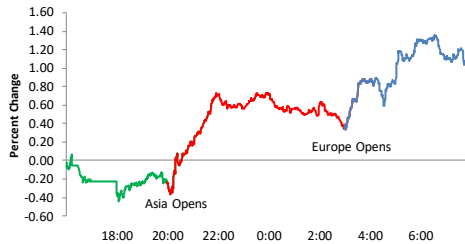




Today's Events

Overnight Trading



Other Markets

Japan	↑	0.1 %
China	↓	-0.8
Germany	↑	0.3
UK	↓	-0.2
Oil	57.76	↓ -\$0.8
Gold	1411	↓ -\$20.8
\$/Euro	0.906	↑ 0.00
\$/Yen	108.92	↑ 0.1
10-Yr	2.04	↑ 0.03

Noteworthy Macro Events

- Dollar Rally Continues Following Yesterday's FOMC Rate Cut.

Overnight Trading

Trading Up (\$):

AMZN (11.71), FIVN (8.13), AYX (7.16), W (6.89), AVGO (5.82), YUM (4.73)

Trading Down (\$):

ABMD (-51.54), BYND (-20.4), CXO (-12.68), CLX (-6.1), SRCL (-5.87), QCOM (-5.36)

Stock Specific News of Note

Ticker	News
ABC	Beat EPS forecasts by 14 cents (1.76 vs 1.62) on inline revenues; raised guidance.
ABMD	Stock falls 20% after lowering full year revenue guidance.
BYND	Prices 3.25 mln share offering at \$160 per share.
CLX	Beat EPS forecasts by 4 cents (1.88 vs 1.84) on weaker revenues; lowered guidance.
CRUS	Beat EPS forecasts by 20 cents (0.35 vs 0.15) on stronger revenues; raised guidance.
CTSH	Beat EPS forecasts by 2 cents (0.94 vs 0.92) on inline revenues; guided inline.
DD	Beat EPS forecasts by 15 cents (0.97 vs 0.82) on weaker revenues; guided inline.
GM	Beat EPS forecasts by 19 cents (1.64 vs 1.45) on inline revenues; guided inline.
IGT	Beat EPS forecasts by 15 cents (0.44 vs 0.29) on stronger revenues.
LRCX	Beat EPS forecasts by 19 cents (3.62 vs 3.43) on inline revenues; lowered guidance.
MET	Beat EPS forecasts by 4 cents (1.38 vs 1.34) on inline revenues; \$2 bln buyback.
OI	Missed EPS forecasts by 7 cents (0.69 vs 0.76) on stronger revenues; lowered guidance.
PH	Beat EPS forecasts by 20 cents (3.31 vs 3.11) on inline revenues; guided inline.
QCOM	Beat EPS forecasts by 3 cents (0.80 vs 0.77) on weaker revenues; lowered guidance.
TWLO	Beat EPS forecasts by 1 cent (0.03 vs 0.02) on stronger revenues; raised guidance.
VRTX	Beat EPS forecasts by 19 cents (1.26 vs 1.07) on stronger revenues; raised guidance.
VZ	Beat EPS forecasts by 3 cents (1.23 vs 1.20) on weaker revenues; guided inline.
W	Beat EPS forecasts by 2 cents (-1.35 vs -1.37) on stronger revenues.
WDC	Missed EPS forecasts by 2 cents (0.17 vs 0.19) on inline revenues; lowered guidance.
YETI	Beat EPS forecasts by 3 cents (0.33 vs 0.30) on stronger revenues; raised guidance.

