



Daily US Equity Opening News

15th September 2023: China to sanction LMT and NOC; UAW autoworkers go on strike

- **THURSDAY CLOSES:** SPX +0.84% at 4,505, NDX +0.82% at 15,474, DJIA +0.96% at 34,907, RUT +1.4% at 1,867. **SECTORS:** Real Estate +1.71%, Utilities +1.47%, Materials +1.4%, Energy +1.26%, Communication Services +1.18%, Industrials +0.99%, Consumer Discretionary +0.88%, Financials +0.87%, Consumer Staples +0.82%, Technology +0.7%, Health +0.25%.
- **UAW:** The UAW has launched strikes at the Detroit Three (F, GM, STLA) factories. The strike will halt production of the Ford Bronco (F), Jeep Wrangler (STLA) and Chevrolet Colorado (GM) pickup trucks, along with other popular models, according to Reuters. The two sides failed to come to a labour deal agreement by Thursday's deadline.
- **IPO:** Instacart is set to raise its IPO price target after the successful debut of Arm, WSJ reports. At the high end of the new range, the grocery delivery company would be valued at nearly USD 10bln on a fully diluted basis.
- **CASINO'S (CZR, MGM):** Following recent cyber-attacks on MGM and Ceasars, CNBC reports that Caesars paid USD 15mln in ransom ahead of the cyber attack on MGM.
- **DEFENSE (NOC, LMT):** China's Foreign Ministry says China has decided to place sanctions on Northrup Grumman (NOC) and Lockheed Martin (LMT) amid supply to Taiwan.
- **CHIPS:** Taiwan Semiconductor (TSM) reportedly told major suppliers to delay the delivery of high-end chipmaking equipment, as the world's top contract chipmaker grows increasingly nervous about consumer demand, according to Reuters citing sources.

DOW JONES

- **Apple Inc. (AAPL)** (Information Technology/Technology Hardware, Storage & Peripherals) said it would issue a software update for iPhone 12 users in France to settle a row with regulators that ordered the suspension of the phone's sale due to breaches of radiation exposure limits.
- **Chevron Corp's (CVX)** (Energy/Integrated Oil & Gas) two western Australian plants continued exports of liquefied natural gas (LNG), despite a step-up in strikes and a fault at the Wheatstone plant that cut production by a quarter, according to Reuters citing shipping data on LSEG Eikon and Kpler.
- **Microsoft Corp. (MSFT)** (Information Technology/Systems Software) and **Oracle Corp. (ORCL)** (Information Technology/Application Software) expand partnership to deliver Oracle database services on Oracle cloud infrastructure in Microsoft Azure.
- **Salesforce.com (CRM)** (Information Technology/Internet Software & Services) is to hire 3,300 following layoffs earlier in the year.
- **The Walt Disney Company (DIS)** (Communication Services/Movies & Entertainment) - Just before the closing bell on Thursday, Bloomberg reported Disney is said to cut its target of Disney+ streaming subscribers and anticipates falling "tens of millions" short of its 2024 outlook for 215-245mln subscribers. Disney later said it has made no decision with respect to the divestiture of ABC or any other property and any report to that effect is unfounded, but it is open to considering a variety of options for linear businesses. Bloomberg had also reported that Byron Allen is said to make a USD 10bln bid for ABC and other Disney networks, which followed reports that DIS was in talks with Nexstar (NXST) over ABC and other TV stations.

