

TOP STORIES

- Trump Says No Tariff Reprieve for China, Expects Positive Talks with Xi
- Euro-Area Industry Managers Expects Exports to Get Worse
- Eurozone Inflation Remains Stable
- All 18 Banks Pass Federal Stress Tests, Open Door for Capital Return Raises

INDEX FUTURES

Futures	Change	Fair Value
S&P 500	2937.25 (6.25)	8.13
Nasdaq	7696 (5.5)	11.95
Dow	26625 (79)	95.42

GLOBAL INDICES

INDEX	CLOSE	CHANGE
FTSE	7425.35	0.31%
DAX	12332.34	0.50%
Nikkei	21275.92	-0.29%
Hang Seng	28542.62	-0.28%

ECONOMIC CALENDAR

TIME	INDICATOR	CONSENSUS
8:30	Personal Income	0.3%
9:45	Chicago PMI	53.6
10:00	Consumer Sentiment	97.9
3:20	Mary Daly Speaks	

FOREX

EUR/USD	1.1382 (0.12%)
USD/JPY	107.67 (-0.10%)
USD/CAD	1.309 (-0.04%)
GBP/USD	1.2685 (0.08%)
USD	95.64 (-0.11%)

COMMODITY

Oil	59.43 (-0.01%)
Natural Gas	2.326 (0.09%)
Gold	1416.9 (0.35%)
Copper	2.7135 (-0.11%)

VOLATILITY INDICES

INDEX	SYMBOL	CLOSE
S&P	VIX	15.82 (-2.41%)
Nasdaq	VXN	20.07 (-1.91%)
Oil	OVX	37.84 (-1.59%)
Gold	GVZ	15.57 (-1.95%)

MARKET OUTLOOK

Futures are indicating a higher open for the morning with the much-anticipated G20 summit kicking off in Japan. The President spoke before early events overnight and said that a trade deal with President Xi was possible this weekend but he is prepared to impose more tariffs if they don't agree. Basically, no change from his stand all week. Behind the scenes, China's Liu He and USTR Lighthizer met to lay the groundwork for the talk. Trump also met with Russia's Putin. In the US, all 18 banks tested passed the stress tests with Credit Suisse the only name flagged with potential issues. We saw big capital return plans announced after-hours from **BAC**, **JPM**, **GS**, and many more. Oil is flat overnight but remains on track for its best month since January. OPEC in focus next week with the group meeting on Monday to agree on extending production cuts.

Asian markets were lower to close the week ahead of the G20. POTUS met with Japanese leader Abe and said that he expected 'very big' trade deals with Japan. Japanese industrial production rose 2.3% in May, much better than the estimates at 0.7%. Construction orders fell less than expected. Housing starts cooled in May, down 8.7%. Tokyo CPI cooled at 1.1% vs 1.3%. Defensive areas like utilities and pharma showing some relative strength today. **Astellas Pharma** up 1%.

European markets are higher this morning with the DAX holding onto early gains. Eurozone CPI rose 1.1% in latest reading, up from 0.8% and the estimate for 1%. German import prices fell less than expected. UK GDP was in line with expectations. Italian CPI rose more than expected at 0.8% vs 0.7%. **Deutsche Bank (DB)** is helping sentiment this morning after positive stress test results. **Merlin Entertainments** up 14% after a deal to be acquired by Blackstone and Lego's founding family. We could see a name like **SeaWorld (SEAS)** move today on the deal. In 2017, it was reported that Merlin was looking at buying parts of the company.

S&P TECHNICALS

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



5415 Advancing	Declining 1800
71.0%	23.6%
154 New High	New Low 96
61.6%	38.4%
4160 Above SMA50	Below 3441
54.7%	45.3%
4254 Above SMA200	Below 3347
56.0%	44.0%

KEY EVENTS TO WATCH

Economic Data on Monday: PMI Manufacturing, ISM Manufacturing, Construction Spending; Macau Monthly Data (LVS, MGM, MLCO, WYNN)

