



## Daily US Equity Opening News

### 1st December 2023: PFE to halt development of its twice-daily obesity pill; AAPL/PARA discuss bundling streaming services

- **THURSDAY CLOSE:** SPX +0.38% at 4,567, NDX -0.25% at 15,947, DJIA +1.47% at 35,950, RUT +0.29% at 1,809. **SECTORS:** Health +1.24%, Industrials +1.07%, Financials +1.01%, Materials +0.97%, Consumer Staples +0.84%, Real Estate +0.83%, Energy +0.63%, Utilities +0.4%, Technology -0.08%, Consumer Discretionary -0.17%, Communication Services -1.01%.
- **AI STOCKS:** President Biden admin compels a Saudi Aramco venture capital firm to divest its shares in Rain AI, a Silicon Valley startup, due to national security concerns following a review by the Committee on Foreign Investment in the United States.
- **CASINO NAMES (LVS, MGM, WYNN, MLCO):** Macau Casino revenue in November rose 435% Y/Y to MOP 16bln.
- **CHIPS: TSMC (TSM)** likely to win it all, with **Samsung's (SSNLF)** 3nm reportedly losing several significant orders, according to DigiTimes.

## DOW JONES

- **Apple (AAPL)** (Information Technology/Technology Hardware, Storage & Peripherals) and **Paramount Global (PARA)** have discussed bundling their streaming services at a discount, the latest attempt by rival entertainment giants to team up as they look to make their offerings more affordable and attractive, according to WSJ.
- **Disney (DIS)** (Communication Services/Entertainment) reinstates quarterly dividend of USD 0.30/shr for H2 FY23 (representing an annual dividend yield of around 0.6%). Separately, shareholder Blackwells Capital voiced support for Disney in its engagement with activist investor Nelson Peltz' Trian Fund Management.

## NASDAQ 100

- **AstraZeneca (AZN)** (Health Care/Pharmaceuticals) announces discontinuation of STABILIZE-CKD and DIALIZE-Outcomes Phase III trials due to substantially increased enrolment timelines and low event rates, respectively, which made it prohibitive to deliver study results within a timeframe to meaningfully advance clinical practice.
- **Broadcom (AVGO)** (Information Technology/Semiconductors & Semiconductor Equipment) - Following Broadcom's USD 61bln acquisition of VMware, AVGO intends to terminate around 1,267 California-based VMware employees starting in January. The cuts will not close VMware's Palo Alto headquarters but will affect multiple positions as it delves further into the software sector.
- **Google (GOOGL)** (Communication Services/Interactive Media & Services) urges Britain's antitrust regulator to act against Microsoft, alleging unfair business practices disadvantaging rivals in cloud computing. CMA probes the industry dominance of Microsoft and Amazon, with Google highlighting licensing practices favouring Azure.
- **Marvell Technology (MRVL)** (Information Technology/Semiconductors & Semiconductor Equipment) Q3 2023 (USD): EPS 0.41 (exp. 0.40), Revenue 1.42bln (exp. 1.40bln). Revenue from datacentre end market grew 20%+ sequentially, seeing growth of 30%+ in Q4. **COMMENTARY:** Ahead, exec said strong growth from AI and cloud will carry it through softening demand environment in other end markets; these dynamics are reflected in its guidance. **GUIDANCE:** Q4 EPS view 0.41-0.51 (exp. 0.49), Revenue 1.42bln (exp. 1.46bln).
- **Seagen (SGEN)** (Health Care/Biotechnology) and **Astellas Pharma's (ALPMF)** sBLA for Padcev and Keytruda combination therapy in urothelial cancer enters FDA priority review with a decision expected by May, 2024. Positive Phase 3 trial results highlight improved survival and safety for previously untreated patients.



- **Tesla (TSLA)** (Consumer Discretionary/Automobiles) begins Cybertruck deliveries. Announced prices start at USD 60,990 for the vehicle, higher than the initial USD 40,000 announcement price in 2019. CEO Elon Musk anticipates an "extremely difficult" 18-month ramp-up post-initial deliveries.

