

TOP STORIES

- U.S. Proposes Adding More Tariffs to \$4B of EU Goods
- Reserve Bank of Australia Cuts Rates to Historic Low of 1%
- OPEC+ Set to Approve a Nine-Month Extension to Supply Cuts

INDEX FUTURES

Futures	Change	Fair Value
S&P 500	2966 (-1.75)	-2.33
Nasdaq	7778.25 (-11.25)	-14.89
Dow	26677 (-23)	-35.43

GLOBAL INDICES

INDEX	CLOSE	CHANGE
FTSE	7543.67	0.62%
DAX	12523.88	0.02%
Nikkei	21754.27	0.11%
Hang Seng	28875.56	1.17%

ECONOMIC CALENDAR

TIME	INDICATOR	CONSENSUS
	Motor Vehicle Sales	
11:00	Loretta Mester Speaks	

FOREX

EUR/USD	1.13 (0.13%)
USD/JPY	108.24 (-0.18%)
USD/CAD	1.3118 (-0.12%)
GBP/USD	1.2627 (-0.09%)
USD	96.31 (-0.11%)

COMMODITY

Oil	59.01 (-0.14%)
Natural Gas	2.27 (0.13%)
Gold	1395.3 (0.43%)
Copper	2.6750 (-0.49%)

VOLATILITY INDICES

INDEX	SYMBOL	CLOSE
S&P	VIX	14.00 (-7.16%)
Nasdaq	VXN	17.62 (-10.8%)
Oil	OVX	35.71 (-9.50%)
Gold	GVZ	14.13 (-11.63%)

MARKET OUTLOOK

Futures are indicating a lower open for the day with global markets eking out modest gains. The US is adding to trade woes with Europe today adding \$4B of EU goods that could be targeted in retaliation to Airbus subsidies. This adds to the \$21B list published in April. The EU is preparing a retaliatory list should the situation escalate but another sign that trade issues aren't going away anytime soon. Talks with China are underway according to POTUS. Mexican tariffs are apparently off the table now as border progress improves. US auto sales data out today and it could be ugly. Bloomberg consensus is calling for the worst 1H for new vehicle sales since 2013.

Asian markets were higher again overnight with the Hang Seng playing catch up after being closed on Monday. The Nikkei hit a 2-month high. South Korean CPI fell in June to 0.7% vs 1%. The RBA cut rates again overnight to 1%, the lowest ever for the region, citing a slowdown in the economy. **Fujifilm** rose 1.5% after announcing a partnership with Bayer on pluripotent stem cells. **Workman** up 6% after strong SSS. Software company **System Integrator** up 11% after raising their outlook.

European markets are in the green this morning with the FTSE leading. Talk of additional tariffs on EU goods is weighing on some sectors like aerospace. **Airbus** is down 1%. Eurozone PPI fell in May to 1.6% vs 1.7% forecast, prior 2.6%. UK construction PMI fell to 43.1, below forecasts. German retail sales fell 0.6% vs forecasts call for a gain of 0.5%. **Galapagos (GLPG)** rose 6% after announcing a NDA for their rheumatoid arthritis treatment. **Jupiter Fund Management** fell 6.5%.

Blackline (BL) in focus today after a double downgrade at Goldman Sachs to Sell. They lowered their PT to \$41 from \$57. The firm thinks notes billings growth for Blackline has decelerated to the high-teens for the past three quarters with no clear catalyst for a turnaround. BL's core product also limits the ability for upsell.

S&P TECHNICALS

Levels: Support 2,850/2,800; Resistance 2,975/3,000



4501 Advancing	Declining 2796
58.6%	36.4%
525 New High	New Low 68
88.5%	11.5%
4858 Above SMA50	Below 2731
64.0%	36.0%
4526 Above SMA200	Below 3063
59.6%	40.4%

KEY EVENTS TO WATCH

Tomorrow... NYSE Early Close, ADP Employment at 8:15 AM, International Trade at 8:30, Jobless Claims at 8:30, PMI Services at 9:45, Factory Orders at 10:00, ISM Non-Manufacturing at 10:00, EIA Petroleum at 10:30

