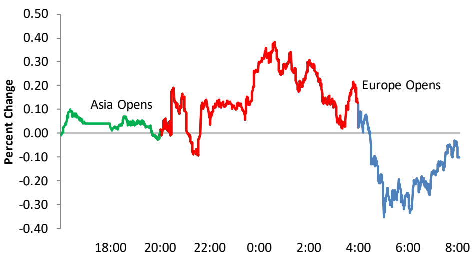
BESPOKE Investment Group

Morning Lineup

June 4, 2024

Today's Events

Overnight Trading



Other Markets

Japan		↓	-0.2 %
China		↑	0.8
Germany		↓	-0.7
UK		↓	-0.3
Oil	72.79	↓	-$1.4
Gold	2348.6	↓	-$20.7
$/Euro	0.920	↑	0.00
$/Yen	154.75	↓	-1.3
Bitcoin	68,964	↓	-134
10-Yr	4.37	↓	-0.02
2-Yr	4.79	↓	-0.02

Noteworthy Macro Events

- Indian Stocks Reverse Monday's Gains as Election Results Closer Than Appeared.
- Mexican Peso Declines More Than 1% on Follow Through From Monday's Plunge.

Pre-Market Trading

Trading Up ($):

HUBS (8.85), HQY (3.62), GME (3.44), VKTX (3.25), DCI (3.1), CNM (2.02)

Trading Down ($):

MSTR (-23.41), SMCI (-8.59), FERG (-5.2), PTC (-3.09), META (-2.998), VRT (-2.21)

Stock Specific News of Note

Ticker	News
BBWI	Reported better than expected EPS on stronger revenues; lowered Q2 EPS guidance.
CNM	Reported weaker than expected EPS on stronger revenues.
DBI	Reported weaker than expected EPS on stronger revenues; reaffirmed EPS and sales guidance.
DCI	Reported better than expected EPS on stronger revenues; raised guidance.
FERG	Reported better than expected EPS on inline revenues; reaffirmed guidance.
GTLB	Reported better than expected EPS on stronger revenues; raised guidance.
HQY	Reported better than expected EPS on stronger revenues; raised guidance.
ILMN	Board formally approves of GRAIL spin-off; will trade under symbol GRAL effective 6/24.
LH	Reaffirmed full-year guidance ahead of investor meetings.
META	The Verge reports that Instagram is testing un-skippable ads in user feeds.
SITE	Company says that Q2 trends for daily sales work out to a decline of 4-5%.
WIT	Reaffirmed full-year EPS outlook ahead of investor presentation

Analyst Actions

Upgrades

Ticker	Firm	From	To
HEI	M Stanley	Underwgt	Mkt Wgt
KMI	Wells Fargo	Mkt Wgt	Overwgt
S	Canaccord	Hold	Buy
SUN	Mizuho	Neutral	Buy
WMB	Wells Gargo	Mkt Wgt	Overwgt

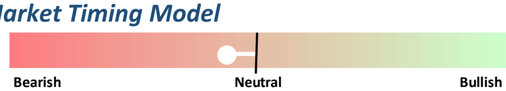
Downgrades

Ticker	Firm	From	To
ALLE	Barclays	Mkt Wgt	Underwgt
PCOR	Mizuho	Buy	Neutral
PTC	Mizuho	Buy	Neutral
SWK	Barclays	Overwgt	Mkt Wgt

Initiations/Reiterations

Ticker	Firm	Action	Rating
BITF	Wainwright	Initiated	Buy
FLUT	Oppenheim	Initiated	Outperf
QCOM	Cowen	Reiterated	Buy
SKYW	Cowen	Reiterated	Buy
STAG	BNP Paribas	Initiated	Neutral

Market Timing Model



	Expected S&P 500 Return (%)		
Category	One Week	Two Weeks	One Month
Sentiment	0.14	0.28	0.63
Technicals	0.10	0.24	0.44
Fundamental	0.16	0.28	0.30
Overall	0.15	0.26	0.52
Average (all days)	0.15	0.30	0.61

