

## TOP STORIES

- Mnuchin: Trade Deal Was 90% Complete in May, Sees Path to Finalizing
- US May Delay More Tariffs on China Ahead of Trump, Xi Meeting
- Mueller to Testify Before House Judiciary Committee on July 17
- Weekly Mortgage Rates Fall Further but Only Refinance Applications Rise
- Bitcoin Continues Surge, Nears \$13k

## INDEX FUTURES

Futures	Change	Fair Value
<b>S&amp;P 500</b>	<b>2935 (13)</b>	<b>13.17</b>
<b>Nasdaq</b>	<b>7683.75 (55)</b>	<b>65.21</b>
<b>Dow</b>	<b>26672 (110)</b>	<b>116.28</b>

## GLOBAL INDICES

INDEX	CLOSE	CHANGE
<b>FTSE</b>	<b>7426.34</b>	<b>0.05%</b>
<b>DAX</b>	<b>12281.62</b>	<b>0.43%</b>
<b>Nikkei</b>	<b>21086.59</b>	<b>-0.51%</b>
<b>Hang Seng</b>	<b>28221.98</b>	<b>0.13%</b>

## ECONOMIC CALENDAR

TIME	INDICATOR	CONSENSUS
<b>8:30</b>	<b>Durable Goods</b>	<b>-0.1%</b>
<b>8:30</b>	<b>Int'l Trade</b>	<b>-\$71.5B</b>
<b>8:30</b>	<b>Retail Inventories</b>	
<b>10:30</b>	<b>EIA Petroleum</b>	

## FOREX

<b>EUR/USD</b>	<b>1.1364 (-0.01%)</b>
<b>USD/JPY</b>	<b>107.73 (0.52%)</b>
<b>USD/CAD</b>	<b>1.315 (-0.13%)</b>
<b>GBP/USD</b>	<b>1.2686 (-0.09%)</b>
<b>USD</b>	<b>95.77 (0.12%)</b>

## COMMODITY

<b>Oil</b>	<b>58.87 (1.80%)</b>
<b>Natural Gas</b>	<b>2.268 (-0.79%)</b>
<b>Gold</b>	<b>1408.6 (-0.71%)</b>
<b>Copper</b>	<b>2.7345 (-0.04%)</b>

## VOLATILITY INDICES

INDEX	SYMBOL	CLOSE
<b>S&amp;P</b>	<b>VIX</b>	<b>16.29 (6.75%)</b>
<b>Nasdaq</b>	<b>VXN</b>	<b>20.70 (6.37%)</b>
<b>Oil</b>	<b>OVX</b>	<b>40.26 (-1.80%)</b>
<b>Gold</b>	<b>GVZ</b>	<b>17.08 (1.67%)</b>

## MARKET OUTLOOK

Futures are indicating a higher open for the morning as trade optimism grows ahead of the G20. POTUS is set to depart for Japan this afternoon. Sec. Treasury Mnuchin was on CNBC today and said that the two sides were 90% complete on a deal in May before talks broke down. He still sees a path to finalizing a deal. There was also a report from Bloomberg that the US is preparing to delay more China tariffs ahead of the meeting. The two sides reportedly want to ease market turmoil but are seeking concessions. Expectations for the weekend remain low, however. A number of tech companies have reportedly found loopholes to resume work with Huawei. This comes despite pressure from Congress which is seeking to cut work with the company on national security concerns. Oil hit a 4-week high overnight as US inventories showed a drop of 7.55M barrels, via API. This would be the largest since March. The Philadelphia refiner which caught fire last week may seek to close the unit, as well, pressuring gasoline.

Asian markets were mixed overnight and remain in a stalemate ahead of the G20 this weekend. The Nikkei dropped modestly with Powell's comments weighing a bit on sentiment. Singapore industrial production fell 2.4% in May, worse than the 2.2% drop expected. Chipmakers are strong after the Micron report and guidance to a recovery later this year. **Tokyo Electron** up 2% and **Advantest** up 3.5%. Toiler-maker **Lixil** jumped 16% after its CEO was reinstated.

European markets are slightly higher in early trading today. German consumer climate surveys fell to 9.8 in July, down from 10.1 and below forecasts. French consumer confidence rose slightly. The BOE's Carney spoke this morning and said that they won't factor in a no deal Brexit until UK policy changes. **Infineon**, **Siltronic**, and **AMS** were all higher with the Micron results. **Thyssenkrupp** higher by 3% after a report about a possible offer from Kone for their elevator business. Adidas higher by 2.5% after Berenberg upgraded shares to Buy.

