



Daily US Equity Opening News

11th December 2023: CI cancels HUM merger plans; M receives USD 21 /shr buyout offer

- **FRIDAY CLOSE:** SPX +0.41% at 4,604, NDX +0.39% at 16,085, DJIA +0.36% at 36,248, RUT +0.67% at 1,881. **SECTORS:** Energy +1.12%, Technology +0.9%, Financials +0.5%, Consumer Discretionary +0.43%, Materials +0.33%, Industrials +0.33%, Health +0.18%, Communication Services -0.16%, Utilities -0.22%, Real Estate -0.23%, Consumer Staples -0.65%.
- **NASDAQ 100:** Its annual reconstitution of the Nasdaq-100 Index, effective before the market open on December 18th, will see the additions of **CDW Corporation (CDW)**, **Coca-Cola Europacific Partners (CCEP)**, **DoorDash (DASH)**, **MongoDB (MDB)**, **Roper Technologies (ROP)**, **Splunk (SPLK)**. As a result of the reconstitution, the following six companies will be removed: **Align Technology (ALGN)**, **eBay (EBAY)**, **Enphase Energy (ENPH)**, **JD.com (JD)**, **Lucid Group (LCID)**, **Zoom Video Communications (ZM)**.
- **AI STOCKS:** EU policymakers reached an agreement on its 'AI Act' which aims to regulate AI's diverse impacts. The law sets global standards, addressing risks in job automation, misinformation, and national security. It mandates transparency for major AI systems and restricts certain uses, including facial recognition by authorities, with penalties of up to 7% of global sales for violators.
- **BARRON'S:** **Palo Alto Networks (PANW)**, **CrowdStrike (CRWD)**, **Zscaler (ZS)** positive mention; said that these were the stocks to play the cybersecurity boom. **HCA Healthcare (HCA)** positive mention; said the stock was a buy, and it was making the best of a bad situation, adding that GLP1 worries are overstated, and it has the scale to achieve earnings growth. **Vertex (VRTX)** -positive mention; said its painkiller could spark big gains.
- **ASIA EVs:** France's new EV subsidy rules will grade vehicles based on emissions throughout production and transport. Cars below the threshold won't receive subsidies, according to Nikkei. Favouring local production, French-made EVs may benefit, while most Asian-made ones are likely ineligible due to longer transport distances and energy sources.
- **CHIPS:** New York joins **IBM (IBM)** and **Micron (MU)** in USD 10bln chip research complex, according to WSJ.

DOW JONES

- **Apple's (AAPL)** (Information Technology/Technology Hardware, Storage & Peripherals) VP of product design for iPhone and smartwatch Tang Tan is resigning in February, prompting restructuring in critical product divisions. Tan's deputy Richard Dinh will report to John Ternus, while Kate Bergeron will oversee Apple Watch design.
- **Boeing (BA)** (Industrials/Aerospace & Defense) appoints Stephanie Pope as executive VP and COO in a newly created position; positioning her as the potential successor to CEO David Calhoun.
- **Merck (MRK)** (Health Care/Pharmaceuticals) Animal Health received a positive CVMP opinion for an injectable formulation of Bravecto for use in dogs. Separately, Merck and **Moderna (MRNA)** initiate a phase 3 study, Interpath-002, evaluating V940 (MRNA-4157) in combination with Keytruda for adjuvant treatment of patients with certain types of resected non-small cell lung cancer.
- **Microsoft (MSFT)** (Information Technology/Software) is converting 77 contracted temps into unionised employees amidst negotiations with ZeniMax Workers United. 23 staff will obtain full-time roles with a 22% pay rise, while others get temporary positions with increased pay, benefits, and previously denied perks like video game copies they contributed to.