Indicators/Events

			Last Report							
Time	Event	Estimate	Date	Est	Act.	Diff.	S&P	Best	Worst
10:00	Factory Orders	0.6	5/2	1.6	1.6	0.0	0.91	Tech	Mat
10:00	Ex Transports	0.3	5/2	0.2	0.5	0.3	0.91	Tech	Mat
10:00	Durable Goods	0.7	5/24	-0.8	0.7	1.5	0.70	C Svcs	HC
10:00	Ex Transports	0.4	5/24	0.1	0.4	0.3	0.70	C Svcs	HC
10:00	JOLTS (mln)	8.36	5/1	8.68	8.49	-0.19	-0.34	Util	Ener

Baird Consumer and Technology Conf
B of A Tech Conference
Deutsche Bank Consumer Conference
Wlm Blair Growth Conference

Tomorrow and Beyond

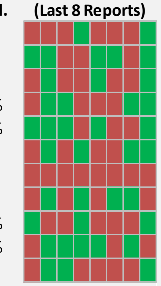
Key Major Economic Indicators

			Last Report		
Time	Event	Estimate	Date	Act.vs. Est.	S&P
8:15	ADP Employment	175	5/1	9	-0.34
9:45	S&P Services PMI	54.8	5/23	3.6	-0.74
10:00	ISM Services	51.0	5/3	-2.6	1.26

Key Earnings Reports

			Beat Rate		Raised
Ticker	Date	TOD	EPS	Sales	Guid.
BF/b	6/5	AM	55%	59%	4%
CPB	6/5	AM	71%	47%	4%
DLTR	6/5	AM	64%	58%	0%
HIBB	6/5	AM	68%	45%	21%
OLLI	6/5	AM	79%	71%	18%
THO	6/5	AM	54%	72%	0%
UNFI	6/5	AM	50%	58%	6%
FIVE	6/5	PM	83%	72%	9%
GEF	6/5	PM	70%	47%	21%
LULU	6/5	PM	94%	88%	18%
VSCO	6/5	PM	70%	30%	0%

Price Reaction (Last 8 Reports)

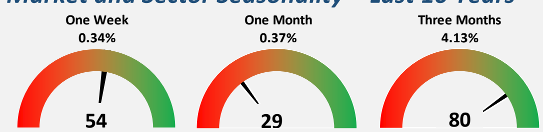


Price Reaction: most recent report is on the left.

Other Key Events

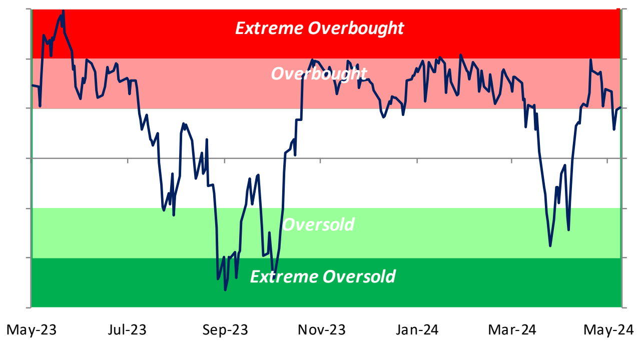
10:30 DoE Energy Inventories
B of A Technology Conference
Baird Consumer Conference
Jefferies Healthcare Conference
Wlm Blair Growth Conference

Market and Sector Seasonality – Last 10 Years



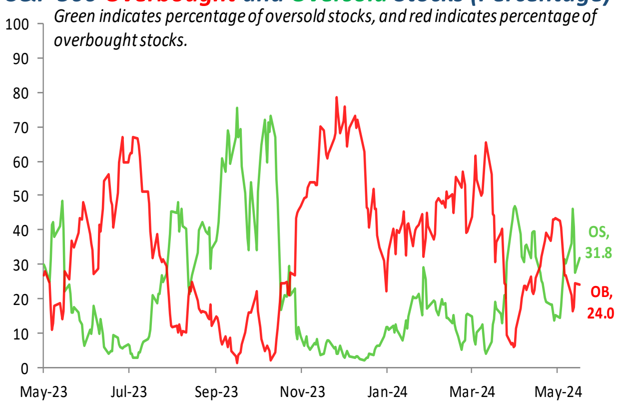
	Median Performance (%) From 6/4 Close...		
Sector	One Week	One Month	Three Months
Comm Services (XLC)	-0.10	1.37	4.71
Cons Discret (XLY)	0.45	2.23	4.60
Cons Staples (XLP)	-0.32	0.51	1.57
Energy (XLE)	1.44	1.19	-4.03
Financials (XLF)	1.15	-1.40	1.11
Health Care (XLV)	0.02	1.12	3.64
Industrials (XLI)	0.84	-0.54	0.31
Materials (XLB)	0.38	-1.82	1.37
Real Estate (XLRE)	-0.13	0.84	3.03
Technology (XLK)	-0.22	1.03	6.48
Utilities (XLU)	-1.06	-0.85	0.47