Earnings Before the Open: ISCA

ANALYST ACTION/COMMENTS

Dova Pharma (DOVA) upgraded to Outperform at Evercore

Meridian Bank (EBSB) upgraded to Overweight at Piper

Landstar (LSTR) upgraded to Neutral at Raymond James

Medical Prop. Trust (MPW) upgraded to Buy at SunTrust

Arrow Elec (ARW) downgraded to Outperform at Raymond James, PT \$80

BlackLine (BL) downgraded to Sell at Goldman

Comerica (CMA) downgraded to Sell at Goldman

Coty (COTY) downgraded to Sell at Citigroup

Fortune Brands Home Security (FBHS) downgraded to Sell at Loop Capital

GTT Communications (GTT) downgraded to Sector Weight at KeyBanc

Ingersoll-Rand (IR) downgraded to Hold at Jefferies

Nordstrom (JWN) downgraded to Neutral at UBS

KAR Auction (KAR) downgraded to Sell at Guggenheim

Dave & Busters (PLAY) downgraded to Hold at Jefferies

Roku (ROKU) downgraded to Sector Perform at RBC

Spirit Aerosystems (SPR) downgraded to Hold at Jefferies

Stryker (SYK) downgraded to In-line at Evercore ISI

The Trade Desk (TTD) downgraded to Sector Perform Outperform at RBC Capital

Westlake (WLK) downgraded to Equal Weight at Barclays

Revolve (RVLV) initiated Buy at Guggenheim (\$50 PT), Outperform at Cowen (\$42 PT), Outperform at CSFB (\$40 PT), Overweight at MSCO (\$39 PT), Buy at Jefferies (\$60 PT)

Wyndham (WH) initiated Overweight at Barclays

MEDIA HIGHLIGHTS

Sony (SNE) weighs acquisition of video game studios, IGN

AB InBev (BUD) looks to raise up to \$9.8B from Hong Kong listing, FT

Glaxo (GSX), Amneal, others initiate new round of price increases - WSJ

Six Flags (SIX) to get \$7.5M settlement from DXB Entertainments - Reuters

US pork companies are looking for customers in smaller markets amid trade dispute (**TSN, SAFM, PPC, HRL**). Reuters

Google (GOOGL) overtakes **Amazon (AMZN)** to lead European smart home market in 1Q19 – Digitimes

Global semiconductor sales register another on-year drop in May – Digitimes

Chipmakers likely to post disappointing 2H19 results (**SMH, TSM, INTC**) – Digitimes

Morgan Stanley (MS), JPMorgan (JPM) Move Closer to Control of China Ventures – Bloomberg

Crunch Fitness sold to TPG private-equity firm – NY Post

Grab (BABA) expands finance business to boost profitability before IPO – Nikkei

Booking (BKNG) Delays Charging Hotels Resort Fee Commissions in Major Reversal – Skift

L'Oreal in talks to acquire Mugler, Azzaro brands from Clarins group – Reuters

Saudi Arabia restarting preparations for IPO of oil giant **Aramco** – Bloomberg

Manhattan Home Sales Get Short-Term Lift on Mansion Tax Increase – Bloomberg

STOCK SPECIFIC NEWS OF NOTE

USTR proposes more products for tariffs in response to EU aircraft subsidies (**BA, SPR, TGI**)

Amarin (AMRN) to accelerate Vascepa commercialization, increase U.S. sales force to 800

Varian (VAR) to acquire assets from **Boston Scientific (BSX)** for \$90M

Gilead (GILD), Galapagos (GLPG) intends to submit NDA for filgotinib to FDA this year

Iovance (IOVA) CEO sees path for LN-145 BLA submission in 2H20 following FDA meeting

PRE-MARKET MOVERS

Moving Higher: TIGR 13.4%, AMRN 9.6%, BUD 1.3%

Moving Lower: ADP -3.7%. ROKU -2.7%

INSIDER TRADING (Form 4 Filings)

Buying: HOFT, ARQL, RUN, MDCO

Selling: SNPS, NVCR, AMG, SWKS, ADI, FOXF, VG, AAWW, WMT, FDS, HPQ, SLAB

POTENTIAL SYMPATHY TRADES

SPR, BA, TGI – on aerospace tariffs

TRN, RAIL – on GBX earnings

OPTION HIGHLIGHTS (Prior Day)

Twitter (TWTR) with early buyers of 1,200 August ITM \$33 calls today for \$4.05 and volume over 4,400X now. TWTR also seeing some weekly \$36.50 calls bought over 4,500X as well. TWTR has seen buyers recently in the January \$35, \$39, and \$43 calls as well as near-term action focuses on the August 2nd (W) \$37 calls for more than 5,000 on 6-20. Shares jumped on earnings in April and pulling back to fill the gap recently and re-test a major base breakout at \$34.25. A move above \$36 clears the recent downtrend with room back near the post-earnings highs at \$40. The \$26.7B company trades 31.8X earnings and 8.45X sales with 8.1% and 19.1% EPS growth forecast as they improve monetization efforts. TWTR sees revenue growth of 14.7% and 13.2%. TWTR is coming off of a strong quarter with strong gains in monetizable DAUs and ad engagements. The company continues to invest in growth on the user-side and cleaning up the platform with the run up to the 2020 Election a pivotal event. Analysts have an average target for shares of \$40. Loop Capital out defending on 6-14 with a \$55 PT. The firm thinks the recent pullback offers an attractive entry as the company's user engagement story continues to improve and more casual users become daily users. They also think this will cause budget allocations from brand advertisers will to increase more rapidly as the industry chases the better growth rate. Short interest is 2.6% and down at its lowest levels since 2013 when the company debuted. Hedge Fund ownership fell 27.5% in the recent quarter. Aristotle Capital, SRS Investment, and ARK Investment concentrated holders.

