

Daily US Equity Opening News

3rd September 2021: AVGO upbeat outlook; Beijing considers DIDI stake

The Daily US Equity Opening News is uploaded at 1400BST/0900EDT recapping all the overnight equity news.

US RECAP: SPX +0.26% at 4,535, NDX -0.05% at 15,604, DJIA +0.37% at 35,443, RUT +0.66% at 2,302 SECTORS: Energy +2.53%, Health +1.08%, Industrials +1.02%, Utilities +0.81%, Materials +0.6%, Real Estate +0.44%, Consumer Staples +0.36%, Financials +0.28%, Technology -0.05%, Consumer Discretionary -0.07%, Communication Services -0.7%.

CHINA: China's Cabinet said China will accelerate measures to attract overseas investors in domestic futures trading; China will establish international Yuan-denominated commodity futures market; China will launch pilot schemes for IP rights securitization. China will launch more futures contracts including shipping futures.

CRYPTO: US SEC is investigating cryptocurrency exchange creator Uniswap Labs, "as regulators probe further into parts of the digital-asset market that have resisted oversight", according to WSJ sources.

ENERGY: Reports note that US Gulf Coast energy companies moved forward the recovery from Hurricane Ida on a few fronts, but fell elsewhere as lack of crews, power and fuel reversed earlier production gains.

CHIPS: TSMC (TSM) is reportedly to increase chip prices for Apple (AAPL) by 3% and to others by 20%, according to a source. Meanwhile, Toshiba (TOSYY) warns that power chip supply will be tight for another year or two.

DOW JONES

Apple (AAPL) (Information Technology/Technology Hardware, Storage & Peripherals) Watch production is poised to ramp up starting the end of September, according to Digitimes citing sources.

Chevron (CVX) (Energy/Oil, Gas & Consumable Fuels) heads for an activist challenge after Exxon's (XOM) proxy battle defeat, according to WSJ sources.

NASDAQ 100

Amazon (AMZN) (Consumer Discretionary/Internet & Direct Marketing Retail) plans on launching its own branded TV in the US as early as next month.

Broadcom Inc. (AVGO) (Information Technology/Semiconductors) Q3 2021 (USD): Adj. EPS 6.96 (exp. 6.88), Revenue 6.78bln (exp. 6.76bln). +16%. Free cash flow remains strong at 3.4bln or 51% of revenue. Semi revenues 5.021bln, +19%; software 1.757bln, +10%. Q4 2021 Revenue View: approximately 7.35bln (exp. 7.23bln), expects Q4 cash flow to remain strong.

DocuSign (DOCU) (Information Technology/Software) Q2 2022 (USD): Adj. EPS 0.47 (exp. 0.40), Revenue 512mln (exp. 485mln), +50%. Q2 billings rose 47% Y/Y to 595mln. Q3 rev. view 526mln-532mln (exp. 515mln). FY22 revenue and billings outlook is increased while the margin guidance is unchanged. Analysts are just noting to bare in mind it is a COVID beneficiary Co., however, unlike some others DOCU are still going as strong as ever.

JD.com (JD) (Consumer Discretionary/Internet & Direct Marketing Retail) has made a USD 513.45mln offer to acquire a controlling stake in storage facilities manager China Logistics Property Holdings.

Match Group (MTCH) (Communication Services/Interactive Media & Services) CEO is launching a fund for staff amid Texas' new restrictive abortion legislation to aid them in finding necessary healthcare outside the state, via Business Insider.

Tesla (TSLA) (Consumer Discretionary/Automobiles) CEO Musk has informed employees that "this is the craziest month of deliveries Tesla will ever have", according to Electrek. In other news, TSLA delays Cybertruck to late 2022 and does not expect volume production to be achieved until 2023, as there is so much new technology in the vehicle.

S&P 500

Alaska Air Group (ALK) (Industrials/Airlines) has trimmed its Q3 guidance and now sees revenue down 19-21% (vs. the prev. down 17-20%). Cash flow ops. seen at USD 0-50mln (prev. USD 0-100mln). ALK said 'in the six weeks since we published our Q3 expectations, our booking trends have deteriorated moderately as COVID case counts have increased. The setbacks in demand are not unique to any single geography. As a result, we have revised our guidance ranges.'