NASDAQ 100



- **Adobe Systems Inc (ADBE)** (Information Technology/Application Software) Q3 23 (USD): EPS 4.09 (exp. 3.98), Q3 revenue USD 4.89bln (exp. 4.87bln); Q3 subscription revenue USD 4.63bln (exp. 4.57bln). Sees Q4 adj. EPS between USD 4.10-4.15 (exp. 4.06) and sees Q4 sales between USD 4.98bln-5.03bln (exp. 5.00bln). CEO expects the launch of recent generative AI products like Firefly to accelerate subscriptions.
- **Alphabet Inc Class A (GOOGL)** (Communication Services/Interactive Media & Services) - Google is nearing the release of Gemini AI, The Information reported. Separately, Google will pay USD 93mln to settle claims by the California Attorney General that it deceived users about collecting and using their location data for ads without consent. Google must also improve transparency and privacy protections as part of the settlement.
- **Broadcom Inc. (AVGO)** (Information Technology/Semiconductors) director Eddy Hartenstein sold 1.5K shares on September 12th for a total of USD 1.28mln.
- **Meta Platforms (META)** (Communication Services/Interactive Media & Services) - WhatsApp may start showing ads in chats, but it's causing controversy at Meta, FT reports. They're also thinking about a subscription fee to remove ads, but many within the company do not like the idea. No final decisions have been made yet. However, Meta's WhatsApp chief came out and said the FT report on WhatsApp exploring ads was false.
- **Moderna (MRNA)** (Health Care/Biotechnology) announced UK regulators approved an updated COVID-19 vaccine by Moderna.
- **Tesla (TSLA)** (Consumer Discretionary/Automobiles) has reportedly begun sounding out potential investors for a new USD 1.8bln securitisation of its EV leases, according to MarketWatch.
- **T-Mobile (TMUS)** (Communication Services/Wireless Telecommunication Services) is in talks with Tilmann Global Holdings to make a major investment in building out a fibre-optic network.

S&P 500

- **Citigroup Inc. (C)** (Financials/Diversified Banks) has begun layoff talks after management overhaul, with cuts likely to affect support staff in compliance and risk, according to sources. Note, Citi's (C) Braden to leave, was the CEO of Global Markets Europe and Citibank Europe.
- **ConocoPhillips (COP)** (Energy/Oil & Gas Exploration & Production) is getting more regasification capacity in Europe at the Gate LNG terminal in the Netherlands. This is part of their strategy to provide cleaner energy to Europe using liquefied natural gas.
- **Copart (CPRT)** (Industrials/Commercial Services & Supplies) Q4 23 (USD): Adj. EPS 0.34 (exp. 0.31), Q4 revenue USD 998mln (exp. 963mln).
- **Danaher Corp. (DHR)** (Health Care/Health Care Equipment) - The **Abcam (ABCM)** (Health Care/Biotechnology) founder, Dr Jonathan Milner, is to vote against the proposed USD 5.7bln or USD 24.00/shr acquisition of ABCM from Danaher and is now pushing to replace the board and take back reins as CEO. Note, Milner holds a 6.1% stake in the company and argues the deal materially undervalues ABCM, reported FT.
- **J. B. Hunt Transport Services (JBHT)** (Industrials/Trucking) is buying the brokerage operations of BNSF Logistics, an affiliate of BNSF Railway; which will help it offer better logistics services and improve its transportation network in North America.
- **Lennar Corp. (LEN)** (Consumer Discretionary/Homebuilding) Q2 EPS 3.87 (exp. 3.51), Q2 revenue USD 8.73bln (exp. 8.45bln), Q2 net new orders 19,666 (exp. 18,644), Q2 gross margin on home sales 24.4% (exp. 23.7%), Q2 backlog 21,321 (exp. 20,615). Sees Q4 new orders between 16,200-17,200 (16,591).

OTHER

- **DoorDash (DASH)** (Consumer Discretionary/Hotels, Restaurants & Leisure) will transfer its stock listing to the Nasdaq Stock Market from the New York Stock Exchange; will continue to trade under the symbol "DASH."
- **Nucor (NUE)** (Materials/Metals & Mining) sees Q3 EPS between 4.10-4.20 (exp. 4.65), notes the largest impact on earnings is expected to occur at its sheet mills. Also of note for its peers, such as **US Steel (X)** and **Steel Dynamics (STLD)**.



- **Rivian (RIVN)** (Consumer Discretionary/Automobiles) CEO gave some details on its plans to update the hardware in its EVs in 2024, which is expected to result in major cost savings, according to Tech Crunch.
- **Robinhood (HOOD)** (Financials/Capital Markets) - "Chief Creative Officer" Baiju Bhatt sold 80.7K shares on September 12th for USD 877K; General Counsel Daniel Gallagher sold 80K shares on September 12th for a total of USD 867.8K.
- **Roblox (RBLX)** (Communication Services/Entertainment) announced the appointment of Jason Kilar to the company's board of directors. Kilar recently served as Chief Executive Officer of **Warner Media (WBD)**.
- **TotalEnergies (TTE)** (Energy/Oil & Gas Exploration & Production) is said to be in talks to invest USD 700mln in Adani Green's (ADANIGR IS) projects.
- **Uber (UBER)** (Industrials/Road & Rail) and Deliverect agree a delivery partnership.
- **WP Carey Inc. (WP)** (Real Estate/Diversified REITs) raised its quarterly cash dividend to USD 1.071/shr.

