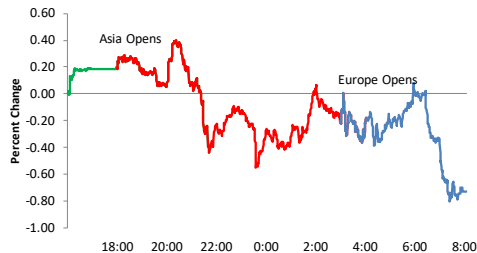




## Today's Events

## Overnight Trading



## Stock Specific News of Note

Ticker	News
ADI	Reported better than expected EPS on stronger revenues; raised guidance.
DT	Reported better than expected EPS on stronger revenues; guided inline; CFO to leave at YE.
KEYS	Reported better than expected EPS on stronger revenues; raised guidance.
LOW	Reported better than expected EPS on inline revenues; reaffirmed guidance.
TCS	Reported better than expected EPS on stronger revenues; guidance mixed.
TGI	Reported weaker than expected EPS on weaker revenues; lowered guidance.
TGT	Reported much weaker than expected EPS on stronger revenues; reiterated sales guidance.
TJX	Reported better than expected EPS on weaker revenues; lowered guidance.
TWTR	Board says it will seek to enforce Musk's merger agreement.

## Market Timing Model

<div> <div></div> <div></div> <div></div> </div>			
Bearish Neutral Bullish			
Expected S&P 500 Return (%)			
Category	One Week	Two Weeks	One Month
Sentiment	0.10	0.45	1.03
Technicals	-0.03	0.09	0.44
Fundamental	0.16	0.17	0.34
Overall	0.08	0.25	0.60
Average (all days)	0.15	0.30	0.62

## Other Markets

Japan	↑	0.9 %
China	↓	-0.4
Germany	↓	-0.3
UK	↓	-0.3
Oil	114.66	↑ \$2.3
Gold	1808	↓ -\$10.9
\$/Euro	0.951	↑ 0.00
\$/Yen	129.11	↓ -0.3
Bitcoin	29,788	↓ -290
10-Yr	3.00	↑ 0.01

## Noteworthy Macro Events

- Futures Lower Following TGT Earnings Miss.

## Overnight Trading

Trading Up (\$):  
ADI (3.97), DT (2.37), TJX (1.81), MNST (1.28), PENN (0.88), OXY (0.86)

Trading Down (\$):  
AMZN (-53.25), TGT (-48.49), COST (-19.47), TSLA (-13.46), DG (-10.54), RH (-8.88)

## Analyst Actions

## Upgrades

Ticker	Firm	From	To
AVAV	RBC Capital	Mkt Perf	Outperf
CAH	Evercore	Inline	Outperf
CNI	BMO Capital	Mkt Perf	Outperf
MNST	Bernstein	Mkt Perf	Outperf
MRCY	RBC Capital	Mkt Perf	Outperf
PENN	Jefferies	Hold	Buy

## Downgrades

Ticker	Firm	From	To
CARR	B of A	Buy	Neutral
CENX	Wolfe	Outperf	Mkt Perf
CRK	Piper	Neutral	Underwgt
WRBY	Goldman	Buy	Neutral

## Initiations/Reiterations

Ticker	Firm	Action	Rating
FIS	Goldman	Initiated	Buy
MA	Goldman	Initiated	Buy
PFGC	Berenberg	Initiated	Buy
USFD	Berenberg	Initiated	Buy
V	Goldman	Initiated	Buy
WAT	Barclays	Initiated	Barclays

## Indicators/Events

		Last Report							
Time	Event	Estimate	Date	Est	Act.	Diff.	S&P	Best	Worst
8:30	Housing Starts	1760	4/19	1740	1793	53	1.61	C Disc	Ener
8:30	Building Permits	1820	4/19	1820	1873	53	1.61	C Disc	Ener
10:30	DoE Energy Inventories								
16:00	Fed's Harker Discusses Economic Outlook								
	AKAM Analyst Day								
	Wells Fargo Financial Services Conference								