Market Timing Model

Category	One Week	Two Weeks	One Month
Sentiment	0.12	0.24	0.42
Technicals	0.16	0.35	0.41
Fundamental	0.18	0.38	0.65
Overall	0.17	0.28	0.49
Average (all days)	0.13	0.25	0.51

Indicators/Events

Time	Event	Estimate	Date	Est	Act.	Diff.	S&P	Best	Worst
8:30	Initial Claims	214	7/25	218	206	-12	-0.53	C St.	Ener
8:30	Continuing Claims	1678	7/25	1688	1676	-12	-0.53	C St.	Ener
9:45	Markit Manufact PMI	50.0	7/24	51.0	50.0	-1.0	0.47	Finl	C St.
10:00	ISM Manufacturing	52.0	7/1	51.0	51.7	0.7	0.77	Tech	Util
10:00	ISM Prices Paid	49.0	7/1	53.0	47.9	-5.1	0.77	Tech	Util
10:00	Construction Spending	0.3	7/1	0.0	-0.8	-0.8	0.77	Tech	Util
All Day	Total Vehicle Sales	16.9 mln	7/2	17.0	17.3	0.3	0.29	Util	Ener
10:30	EIA Natural Gas Storage (+58)								

Analyst Actions

Upgrades

Ticker	Firm	From	To
CCI	JP Morgan	Neutral	Overwgt
CLH	Oppenheim	Mkt Perf	Outperf
FIVN	JP Morgan	Neutral	Overwgt
SAIA	Stephens	Mkt Wgt	Overwgt
UTHR	Jefferies	Underperf	Hold
VNDA	Citigroup	Neutral	Buy

Downgrades

Ticker	Firm	From	To
APD	HSBC	Buy	Hold
FMC	Merrill	Buy	Neutral
FOE	KeyBanc	Overwgt	Mkt Wgt
MANT	Wells Fargo	Outperf	Mkt Perf
ONDK	UBS	Buy	Neutral
SBAC	JP Morgan	Overwgt	Neutral

Initiations/Reiterations

Ticker	Firm	Action	Rating
AYX	Merrill	Reiterated	Buy
BLKB	Merrill	Reiterated	Underperf
CAKE	Telsey	Reiterated	Mkt Perf
CRUS	Merrill	Reiterated	Underperf
HOLX	Needham	Reiterated	Buy
IBM	M Stanley	Resumed	Overwgt

Tomorrow

Economic Indicators & Events

Time	Event	Estimate	Date	Act. vs. Est.	S&P
8:30	Non Farm Payrolls	165	7/5	64	-0.18
8:30	Private Payrolls	165	7/5	41	-0.18
8:30	Unemployment Rate	3.6	7/5	0.1	-0.18
8:30	Avg Hourly Earnings	0.2	7/5	-0.1	-0.18
8:30	Avg Weekly Hours	34.4	7/5	0.0	-0.18
10:00	Factory Orders	0.7	7/3	-0.1	0.77
10:00	Michigan Sentiment	98.5	7/19	-0.4	-0.62

Earnings Reports

Ticker	Date	TOD	EPS	Revs.
AEE	8/2/19	AM	0.77	1,658
ARNC	8/2/19	AM	0.50	3,642
AXL	8/2/19	AM	0.57	1,784
CVX	8/2/19	AM	1.82	40,156
ITT	8/2/19	AM	0.89	705
LYB	8/2/19	AM	2.84	9621
NBL	8/2/19	AM	-0.12	1040
NWL	8/2/19	AM	0.36	2118
QSR	8/2/19	AM	0.67	1390
S	8/2/19	AM	-0.03	8074
SEE	8/2/19	AM	0.64	1172
STX	8/2/19	AM	0.84	2331
XOM	8/2/19	AM	0.73	64531
XRAY	8/2/19	AM	0.63	1040