S&P 500 50-Day Moving Average Spread

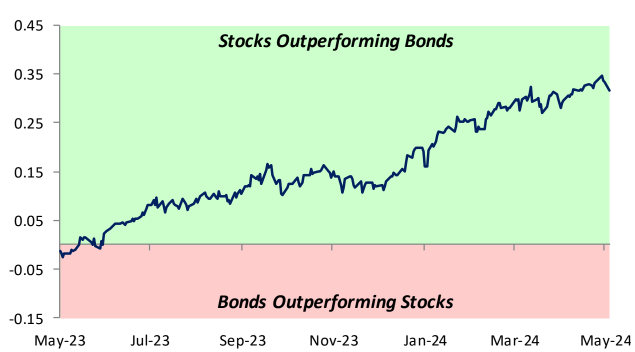


Extreme Overbought (Oversold) = 2+ Standard Deviations Above (Below) 50-DMA
Overbought (Oversold) = 1+ Standard Deviation Above (Below) 50-DMA

S&P 500 Overbought and Oversold Stocks (Percentage)



Relative Strength of Stocks versus Bonds

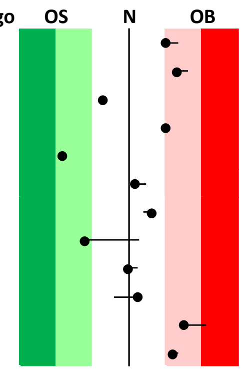


S&P 500 Internals

Indicator	Change	Current	One Week Ago
50-Day Moving Avg Spread	↓	2.0 %	2.6 %
10-Day A/D Line	↓	-603	-81
# of Overbought Stocks	↓	120	133
# of Oversold Stocks	↑	159	151
P/E Ratio			
Trailing	↓	24.57	24.73
Forward	↓	21.59	21.68
Dividend Yield	↑	1.36 %	1.35 %
Credit Spreads (bps)			
High Yield	↑	320	311
Corporate Bonds	↓	88	89

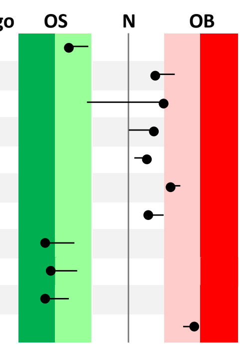
Trading Ranges: Sectors

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



Trading Ranges: Bonds/Commodities

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



Yesterday's Movers

			Average Return (%)			
			Next Day		Next Week	
Ticker	% Chg.	Occ.	Chg.	Percent Up	Chg.	Percent Up
HZO	27.0	1	-0.3	0.0	-2.2	0.0
COHR	22.9	4	3.4	75.0	0.2	50.0
GME	21.0	32	1.7	40.6	0.5	43.8
SRCL	14.6	1	-4.2	0.0	14.3	100.0
LSCC	-15.5	2	-1.9	0.0	2.3	50.0
SAIC	-11.8	0	n/a	n/a	n/a	n/a
DRQ	-8.3	37	0.2	51.4	-0.6	51.4
OII	-8.2	51	0.2	49.0	1.3	60.8

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
NWSA	27.37	2.05	-0.90	52.2
PARA	12.95	1.15	-0.29	51.1
PPL	29.26	1.30	-0.28	47.0
T	18.00	1.92	-0.28	47.9
KMI	19.46	1.37	-0.17	50.0
MO	46.42	1.61	-0.14	49.6
GLW	37.31	2.05	-0.12	54.8
HPQ	35.40	2.26	-0.07	53.2