Cigna (CI) and Tenet (THC) (Health Care/Health Care Providers & Services) announced they have expanded and extended their network access through a new multi-year contract. LabCorp (LH) has increased the minimum wage for US based, non union employees to USD 15/hour, effective September 2021.

Cooper (COO) (Health Care/Health Care Equipment & Supplies) Q3 2021 (USD): EPS 3.41 (exp. 3.28), Revenue 763.4 mln (exp. 726.6mln), +32%. Vision business revenue grew 24% whilst surgical was +60%. See Q4 revenue at 745mln (exp. 749mln) with EPS 3.34 (exp. 3.50).

Eli Lilly (LLY) (Health Care/Pharmaceuticals) – US Health Officials plan to resume distribution of LLY's combination antibody therapy against COVID.

Hewlett Packard Enterprise (HPE) (Information Technology/Technology Hardware, Storage & Peripherals) Q3 2021 (USD): Adj. EPS 0.47 (exp. 0.42), Revenue 6.9bln (exp. 6.93bln). ARR 705mln, +33%. Co. is reinstating its share buyback programme and targeting buyback of up to 250mln in Q4. Sees Q4 adj. EPS 0.44-0.52 (exp. 0.49). Raises FY21 adj. EPS view. HPE business continues to get a boost from the pandemic-driven move to digital operations.

Western Digital Corporation (WDC) (Information Technology/Technology Hardware, Storage & Peripherals) - Japan's trade ministry is poised to back Western Digital's bid to merge with Kioxia, memory chipmaker, as long as control of cutting edge technology stays in Japan. The two Cos. reportedly had been in advanced talks to merge in a deal worth in excess of USD 20bln.

OTHER

Beyond Meat (BYND) (Consumer Staples/Food Products) says COO Sanjay Shah is stepping down with immediate effect.

CS Disco (LAW) (Information Technology/Software) Q2 2021 (USD): Revenue 29.5mln (exp. 29mln), +88%; EBITDA 1.6 mln (exp. 1.9mln). See Q3 revenues 25.5-25.9 (exp. 24.4mln), with EBITDA 10.3-11.1mln (exp. 10.9mln).

Didi Global (DIDI) (Industrials/Road & Rail) - Beijing is reportedly considering having state-run firms buy a stake in Didi Global and take control of the ride-hailing company.

Forte Biosciences (FBRX) (Health Care/Biotechnology) announced that topline data from its Phase 2 clinical trial of FB-401 for the treatment of atopic dermatitis failed to meet statistical significance for the primary endpoint of EASI-50.

FuboTV (FUBO) (Communication Services/Interactive Media & Services) announced it has been granted a Management Services Provider Certification from the Arizona Department of Gaming (ADG), which marks FUBO's second state license, following Iowa. Represents another milestone in moving towards the launch of its mobile sportsbook, Fubo Sportsbook, which remains on track to go live Q4 '21.

Guidewire (GWRE) (Information Technology/Software) Q4 2021 (USD): Adj. EPS 0.37 (exp. 0.25), Revenue 229.4mln (exp. 222.35mln). Sees Q1 '22 revenue 162-166mln (exp. 174.6mln).

Joann (JOAN) (Consumer Discretionary/Specialty Retail) Q2 2021 (USD): EPS -0.20 (exp. -0.13), Revenue 496.9mln (exp. 543.03mln). Analysts note retail companies have been posting blow-out earnings for weeks, so this JOAN miss certainly stands out.

MongoDB (MDB) (Information Technology/IT Services) Q2 2021 (USD): EPS -0.24 (exp. -0.40), Revenue 199mln (exp. 184mln), +44%. Sees Q3 revenue 203mln (exp. 198mln) and EPS -0.39 to -0.42 (exp. -0.38).