Conferences & Meetings

13:00	Baker Hughes Rig Count (941)
IBM	Investor Meeting

Dividends & Splits

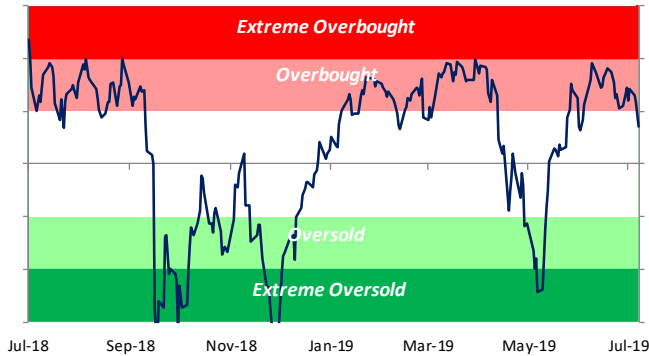
IDA	0.63	C	0.51
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Index Changes

TTEK	Will replace TCF in the S&P 400 effective 8/1.
VGR	Will replace TTEK in the S&P 600 effective 8/1.
RES	Will replace CTRL in the S&P 600 effective 8/6.



S&P 500 50-Day Moving Average Spread



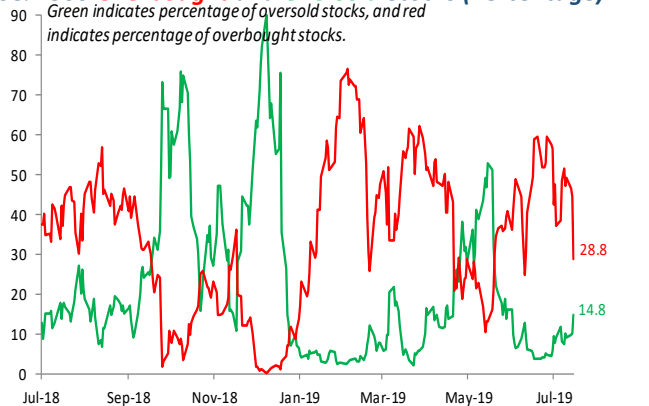
S&P 500 Internals

Indicator	Change	Current	One Week Ago
50-Day Moving Avg Spread	↓	1.9 %	3.8 %
10-Day A/D Line	↓	67	495
# of Overbought Stocks	↓	144	258
# of Oversold Stocks	↑	74	37
P/E Ratio			
Trailing	↓	19.43	19.68
Forward	↑	18.19	18.16
Dividend Yield	↑	1.89 %	1.87 %
Net Earnings Revisions	↓	-20.7 %	-17.5 %
Credit Spreads (bps)			
High Yield	↓	397	398
Corporate Bonds	↓	114	116

Yesterday's Movers

Ticker	% Chg.	Occ.	Average Return (%)			
			Next Day		Next Week	
			Chg.	Percent Up	Chg.	Percent Up
SPN	42.5	4	-3.7	25.0	-14.5	25.0
UIS	17.7	4	0.0	50.0	2.8	50.0
ERA	16.9	5	-1.3	40.0	-0.9	40.0
LDL	16.1	2	-0.8	0.0	1.0	50.0
MGPI	-25.5	3	2.2	66.7	1.3	66.7
BDC	-19.2	1	-1.2	0.0	-11.2	0.0
DAN	-12.9	1	3.0	100.0	4.0	100.0
LKSD	-12.3	14	-4.1	42.9	-8.3	42.9

S&P 500 Overbought and Oversold Stocks (Percentage)



Trading Ranges: Sectors

Index/Sector	Current	1 Wk Ago	OS	N	OB
S&P 500	N	OB	█	█	█
Cons Discret.	N	OB	█	█	█
Cons Staples	N	OB	█	█	█
Energy	N	N	█	█	█
Financials	OB	OB	█	█	█
Health Care	N	N	█	█	█
Industrials	N	OB	█	█	█
Materials	N	OB	█	█	█
Technology	N	OB	█	█	█
Comm. Svcs	N	N	█	█	█
Utilities	N	N	█	█	█

S&P 500 Overbought Stocks Most Likely to Fall

Ticker	Price	Standard Deviations Above 50-Day Avg	Avg % Return (One Week)	Percent of Time Positive
UHS	150.86	2.62	-1.02	31.0
PRGO	54.01	1.56	-0.62	45.2