Tomorrow and Beyond  
Key Major Economic Indicators

		Last Report			
Time	Event	Estimate	Date	Act. vs. Est.	S&P
8:30	Philly Fed	15.0	4/21	-3.8	-1.48
8:30	Initial Claims	200	5/12	10	-0.13
8:30	Continuing Claims	1320	5/12	-29	-0.13
8:30	Existing Home Sales	5.7	4/20	0.0	-0.06
10:00	Leading Indicators	0.0	4/21	0.0	-1.48

## Key Earnings Reports

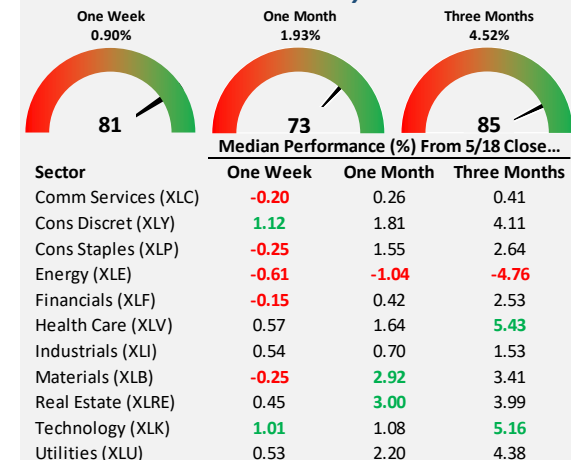
		Beat Rate		Raised		Price Reaction	
Ticker	Date	TOD	EPS	Sales	Guid.	(Last 8 Reports)	
BAH	5/19	AM	89%	53%	9%	[Green][Green][Green][Green][Green][Green][Green][Green]	
DE	5/19	AM	81%	60%	17%	[Green][Green][Green][Green][Green][Green][Green][Green]	
FL	5/19	AM	72%	67%	8%	[Green][Green][Green][Green][Green][Green][Green][Green]	

Price Reaction: most recent report is on the left.

## Other Key Events

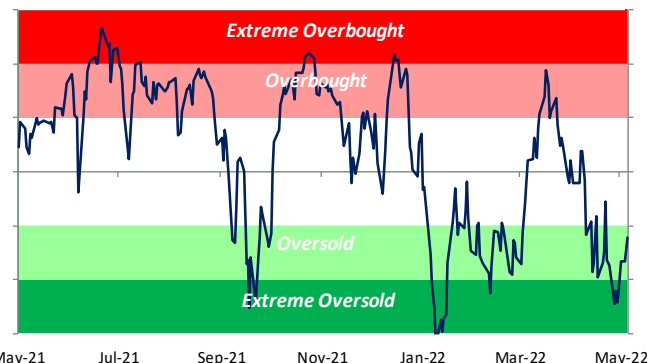
10:30 EIA Natural Gas Storage  
16:00 Fed's Kashkari Discusses Inflation