PagerDuty (PD) (Information Technology/Software) Q2 2021 (USD): EPS -0.13 (exp. 0.15), Revenue 67.5mln (exp. 65.56mln), +33%. Q3 guide is mostly inline and modestly upgrade FY guidance.

Reddit is seeking to hire advisers for a New York IPO in which it is hoping for a valuation of USD 15bln, according to a source.

Science Applications International (SAIC) (Industrials/Professional Services) Q2 2021 (USD): EPS 1.97 (exp. 1.47), Revenue 1.836bln (exp. 1.793bln). EBITDA of 185mln (exp. 154mln). FY guidance raised to ~6.60 from ~6.26.

Virgin Galactic (SPCE) (Industrials/Aerospace & Defense) fleet has been grounded by regulators amid FAA probe regarding Virgin spacecraft had veered out of designated airspace in Richard Branson's July launch, according to FT. SPCE said it is addressing reasons for the deviation during the July 11th flight and is working closely with the FAA to support a thorough review and timely resolution to the issue.

Yext (YEXT) (Information Technology/Software) Q2 2021 (USD): EPS -0.06 (exp. -0.07), Revenue 98.1mln (exp. 95.03 mln). Downgrades FY adj. EPS to between -0.24 and -0.20 from -0.18.

BROKER MOVES

UPGRADES

- ASML (ASML) upgraded to Reduce from Sell at AlphaValue/Baader
- Aurora Cannabis (ACB) upgraded to Hold from Underperform at Jefferies
- Baxter (BAX) upgraded to Overweight from Equal Weight at Barclays
- Black Stone Minerals (BSM) upgraded to Overweight from Equal Weight at Wells Fargo
- BRP Inc. (DOOO) upgraded to Outperformer from Neutral at CIBC
- Cameco (CCJ) upgraded to Sector Perform from Underperform at RBC Capital
- Innate Pharma (IPHA) upgraded to Outperform from Market Perform at SVB Leerink

DOWNGRADES

- Brigham Minerals (MNRL) downgraded to Equal Weight from Overweight at Wells Fargo
- Broadcom (AVGO) downgraded to Hold from Buy at Summit Insights
- Charter (CHTR) downgraded to Hold from Buy at TD Securities
- Clorox (CLX) downgraded to Hold from Buy at Argus
- Forte Biosciences (FBRX) downgraded to Hold from Buy at Truist
- Forte Biosciences (FBRX) downgraded to Neutral from Buy at B. Riley
- Forte Biosciences (FBRX) downgraded to Sell from Buy at Chardan
- Forte Biosciences (FBRX) downgraded to Neutral from Buy at Ladenburg
- Hill-Rom (HRC) downgraded to Neutral from Outperform at Baird
- Joann (JOAN) downgraded to Market Perform from Outperform at Telsey Advisory
- Thomson Reuters (TRI) downgraded to Hold from Buy at TD Securities
- Veoneer (VNE) downgraded to Hold from Buy at Danske Bank
- Vipshop (VIPS) downgraded to Neutral from Buy at UBS

INITIATIONS

- Aramark (ARMK) reinstated sector perform at RBC; PT USD 38
- DT Midstream (DTM) rated new equal-weight at Barclays; PT USD 49
- Ecolab (ECL) rated new outperform at RBC; PT USD 260
- Vivint Smart Home (VVNT) reinstated outperform at RBC; PT USD 15

EX DIVIDENDS

- Albany International Corp - USD 0.20
- Amerco - USD 0.50
- American National Group Inc - USD 0.82
- Amkor Technology Inc - USD 0.04
- Avnet Inc - USD 0.24
- BlackRock Inc - USD 4.13
- Commerce Bancshares Inc - USD 0.26
- Equifax Inc - USD 0.39
- Hancock Whitney Corp - USD 0.27
- Live Oak Bancshares Inc - USD 0.03
- New Fortress Energy Inc - USD 0.10

- Ross Stores Inc - USD 0.28
- Stanley Black & Decker Inc - USD 0.79
- Tapestry Inc - USD 0.25
- TFS Financial Corp - USD 0.28
- Ubiquiti Inc - USD 0.60
- UniFirst Corp - USD 0.25

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