Relative Strength of Stocks versus Bonds



Trading Ranges: Bonds/Commodities

Commodity	Current	1 Wk Ago	OS	N	OB
\$/Euro	OB	OB	█	█	█
\$/Yen	N	N	█	█	█
2-Year	N	N	█	█	█
10-Year	N	N	█	█	█
Gold	N	OB	█	█	█
Silver	OB	OB	█	█	█
Copper	N	N	█	█	█
Crude Oil	N	N	█	█	█
Heating Oil	N	N	█	█	█
Gasoline	N	N	█	█	█
Natural Gas	N	OS	█	█	█

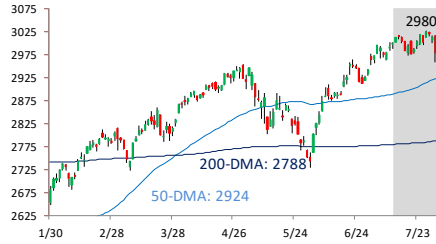
S&P 500 Oversold Stocks Most Likely to Rise

Ticker	Price	Standard Deviations Below 50-Day Avg	Avg % Return (One Week)	Percent of Time Positive
WMB	24.64	-2.56	2.57	100.0
LIN	191.28	-1.01	0.92	70.8
ADSK	156.17	-1.90	2.20	66.7
PYPL	110.38	-1.29	1.09	65.5
BA	341.18	-1.51	1.41	64.3
NFLX	322.99	-1.55	1.57	63.4

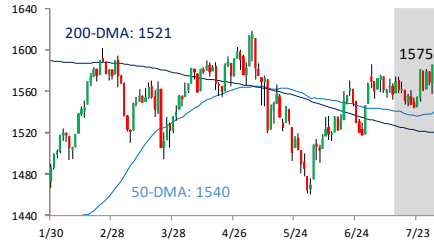
For an explanation of the first two pages of this report, please click [here](#).