## S&P 500

- **Becton Dickinson (BDX)** (Health Care/Health Care Equipment & Supplies) responds to FDA Safety Communication on plastic syringe evaluation, confirming its syringes aren't affected. Said it is committed to supporting the US healthcare system and willing to boost production for impacted providers.
- **Freeport McMoRan (FCX)** (Materials/Metals & Mining) reached agreement with Jiangxi Copper for 2024 copper concentrate treatment and refining charges at USD 80 per T or 8c per pound, according to a Reuters source.
- **Humana (HUM)** (Health Care/Health Care Providers & Services) reaffirmed FY23 of "at least" USD 28.25 (exp. 28.30), according to a filing.
- **Pfizer (PFE)** (Health Care/Pharmaceuticals) announced Phase 2b results for weight loss drug meets primary endpoints; twice-daily danuglipron formulation will not advance into Phase 3. While most common adverse events were mild and gastrointestinal in nature consistent with the mechanism, high rates were observed. Danuglipron demonstrated mean placebo-adjusted weight reductions ranging from -8% to -13% at 32 weeks and -5% to -9.5% at 26 weeks. High discontinuation rates, greater than 50%, were seen across all doses compared to approximately 40% with placebo.
- **Ulta Beauty (ULTA)** (Consumer Discretionary/Specialty Retail) Q3 2023 EPS 5.07 (exp. 4.96), Revenue 2.50bln (exp. 2.47bln); Longtime CFO Scott Settersten will retire in April 2024, will be succeeded by Senior VP of Finance Paula Oyibo. **KEY METRICS:** Comp. sales +4.5% Y/Y (exp. +3.3%) as transactions rose +5.9%, though average ticket prices fell 1.4%. Gross margin 39.9% (exp. 39.8%), Operating margin 13.15% (exp. 13.0%). Merchandise inventories +9.8% Y/Y. **FY23 GUIDANCE:** Narrows EPS outlook to 25.20-25.60 (exp. 25.37, prev. 25.10-25.60), SSS outlook to +5-5.5% (prev. +4.5-5.5%), Sales to 11.1-11.15bln (exp. 11.1bln, prev. 11.05-11.15bln).
- **United Airlines (UAL)** (Industrials/Passenger Airlines) predicts a weaker Q4 profit, anticipating between USD 1.50-1.80 (exp. 2.06). Said rising fuel prices (up over 20% since July) are squeezing profits. It expects an 11% increase in average fuel costs in Q4 Q/Q, leading to a more challenging financial outlook. Said it would increase capacity by nearly 10% this winter, and will be flying to more than double the number of cities from Houston.

## OTHER

- **Ambarella (AMBA)** (Information Technology/Semiconductors & Semiconductor Equipment) posted a shallower loss per share than expected and marginally beat on revenue. Exec said customers appeared to be making progress with inventory reduction, and expects to return to revenue growth in FY 2025. Q4 sales outlook surpassed consensus.
- **Dell Technologies (DELL)** (Information Technology/Technology Hardware, Storage & Peripherals) missed on revenue due to a slower-than-expected recovery in the hardware and software market. By segment, Q3 Infrastructure Solutions, Commercial, Consumer, and Storage sales missed. Q4 guidance was light. Note, profit and adj. operating income beat.
- **Elastic (ESTC)** (Information Technology/Software) beat on the top and bottom line. Q3 revenue view topped and raised FY24 guidance.
- **Fisker (FSR)** (Consumer Discretionary/Automobiles) now achieved all required approvals and licenses and satisfied insurance requirements to sell vehicles in Canada; Fisker will commence transporting vehicles from US ports to Canadian customers next week, making deliveries in December. Adjusting production guidance to just over 10,000 units for 2023.
- **Genesco (GCO)** (Consumer Discretionary/Specialty Retail) missed on the top and bottom line alongside cutting FY23 outlook.
- **Lattice Semiconductor (LSCC)** (Information Technology/Semiconductors & Semiconductor Equipment) board authorised share repurchases of an additional USD 250mln.