## Market and Sector Seasonality – Last 10 Years

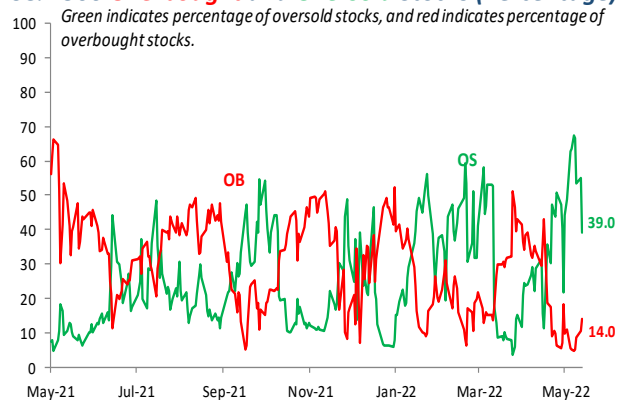




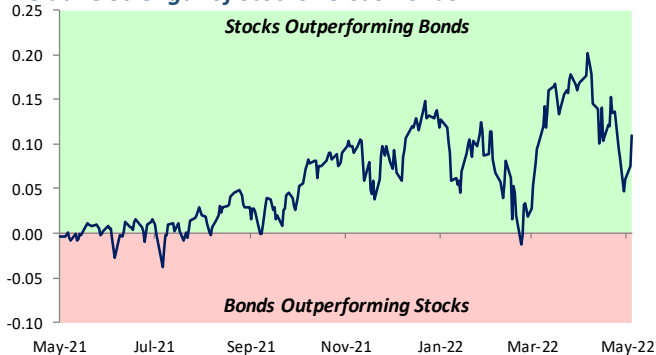
## S&amp;P 500 50-Day Moving Average Spread



## S&amp;P 500 Overbought and Oversold Stocks (Percentage)



## Relative Strength of Stocks versus Bonds



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

## S&amp;P 500 Internals

Indicator	Change	Current	One Week Ago
50-Day Moving Avg Spread	↑	-5.4 %	-8.1 %
10-Day A/D Line	↑	-91	-443
# of Overbought Stocks	↑	70	26
# of Oversold Stocks	↓	195	317
P/E Ratio			
Trailing	↑	20.47	20.03
Forward	↑	17.62	17.59
Dividend Yield	↓	1.53 %	1.56 %
Credit Spreads (bps)			
High Yield	↑	471	452
Corporate Bonds	↑	149	145

## Trading Ranges: Sectors

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

## Trading Ranges: Bonds/Commodities

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

## Yesterday's Movers

Ticker	% Chg.	Occ.	Average Return (%)			
			Next Day		Next Week	
			Chg.	Percent Up	Chg.	Percent Up
PARA	15.3	9	0.6	44.4	2.5	55.6
AMCX	12.6	11	2.7	72.7	-2.0	45.5
OPRX	12.3	15	-1.8	40.0	-4.9	20.0
TTWO	11.8	0	n/a	n/a	n/a	n/a
WMT	-11.4	0	n/a	n/a	n/a	n/a
FLR	-7.3	55	0.4	52.7	1.3	50.9
OSPN	-4.7	29	-0.2	51.7	-0.7	51.7
KR	-3.7	9	-0.2	44.4	1.7	55.6

## S&amp;P 500 Overbought Stocks Most Likely to Fall

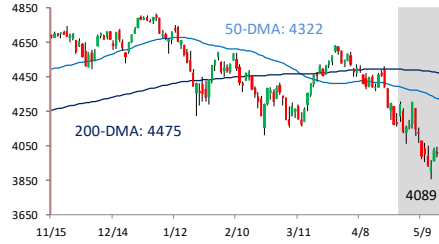
Ticker	Price	Standard Deviations Above 50-Day Avg	Avg % Return (One Week)	Percent of Time Positive
VTRS	11.47	2.25	-3.42	29.0
OXY	67.88	2.98	-2.29	27.6

## S&amp;P 500 Oversold Stocks Most Likely to Rise

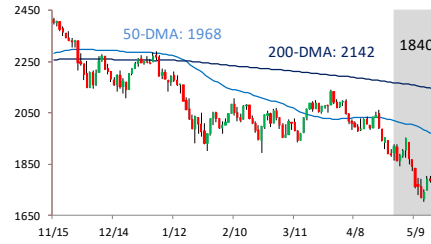
Ticker	Price	Standard Deviations Below 50-Day Avg	Avg % Return (One Week)	Percent of Time Positive
TSLA	761.61	-1.48	4.20	60.6