S&P 500: Last Six Months



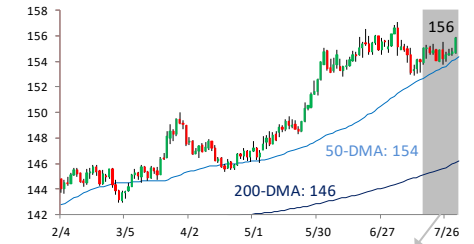
Russell 2000: Last Six Months



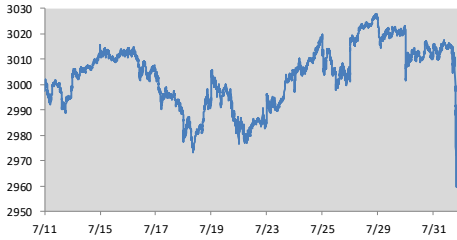
Gold Future: Last Six Months



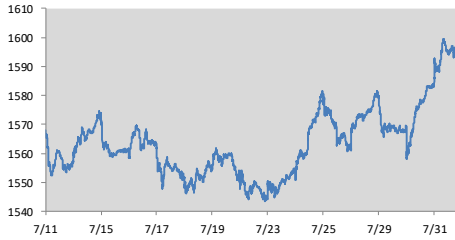
Long Bond Future: Last Six Months



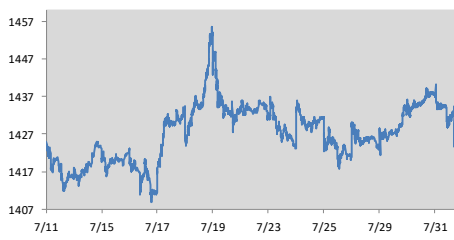
S&P 500: Last 15 Trading Days



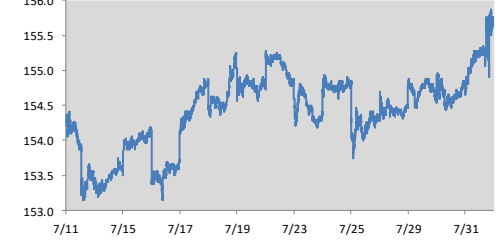
Russell 2000: Last 15 Trading Days



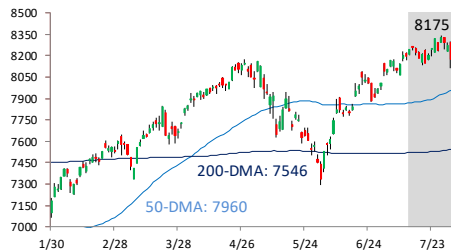
Gold Front Month Future: Last 15 Trading Days



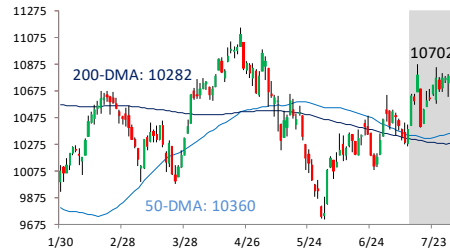
Long Bond Future Intraday: Last 15 Trading Days