## S&P TECHNICALS

**Levels:** Support 2,850/2,800; Resistance 2,925/2,950



2146 Advancing	Declining 5067
28.1%	66.4%
206 New High	New Low 182
53.1%	46.9%
3621 Above SMA50	Below 3980
47.6%	52.4%
4014 Above SMA200	Below 3587
52.8%	47.2%

**KEY EVENTS TO WATCH****Earnings After the Close:** FUL, MLHR, KBH, WOR**Analyst Days:** BSX, GEF**Other:** ASND R&D Day**Conferences:** Bernstein Media Summit**Tomorrow...** GDP at 8:30 AM, Jobless Claims at 8:30, Pending Home Sales at 10:00, EIA Nat Gas at 10:30.**Earnings BMO:** ACN, APOG, CAG, MKC, PDCO, SJR, WBA**ANALYST ACTION/COMMENTS****Conoco (COP)** upgraded to Buy at Mizuho**Eldorado (EGO)** upgraded to Neutral at JP Morgan**Adidas** upgraded to Buy at Berenberg**Alliant (LNT)** upgraded to Buy at BAML**AngloGold (AU)** upgraded to Outperform at RBC**Energizer (ENR)** upgraded to Buy at Deutsche Bank**Williams (WMB)** upgraded to Strong Buy at RayJay**Upwork (UPWK)** upgraded to Buy at Jefferies**AbbVie (ABBV)** upgraded to Outperform at Leerink**Mueller Water (MWA)** downgraded to Sell at Goldman**Parsons (PSN)** downgraded to Neutral at Wells Fargo**State Street (STT)** downgraded to Neutral at UBS**Kinder Morgan (KMI)** downgraded to Neutral at RayJay**Rollins (ROL)** downgraded to Sell at Stifel**Gold Fields (GFI)** downgraded to Neutral at RBC**Fox (FOX)** started Conviction Buy at Goldman, \$46 PT**Live Ramp (RAMP)** initiated Positive at Susquehanna**Virtu (VIRT)** started Buy at Rosenblatt, \$29 PT**Slack (WORK)** started Outperform at Baird**Kadmon (KDMN)** initiated Outperform at OpCoB Riley starting **OSPN, VEC, CYRN** at Buy**WillScot (WSC)** started Buy at DA Davidson, \$19 PTTigress sees significant upside to **CVS Health (CVS)****MEDIA HIGHLIGHTS****Nestle, Novartis (NVS)** among multinationals at risk of London trading ban -WSJ**NBC (CMCSA)** to pull 'The Office' from **Netflix (NFLX)** in 2021 - CNBC**PG&E (PCG)** bondholders seek control of utility's bankruptcy – SVBJTech companies find ways to sell products to Huawei despite ban (**INTC, MU**) – NYT**Walmart (WMT)** seeks to list Japanese supermarket unit Seiyu - ReutersMusk says **Tesla (TSLA)** 'close' to setting record for deliveries - BISan Francisco has banned e-cigarettes (**MO, BTI**). NBCBrazil investigating **Vale (VALE)** dam collapse. WSJCanada has halted meat exports to China (**TSN, SAFM, HRL**). WSJ**Volkswagen, Fiat (FCAU)** could face €1.83B fine in 2021 over emissions. Reuters**STOCK SPECIFIC NEWS OF NOTE****Second Sight (EYES)** reports 'positive' results from Orion feasibility study**Apple (AAPL)** buys self-driving car startup Drive.aiAncora Advisors urges **J. Alexander's (JAX)** Board to review strategic alternatives**Micron (MU)** plans reduction in CapEx in FY20**Paramount Group (PGRE)** to acquire 55 Second Street for about \$408M**Big Lots (BIG)** reaffirms Q2 and FY19 outlook**TechnipFMC (FTI)** subsidiary to pay \$296M to resolve foreign bribery charges**Kinder Morgan (KMI)** wins Texas court challenge, removing obstacle to \$2B gas pipeline**Kaman (KAMN)** sells distribution segment to Littlejohn & Co. for \$700M**Extreme Networks (EXTR)** to acquire **Aerohive (HIVE)** for \$4.45 per share in cash**Teleflex (TFX)** says Anthem now covering UroLift System**FedEx (FDX)** says loss of **Amazon (AMZN)** sales to be near term headwind

