

 **Trader Oasis – Early Look Tuesday, December 6, 2022**

1 message

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Early Look

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Futures	Up/Down	%	Last
Dow	-25.00	0.07%	33,961
S&P 500	0.25	0.01%	4,003
Nasdaq	14.50	0.12%	11,820

U.S. futures are flat in subdued trading overnight following a selloff on Wall Street Monday as strong economic data raised fears of longer and deeper interest rates from the Fed when they meet next week, while focus shifted to Georgia runoff election. All three major indexes closed at their lowest levels in nearly a week on Monday after upbeat services sector data offered more evidence of strength in the U.S. economy despite a series of big interest rate hikes. All three shed more than 1%, with the tech-heavy Nasdaq suffering the steepest loss, down 1.9% on the day. The selling pressure was broad based on Monday with banks falling over 3% along with Energy and Consumer Discretionary and economically sensitive transports and Smallcaps tumbled. As of Dec. 2, analysts expect S&P 500 companies to report a drop of 0.6% in Q4 earnings after posting a 4.4% rise in Q3, according to

Refinitiv data. Markets await key inflation data later this week and next, hoping to show signs of cooling. In Asian markets, The Nikkei Index rose 65 points to 27,885, the Shanghai Index was little changed at 3,212, and the Hang Seng Index slipped -77 points to 19,441. In Europe, the German DAX is lower by -0.3% to 14,400, while the FTSE 100 is down -0.3% to 7,545.

Market Closing Prices Yesterday

- **The S&P 500 Index** dropped -72.88 points, or 1.79%, to 3,998.51
- **The Dow Jones Industrial Average** fell -483.37 points, or 1.40%, to 33,946.51
- **The Nasdaq Composite** tumbled -221.56 points, or 1.93%, to 11,239.94
- **The Russell 2000 Index** declined -52.62 points, or 2.78% to 1,840.22

Economic Calendar for Today

- 7:45 AM ET ICSC Weekly Retail Sales
- 8:30 AM ET International Trade for October
- 8:55 AM ET Johnson/Redbook Weekly Sales
- 4:30 PM ET API Weekly Inventory Data

Earnings Calendar:

- Earnings Before the Open: ALCO AZO BASE BNED CONN JILL SIG
- Earnings After the Close: AVAV CASY CDMO CXM GWRE HQY MDB ODC
PLAY S SFIX SKIL SWBI TOL ZUO

Other Key Events:

- Cowen 5th Annual Cannabis Conference (virtual), 12/6-12/8
- Goldman Sachs 14th Annual Industrials Week, 12/5-12/9, in London
- Goldman Sachs 2022 Financial Services Conference, 12/6-12/7, in NY
- Piper Cloud Automation & Security Software Bus Tour (virtual), 12/5-12/6
- Truist 4th Annual Securities Industrials & Services Summit (virtual), 12/6-12/7
- UBS Global Tech, Media, & Telecom Conference, 12/5-12/7, in NY
- Wolfe Consumer Growth Conference (virtual), 12/5-12/6
- China Exports, Imports, Trade Balance for November

Macro	Up/Down	Last
Nymex	-1.05	75.898
Brent	-0.87	81.81
Gold	7.00	1,788.30
EUR/USD	0.0021	1.0512
JPY/USD	-0.27	136.47
10-Year Note	-0.031	3.568%

Sector News Breakdown

Consumer

- **GameStop (GME)** has begun a round of layoffs, with the team building its blockchain wallet heavily impacted, Axios reports
- **Herbalife Nutrition (HLF)** announces proposed offering of \$250 million aggregate principal amount of convertible senior notes
- **Keurig Dr Pepper Inc. (KDP)** reaffirmed its 2022 guidance for constant currency net sales growth in the low-double-digit range and Adjusted EPS

growth in the mid-single-digit range

- **Funko Inc (FNKO)** CFO Jennifer Fall Jung is stepping down effective immediately
- **Estee Lauder (EL)** upgraded to Buy from Hold at Deutsche Bank and raise tgt to \$266