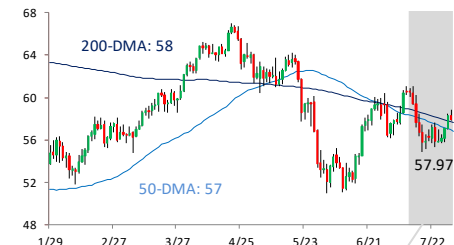
Nasdaq Composite: Last Six Months



DJ Transports: Last Six Months



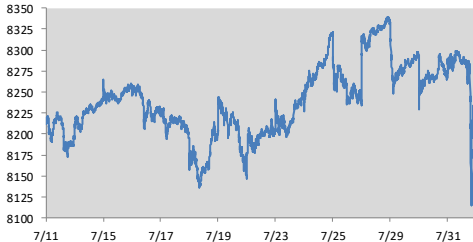
Oil Future: Last Six Months



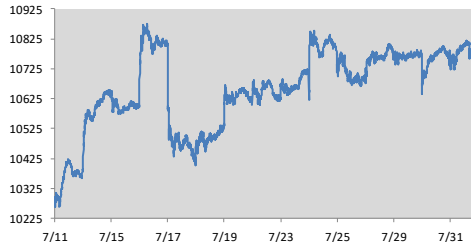
BBG US Dollar Index: Last Six Months



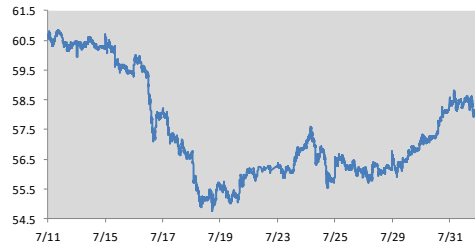
Nasdaq Composite: Last 15 Trading Days



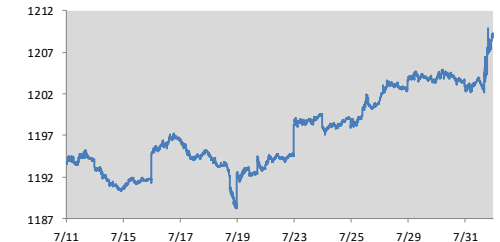
DJ Transports: Last 15 Trading Days



Oil Future: Last 15 Trading Days



BBG US Dollar Index: Last 15 Trading Days





Morning Commentary

Overview: After plunging during Powell's presser yesterday, S&P 500 futures have staged a modest rebound; they're currently trading consistent with a 20 bps gain versus yesterday's close. The dollar is now trading at 7-month highs after the Bloomberg USD Index gained 44 bps yesterday. Since June 25th lows, the buck has gained consistently but the total advance is only 2.2%, so it's hard to argue things are getting out of hand. One of the harder-hit areas by the more hawkish Fed yesterday is commodities where WTI is down 1.3%, gold is down 1.6%, and copper is down 63 bps versus yesterday's pre-Fed levels. For their part, yield curves are higher this morning, with 2s5s steepening but 5s10s or 5s30s flattening as the belly of the curve gets the worst of traders' reassessment about the path of FOMC policy through the rest of the year and into 2020. PMIs overnight were generally weaker sequentially (discussed in greater detail on the next page), but a number beat expectations. Finally, earnings are generally positive in the US and Europe this morning, with US names like GM, Cigna, Verizon, Shopify, Yum! Brands, and Wayfair all reporting big beats of one kind or another. [Economic scorecard](#)

APAC Markets: Equity markets reacted poorly to the Fed, for the most part, with Japanese stocks higher (USDJPY's rise over the last two sessions driving the bus there) but almost every other regional index lower. Japanese stocks were also boosted by results from Nomura. The bank gained 9% after reporting its first net income gain in six quarters and profits in all overseas groups. The hardest-hit were Indian stocks, with the SENSEX down 1.2% to its lowest levels since March and the first close below its 200-DMA since that month. That benchmark is down 8% in local currency since June 3rd's peak. FX in the region was much weaker versus the dollar with Indonesian rupiah the hardest hit, -67 bps. AUDUSD actually eked out a tiny gain, but all other crosses were lower. In trade news, US and Chinese negotiators have set a meeting for early September, though as we've noted in the last few days expecting any material agreement isn't advisable.

Europe Markets: Today the BoE announced its August policy with no fanfare. Rates stayed on hold due to Brexit uncertainty, though puzzlingly the Bank noted its projections which inform policy do not include a "no-deal" possibility; that leaves the door open to much more dovish policy should no-deal take place as PM Johnson appears committed to carrying out. After a slightly hawkish Fed snuffed out a sterling rally versus USD yesterday, GBPUSD is at fresh 52-week lows today and little-changed after the BoE announcement.

Overall markets are mixed in Europe. With EUR down huge since the Fed decision yesterday, equity markets are generally higher despite weaker US equity prices. After a 71 bps drop yesterday, EURUSD is down a further 35 bps today and is now at the weakest levels since May of 2017. Given the tight range of recent weeks, the cross is relatively extended, but longer-term the trend looks unlikely to shift soon. EURCHF is also falling, although we're starting to see some indications of SNB intervention, and some consideration of an inter-meeting cut to prevent further appreciation for the CHF.

Within the European equity markets, only three sectors (Resources, Oil & Gas, and Travel/Leisure) are lower on the day, although of course the market is down 1.36%, 4 bps, and 50 bps in USD terms over the last three sessions. Credit markets are modestly wider, while interest rates are 1-2 bps higher across the German curve with Italian spread widening.



Morning Commentary

PMIs: Global manufacturing activity as measured by Markit's Manufacturing Purchasing Manager Index (PMI) gauges showed continued weakness in July as the average country saw its reading fall 0.2 points. On average across the various countries, the July gauge stands at 49.1, comfortably in contraction territory.

What makes this decline so interesting is that it is so focused on Germany. For years, the German manufacturing and export economy was the envy of the world, driving much stronger output than Eurozone peers and a colossal trade balance. The PMI indicators are too sentiment-biased ("soft") to call that story over, and hard data on exports, trade balance, and production volumes don't yet support a real reversal, but there's clearly some kind of unwind going on. Export orders reported to Markit dropped at the fastest pace in three years. Respondents cited the auto sector and China as the source of weakness. Output prices dropped for the first time since August of 2016. Future expectations were briefly positive in June but have now reached the worst levels since the height of the Eurozone debt crisis in 2012. Growth and auto sector weakness are the drivers of concerns per respondents.

At the same time, the worst economy in Europe over the past decade is now the champion of the PMI footrace as the Greek gauge continues its bounce; new orders bounced and new export business rose as well.