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
FANG	189.33	-2.39	3.03	75.0
SMCI	766.77	-1.24	2.92	63.0
PTC	173.58	-1.66	1.86	60.7
OXY	60.49	-1.93	1.30	63.6
HLT	197.71	-1.17	1.06	67.0
XOM	114.15	-1.45	1.01	60.0
PCAR	105.24	-1.14	1.00	62.6
URI	636.94	-1.76	0.88	59.5
IT	423.12	-1.43	0.80	53.8
PSX	138.16	-1.46	0.76	61.5

For an explanation of the first two pages of this report, please click here.

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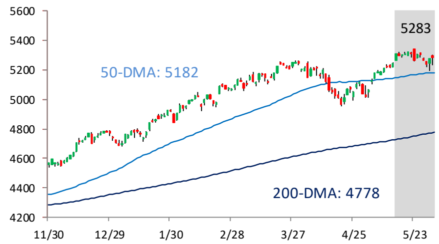
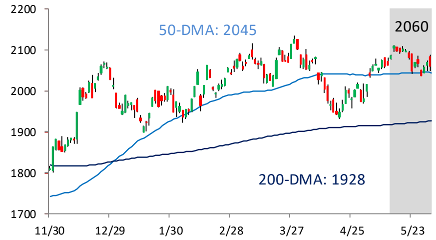
June 4, 2024

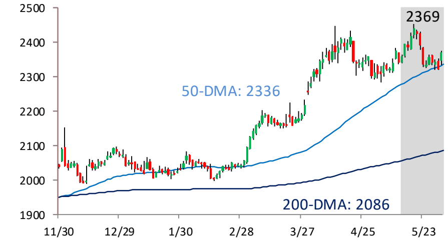
S&P 500: Last Six Months



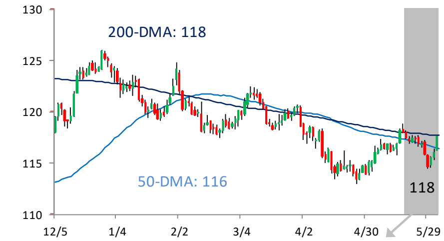
Russell 2000: Last Six Months



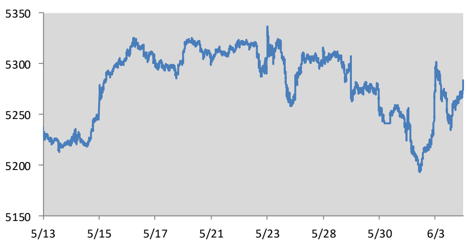
Gold Future: Last Six Months



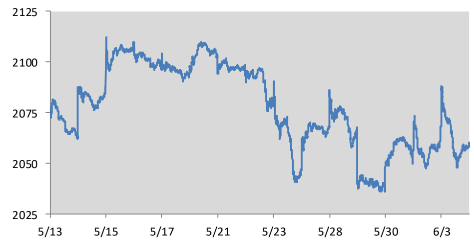
Long Bond Future: Last Six Months



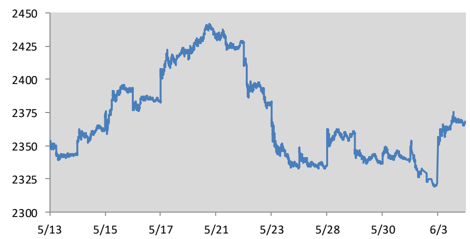
S&P 500: Last 15 Trading Days



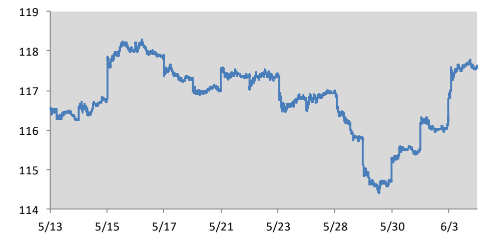
Russell 2000: Last 15 Trading Days



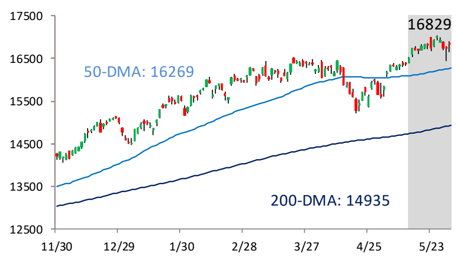
Gold Front Month Future: Last 15 Trading Days