- **Li Auto (LI)** (Consumer Discretionary/Automobiles) delivered 41,030 vehicles in November, +172.9% Y/Y. YTD deliveries 325,677, achieving its 2023 target of 300,000 vehicles ahead of schedule.
- **Lyft (LYFT)** (Industrials/Ground Transportation) CEO told CNBC that it has 45% more driver hours now Y/Y, and claimed that employee confidence was at the highest in four years.
- **Nio (NIO)** (Consumer Discretionary/Automobiles) delivered 15,959 vehicles in November, +12.6% Y/Y or -0.7% M/M. Premium smart electric SUVs 10,545, -4.9% M/M; Premium smart electric sedans 5,414, +8.5% M/M; Delivered 142,026 vehicles YTD in 2023, +33.1% Y/Y.
- **PagerDuty (PD)** (Information Technology/Software) beat on profit and revenue. Q4 EPS view marginally topped with revenue midpoint in line. Strong FY24 outlook.
- **Petrobras (PBR)** (Energy/Oil, Gas & Consumable Fuels) announced new natural gas supply contracts with CEG and CEG Rio.
- **Samsara (IOT)** (Information Technology/Software) topped Wall St. expectations on EPS and revenue. Exec said that in the quarter it achieved the milestone of surpassing USD 1bln ARR. Q4 revenue guide beat alongside lifting FY24 outlook.
- **UiPath (PATH)** (Information Technology/Software) beat on the top and bottom line. Q3 ARR +24% Y/Y at USD 1.378bln (exp. 1.361bln). Q3 dollar-based net retention rate 121%.
- **XPeng (XPEV)** (Consumer Discretionary/Automobiles) delivered 20,041 Smart EVs in November, +245% Y/Y, surpassing monthly deliveries of 20k for the second straight month. YTD deliveries 121,486 units, +11% Y/Y; XPeng's G6's November deliveries of 8,750 units.

## BROKER MOVES

### UPGRADES

- Aegon (AEG) upgraded to Market Perform from Underperform at Keefe Bruyette
- Aspen Technology (AZPN) upgraded to Buy from Hold at Loop Capital
- Chemours (CC) upgraded to Outperform from Sector Perform at RBC Capital
- Constellation Brands (STZ) upgraded to Conviction Buy from Buy at Goldman Sachs
- Elastic (ESTC) upgraded to Overweight from Equal Weight at Wells Fargo
- Fortrea Holdings (FTRE) upgraded to Outperform from In Line at Evercore ISI
- Johnson & Johnson (JNJ) upgraded to Buy from Neutral at UBS
- Norfolk Southern (NSC) upgraded to Buy from Neutral at BofA
- Rio Tinto (RIO) upgraded to Buy from Hold at Liberum

### DOWNGRADES

- Alibaba (BABA) downgraded to Equal Weight from Overweight at Morgan Stanley
- BioNTech (BNTX) downgraded to Underweight from Neutral at JPMorgan
- ImmunoGen (IMGN) downgraded to Hold from Buy at Jefferies
- ImmunoGen (IMGN) downgraded to Market Perform from Outperform at BMO Capital
- ImmunoGen (IMGN) downgraded to Neutral from Buy at Guggenheim
- Lemonade (LMND) downgraded to Perform from Outperform at Oppenheimer
- MarketWise (MKTW) downgraded to Neutral from Buy at UBS
- Pearson (PSO) downgraded to Hold from Buy at Deutsche Bank
- Ree Automotive (REE) downgraded to Underweight from Neutral at Cantor Fitzgerald
- Remitly Global (RELY) downgraded to Peer Perform from Outperform at Wolfe Research
- Spotify (SPOT) downgraded to Neutral from Buy at Citi
- Texas Roadhouse (TXRH) downgraded to Neutral from Overweight at Piper Sandler
- Warner Bros. Discovery (WBD) downgraded to Buy from Conviction Buy at Goldman Sachs