**PRE-MARKET MOVERS**

**Moving Higher:** MU 8%, BYND 4.7%, STM 4.5%, DB 3.5%, AMD 3.2%, NVDA 2.6%

**Moving Lower:** GIS -3.2%

**INSIDER TRADING (Form 4 Filings)**

**Buying:** RUN, VC

**Selling:** ALL, INSM, NTAP, SAM, CASY, ORCL, SNPS, DLTR, MAR, SBGI, OHI, CRM, BPMC

**POTENTIAL SYMPATHY TRADES**

**WDC, STX, AMD, STM, NVDA** – on MU earnings

**UPS** - on FDX earnings

**K, PEP, CPB, SJM, KHC** – on GIS earnings

**OPTION HIGHLIGHTS (Prior Day)**

Boot Barn (BOOT) buyers active today for 950 August \$35 calls for \$3.50 to open and follows 2,000 July \$35 calls bought last week. BOOT also had 875 November \$35 calls bought recently to open which remain in OI. Shares have traded strong since late 2017 and moving out of a big weekly range in June above \$31.50 which target \$43.50. Shares have been riding the 8-EMA higher over the last two weeks and long-term outperformance vs the broader retail sector since the December lows up 133% vs up 8.5%. The \$993M company trades 19X earnings, 1.28X sales, and 27.75X FCF with EPS growth of 21.1% and 18.9% through 2022. BOOT sees 11.5% revenue growth in 2021 and expected to hit \$1B in sales within two years. BOOT is coming off a strong quarter with comps up 8.7% driven by a stronger rodeo season in Texas. The company continues to see better full-price selling and lower shrink as margins expand to multi-year highs. Analysts have an average target for shares of \$33 with 7 buy ratings and 2 hold. DA Davidson starting at Buy last week with a \$41 PT. The firm thinks BOOT has multiple avenues to growth and remains the clear leader in western and work sector gear. They think BOOT can dominate its core niche as they roll out more private label products and gain greater brand recognition. Cowen raised their PT to \$42 yesterday expecting comps to jump 7% in Q1. Short interest is 14.3% but down from 26.8% in late 2017. Hedge Fund ownership fell 9% last quarter. Shellback Capital a buyer of 700k shares.

**AFTER HOURS MOVERS**

**Gainers:** SNX 4%, MU 4%

**Losers:** AVAV -12.9%

**MARKET SENTIMENT / INTERNALS**

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

**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>	<b>24.2X</b>	<b>5.8X</b>	<b>4.2X</b>	<b>19.2X</b>	<b>23.5X</b>
<b>Industry Avg.</b>	<b>50.8X</b>	<b>8.8X</b>	<b>10.4X</b>	<b>51.6X</b>	<b>75.4X</b>

**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>
VICI Properties (VICI)	Finisar (FNSR)	Karyopharm (KPTI)
Saudi Arabia (KSA)	Parsley (PE)	VICI (VICI)
AbbVie (ABBV)	Extreme Networks (EXTR)	Sangamo (SGMO)
Unisys (UIS)	Dana (DAN)	Moderna (MRNA)
Allergan (AGN)	Fair Isaac (FICO)	Brighthouse (BHF)
Boot Barn (BOOT)	Boyd Gaming (BYD)	Snap (SNAP)
<u>Lowest Put/Call Ratio</u>	<u>Highest Put/Call Ratio</u>	<u>Implied Volatility Decliner</u>
Triumph (TGI)	Harsco (HSC)	Allergan (AGN)
Cypress (CY)	Finisar (FNSR)	Mattel (MAT)
RPM International (RPM)	Ametek (AME)	Ziopharm (ZIOP)
Masco (MAS)	Cyrus One (CONE)	Luckin (LK)
Flex (FLEX)	Ralph Lauren (RL)	Editas (EDIT)
Crown (CCK)	Fair Isaac (FICO)	Chewy (CHWY)
<u>OTM Calls on Offer</u>	<u>OTM Puts on Offer</u>	<u>Elevated IV30</u>
Fitbit (FIT)	Nio (NIO)	Intra-Cellular (ITCI)
Yelp (YELP)	AMC Entertainment (AMC)	Zynerba (ZYNE)
Alcoa (AA)	Snap (SNAP)	Glycomimetics (GLYC)
Coca Cola (KO)	Kraft (KHC)	Voyager (VYGR)
Cloudera (CLDR)	Gilead (GILD)	Beyond Meat (BYND)
<u>Positive Net Delta</u>	<u>Negative Net Delta</u>	<u>Option Volume Gainers (%)</u>
Bausch (BHC)	Facebook (FB)	Finisar (FNSR)
Flex (FLEX)	Gold (GLD)	Parsley (PE)
Barrick Gold (GOLD)	Facebook (FB)	Extreme Networks (EXTR)
Bristol Myers (BMY)	Citi (C)	Allergan (AGN)
Beyond Meat (BYND)	Micron (MU)	Boot Barn (BOOT)
<u>Bullish Call Flow</u>	<u>Bearish Put Flow</u>	<u>Large Spread Trades</u>
Bausch Health (BHC)	AbbVie (ABBV)	GDX, 25,000 July \$24/\$26 call spreads
Newmont (NEM)	Hormel (HRL)	EA, 1000 August \$105/\$115 call spreads
ResMed (RMD)	Int'l Paper (IP)	OSTK, 2,000 August \$12.50/\$17.50 call spreads
Aecom (ACM)	Ralph Lauren (RL)	PE, September \$20/\$22.5 call spreads
CVS Health (CVS)	Dover (DOV)	STNE, 2,000 July \$27.50/\$25 put spreads