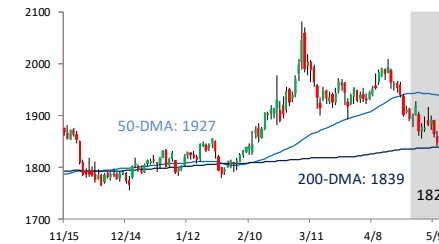
**S&P 500: Last Six Months**



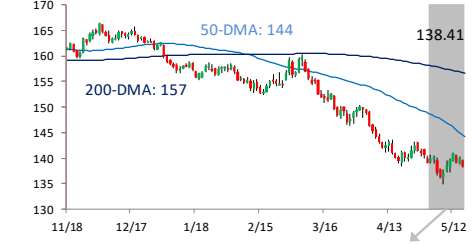
**Russell 2000: Last Six Months**



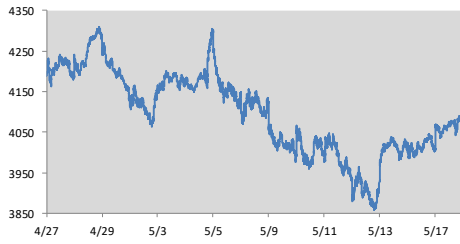
**Gold Future: Last Six Months**



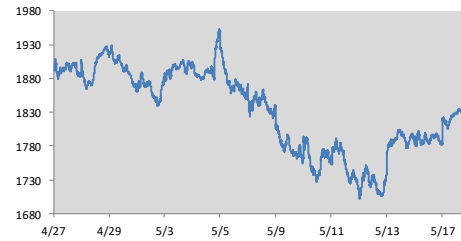
**Long Bond Future: Last Six Months**



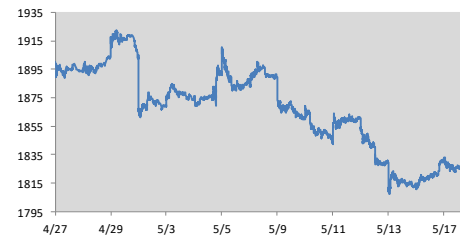
**S&P 500: Last 15 Trading Days**



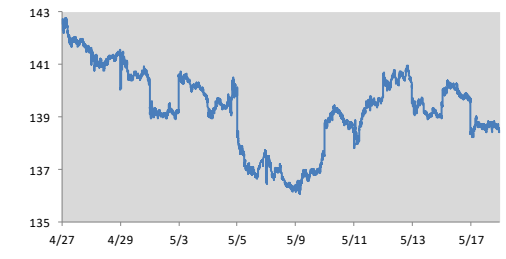
**Russell 2000: Last 15 Trading Days**



**Gold Front Month Future: Last 15 Trading Days**



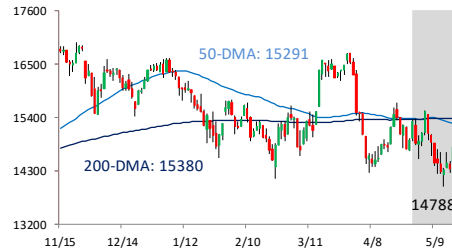
**Long Bond Future Intraday: Last 15 Trading Days**