Another notable is China, where output improved, business confidence bounced, and new orders from abroad were little-changed. All of this despite a lack of clarity on US-China trade discussions is firmly positive, in our view.

Markit July Manufacturing PMIs

Country	Current	Last	Year Ago		
	Level	Month	Change	Level	Change
Greece	54.6	52.4	2.2	53.5	1.1
Myanmar	52.9	53.0	-0.1	47.9	5.0
Vietnam	52.6	52.5	0.1	54.9	-2.3
India	52.5	52.1	0.4	52.3	0.2
Philippines	52.1	51.3	0.8	50.9	1.2
Australia	51.6	52.0	-0.4	52.4	-0.8
Netherlands	50.7	50.7	0.0	58.0	-7.3
Thailand	50.3	50.6	-0.3	50.1	0.2
US*	50.0	50.6	-0.6	55.3	-5.3
China	49.9	49.4	0.5	50.8	-0.9
France	49.7	51.9	-2.2	53.3	-3.6
Indonesia	49.6	50.6	-1.0	50.5	-0.9
Japan	49.4	49.3	0.1	52.3	-2.9
Russia	49.3	48.6	0.7	48.1	1.2
Ireland	48.7	49.8	-1.1	56.3	-7.6
Italy	48.5	48.4	0.1	51.5	-3.0
Spain	48.2	47.9	0.3	52.9	-4.7
Taiwan	48.1	45.5	2.6	53.1	-5.0
UK	48.0	48.0	0.0	53.9	-5.9
Malaysia	47.6	47.8	-0.2	49.7	-2.1
Poland	47.4	48.4	-1.0	52.9	-5.5
South Korea	47.3	47.5	-0.2	48.3	-1.0
Austria	47.0	47.5	-0.5	56.8	-9.8
Turkey	46.7	47.9	-1.2	49.0	-2.3
Eurozone	46.5	47.6	-1.1	55.1	-8.6
Germany	43.2	45.0	-1.8	56.9	-13.7
Czech. Rep.	43.1	45.9	-2.8	55.4	-12.3
<i>*Note: Flash</i>					
Average	49.1	49.3	-0.2	52.7	-3.6
EM Average	49.2	49.4	-0.1	51.0	-1.8
DM Average	48.9	49.3	-0.4	54.5	-5.5



Morning Commentary

Europe Earnings: 33 names have reported this morning (5.5% of the index; 8.4% of index market cap), with an average gain of 2.5% on the day but a market cap-weighted decline of almost 0.6%! The reasons are Royal Dutch Shell (Dutch integrated oil), Rio Tinto (global metals mining) and Siemens (German industrial). Shell is off 5% as it saw adjusted profit numbers miss by 30%. Revenues were 1% below forecast. The real concerning dynamic is that Shell management almost exclusively blamed weak activity in the global economy for the miss which was broad across all the company's segments. That sort of broad weakness hasn't been visible in other European reports this quarter, so if anything that suggests management is looking for a scapegoat. London-traded Rio Tinto reported revenues up 3%, stronger-than-forecast underlying EBITDA and profits, and a special dividend of \$1bn, but the stock is down sharply thanks to sliding metals prices and weak sentiment on the sector after the Fed yesterday weights. Siemens reported operating profits below estimates despite Q3 sales on-target with analysts' numbers. The CFO also forecasted a "downturn in the automotive sector over the next 3-4 quarters" (welcome to the party?), a "moderate downturn" in later-cycle businesses like chemicals, and further charges for the company's gas and power unit.

Other reports were more positive: British-American Tobacco is up 6.6% in London after beating revenues and profit forecasts. BMW is up 1.2% after sales beat and EBIT hit estimates in Q2; the company confirmed targets and "solid earnings development" would continue in Q2 per the CEO. Banks are mixed with Standard Chartered, Barclays, and Societe Generale gaining but ING down 3.6% despite on-expectations earnings and revenues. UK services provider Capita is up over 20% on guidance for a return to organic growth in 2020, London-traded medical and surgical equipment manufacturer Convatec is up 17% on confirmed guidance and big growth, and German online retailer Zalando is up 13% after raising its forecasts and beating the quarter.