NASDAQ 100



- **Amazon (AMZN)** (Consumer Discretionary/Broadline Retail) filed a lawsuit in Seattle accusing the group REKK of orchestrating a fraudulent refund scheme, allegedly stealing millions in online products between June 2022 and May 2023, according to NYT.
- **AstraZeneca (AZN)** (Health Care/Pharmaceuticals) results from the ALPHA Phase III trial indicate danicopan's sustained benefits for paroxysmal nocturnal hemoglobinuria patients with clinically significant extravascular hemolysis.
- **GlobalFoundries (GFS)** (Information Technology/Semiconductors & Semiconductors Equipment) announced John Hollister will join as CFO, effective February 5th, 2024.
- **Google's (GOOGL)** (Communication Services/Interactive Media & Services) showcased Gemini AI model, known for multimodal capabilities, faced criticism after a widely viewed demo was revealed to be significantly faked, according to TechCrunch. The video portrayed interactive abilities that were pre-scripted via text prompts and still images, diverging from live, genuine interaction.
- **Nvidia (NVDA)** (Information Technology/Semiconductors & Semiconductor Equipment) aims to establish a semiconductor base in Vietnam. During the CEO's inaugural visit, NVDA expressed intent to create a centre in Vietnam, reinforcing its commitment to the region. Separately, NVDA CFO said he would love to have a third foundry partner, and expressed the possibility of outsourcing chipmaking to **Intel (INTC)**, according to DigiTimes.
- **Regeneron (REGN)** (Health Care/Biotechnology) shared updated data on odronextamab for relapsed/refractory diffuse large B-cell lymphoma (DLBCL) at ASH's 65th Annual Meeting; demonstrated promising response rates and potential as a treatment option. It's undergoing regulatory review for DLBCL and follicular lymphoma. Safety and efficacy are still under assessment.
- **Starbucks (SBUX)** (Consumer Discretionary/Hotels, Restaurants & Leisure) intends to restart contract negotiations with the newly formed Starbucks Workers United union, aiming to resolve a months-long deadlock after successful union representation votes at around 350 out of 9,000 US stores, according to FT.
- **Tesla (TSLA)** (Consumer Discretionary/Automobiles) has seen another departure in its AI and autonomous technology team; principal system engineer Bill Chang left in October. Separately, Tesla vehicles were reportedly involved in eight fatal or serious crashes, utilising Autopilot on roads where its use was inappropriate, despite federal officials urging limitations, WaPo reports. In other news, the Danish fund PFA said Nordic Pension Groups will co-sign a letter to the TSLA board this week asking the co. to respect Nordic collective bargaining.

S&P 500

- **AbbVie (ABBV)** (Health Care/Biotechnology) and **Genmab (GMAB)** present new data for bispecific antibody epcoritamab; phase 1/2 EPCORE NHL-1 trial data on epcoritamab, demonstrating an 82% overall response rate, 63% complete response rate, and 67% minimal residual disease negativity in relapsed/refractory follicular lymphoma patients.
- **Bristol Myers Squibb (BMY)** (Health Care/Pharmaceuticals) presented Phase 3 COMMANDS trial data at ASH 2023, highlighting Reblozyl's efficacy over epoetin alfa in treating anaemia in lower-risk myelodysplastic syndromes.
- **Cigna (CI)** (Health Care/Health Care Providers & Services) cancels plan to merge with **Humana (HUM)** due to disagreement over financial terms, opting for a big stock buyback instead, according to WSJ. Shareholders' resistance to the USD 140bln proposal led to the decision; CI now aims for smaller acquisitions amid this shift in focus. Cigna reaffirmed FY23 and FY24 guidance, and the Board approved an increase of USD 10bln in its share repurchase authorisation, bringing the total authority to USD 11.3bln.
- **Occidental (OXY)** (Energy/Oil, Gas & Consumable Fuels) to acquire CrownRock, acquisition valued at circa. USD 12bln and generates immediate cash flow accretion. Intends to finance the purchase with the incurrence of USD 9.1bln of new debt; to finance deal with the issuance of USD 1.7bln of common equity and assumption of CrownRock's USD 1.2bln of existing debt. Deal expected to deliver increased FCF, including USD 1bln in the first year based on WTI at USD 70/bbl. Intends to increase quarterly common stock dividend/shr to USD 0.22/shr (prev. 0.18/shr).
- **Paramount Global's (PARA)** (Communication Services/Media) controlling shareholder, Shari Redstone's National Amusements, is exploring a potential sale to Skydance, according to FT, with parties already entering



preliminary talks. The deal still might not happen. FT also notes that multiple parties have shown interest in Paramount's assets amid ongoing discussions.

- **Pfizer's (PFE)** (Health Care/Pharmaceuticals) Phase 3 trial on marstacimab for severe haemophilia showed a significant reduction in annualized bleeding rate (ABR) compared to standard treatment. Consistency across subgroups and secondary endpoints, along with a good safety profile, was observed.
- **Southwest Airlines (LUV)** (Industrials/Passenger Airlines) flight attendants overwhelmingly rejected a proposed contract offering a 20% immediate pay raise, 3% annual increases till 2028, and a ratification bonus. The vote (11,761 for vs 6,635 against) has prompted resumed negotiations, with the union aiming to secure a more satisfactory collective bargaining agreement.
- **Take-Two (TTWO)** (Communication Services/Entertainment) CFO Lainie Goldstein sold 20,701 shares on December 6th at USD 158.0096/shr.

