (XRAY)	Keurig (KDP)	Iamgold (IAG)
Cision (CISN)	Owens Corning (OC)	Cision (CISN)
Genworth (GNW)	Chubb (CB)	Opko (OPK)
<u>Lowest Put/Call Ratio</u>	<u>Highest Put/Call Ratio</u>	<u>Implied Volatility Decliner</u>
Everi (EVRI)	NOW (DNOW)	Melint (MLNT)
Innoviva (INVA)	Daktronics (DAKT)	Meet Group (MEET)
Dentsply (XRAY)	Expeditors (EXPD)	Innovative Industrial (IIPR)
AstraZeneca (AZN)	National Retail (NNN)	Riot Blockchain (RIOT)
Alcon (ALC)	Taubman (TCO)	Canopy Growth (CGC)
Novo Nordisk (NVO)	Gerdau (GGB)	Biohaven (BHVN)
<u>OTM Calls on Offer</u>	<u>OTM Puts on Offer</u>	<u>Elevated IV30</u>
Discovery (DISCA)	Knight Swift (KNX)	Intra-Cellular (ITCI)
Signet (SIG)	Tencent Music (TME)	Zynerba (ZYNE)
Biomarin (BMRN)	Coca Cola (KO)	Beyond Meat (BYND)
Fluor (FLR)	Verizon (VZ)	Health Insurance (HIIQ)
Papa Johns (PZZA)	Qualcomm (QCOM)	Revolve (RVLV)
<u>Positive Net Delta</u>	<u>Negative Net Delta</u>	<u>Option Volume Gainers (%)</u>
Facebook (FB)	Caesars (CZR)	Tupperware (TUP)
Micron (MU)	Genworth (GNW)	Stericycle (SRCL)
Silver (SLV)	Snap (SNAP)	Horizon (HZNP)
American Air (AAL)	Ford Motor (F)	Cision (CISN)
Dropbox (DBX)	Sprint (S)	Genworth (GNW)
<u>Bullish Call Flow</u>	<u>Bearish Put Flow</u>	<u>Large Spread Trades</u>
Rosetta Stone (RST)	AIG	LYB, 5,000 June 2020 \$105/\$125 call spreads
Lyondell (LYB)	Knight Swift (KNX)	COF, 2,200 July 5th (W) \$93.5/\$97 call spreads
PG&E (PCG)	Tesla (TSLA)	BSX, November \$43/\$48 call spread 4,500X
Spotify (SPOT)	Dow (DOW)	GBT, 1,000 January \$70/\$85 call spreads
Wix.com (WIX)	New Relic (NEWR)	DE, 1,500 September \$165/\$190 call spreads

## Stock Specific News

**SoftBank's** Son Aims to Re-List Chipmaker **ARM** Within 5 Years – Bloomberg

U.S. arms makers see booming European demand as threats multiply (**LMT, RTN, BA**) – Reuters

**Wynn (WYNN)** CEO Expects Overseas Gamblers to Flock to New Boston Casino – Bloomberg

**Blackstone (BX), Brookfield** Among Bidders for Anbang Hotels: WSJ

Indexing Giant Vanguard Examines a Push Into Private Equity – WSJ

It's Not Too Late for **Bayer** to Heal – WSJ

**Archrock (AROC)** to acquire **Elite Compression** for \$410M

**AdvanSix (ASIX)** sees \$7M to \$12M impact from PES refinery fire

**Bristol-Myers (BMY)** plans Otezla sale to get FTC **Celgene (CELG)** clearance; **BMY** CheckMate -459 study did not reach pre-specified primary endpoint

**Axalta Coating (AXTA)** announces Chairman Charlie Shaver resigns

**Dana (DAN)** announces reduction of pension liabilities

**Circor (CIR)** rejects unsolicited offer from **Crane (CR)**

**Del Frisco's (DFRG)** to be acquired by L Catterton for approx. \$650M

## Option Radar

**Boston Scientific (BSX)** on Friday trading 4,500 November \$43/\$48 call spreads to open for \$1.49 ahead of their Analyst Day on 6/26. Friday's action follows buyers of 1,900 July \$40 calls and 1,150 July \$38 calls in late May/early June while size sits in the August \$40 calls from earlier this year, over 10,000. Shares have traded strong since late May and breaking above \$41 recently to new highs. The recent range breakout targets \$51 while the weekly recently seeing a bullish MACD crossover and RSI move above 60. The \$58.21B company trades 23X earnings, 5.8X sales, and 418X cash with low-teens growth. BSX sees 9% revenue growth in 2020 and 8.5% in 2021. BSX lowered their outlook in April with margins weakening. They saw some softness in interventional cardiology growth but expected to turn in the 2H due to "complex coronary products, easing DES comps, the launch of Promus ELITE and U.S. approval LOTUS Edge and the continued momentum of structural heart with our broader portfolio, capabilities and scale." They also see WATCHMAN utilization increasing and expanding its international footprint. They also have a number of product launches across all indications in late 2019 and 2020. Analysts have an average target for shares of \$42 with 20 buy ratings and 2 hold. CSFB out on 6-21 expecting "management to provide an update on key product launches, product pipeline, acquisitions and intermediate-term and long-term outlook through 2022E. BSX's outlook in 2015 and 2017 included goals for sales growth (both organic and operational), op margin improvement, EPS growth and FCF growth. Given the expansion of the company's pipeline and increase in strategic investments (>10 in the past year), we expect greater detail on these higher growth drivers." BAML positive on 5-16 on the incremental growth opportunity for BSX from several of its recent acquisitions such as Augmenix, Claret,