Energy, Industrials and Materials

- **NRG Energy (NRG)** is acquiring **Vivint Smart Home (VVNT)** for \$12 per share valued at \$5.2B including \$2.8B in cash transaction and \$2.4B in debt (net of cash); consideration represents a premium of approximately 33% to Vivint's <https://bit.ly/3UIR15S>
- **Cenovus Energy Inc (CVE)** forecast higher capital expenditure for 2023, as expects 2023 spending to be in the range of C\$4 billion (\$2.94 billion) to C\$4.5 billion, higher than expectations of C\$3.3 billion to C\$3.7 billion for 2022; expects production of 800,000 barrels of oil equivalent per day (boepd) to 840,000 boepd next year, a more than 3% year-over-year increase.
- **Laredo Petroleum (LPI)** Q4 average daily oil production currently above the high end of guidance range (32-34MBoe/d); Q4 average daily total production currently above the high end of guidance range (72.5-75.5 MBoe/d); announced rebranding of company to Vital Energy; Q4 capital investments expected to be within guidance range of \$135-\$145M
- **General Electric (GE)** upgraded to outperform at Oppenheimer citing the strength of the industrial and financial company's aviation business
- **Steel Dynamics (STLD)** downgraded to Neutral from Buy at UBS
- **Matador Resources (MTDR)** raises quarterly dividend to \$0.15 from \$0.10

Financials

- **JPMorgan (JPM)** double-upgraded it to overweight at Morgan Stanley while downgraded **State Street (STT)** to EW from OW and **BNY Mellon (BK)** to UW from EW, saying that it is not yet time to go long on large-cap US banks.
- **Silvergate Capital (SI)** said last night it conducted significant due diligence on FTX and its related entities including Alameda Research; said have a resilient balance sheet and ample liquidity
- Investors are lining up to pull money out of real-estate funds, the latest sign that rising interest rates are threatening to upend the commercial-property sector – WSJ <https://on.wsj.com/3VCFZ35>

Healthcare

- **Edwards Lifesciences (EW)** downgraded to Hold from Buy at Stifel and cut tgt to \$75 from \$95
- **Editas Medicine (EDIT)** announces positive safety and efficacy data from the first two patients treated in the RUBY Trial of EDIT-301 for the treatment of severe sickle cell disease
- **MEI Pharma (MEIP)** slides after the company and Kyowa Kirin said they're discontinuing development of the experimental cancer drug zandelisib outside of Japan, citing guidance from US regulators.
- **Mirati Therapeutics (MRTX)** said early trial data shows a combo of its experimental drug adagrasib and **Merck & Co's (MRK)** immunotherapy Keytruda helped about half of previously untreated metastatic lung cancer patients, with manageable side effects
- **PerkinElmer (PKI)** upgraded to outperform from market perform at Cowen saying the company has the potential to outperform consensus FY23-25 growth and profitability expectations
- **Sage Therapeutics (SAGE)** and **Biogen (BIIB)** complete rolling submission of new drug application for Zuranolone in treatment of major depressive

disorder and postpartum depression

- **SQZ Biotechnologies (SQZ)** announced that the U.S. FDA has granted Fast Track Designation for the company's Enhanced Antigen Presenting Cell candidate for the treatment of HPV16+ advanced or metastatic solid tumors

Technology, Media & Telecom

- **Taiwan Semiconductor Manufacturing Co. (TSM)** plans to build a second semiconductor factory in Arizona and increase its investment there to \$40 billion, the White House said ahead of a visit by President Biden. Under a previously disclosed \$12 billion investment plan, TSMC is already building its first factory in Arizona.
- **Fox Corp. (FOXA)** rises after billionaire media owner Rupert Murdoch said he would not support a re-combination with **News Corp. (NWS)** unless it was approved by investors. Murdoch, 91, who along with his son Lachlan has effective control over Fox, said in October that the two media groups have formed 'special committees' to "thoroughly evaluate a potential combination".
- **GitLab (GTLB)** 3Q adj EPS (\$0.10) vs est. (\$0.15) on revs \$113Mm vs est. \$106.1Mm; sees 4Q revs \$119-120Mm vs est. \$119.3Mm
- **Sumo Logic (SUMO)** 3Q adj EPS (\$0.04) vs est. (\$0.15) on revs \$79Mm vs est. \$74.1Mm; sees FY revs \$298-299Mm vs est. \$291.2Mm

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