### Stock Specific News

**Traton** unit IPO expected to price at lower end of range - Reuters

Shoe-resale exchange **StockX** is valued at \$1B – NY Times

**Broadcom (AVGO)** in EU antitrust spotlight, faces interim measures – Reuters

China's **Alibaba (BABA)** aims to double Tmall Global brands with English portal – Reuters

**Tesla (TSLA)** loses its VP of production – Electrek

This Time Is Different for **CBS Corp (CBS)** and **Viacom (VIAB)** – WSJ

**Pacira (PCRX)** says results show EXPAREL associated with 'significantly less' opioid use

### Extras

**Cyrus One (CONE)** buyers of 1,000 August \$55 puts for \$1.00 to \$1.05 into the close

**Fluor (FLR)** IV ramping higher into the close with 1,400 August \$35 calls bought for \$1.00 to \$1.05 to open

**Eldorado (ERI)** late day trade buys 1,000 January 2021 \$45/\$60 call spreads for \$4.79 and sells the \$35 puts for \$4.69

**Virt Financial (VIRT)** late day buy 740 December \$22.50 calls \$1.35 offer to open

**Levi (LEVI)** with 600 July/January 2021 \$21 call calendar spreads opening

**Wayfair (W)** buyer of 325 February \$165 calls \$19 to \$19.20

**Atlassian (TEAM)** late day buyer 250 December \$135 calls to open \$12.60 to \$12.80, and 250 January 2021 \$130 calls opening \$28.50

**Zen-Desk (ZEN)** call activity rose late day with 980 January \$90 calls bought \$11.40, the August \$95 calls sold to open 700X at \$3.30, and August \$100 calls sold to open 677X at \$1.95

**Sarepta (SRPT)** late day trade sold 1000 November \$125 calls to open \$21.15 to \$20.80

**Goldman Sachs (GS)** with 2000 ITM June 2020 \$200 puts opened \$20.35

### Earnings After the Close

Ticker	Company	EPS Actual	EPS Estimate	Revs Actual	Revs Estimate	Growth	Notes
AVAV	AeroVironment	\$0.26	\$0.24	\$87.90	\$82.57	-25.10%	FY Light
FDX	FedEx	\$5.01	\$4.83	\$17,807.00	\$17,851.31	2.80%	FY Mixed
MU	Micron	\$1.05	\$0.79	\$4,788.00	\$4,698.14	-38.60%	Q4 In Line

**FDX – Beat on EPS and Missed on Revenues** - "Fiscal 2019 was a year of both challenge and change for FedEx," said Frederick W. Smith, FedEx Corp. chairman and CEO. "We are proud of our team members, who are responding with positive actions and innovative solutions that will make FedEx even stronger and more successful in the future. FedEx enters fiscal 2020 with a sharp focus on extending our lead as the premier global transportation and logistics company and on making the necessary investments today to capture the significant market opportunities we see for the future. These actions include enhancing FedEx Ground capabilities, speed and efficiency; improving FedEx Express hub automation; modernizing our FedEx Express air fleet; integrating TNT Express; and reducing unit costs and increasing productivity."

**MU – Beat on EPS and Revenues** - "Micron's improved competitive position and strong execution helped us deliver solid results despite a challenging environment," said Micron Technology President and CEO Sanjay Mehrotra. "While we are seeing early signs of demand improvement, we plan to reduce our capital expenditures in fiscal 2020 to help improve industry supply-demand balance."