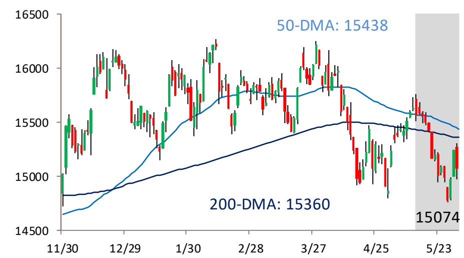
Long Bond Future Intraday: Last 15 Trading Days



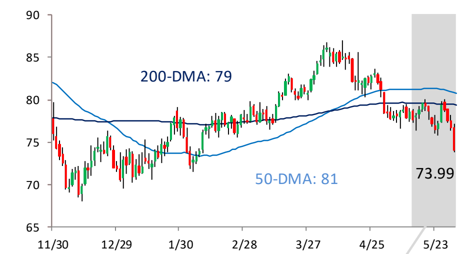
Nasdaq Composite: Last Six Months



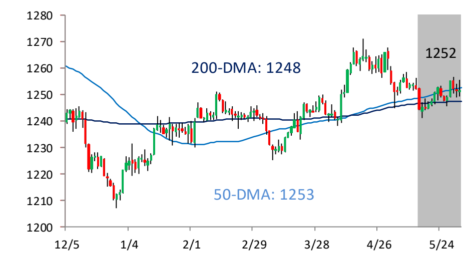
DJ Transports: Last Six Months



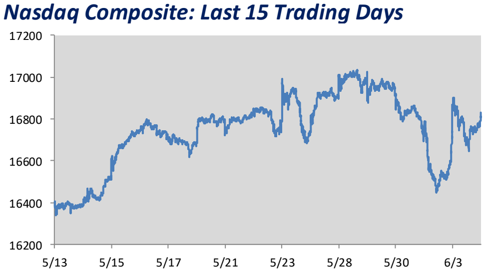
Oil Future: Last Six Months



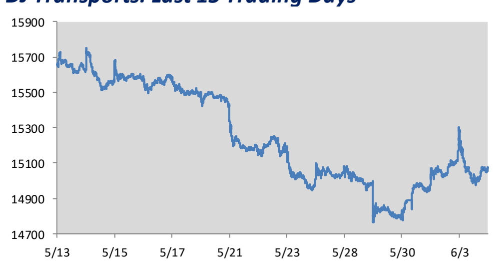
BBG US Dollar Index: Last Six Months



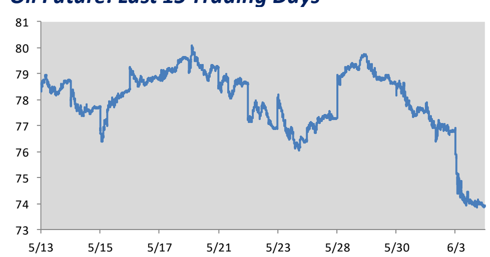
Nasdaq Composite: Last 15 Trading Days



DJ Transports: Last 15 Trading Days



Oil Future: Last 15 Trading Days

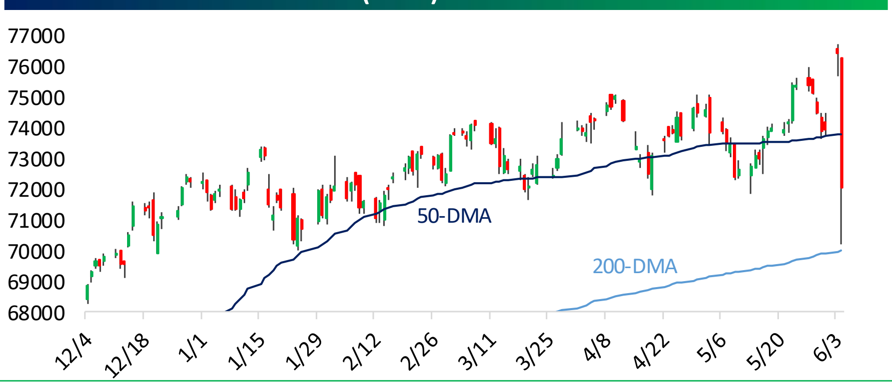


BBG US Dollar Index: Last 15 Trading Days

Snapshot: Stocks are tracking a gap down of around 30 bps this morning as yields fall on commodity drops and election results. **Global Economic Scorecard**.