Earnings on Monday: None; **Earnings on Tuesday**

BMO: AYI, GBX, OMN, SMPL

Other: COTY Turnaround Plan Conference Call

ANALYST ACTION/COMMENTS

P&G (PG) upgraded to Buy at Goldman, \$125 PT

KB Home (KBH) upgraded to Neutral at Raymond James

Office Properties (OPI) upgraded to Neutral at RBC

Avid Bio (CDMO) upgraded to Buy at Janney

AutoZone (AZO) upgraded to Outperform at OpCo

Arrow Pharma (ARWR) downgraded to Neutral at Cantor

Sogou (SOGO) downgraded to Underweight at JP Morgan

Biogen (BIIB) downgraded to Neutral at Piper

Live Nation (LYV) downgraded to Sell at Citi

Royal Gold (RGLD) downgraded to Underperform at BAML

Unitil (UTL) downgraded to Neutral at Janney

Nomura starting **QLYS**, **RPD** at Buy, **TENB** at Neutral

Argenx (ARGX) initiated Outperform at Baird

Cornerstone OnDemand (CSOD) initiated Buy at Guggenheim

Novocure (NVCR) initiated Outperform at OpCo

Alteryx (AYX) initiated Buy at Guggenheim

PagSeguro (PAGS) initiated Overweight at Cantor

Stone (STNE) initiated Overweight at Cantor

Tilray (TLRY) initiated Overweight at Consumer Edge

Square (SQ) PT raised to \$100 from \$90 at Nomura

Nice (NICE) organic cloud growth can accelerate in 2019, says Jefferies

Insulet (PODD) PT raised to \$130 at Piper

Chipotle (CMG) PT raised to \$792 at Piper

Deutsche Bank starting **BJRI**, **BLMN**, **DIN** at Buy, **EAT**, **PLAY**, **TXRH** at Neutral

MEDIA HIGHLIGHTS

PolyOne (POL) weighing sale of Performance Products unit - Bloomberg

Boeing (BA) sees September as possible for 737 MAX submission - CNBC

Lego family, Blackstone (BX) set to acquire **Merlin** for \$7.5B - FT

CPUC to mull penalty on **Sempra's (SRE)** SoCalGas for 2015 leak - Reuters

Morgan Stanley (MS) likely to get majority stake of China JV in 2H19 - Reuters

Samsung vying for 5G chip orders from China handset vendors – Digitimes

Activist Dell: **PDC Energy (PDCE)** Needs to Fix Its Issues – Bloomberg

Luxury Reseller **The RealReal (REAL)** Raises \$300 million in IPO, prices at \$20, above range – Bloomberg

USAF: Defense contractor consolidation a security concern (**UTX**, **RTN**) – Reuters

California regulator considers penalty against **PG&E (PCG)** in 2017 wildfires – Reuters

Toshiba Memory says central Japan chip plant to resume full production by mid-July – Reuters

China's Answer to Tesla Veers Off Course (**NIO**) - WSJ

STOCK SPECIFIC NEWS OF NOTE

Yandex (YNDX) says no data compromised during attempt of cyber attack

CDK Global (CDK) to divest Digital Marketing Business

Pfizer (PFE) names former FDA Chief Scott Gottlieb to board of directors

Fed approves capital plans of all 18 banks, **Credit Suisse (CS)** has some 'weaknesses'

A number of bank capital return plans announced: **CFG** \$1.275b buyback, **STT** \$2B buyback, **USB** \$3B buyback, **JPM** \$29.4B buyback, **MS** \$6B buyback, **WFC** \$23.1B buyback, **RF** \$1.37B buyback, **C** \$17.18B buyback, **GS** \$7B buyback, **COF** \$2.2B buyback, **BAC** \$30.9B buyback, **FITB** \$2B buyback, **DFS** \$1.6B buyback, **MTB** \$1.9B buyback, **NTRS** \$1.4B buyback

Apple (AAPL) Chief Design Officer Jony Ive to depart

PTC Therapeutics (PTCT) says CHMP adopts negative opinion of extension of Translarna

PRE-MARKET MOVERS**Moving Higher:** TEVA 1.9%, PG 1.4%, MU 1.1%**Moving Lower:****INSIDER TRADING (Form 4 Filings)****Buying:** BHF, CALA, CUK, CCL**Selling:** TCMD, ATR, CIEN, HPQ, ADBE, VAC, GDDY, AMBA, AVAV, MPWR, CLH, OKTA**POTENTIAL SYMPATHY TRADES**

UAA, FL, LULU – on NKE earnings

OPTION HIGHLIGHTS (Prior Day)