Vertiflex, Cryterion and BTG. They think the analyst day will bring the potential contribution from these deals to light and provide confidence in the near term, and for 2020 and longer term. Short interest is 1% and up from 0.6% in March. Hedge Fund Ownership rose 5.88%. Senator Investment with 5M shares while Suvretta Capital with 3M shares.

### Earnings Preview

**Paychex (PAYX)** will report earnings on Wednesday before the Open with the Street looking for \$0.65 on \$981.1M in sales, a 12.6% increase Y/Y. Next quarter is guided to \$0.73 and \$997.9M while the FY is \$2.86/\$3.77B. Shares have closed lower four of the last six with an average closing move of 1.35% and a max move of 6.8%. The current quarter is pricing 4.6% while IV30 is 20.8% and in the 75th percentile. Skew is bearish at 20.1% vs 8.7% and potential for an elevated move to the downside given the run up in shares recently. The \$31.47B company trades 27.88X earnings, 8.59X sales, and 43X cash with a 2.87% yield. PAYX is seeing high-single digit EPS and revenue growth over the next two years, both decelerating from 2019. PAYX is a leader in payroll, HR, and benefits outsourcing services for SMID-sized businesses. They're coming off a mixed quarter with margins improving while HR outsourcing showing strength, up double-digits. PAYX is integrating their \$1.2B late 2018 deal for Oasis Outsourcing which gives them scale in the space. They continue to add tuck-in deals and a focus on tech with Analytics and AI driving investment. Analysts have an average target for shares of \$74 with 1 buy rating, 13 hold, and 2 sell ratings. CSFB on 6-21 noting that there could be modest downside to PAYX/ADP earnings as they had modeled a flat Fed funds rate. They remain constructive long-term with a \$84 PT behind strong PEO growth, solid FY20 guide with room for positive revisions and impressive operating cost efficiency. BAML has an \$80 PT and Neutral rating for shares. They think valuation is full given risks from 1) slower new business formation, 2) declines in US employment, and 3) greater competition from payroll software firms, which puts pressure on pricing. Bernstein downgraded shares to Underweight on 4-30. Short interest is 3.2% and up from 2.3% in January. Hedge Fund ownership fell 24% last quarter. Select Equity, McDonald Capital, and AQR all top holders.

### Extras

**AngloGold (AU)** strong this week with gold and buyers active for 5,000 January \$20 calls this afternoon for \$1.30

**Medtronic (MDT)** closing strong with buyers in the August 2nd (W) \$101 calls for \$1.25, 2350X, as some June calls adjust

**Biohaven (BHVN)** late day trade opens the October / January \$50 call calendar spread for \$2.50

**Red Rock Resorts (RRR)** buyers this afternoon for 1,000 July \$20 calls for \$1.35 into recent weakness

**Ross Stores (ROST)** seeing 1,185 June \$100 calls roll to November \$105 calls for \$6.44

**Dollar Tree (DLTR)** buyers active this afternoon for 2,000 July \$115 calls for \$1.50 to \$1.53

**Yelp (YELP)** late day buyers of 1,775 July \$34 calls for \$0.60 to \$0.69

**Fluor (FLR)** strong mover late with 2,750 July \$35 calls bought for \$0.50

**Electronic Arts (EA)** strong late with buyers of 4,500 July \$100 calls for \$1.27 to \$1.42

**Harley (HOG)** afternoon buyers of 1,500 July 26<sup>th</sup> (W) \$36 puts up to \$1.41

**Ambarella (AMBA)** sellers of 900 January \$35 puts \$2.10 to \$2.05

**Biomarin (BMRN)** late-day run higher in IV as the July \$95 and \$100 calls active with buyers

**General Dynamics (GD)** late day sellers of 1,000 August \$155 puts for \$1.10 to \$0.90

**Apple (AAPL)** buyer of the August 2nd (W) \$200/\$215 call spread 2,000X4,000 for \$3.25, targeting earnings which should be around 7-30

**CrowdStrike (CRWD)** weak day but buyers this afternoon of the July \$70/\$80 call spread and selling the \$55 puts, 500X for a net \$2.55 debit

**Biogen (BIIB)** another biotech seeing July OTM call buys today as 3,700 of the \$260 calls bought up to \$1.10 as IV30 up 11% today

**Align (ALGN)** the October \$380/\$200 strangles sold to open 1,000X

**Zscaler (ZS)** buyers of 2,000 June 28<sup>th</sup> (W) \$78 puts for \$2.60 to \$2.65