BROKER MOVES

UPGRADES

- Apellis (APLS) upgraded to Overweight from Equal Weight at Wells Fargo
- Axis Capital (AXS) upgraded to Buy from Underperform at BofA
- Cousins Properties (CUZ) upgraded to Buy from Hold at Truist
- Emerson Electric (EMR) upgraded to Buy from Hold at Vertical Research
- Estee Lauder (EL) upgraded to Neutral from Sell at Redburn
- KeyCorp (KEY) upgraded to Overweight from Neutral at Piper Sandler
- Keysight (KEYS) upgraded to Overweight from Equal Weight at Morgan Stanley
- MorphoSys (MOR) upgraded to Neutral from Sell at Goldman Sachs
- Rogers Communications (RCI) upgraded to Outperform from Sector Perform at RBC Capital
- Shake Shack (SHAK) upgraded to Buy from Neutral at Northcoast
- Unity (U) upgraded to Buy from Neutral at BofA

DOWNGRADES

- DoorDash (DASH) downgraded to Market Perform from Outperform at MoffettNathanson
- Lindsay (LNN) downgraded to Hold from Buy at Stifel
- New Relic (NEWR) downgraded to Neutral from Buy at DA Davidson
- Truist Financial (TFC) downgraded to Neutral from Overweight at Piper Sandler
- Vornado (VNO) downgraded to Hold from Buy at Truist

INITIATIONS

- 3M (MMM) rated New Hold at HSBC; PT USD 109
- Applied Materials (AMAT) rated New Outperform at Wolfe; PT USD 185
- ARM Holdings ADRs (ARM) rated New Hold at Needham
- Casella Waste (CWST) reinstated buy at Goldman; PT USD 100
- Cava Group (CAVA) rated new hold at Loop Capital; PT USD 40
- Celsius Holdings (CELH) rated new outperform at Cowen; PT USD 250
- Cipher Mining (CIFR) rated new buy at BTIG; PT USD 6
- CrowdStrike (CRWD) rated new buy at HSBC; PT USD 200
- Deere (DE) rated new buy at HSBC; PT USD 486
- DocuSign (DOCU) rated new reduce at HSBC; PT USD 42
- Expensify (EXFY) reinstated underweight at JPMorgan
- Fastenal (FAST) rated new hold at HSBC; PT USD 59
- Hesai Group ADRs (HSAI) rated new buy at Citic Securities; PT USD 16
- Jacobs (J) rated new hold at HSBC; PT USD 149
- KLA Corp (KLAC) rated new outperform at Wolfe; PT USD 600
- Lam Research (LRCX) rated new outperform at Wolfe; PT USD 825
- Martin Marietta (MLM) rated new reduce at HSBC; PT USD 376



- Microsoft (MSFT) rated new hold at HSBC; PT USD 347
- Opal Fuels (OPAL) rated new sell at Goldman; PT USD 5.80
- Oracle (ORCL) rated new buy at HSBC; PT USD 144
- Palantir (PLTR) rated new hold at HSBC; PT USD 16
- Salesforce Inc (CRM) rated new buy at HSBC; PT USD 267
- ServiceNow (NOW) rated new buy at HSBC; PT USD 704
- Snowflake (SNOW) rated new buy at HSBC; PT USD 201
- Trane Technologies (TT) rated new buy at HSBC; PT USD 256
- Twilio (TWLO) rated new hold at HSBC; PT USD 67
- WM (WM) rated new buy at HSBC; PT USD 192
- Zoom Video (ZM) rated new buy at HSBC; PT USD 83

EX DIVIDENDS

- Alexander & Baldwin Inc (Hawaii) - USD 0.22
- Cincinnati Financial Corp - USD 0.75
- DT Midstream Inc - USD 0.69
- DTE Energy Co - USD 0.95
- Hess Corp - USD 0.43
- Huntington Bancshares Inc - USD 0.15
- J & J Snack Foods Corp - USD 0.73
- Lamar Advertising Co - USD 1.25
- National Research Corp - USD 1.00
- Prologis Inc - USD 0.87
- Pultegroup Inc - USD 0.16
- Stock Yards Bancorp Inc - USD 0.30
- Utz Brands Inc - USD 0.05

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