US Earnings: Auto parts name Delphi Technologies (DLPH) missed the quarter and lowered guidance, after peer DAN missed estimates yesterday (though no guidance cut). Both stocks are down drastically from late 2017 highs, so the forecasted weakness (echoing Siemens, but not European parts names or OEMs reported recently) may be in the price already. GM results today also make DLPH look a bit late to the party: the stock crushed EPS estimates for Q2, reaffirmed guidance, and sees a stronger second half. There have been other strong reports this morning, too. Verizon (VZ) beat estimates for net subscriber additions, beating EPS and reaffirming guidance. Shopify (SHOP), which offers a cloud-based commerce platform targeted at smaller merchants, reported EPS well above estimates, along with strong guidance and a 3% beat of revenue estimates. Cigna reported a massive EPS beat (\$4.30 versus \$3.74), revenues above forecast, and a raised full year outlook; that completes a triple play for the mammoth health care insurance company. Fast food purveyor Yum! Brands (who owns Taco Bell, Pizza Hut, and KFC) announced a comparable sales growth number of 5% YoY for its worldwide business, versus 3.1% forecast. Revenues beat and EPS also came in above estimates as the chain continues to run. Since low closes in 2016, YUM has gained 140% and is set to open at another fresh all-time high this morning, up 5%. Wayfair (W), the online retailer, announced a slightly smaller loss per share and revenue above the highest analyst estimate in Q2.



Morning Commentary

US Markets: More digestion of the Fed is needed today, and there are no *scheduled* speeches, but we wouldn't be surprised to see some chatter on the wires as regional Fed Presidents try and make the case for where things go next. Data today includes ISM and Markit PMIs, construction spending, and monthly vehicle sales. [Economic scorecard](#) [Interactive Earnings Calendar](#).

Major Asset Class Dashboard

Equity Futs					Commodity				
Asset	Level	Change (bps)	5d Chg	3m Chart	Asset	Level	Change (bps)	5d Chg	3m Chart
S&P 500	2983.75	5.0	-70.7		Gold	1416.20	-150.2	-76.4	
Russell	1580.00	20.9	112.6		Silver	15.99	-253.0	-270.8	
VIX Fut	15.60	-295.5	569.1		WTI	57.70	-150.2	320.2	
TSX	979.20	7.2	-21.4		Copper	265.70	-33.8	-181.1	
Trsy Yields					Int'l Equity				
2 Year	188.63	1.4	2.2		Nikkei	21540.99	9.0	-99.1	
5 Year	185.03	2.3	-0.8		CSI 300	3803.47	-83.1	-123.6	
10 Year	203.69	2.3	-4.4		ASX 200	6788.93	-34.7	-42.7	
30 Year	254.14	1.6	-6.7		Stoxx 600	386.95	30.6	-66.0	
Curves/BE					FX				
2s10s	14.86	0.8	-6.4		BBG USD	1211.50	21.9	89.9	
5s30s	68.80	-0.8	-6.0		EURUSD	1.1037	-35.2	-98.7	
5 Yr BE	152.76	-2.0	151.2		USDJPY	108.88	9.2	23.0	
10 Yr BE	173.63	-1.3	171.8		EM FX	62.25	-21.5	-69.2	
Eurodollars					Credit				
Jun '19	97.79	0.5	-4.0		CDX IG	54.27	-1.6	3.1	
Sep '19	97.86	0.0	-6.5		iTraxx IG	51.08	1.4	5.0	
Dec '19	98.08	-1.0	-7.0		CDX HY	324.41	-0.6	10.5	
Mar '20	98.18	-1.5	-8.0		iTraxx HY	256.49	1.2	17.3	