India Elections: Yesterday's exit polls from India's weeks-long election showed a very large and expanded majority for Prime Minister Narednra Modi's BJP party and its allies, but as votes have been counted today the actual numbers have been *much* closer. As of this writing, the BJP and its allies were leading in just over 290 seats. 272 are needed for a majority and the alliance won around 350 seats in the last election during 2019. As with Mexico, the devil is in the details: Sheinbaum's victory was priced in but a near-super majority was not while in India a very large Modi victory was priced in rather than a modest majority. In 2019, the BJP alone won over 300 seats meaning they had to do almost nothing to keep coalition partners happy. This election, smaller associated parties will be necessary to pass legislation, meaning that the BJP will have less room to maneuver. We also note that the opposition is even *more* fractured, with a range of ideological leanings joining together under a unified anti-Modi banner. As for stocks, the SENSEX was down as much as 8% intraday but is currently off almost 6%. That's it's worst day since 2020 and has been joined by rising bond yields and declining prices for the rupee. Both of those moves are more modest than the stock swing, a contrast with the reaction to Mexico elections yesterday that saw FX absorb the hit as well as equities.

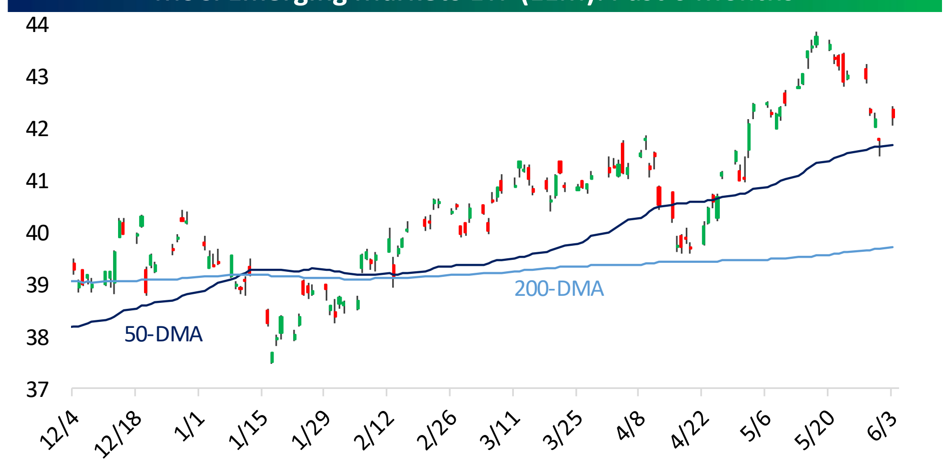
SENSEX (India): Past 6 Months



EM At Large: The drop in Mexico yesterday didn't hurt EM assets much, with the Indian and South African (election Sunday; stocks up 1.4% in response while the currency was up 1.5% yesterday) gains helping to offset. For instance, our equal-weight EMFX index was down 18 bps and the **MSCI Emerging Markets ETF (EEM)** was up 105 bps. Of course, Mexico is a 2.3% weight in EEM and India is a 17.3% weight, so today's moves are more important. EEM is down 1.8% pre-market in a move that will take it back below the 50-DMA that served as support last week. EMFX was already broadly on the decline into last weekend after a May rally.