Summit Materials (SUM) with buyers of 1,500 August \$17.50 calls early for \$1.45 to \$1.60 and now over 4,300X on the morning. SUM also seeing 950 January \$17.50 calls bought for \$2.80 to \$2.90 and recent action opening the January \$17.50 calls and November \$15 calls. SUM is nearing a multi-month base breakout above \$18.50 which measures out to \$23 with positive RSI into the recent lows. SUM traded as high as \$32.50 in mid-2018 and broke a downtrend in early 2019. The \$2.04B company trades 16X earnings, 0.96X sales, and 31.5X cash with 33.8% and 22.1% EPS growth forecast. SUM sees 5.3% and 7% sales growth through 2021. SUM is an activist situation with Southeastern with an 11.4% stake and pushing for changes at the company and potential divestitures or deals to drive shareholder value. In early June, it was reported that Colombia's Cementos Argos had approached about a merger. SUM has faced headwinds over the last year but seeing aggregates volume grow 6.6% last quarter and potential long-term tailwinds from emerging infrastructure projects in the US. Analysts have an average target for shares of \$20. Jefferies positive on 6-18 seeing shares trading far below replacement value of \$29/share. They see 2019 as a bounce-back year for shares with price hikes potentially and accelerating lettings activity in key markets seen in 2018 supporting organic aggregates volume growth of 4%. Stifel with a \$23 PT for shares. Short interest is 16.8% and near multi-year highs in a sign of caution. Hedge Fund ownership fell 3.25% last quarter. Adage Capital and GMT Capital concentrated holders. SUM has seen a number of insider buys over the last year with four different individuals buying \$1.4M in stock between \$21.15 and \$13.20. The largest was a \$750K buy from the COO in 2018 around \$21 while the President and CEO bought \$500K in February.

AFTER HOURS MOVERS**Gainers:** CAMP 23%, PRGS 17%, RRC 5%, ADPT 3.5%**Losers:** SGH -13.5%, SYMC -4.4%, HMHC -3%, NKTR -3%, CS -2.9%, PCG -2.3%**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
Stock	24.2X	5.8X	4.2X	19.2X	23.5X
Industry Avg.	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

Unusual Call Activity

Summit (SUM)
MEI Pharma (MEIP)
Ascendis (ASND)
Lennar (LEN)
Dova Pharma (DOVA)
Owens Corning (OC)

Unusual Put Activity

National Beverage (FIZZ)
ANGI Homeservices (ANGI)
Del Monte (FDP)
KB Home (KBH)
Medifast (MED)
Greensky (GSKY)

Implied Volatility Riser

Eros Int'l (EROS)
Summit (SUM)
Gamestop (GME)
Arqule (ARQL)
Extended Stay (STAY)
Greensky (GSKY)

Lowest Put/Call Ratio

MACOM (MTSI)
Acadia (ACAD)
Vistra Energy (VST)
Dean Foods (DF)
Pampa Energia (PAM)
Sesen Bio (SESN)

Highest Put/Call Ratio

Red Rock (RRR)
Global Medical (GMRE)
GEO Group (GEO)
Greensky (GSKY)
Johnson Controls (JCI)
Goodyear (GT)

Implied Volatility Decliner

Novavax (NVAX)
Zogenix (ZGNX)
KB Home (KBH)
Walgreens (WBA)
Resolute Forest (RFP)
Tandem (TNDM)

OTM Calls on Offer

Athene (ATH)
Extended Stay (STAY)
Devon Energy (DVN)
Vistra (VST)
IQIYI (IQ)

OTM Puts on Offer

Grupo Financiero (GGAL)
Sony (SNE)
Greensky (GSKY)
Disney (DIS)
AbbVie (ABBV)

Elevated IV30

Intra-Cellular (ITCI)
Zynerba (ZYNE)
Glycomimetics (GLYC)
Provention (PRVB)
Overstock (OSTK)

Positive Net Delta

AT&T (T)
L Brands (LB)
Tesla (TSLA)
Ford Motor (F)
Advanced Micro (AMD)

Negative Net Delta

Cliff's (CLF)
Metlife (MET0)
Altria (MO)
J&J (JNJ)
Microsoft (MSFT)

Option Volume Gainers (%)

National Beverage (FIZZ)
ANGI Homeservices (ANGI)
Del Monte (FDP)
Dova Pharma (DOVA)
Owens Corning (OC)

Bullish Call Flow

Summit (SUM)
Lennar (LEN)
Target (TGT)
Nordstrom (JWN)
RingCentral (RNG)