### INITIATIONS

- Amdocs (DOX) rated New Buy at Jefferies; PT USD 105
- ARM Holdings PLC (ARM) ADRs rated New Hold at CFRA



- Atlassian (TEAM) rated New Sector Perform at Scotiabank; PT USD 185
- Bank OZK (OZK) rated New Buy at Citi; PT USD 50
- BankUnited (BKU) rated New Neutral at Citi; PT USD 28
- Boeing (BA) reinstated Buy at Stifel; PT USD 265
- Cadence Bank (CADE) rated New Neutral at Citi; PT USD 27
- Carrier Global (CARR) rated New Outperform at CICC; PT USD 60.50
- Columbia Banking (COLB) rated New Neutral at Citi; PT USD 23
- CSG Systems (CSGS) rated New Buy at Jefferies; PT USD 60
- Cullen/Frost (CFR) rated New Sell at Citi; PT USD 94
- Digital Realty (DLR) rated New Reduce at HSBC; PT USD 112
- East West Bancorp (EWBC) rated New Buy at Citi; PT USD 75
- Equinix (EQIX) rated New Buy at HSBC; PT USD 875
- First Horizon (FHN) rated New Buy at Citi; PT USD 14
- Hancock Whitney (HWC) rated New Neutral at Citi; PT USD 45
- Heico (HEI) reinstated Buy at Stifel; PT USD 200
- Hexcel (HXL) reinstated Buy at Stifel; PT USD 83
- Home BancShares (HOMB) rated New Neutral at Citi; PT USD 23
- Immuneering (IMRX) rated New Buy at Needham; PT USD 20
- Interactive Brokers (IBKR) rated New Buy at Redburn; PT USD 100
- Itron (ITRI) reinstated Hold at Canaccord; PT USD 68
- LPL Financial (LPLA) rated New Neutral at Redburn; PT USD 240
- Noble Corp. (NE) resumed Neutral at Susquehanna; PT USD 52
- Old National (ONB) rated New Buy at Citi; PT USD 17
- Pinnacle Financial (PNFP) rated New Buy at Citi; PT USD 86
- Popular (BPOP) rated New Buy at Citi; PT USD 86
- PriceSmart (PSMT) rated New Buy at Jefferies; PT USD 82
- Prosperity Banc (PB) rated New Buy at Citi; PT USD 68
- Seacor Marine (SMHI) rated New Buy at B Riley; PT USD 17
- Spirit Aero (SPR) reinstated Hold at Stifel; PT USD 28
- Texas Capital (TCBI) rated New Neutral at Citi; PT USD 57
- TransDigm (TDG) rated New Hold at Stifel; PT USD 1,000
- Valley National (VLY) rated New Neutral at Citi; PT USD 9.50
- Webster Financial (WBS) rated New Buy at Citi; PT USD 51
- Western Alliance (WAL) rated New Buy at Citi; PT USD 61
- Westinghouse Air Brake (WAB) rated New Positive at Susquehanna
- Wintrust Financial (WFC) rated New Buy at Citi; PT USD 101

## EX DIVIDENDS

- Analog Devices Inc - USD 0.86
- Linde PLC - USD 1.28
- Nike Inc - USD 0.37
- UnitedHealth Group Inc - USD 1.88

## Disclaimer

The information contained within this document has been prepared and issued by Newsquawk Voice Limited ("Newsquawk") on the basis of publicly available information and other sources believed to be reliable. Whilst all reasonable care is taken to ensure that the facts stated are accurate, neither Newsquawk nor any of its directors, officers or employees shall be in any way held responsible for its content or your use of it. Neither the provision of any content herein nor anything on our website or any other media we use is intended to, and should not be construed as, providing advice and/or enticing an offer or solicitation to invest in, buy or sell securities or other financial instruments.