EMFX Had Already Been Sliding Into Last Weekend's Elections

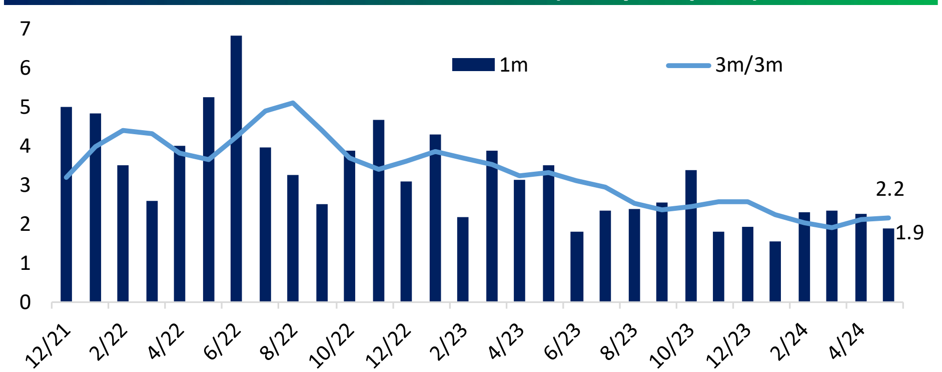
MSCI Emerging Markets ETF (EEM): Past 6 Months



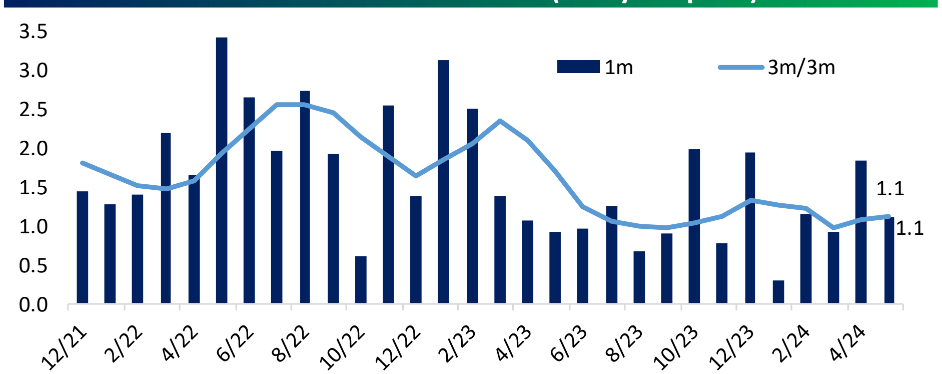
Crude: WTI is on track to drop a fifth straight day as the markets continue to digest last weekend's OPEC+ meeting. That meeting's outcome was complicated, but the bottom line is that output cuts designed to keep prices around $80 are ending. With US production at a record and little geopolitical risk premium left from wars in Ukraine and Gaza, this is the most bearish we have seen consensus on the medium-term outlook for crude in quite some time; as contrarians, we can't help but feel some bullish interest as a result!

Core Inflation: As shown below, both South Korea and Switzerland reported the slowing of core inflation around the world continued into May, another sign that the global monetary policy easing cycle remains on track.

South Korea Core CPI Ann. % (SA By Bespoke)



Switzerland Core CPI Ann. % (SA By Bespoke)



APAC Markets: India's 6% drop was the big pain point overnight with no other regional index down more than 1% and several gains including onshore China and Hong Kong. Property stocks had their best day since May 16th rising 4.3% on an equal-weight basis. Rebar remained range-bound while iron ore has tracked collapsing crude trading from $121/ton to $108/ton over the past couple weeks including four straight losses and -7% week-to-date. Yen was the best-performing currency rising 80 bps; up 157 bps so far, this is on pace for its best week since the week ending May 3rd.

Europe Markets: All major national indices save Switzerland are down on the day, with 2%+ losses for Energy and Resources pacing the move lower in European stocks. Risk sentiment from EM elections, inflation data, and declining oil prices are all helping push down yields as the 10y bund has seen its yield fall 11.7 bps this week after tagging the highest levels since November last week. As for spreads, sovereign bond markets in Spain and Portugal continue to charge towards new lows in risk premium while corporates are little-changed.

US Auto Sales: After the close last night, we note the second-strongest print for Ward's estimate of the US auto sales pace since 2021. Despite high rates and concerns about crimped discretionary spending, US consumers continue to hit dealerships at a solid pace (albeit still behind the 2019 average as shown below).

Second-Highest Auto Sales Pace Since 2021