Bearish Put Flow

TJX CO (TJX)
Xilinx (XLNX)
Qudian (QD)
Altria (MO)
Acadia (ACAD)

Large Spread Trades

QQQ, 35,000 July \$192.5/\$196 call spreads
CHTR, sale 2000 August \$390/\$370 strangles
GLNG, 2,000 January \$20/\$15 strangles bought
COF, 1500 July \$90/\$95 call spreads
UBER, December \$47/\$38 ratio put spreads 750X1500

Stock Specific News

Bank of Ireland Sells British Credit Card Portfolio to **Jaja Finance** for \$670M – Reuters

Orange (ORAN) sells 2.5% stake in **BT** for \$616M – Reuters

La Jolla (LJPC) receives positive CHMP opinion for GIAPREZA

Athenex (ATNX) strategically expands presence in Europe, Latin America

Regeneron (REGN), Sanofi (SNY) confirm positive CHMP for Dupixent

Toyota (TM) will partner with Apollo self-driving platform (**BIDU**). Nikkei

Earnings

Ticker	Company	EPS Actual	EPS Estimate	Revs Actual	Revs Estimate	Growth	Notes
CAMP	CalAmp	\$0.12	\$0.09	\$89.10	\$86.91	-6.10%	Q2 Below
NKE	NIKE	\$0.62	\$0.66	\$10,184.00	\$10,153.50	4.00%	Affirms FY
PRGS	Progress Software	\$0.65	\$0.57	\$103.48	\$98.20	11.30%	Raises FY
SGH	SMART Global	\$0.34	\$0.37	\$235.70	\$264.98	-29.70%	Q4 Light
STZ	Constellation Brands	\$2.21	\$2.06	\$2282.5	\$2,066.48	11.5%	FY Above
JKS	JinkoSolar Holding	\$0.13	\$0.35	\$845.90	\$976.85	16.10%	
MPAA	Motorcar Parts		\$0.53		\$131.53		

NKE – Missed on EPS, Beat on Revenues – FY19 was a pivotal year for NIKE as we continue to bring our Consumer Direct Offense to life throughout the marketplace," said Mark Parker, Chairman, President and CEO, NIKE, Inc. "Our distinctive innovation and digital advantage led to accelerated growth across our complete portfolio, while our Brand fueled deeper relationships with consumers around the globe. Gross margin increased 80 basis points to 45.5 percent due primarily to higher average selling prices, impacts from foreign currency, and growth in NIKE Direct. These benefits were partially offset by higher product costs and supply chain investments.

PRGS – Beat on EPS and Revenues - "We exceeded both our revenue and EPS guidance for Q2, and also completed the acquisition of Ipswitch during the quarter," said Yogesh Gupta, CEO at Progress. "I'm very pleased with the integration so far, and we are focused on achieving our targeted shareholder returns for this acquisition even earlier than we had anticipated. Our businesses are performing well, and we are on track to achieve our financial goals for 2019, including our increased guidance for margin and earnings per share."

Extras

Twitter (TWTR) relative weakness today and an afternoon buyer of 3000 January \$35 calls for \$4.75 into weakness with OI at 6,287, will confirm tomorrow

Analog Devices (ADI) aggressive buys of 4000 next week \$115 calls \$0.95 to \$1.05

Luckin Coffee (LK) buyer of 3,000 July \$19 call for \$1 to open late

Trip Advisor (TRIP) up 5.75% today but a late buy of 1,800 January 2021 \$35 puts for \$3.65

Host Hotels (HST) with 4100 October \$17/\$15 put spreads bought, group seeing consolidation and it could be a buyer

Apple Hospitality (APLE) late buy 4300 October \$15 puts for \$0.50, same group as **HST**

Wayfair (W) now also seeing a late buyer of 3,500 July \$160/\$170 call spreads for \$1.55

Morgan Stanley (MS) opening sale of 5000 August \$40 puts \$0.61 bid

Intercept (ICPT) with 300 August \$75 straddles sold to open for \$13.35

Applied Materials (AMAT) buyer of 2000 October \$47 puts \$4.70 tied to stock, similar trades in **LRCX** with October and November puts

VF Corp (VFC) with 300 ITM January \$80 calls opening \$10.30 to \$10.46

Illumina (ILMN) stock replacement bought 200 June 2020 \$360 calls \$47.60 to open