OTHER

- **Anglo American (NGLOY)** (Materials/Metals & Mining) faces potential takeover or merger interest after a GBP 30bln valuation drop under CEO Duncan Wanblad, The Times reports citing analysts. Shares plunged by 20% due to a lowered copper production outlook, compounded by challenges in Chile, Peru, and various commodity price declines.
- **Blackberry (BB)** (Information Technology/Software) names John Giamatteo as CEO.
- **Farfetch (FTCH)** (Consumer Discretionary/Specialty Retail) is seeking a USD 500mln lifeline before Christmas to avoid bankruptcy, The Times reports.
- **GSK's (GSK)** (Health Care/Pharmaceuticals) Jemperli plus chemotherapy is approved as the first and only frontline immuno-oncology treatment in the EU for dMMR/MSI-H primary advanced recurrent endometrial cancer.
- **Kontoor Brands (KTB)** (Consumer Discretionary/Textiles, Apparel & Luxury Goods) announces USD 300mln share repurchase programme.
- **Macy's (M)** (Consumer Discretionary/Broadline Retail) - Arkhouse Management and Brigade Capital Management have proposed a USD 5.8bln buyout offer to take Macy's private at USD 21/shr, seeking to acquire the remaining stock, according to WSJ report; bid aims to privatise the department-store chain due to online competition impacting its value. Note, M closed Friday at USD 17.39/shr.
- **Novartis (NVS)** (Health Care/Pharmaceuticals) reported positive 48-week extension data from the pivotal Phase III APPLY-PNH trial of Fabhalta in paroxysmal nocturnal hemoglobinuria patients.
- **Sea Limited (SE)** (Communication Services/Entertainment) - TikTok agreed to invest USD 1.5bln in a JV with Indonesia's GoTo Group, part of a pact that lets the Chinese co. restart its shopping app in its biggest online retail market. GoTo is a rival to Sea Ltd in Indonesia.
- **Unilever (UL)** (Consumer Staples/Personal Products) new CEO is under pressure from top investor Nick Train, who said the co. is at risk of a break-up, amid years of slow growth, The Telegraph reports.

BROKER MOVES

UPGRADES

- ABB (ABB) upgraded to Buy from Neutral at Citi
- AbbVie (ABBV) upgraded to Buy from Neutral at Goldman Sachs
- ArcelorMittal (MT) upgraded to Outperform from Neutral at Oddo BHF
- Avantor (AVTR) upgraded to Outperform from Market Perform at TD Cowen
- Best Buy (BBY) upgraded to Buy from Hold at Jefferies
- Cigna (CI) upgraded to Buy from Hold at Jefferies
- Coterra Energy (CTRA) upgraded to Buy from Neutral at Citi
- Devon Energy (DVN) upgraded to Overweight from Equal Weight at Morgan Stanley
- DLocal (DLO) upgraded to Equal Weight from Underweight at Barclays



- Domino's Pizza (DPZ) upgraded to Buy from Hold at Benchmark
- EQT Corporation (EQT) upgraded to Buy from Neutral at Citi
- Equitable Holdings (EQH) upgraded to Buy from Hold at Jefferies
- Fortrea Holdings (FTRE) upgraded to Buy from Neutral at Citi
- Haleon (HLN) assumed with Buy from Hold at Jefferies
- HP Inc. (HPQ) upgraded to Outperform from In Line at Evercore ISI
- Illumina (ILMN) upgraded to Neutral from Sell at Citi
- iRhythm (IRTC) upgraded to Buy from Neutral at Citi
- J.B. Hunt Transport Services (JBHT) upgraded to Outperform from Market Perform at BMO Capital
- Kraft Heinz (KHC) upgraded to Outperform from In Line at Evercore ISI
- Lennox (LII) upgraded to Overweight from Equal Weight at Stephens
- National Grid (NGG) upgraded to Buy from Neutral at UBS
- Netstreet (NTST) upgraded to Buy from Neutral at Mizuho
- Nike (NKE) upgraded to Buy from Neutral at Citi
- Occidental Petroleum (OXY) upgraded to Overweight from Equal Weight at Morgan Stanley
- Pinterest (PINS) upgraded to Outperform from Sector Perform at RBC Capital
- Portland General Electric (POR) upgraded to Overweight from Equal Weight at Barclays
- Realty Income (O) upgraded to Buy from Neutral at Mizuho
- Regal Rexnord (RRX) upgraded to Outperform from Peer Perform at Wolfe Research
- Reinsurance Group (RGA) upgraded to Buy from Hold at Jefferies
- Snap (SNAP) upgraded to Overweight from Equal Weight at Wells Fargo
- Southwestern Energy (SWN) upgraded to Buy from Neutral at Citi
- Spotify Technology (SPOT) upgraded to Buy from Neutral at Rosenblatt
- Unilever (UL) upgraded to Market Perform from Underperform at Bernstein
- Universal Health (UHS) upgraded to Buy from Sell at Goldman Sachs