AFTER HOURS MOVERS

Gainers: NEE 2.9%, DOVA 2.8%

Losers:

MARKET SENTIMENT / INTERNALS

INDICATOR	READING	SIGNAL
CBOE Equity Put/Call Ratio	0.65	Cautious
CBOE Index Put/Call Ratio	1.16	Cautious
CBOE Skew Index	118.12	Low
VIX Curve	Contango	Normal
CNN Fear & Greed Index	50	Neutral
NYMO	31.31	Neutral
NYSE New Highs	164	Strong
McClellan Summation	591.89	Above 8-EMA
Univ. of Michigan Consumer Sentiment	98.2 (June Final)	Flat Y/Y

SMART MONEY (13g/13d Filings)

IPO MONITOR

Nothing Expected

SECONDAY MONITOR

ADP prices 8M share block trade at \$161-\$163

TRADE

WEEKLY TECHNICAL BREAKOUT

DIS:



Disney (DIS) shares are consolidating in a small bull flag above the 20-day MA and under the April highs made after the Disney+ announcement. A breakout above \$142.50 targets \$147 in the near term while \$155 the upside target from the May base.

FUNDAMENTAL TRADE OF THE WEEK

Stock: Aspen Tech (AZPN)

Price: \$124.28

Valuation: Undervalued

Key Ratios:

	Fwd. PE	P/S	P/B	EV / EBITDA	P/FCF
Stock	95X	16.4X	20.2X	35X	38.5X
Industry Avg.	--	8.7X	10.3X	51.1X	75X

Analysis: AZPN is a \$8.63B software company with a focus on asset optimization software. They have a number of end-markets like energy, engineering and construction. Their E&C customers showed net growth last quarter for the first time in three years with engineering and construction businesses improving and double-digit growth in manufacturing.

IDEAS

WEEKLY TECHNICAL BREAKDOWN

VMW:



VMWare (VMW) shares are consolidating in a bear flag above the 200-day MA and key support at \$167. A breakdown targets \$157 and the February breakout level while RSI is weakening after a bounce.

PAIR TRADE OF THE WEEK

Industry: Packaging

Long/Short: Long **Crown Holdings (CCK)**, Short **Tupperware (TUP)**

Analysis: CCK is seeing better demand from a more robust beverage can market while Pepsi's recent shift to move Aquafina into cans may be a sign the industry is working away from plastics. TUP is seeing slower growth and lowering their FY outlook recently given greater FX headwinds.

SMALL CAP TRADE OF THE WEEK

Seacor (CKH) is a \$856M company focused on marine services. They operate a fleet of offshore support vessels serving the oil and gas sector. Shares trade 19.88X earnings, 1X sales, and 4.9X cash with 26.5% EPS growth. CKH sees growth through FY21 driven by a turnaround in charter rates, higher freight prices, and increase utilization for barge pools. CKH sees limited analyst coverage.