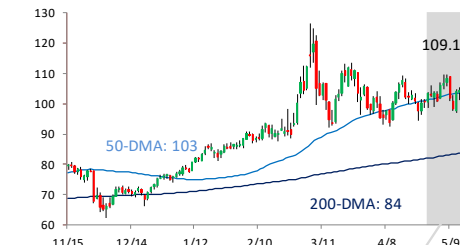
**Nasdaq Composite: Last Six Months**



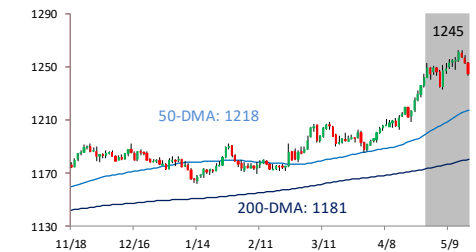
**DJ Transports: Last Six Months**



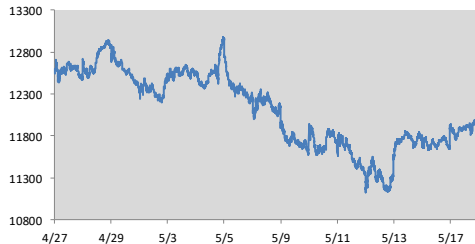
**Oil Future: Last Six Months**



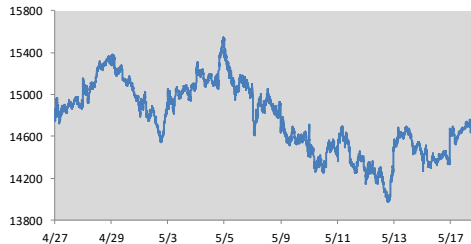
**BBG US Dollar Index: Last Six Months**



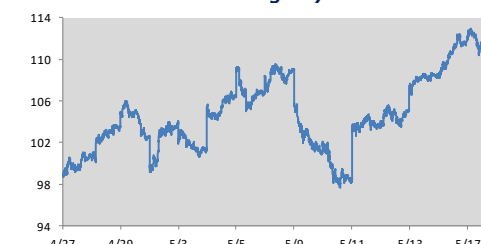
**Nasdaq Composite: Last 15 Trading Days**



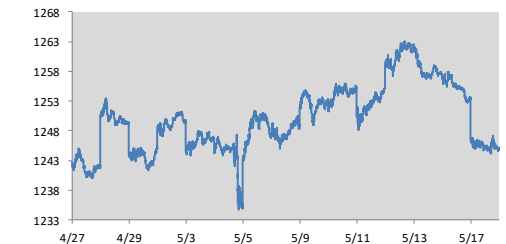
**DJ Transports: Last 15 Trading Days**



**Oil Future: Last 15 Trading Days**



**BBG US Dollar Index: Last 15 Trading Days**





## Morning Commentary

**Snapshot:** Stocks are down this morning in response to earnings misses and evidence that the Fed's effort to cool demand is working, especially in the housing market. Relatively dovish FOMC member Charles Evans also noted overnight that the Fed would "*likely*" raise rates above the neutral rate range (somewhere between 2% and 3% per FOMC consensus as disclosed by Chair Powell at the May FOMC meeting) in order to cool demand. The S&P 500 is priced to open 0.7% lower with tech lagging. WTI is up almost 2% around \$114/barrel, while products are underperforming sharply; crack spreads are down almost \$6/barrel in three straight days of declines. The dollar is up after three straight drops while Treasuries trade 1 bps higher across the curve. [Global Economic Scorecard](#)

**Ukraine:** Surrenders at the Avoztal steel plant in Mariupol (the last armed resistance in the area) continued as besieged Ukrainian troops continue to surrender. This should be viewed as a victory for Russian troops, but some pro-Russian social media outlets reacted with outrage that surrenders are being accepted instead of a fight to the death. Other fronts were little-changed so far this week.

**Earnings: Target (TGT)** is following **Wal-Mart (WMT)** in an earnings collapse today. While Q1 comp sales beat (+3.3% YoY versus +1.2% estimated) and total sales topped views by 2%, EBITDA missed by 24% on margins 275 bps below estimates and EPS whiffed by 28%. Operating margins were 5.1% in the quarter versus 8.1% estimated and management cut its operating margin guide from "*8% or higher*" to "*in a range centered around 6%*". Digital comps also missed, rising 3.2% YoY versus 3.7% YoY. Management noted that while total sales beat, the company recorded "*lower-than-expected sales in discretionary categories*" as inflation pushed consumers away from those categories. **Lowe's (LOW)** also reported, with the home improvement retailer failing to keep up with competitor **Home Depot (HD)**. Q1 comp sales were down 4.0% YoY versus 3.3% YoY declines expected. EPS still managed to beat by 9% as gross margins expanded YoY (34.0% versus 33.3% expected). 2023 guide was unchanged.