DOWNGRADES

- Agilon Health (AGL) downgraded to Neutral from Buy at Goldman Sachs
- Agree Realty (ADC) downgraded to Neutral from Buy at Mizuho
- Align Technology (ALGN) downgraded to Sell from Neutral at Goldman Sachs
- Conagra Brands (CAG) downgraded to In Line from Outperform at Evercore ISI
- Crispr Therapeutics (CRSP) downgraded to Underperform from Market Perform at TD Cowen
- CubeSmart (CUBE) downgraded to In Line from Outperform at Evercore ISI
- Domino's Pizza (DPZ) downgraded to Neutral from Overweight at Piper Sandler
- Edwards Lifesciences (EW) downgraded to Neutral from Buy at Citi
- Envista (NVST) downgraded to Sell from Buy at Goldman Sachs
- EOG Resources (EOG) downgraded to Equal Weight from Overweight at Morgan Stanley
- Equity Residential (EQR) downgraded to Neutral from Buy at Mizuho
- Gaming and Leisure Properties (GLPI) downgraded to Neutral from Buy at Mizuho
- HCA Healthcare (HCA) downgraded to Neutral from Buy at Goldman Sachs
- Huntsman (HUN) downgraded to Equal Weight from Overweight at Morgan Stanley
- Magnolia Oil & Gas (MGY) downgraded to Sell from Neutral at Citi
- Marathon Oil (MRO) to Equal Weight from Overweight at Morgan Stanley
- Mettler-Toledo (MTD) downgraded to Sell from Neutral at Citi
- National Storage (NSA) downgraded to Underperform from In Line at Evercore ISI
- Parker-Hannifin (PH) downgraded to Peer Perform from Outperform at Wolfe Research
- QuidelOrtho (QDEL) downgraded to Neutral from Buy at Citi
- Sea Limited (SE) downgraded to Hold from Buy at DBS Bank
- Supramicro (SMCI) downgraded to Negative from Neutral at Susquehanna
- Unilever (UL) assumed with Underperform from Buy at Jefferies
- Vornado (VNO) downgraded to Underperform from In Line at Evercore ISI
- Wingstop (WING) downgraded to Hold from Buy at Benchmark

INITIATIONS

- American Air (AAL) rated New Buy at Fubon; PT USD 17.35
- Broadcom (AVGO) resumed Buy at Citi; PT USD 1,100
- Ferrari (RACE) rated New Sell at Pekao Investment Banking; PT USD 291.81
- Humacyte (HUMA) rated New Buy at HC Wainwright; PT USD 6
- Intra-Cellular (ITCI) rated New Outperform at Cowen; PT USD 75
- Kodiak Sciences (KOD) reinstated Sell at Goldman; PT USD 2



- Landstar (LSTR) rated New Neutral at JPMorgan; PT USD 186
- Ondas (ONDS) rated New Buy at Ladenburg Thalmann; PT USD 3.50
- Piedmont Lithium (PLL) rated New Neutral at JPMorgan; PT USD 25
- Shimmick (SHIM) rated New Buy at Roth MKM; PT USD 10
- Spyre Therapeutics Inc (SYRE) rated New Buy at Guggenheim; PT USD 44
- Spyre Therapeutics Inc (SYRE) rated New Buy at Jefferies; PT USD 31
- Stellantis (STLA) rated New Underweight at Wells Fargo; PT USD 19.40

EX DIVIDENDS

- Best Buy Co Inc - USD 0.92

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