### Earnings Before the Open

Ticker	Company	EPS Actual	EPS Estimate	Revs Actual	Revs Estimate	Growth	Notes
ATU	Actuant		\$0.40		\$301.21		
BB	BlackBerry	\$0.01	\$0.00	\$267.00	\$264.55	23.00%	Affirms FY
GIS	General Mills	\$0.83	\$0.76	\$4,161.70	\$4,235.52	7.00%	FY In Line
INFO	IHS Markit	\$0.71	\$0.65	\$1,135.50	\$1,135.04	12.60%	Affirms FY
PAYX	Paychex		\$0.64		\$978.94		
SCHN	Schnitzer Steel		\$0.61		\$542.24		

### Option Radar

**Electronic Arts (EA)** with bullish positioning recently as shares continue to consolidate under the \$100 level and yesterday another 1,200 August \$105/\$115 call spreads bought where buyers were active yesterday. EA had buyers of 4,500 July \$100 calls on 6-21 as well as action in the December \$90 calls, September \$105 calls, and December \$105 calls. The August \$75 and August \$80 puts have also been sold to open recently. Shares have been consolidating under the \$100/\$105 range since February with a breakout targeting \$120 and a longer-term base breakout target \$140. The \$29B videogame developer trades 18.95X earnings, 5.87X sales, and 20X FCF with over \$18/share in cash on hand. EA is targeting 12.6% and 12.9% EPS growth with 6.2% and 6.5% revenue growth through 2022. The company is coming off a strong quarter with their live services business growing nicely and expected to ramp with the subscription package now on PS4. They were at E3 earlier this month debuting the new Star Wars title to positive reviews as well as new characters, weapons, and challenges for Apex Legends 2. Analysts have an average target for shares of \$112 with 20 buy ratings and 7 hold. Stephens making EA their Top Pick on 6-24 citing a number of near-term catalysts like a new season of Apex Legends starting on July 2. They think Season 2 can generate \$150M in revenue for EA and also expects a China deal to be

announced soon. Sun Trust positive as well noting that "July 2 will be important "given concerns on EA's ability to achieve the \$300M-400M in Apex revenue included in FY20 guidance ." Nomura with a \$120 PT and new Buy rating in early June expecting EA's subscription service to scale well and expand to new platforms. Short interest is 3.5%. Hedge Fund ownership fell 11.25% last quarter. SRS Investment a buyer of 2.5M shares while Alyeska buying a new stake as well. Melvin Capital remains a top holder with 1.6M shares and Eminence Capital with 1.33M shares but both reducing.

### **Biotech Focus**

**Dova Pharmaceuticals (DOVA)** is a \$266.66M biotech with a key catalyst upcoming from their PDUFA for Doptelet in the treatment of chronic immune thrombocytopenia (ITP). The goal date for the sNDA is June 30 and expectation it could come on Friday. The drug has been approved by the FDA for the treatment of thrombocytopenia in adult patients with chronic liver disease and the company looking at expanded indications to broaden their reach. Thrombocytopenia is a condition where a patient has a low blood platelet counts which help blood clot. ITP occurs when the immune system mistakenly attacks platelets and in adults may be chronic. It affects 60,000 adults in the US with minimal other available therapies. The sNDA follows positive Phase 3 data in late 2018. The FDA approved the treatment as a once-daily oral dose after two successful trials. Shares trade 18.5X sales and 2.88X cash with limited debt. They expect to move to profitability by 2021 and revenue growth is up 228% in 2020 and 57.3% in 2021 to \$153.3M. Short interest is 13.3% and down from 16% in late 2018. Analysts have an average target for shares of \$29 with 5 buy ratings, 1 hold, and 1 sell. Wedbush started at Outperform on 5-22 with a \$19 PT. They note that although the company's Doptelet now enters its second year on the market, in many ways it is still just getting started as it has gained a new CEO, Chief Commercial Officer and marketing message. Their proprietary physician survey suggests increasing utilization by hepatologists is still to come while the recent partnership with Salix Pharmaceuticals can facilitate expanding the Doptelet footprint more broadly into the gastroenterology space. JP Morgan downgraded to Underweight in January after Doptelet's launch was deemed "underwhelming." They think the 2H could be more positive as it begins to ramp. Options flow has been bullish with buyers active for 4,400 July \$10 calls and sellers of 2,400 July \$7.50 puts in bull risk reversals.