We note that despite high mortgage rates and falling builder sentiment, housing-correlated Danish company **Rockwool** (OTC **RKWBF**) reported Q1 sales 15% above estimates and a 30% EBIT beat. Annual guidance for constant currency sales growth was raised from +15%–+20% to +20%–+25%. Management also noted the price increases that fueled revenue growth in Q1 would continue amidst high cost inflation. In China, **Tencent (TCEHY)** reported a 4% revenue miss on advertising revenues 3% below views. Operating profits missed by 6% as the Chinese Tech sector continues to digest policy shifts.

**APAC Markets:** Tech paused after a week of solid gains in Hong Kong, with the Hang Seng and most other regional indices up. Onshore China and India fell, while property stocks in Hong Kong shrugged off a 0.3% MoM decline in new home sales prices. Iron ore futures fell after testing and failing to move above their 200-DMA on Monday and Tuesday, while copper dropped 1%. While Shanghai moves away from its lockdowns, smaller outbreaks are rising around the company.

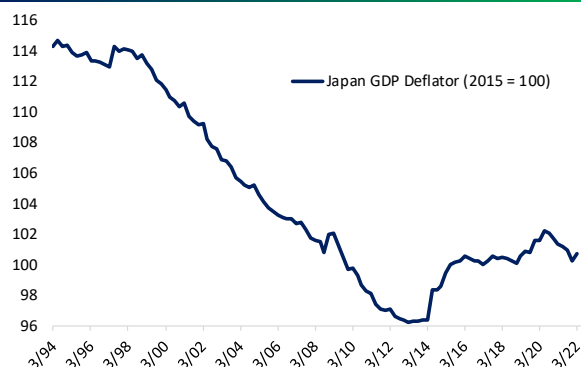
**Europe Markets:** The STOXX 600 is down 40 bps on modestly negative single-stock breadth as Tech and Personal Care, Drug, & Grocery Stores both drop over 1%. Energy is up 1.7%, one of 6 groups higher on the day. Credit spreads are outperforming on the day as EUR rates continue to bear-flatten after an in-line core HICP report from Eurostat this morning. EURUSD is reversing some of yesterday's gains as is GBPUSD; UK rates are performing in-line after a small inflation miss this morning.



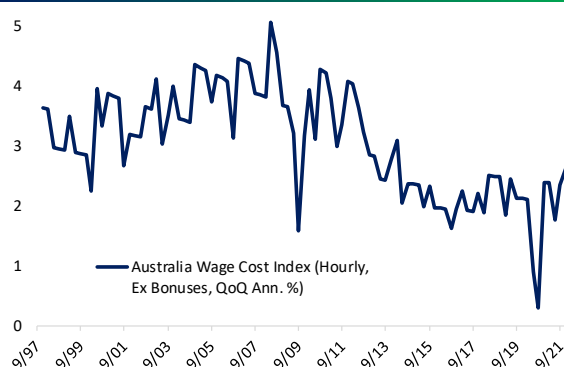
## Morning Commentary

**Overnight Data:** Japanese GDP beat on both a real and nominal basis as the GDP deflator picked up. In Australia, tight labor markets are not generating dramatic wage growth yet, with wages rising just above 2% annualized. UK headline inflation exploded in April thanks to energy prices, but rose slightly less than expected as core CPI decelerated. In the Eurozone, core HICP rose sequentially, but is running only slightly above 3% compared to high-single-digit annualized prints in November and January. Eurozone auto sales bounced sequentially, following good news for the auto supply picture in the US yesterday as discussed in *The Closer* ([link](#)). Finally, MBA data on mortgage applications for home purchase collapsed to the lowest level since the COVID shock last week. High mortgage rates are clearly having an impact on housing demand.