DAILY OPTIONS REPORT

<u>Unusual Call Activity</u>	<u>Unusual Put Activity</u>	<u>Implied Volatility Riser</u>
Element Solutions (ESI)	Retrophin (RTRX)	Eros International (EROS)
Grupo Televisa (TV)	Telecom Argentina (TEO)	Karyopharm (KPTI)
Ameriprise (AMP)	Altice (ATUS)	3-D Systems (DDD)
Sun Run (RUN)	Domtar (UFD)	Luckin (LK)
Hilton Grand (HGV)	Diodes (DIOD)	Coty (COTY)
Santander (SC)	Philips (PHG)	Wayfair (W)
<u>Lowest Put/Call Ratio</u>	<u>Highest Put/Call Ratio</u>	<u>Implied Volatility Decliner</u>
Ameris (ABCB)	Altice (ATUS)	Genworth (GNW)
Vericel (VCEL)	Sientra (SIEN)	Immunomedics (IMMU)
Diplomat Pharma (DPLO)	Omnicom (OMC)	Retrophin (RTRX)
Denbury (DNR)	Ardmore Shipping (ASC)	Stratasys (SSYS)
Kornit (KRNT)	JM Smucker (SJM)	Nio (NIO)
Conduent (CNDT)	Anadarko (APC)	Las Vegas Sands (LVS)
<u>OTM Calls on Offer</u>	<u>OTM Puts on Offer</u>	<u>Elevated IV30</u>
PG&E (PCG)	Avaya (AVYA)	Intra-Cellular (ITCI)
Nucor (NUE)	L Brands (LB)	Deciphera (DCPH)
Lennar (LEN)	Eli Lilly (LLY)	Zynerba (ZYNE)
Canopy Growth (CGC)	General Motors (GM)	Overstock (OSTK)
Tesla (TSLA)	Las Vegas Sands (LVS)	Uniqure (QURE)
<u>Positive Net Delta</u>	<u>Negative Net Delta</u>	<u>Option Volume Gainers (%)</u>
Tesla (TSLA)	Cheniere (LNG)	Retrophin (RTRX)
Ebay (EBAY)	Facebook (FB)	Telecom Argentina (TEO)
Coty (COTY)	Pfizer (PFE)	Altice (ATUS)
Citigroup ©	Ford Motor (F)	Hilton Grand (HGV)
Cree (CREE)	Micron (MU)	Santander (SC)
<u>Bullish Call Flow</u>	<u>Bearish Put Flow</u>	<u>Large Spread Trades</u>
Planet Fitness (PLNT)	Western Digital (WDC)	TV, 2,000 August \$9/\$11 call spreads
Twitter (TWTR)	Zscaler (ZS)	SEAS, 1,000 August \$30/\$26 put spreads
New Relic (NEWR)	Diodes (DIOD)	RRC, January \$7/\$10 call ratio spread 2500X5000
Santander (SC)	Domtar (UFS)	MMM, 850 January \$190/\$170 bull risk reversals
Five Below (FIVE)	Agnico (AEM)	WDC, 1,500 October \$40/\$35 put spreads

Extras

Baidu (BIDU) spread sells 2,000 August 2nd (W) \$121 calls for \$4.25 to buy the September \$125 calls for \$5.10, earnings around 7-30

Thermo Fisher (TMO) late day trade sold 500 July \$310 calls and bought 500 September \$300 calls net \$11.30

Sarepta (SRPT) late trade rolled 2500 August \$135 calls to the November \$155 calls that are part of a buy-write position

IQIYI (IQ) similar trade to BIDU late with 4,000 Aug. 2nd (W) \$21.50 calls sold to buy the September \$22.5 calls. **JD** saw the same structure for 3000 Aug. 2nd (W) / September \$32 call calendars.

Open Interest Radar

Colgate (CL) shares have traded well in 2019 and pulling back over the last three sessions to the rising 50-day MA which has been supportive. CL has seen notable bullish consolidation including buyers last week in the July \$67.50 calls, buyers in the August \$72.50 calls (3,8k) and \$75 calls (5,6k), and sizable accumulation in the January \$70 calls (4k). CL also has over 20,000 August \$67.50 calls in OI from a buyer in February. Shares are in a wider consolidating under \$74 which targets \$78/\$80 on a breakout. The \$62.29B company trades 23.78X earnings, 4X sales, and 59X FCF with a 2.4% yield. They see 7% and 5.5% EPS growth with revenues up 2.8% and 3.0%. CL saw a better price/volume mix last quarter and gained market share in their core areas like oral care through investments in e-commerce, an area where they grew 200% in China. They also are seeing better return on their advertising dollars with increases on a percentage-basis in every division. CL expects to see growth in the 2H as they expand product reach into new markets and invest in emerging verticals like skin care. Analysts have an average target for shares of \$70.50 with 4 buy ratings, 11 hold, and 1 sell. Argus raising their PT to \$82 on 6-11. The firm cites the strong yield as well as accelerating organic sales growth driven by the management's more aggressive advertising initiatives and greater e-commerce product availability. Short interest is 1.1%. Hedge Fund ownership fell 4.8%. AQR, Holocene, and Stevens Capital notable buyers.

Earnings

Ticker	Company	EPS Actual	EPS Estimate	Revs Actual	Revs Estimate	Growth	Notes
AYI	Acuity Brands		\$2.51		\$969.48		
GBX	Greenbrier	\$0.89	\$0.95	\$856.20	\$863.24	33.50%	Q1 Below
JEF	Jefferies		\$0.37		\$1,012.00		
SMPL	Simply Good Foods	\$0.16	\$0.14	\$139.50	\$120.85	30.10%	FY In Line