Progressive (PGR) buyers active yesterday afternoon for more than 5,000 July \$80 calls for \$1.75 in an aggressive sweep, IV30 jumping. PGR has 2,000 August \$82.50 calls in OI from March buys and recently with 1,000 August \$77.50 puts sold to open. Shares have been in a strong trend all year and pulling back right to the rising 50-day MA and prior breakout level at \$78.50. The recent 52-week high is around \$83 while RSI and MACD both reset for a move higher. The \$46.9B company trades 14.2X earnings, 3.95X book and 10X FCF with a small yield and mid-teens growth. PGR is a best-of-breed name in the space with revenue growth of 11% and 8% over the next two years and ROE of 25.7% and up from around 15% in early 2018. The company is coming off a strong quarter with NPW up 16% NPE up 18%. Analysts have an average target for shares of \$79 with 8 buy ratings and 4 hold. B Riley raising their PT to \$96 on 6-13 citing better operational results in May. CSFB has a \$84 PT for shares expecting the company's underwriting advantage will continue to increase. They see a significant advantage from PGR's first-mover advantage as it relates to telematics based auto. policies, especially given that their recent surveys of insurance agents point to take-up rates of telematics policies being meaningfully higher within the direct-to-consumer channel where PGR is the industry leader. Short interest is 0.9%. Hedge Fund ownership fell 15.5%. McDonald Capital a concentrated holder with 2.55M shares. PGR saw an insider buy \$19k in stock in February \$67.35.

ETF Breakdown – PRNT

Ark Invest's **3-D Printing ETF (PRNT)** is setting up well for a channel break and longer-term move out of a big base. The fund tracks the growth of the 3-D printing industry including both US and non-US developers of hardware, CAD and simulation software, printing centers, scanning and measurement, and materials. PRNT has \$38M in net assets with 48 holdings and a median market cap of \$8B. ARK believes that 3-D printing has one of the highest growth potentials within the economy. The fund thinks

the industry has been misunderstood as a consumer fad but it has real roots to plant in areas like industrial and healthcare where it will revolutionize design and production, helping companies cut costs and give better accuracy to manufacturing. In March, the Wohlers Report, a much anticipated gauge of growth and activity in 3-D printing, predicted the industry would grow to \$35.6B by 2024. This follows surveys with 177 producers of industrial AM products and services. Wohlers specifically sees notable growth in areas like Aerospace with companies like Airbus, Boeing, and Honeywell all looking to 3-D printing for end-use parts.



PRNT is heavily skewed towards Tech with 58% exposure while industrials (30%) and healthcare (10%) the next highest. The fund uses multi-factor weighting and the top 10 holdings by weight are SLM Solutions, Straumann (STMN), Stratasys (SSYS), HP (HPQ), Exone (XONE), Renishaw (RSW), 3-D Systems (DDD), Conformis (CFMS), Microsoft (MSFT), and Trimble (TRMB). They comprise 55% of the overall fund. Other names include Ansys (ANSS), Dassault, Autodesk (ADSK), Altair (ALTR), Proto Labs (PRLB), PTC, Ametek (AME), Aerojet Rocketdyne (AJRD), Align (ALGN), Arconic (ARNC), Medtronic (MDT), GE, and Stryker (SYK). The best performing names in the fund this year has been CFMS. The worst performing is ONVO.



Stratasys (SSYS) is an interesting looking name in the space with shares near a wide base breakout. There's a small gap to fill from March back to \$27 and over the February highs has a longer-term measured target out to \$37.50. SSYS has seen over 15,000 January 2021 \$35 calls bought since March. The \$1.32B company trades 35X earnings, 1.98X sales, and 3.5X cash. They see 16.7% and 26.4% EPS growth over the next two years while sales growth expected to be 5% and 8.7%. SSYS is in the early stages of a product roll out with the industrial F120 printer and V650 driving growth on the manufacturing side. They also received NCAMP qualification for their technology for use in the aerospace industry supply chain process. Piper positive on 5-29 after attending the RAPID + TCT 2019 Conference the firm thinks the long-awaited production opportunity is gaining momentum. They think Aerospace and automotive appear to be the next verticals to more seriously adopt additive manufacturing and the opportunity is significant. SSYS is a beneficiary in the 2H of 2019 and early 2020. Short interest is 10.1% and down from 18% in late 2018. Hedge Fund Ownership rose 11.75% last quarter. Coatue, DE Shaw, and Renaissance Tech top holders.