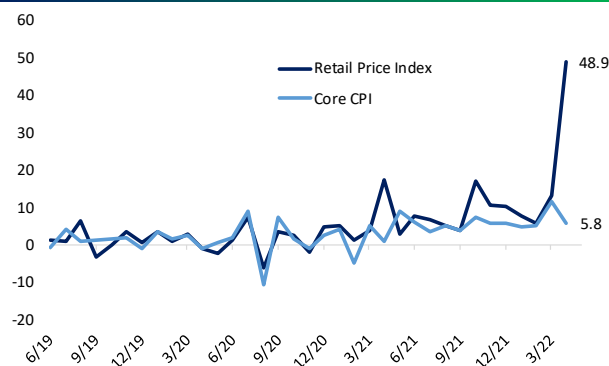
Japanese GDP Deflation Reverses



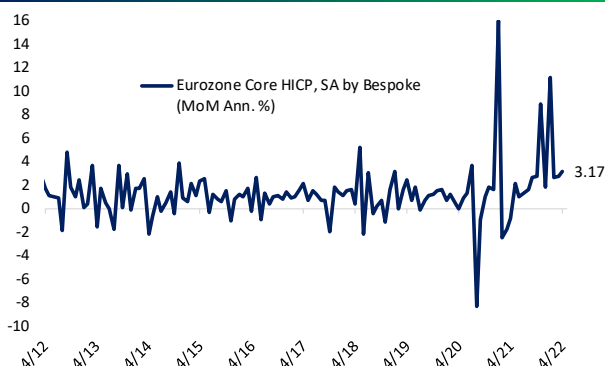
Australian Wages Not Running Out of Control



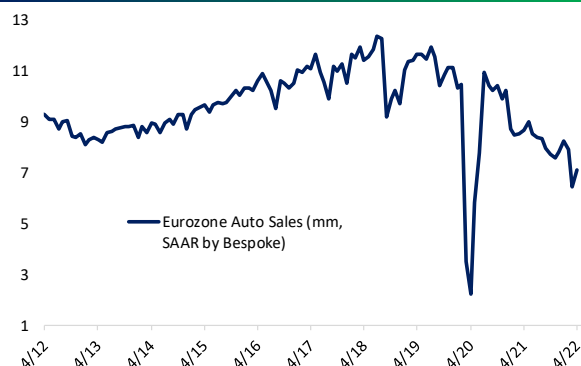
UK Inflation Soars (MoM Ann. %, SA By Bespoke)



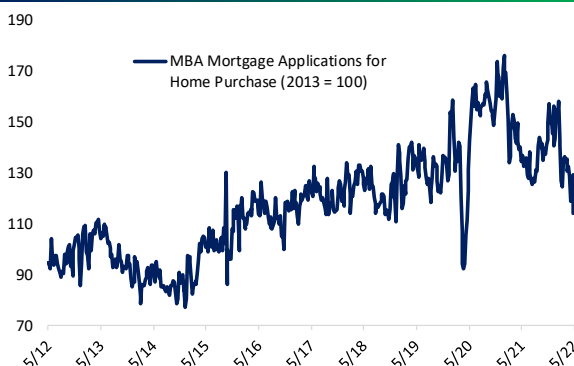
EZ Core HICP: Worst Prints In Rearview, Still Above Target



EZ Auto Sales Bounce From Extreme Lows In April



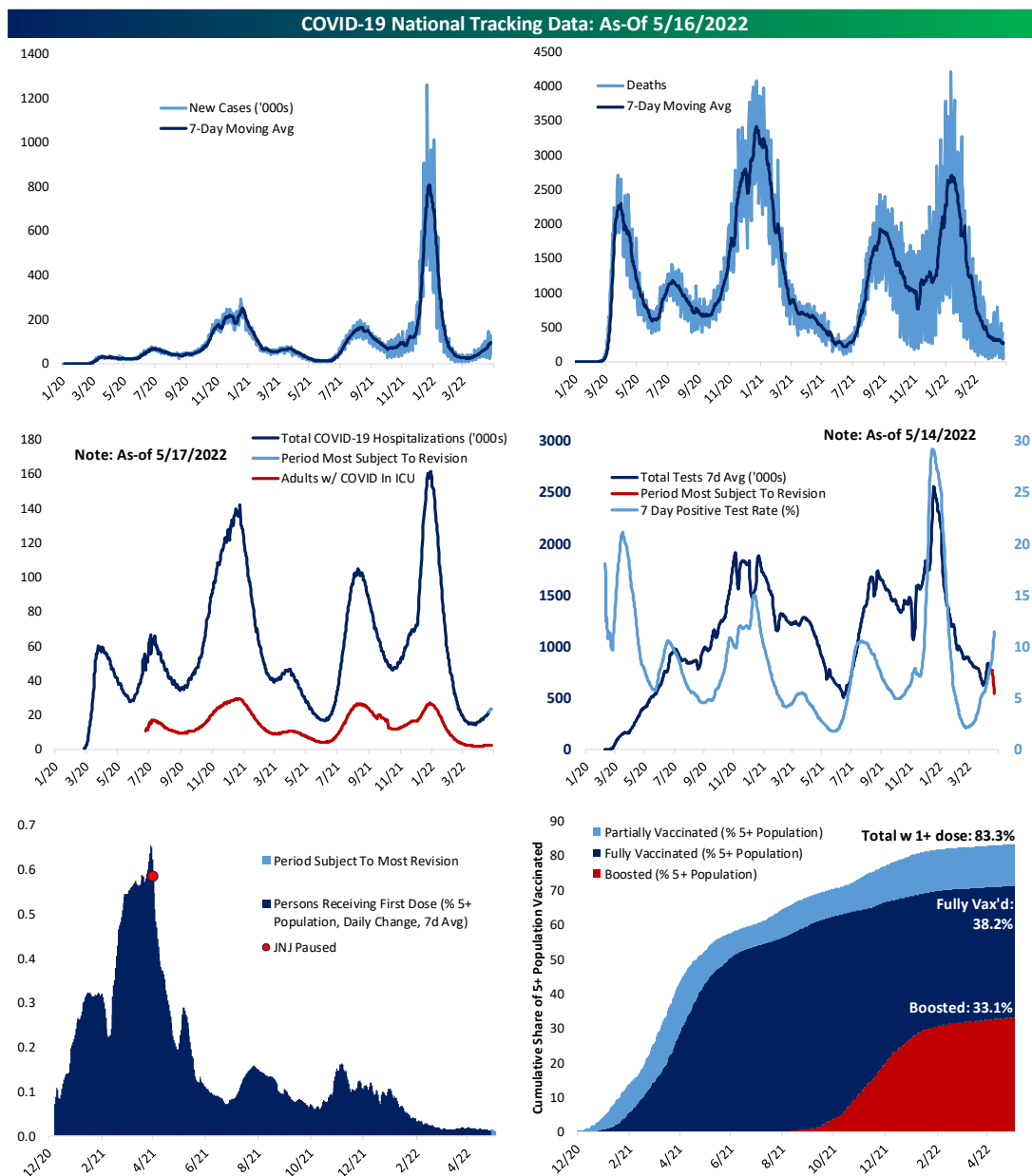
Housing Demand Is Collapsing





## Morning Commentary

**Coronavirus:** Case numbers in the US (top left chart) continue to trend higher and these 'official' numbers are undercounting the actual number of cases as positive at home tests are not included in the totals. The key to watch, though, is deaths and hospitalizations. Hospitalizations have started to increase and the number of deaths has stopped declining. Both are still at very low levels, but these increases are coming as the weather warms and more people are outside. On a global basis (next page), the recent spike in cases in South Africa has shown some signs of topping out.







## Morning Commentary

Global New Cases Per Day Per mm Population (7d Avg)

