



Newsquawk US Early Morning: Index futures mixed after disappointing AMZN and AAPL earnings; PCE data due ahead of next week's FOMC; watch-out for month-end choppiness

Description

USA: US index futures are mixed, with the RTY and YM higher (by 0.2% and 0.1%, respectively), while the ES and NQ are in negative territory (by 0.4% and 0.7%, respectively), the latter group pressured after investor disappointment with earnings from mega caps Apple (AAPL) and Amazon (AMZN) (down 2.2% and 9%, respectively). That said, the global risk tone is generally constructive, with APAC equities taking impetus from a higher close on Wall St (rebounding from the afternoon wobble), but upside was said to be capped on month-end factors, and ahead of next week's mass closures. In Europe, the day began on the front foot amid a slate of heavy earnings, while local traders will be eying the key inflation and growth data out later in the European morning. Treasury yields are lower by 2-3bps, with the belly leading the rally; month-end factors will be in play today, and desks have suggested the Treasury index extension is +0.07yrs. Traders will also be eying the US PCE data for March due in the US premarket, which is expected to show headline core prices moderating a little on an annualised basis. The data will be framed in the context of next week's FOMC meeting, where officials are likely to hike rates by 50bps (money markets are also predicting the Fed lifts rates by the same magnitude in the two meetings that follow) and perhaps announce the start of balance sheet normalisation; we also have the April jobs report to contend with at the tail end of next week.

Meanwhile, the Dollar is lower by around 0.6%, sitting on the 103 figure; the moves appear to have been driven by a rally in the CNY, which fell below 6.6 overnight amid officials hinting at further support for the economy in areas of capital markets, foreign investments, the tech and property sectors (NOTE: China PMIs are set to be released over the weekend, and there are mass holiday closures in Asia next week). Crude benchmarks are higher by 0.70-1.10, with WTI outperforming. ING explains that crude is being underpinned by lower supplies from the North Sea and continued strength in the refined products market, as well as the possibility of EU import restrictions on Russian crude ahead; elsewhere, OPEC officials are expected to guide steady policy at their meetings next week.

KEY US EQUITY LEVELS:

- **SPX:** 4061/57, 4081, 4115, 4162/58, 4175/73, 4234, 4258, 4278, 4296/99, 4316.

- **NDX:** 12628, 12722, 12798, 12840, 13010/12948, 13220/40, 13448, 13542, 13769/89, 13834.
- **RUT:** 1825, 1839, 1850, 1862/60, 1890/82, 1912, 1921, 1940, 1954, 1977.

CONSUMER CYCLICAL:

- **Amazon Inc (AMZN)** – Fell 9% after hours after it reported its first loss since 2015, while its outlook for Q2 underwhelmed expectations. Q1 EPS -7.56 (exp. 8.36), Revenue USD 116.4bln (exp. 116.3bln). Said Q1 2022 net loss includes a pre-tax valuation loss of USD 7.6bln included in non-operating expenses from its common stock investment in Rivian Automotive. Online stores net sales USD 51.13bln (exp. 51.5bln). Physical Stores net sales USD 4.59bln (exp. 4.3bln). Third-Party Seller Services net sales USD 25.34bln (exp. 24.99bln). Subscription Services net sales USD 8.41bln (exp. 8.55bln). AWS net sales USD 18.44bln (exp. 18.25bln). Sees Q2 net sales USD 116.0bln-121.0bln (exp. 125.01bln). AMZN is 'no longer chasing physical or staffing capacity'. On call, an exec said Prime members continued to be a key driver of growth, and have meaningfully grown since the begin of the pandemic. Inflation added USD 2bln in costs — it is adjusting capacity expansion plans in 2022 to improve cost performance — while it has not yet seen any degradation in order patterns based on inflation. The Omicron variant resulted in lower productivity.
- **Mohawk Industries (MHK)** – Jumped over 10% after hours. Q1 adj. EPS 3.78 (exp. 2.90), and Q1 revenue USD 3bln (exp. 2.85bln). Results reflected higher pricing, growth in its ceramic businesses, an improving commercial sector, and benefit from our small acquisitions.
- **Fortune Brands Home & Security (FBHS)** – Gained 5.2% after the bell. Announced that it intends to separate into two companies. Q1 adj. EPS 1.31 (exp. 1.26), and Q1 revenue USD 1.9bln (exp. 1.89bln). Raised the midpoint of its FY EPS view by +0.05, now sees FY22 EPS between 6.40-6.60 (exp. 6.40).

TECH:

- **Apple Inc. (AAPL)** – Initially rallied after Q2 results were published, but then languished as an exec said noted challenges in the quarter, including supply constraints which could hurt sales by USD 4-8bln; shares slipped by 2.2% in extended trading. Q2 EPS 1.52 (exp. 1.43), Revenue USD 97.28bln (exp. 93.89bln); authorised additional USD 90bln of share buybacks, and Board boosted dividend +5% to USD 0.23/shr per share. iPad revenue USD 7.65bln (exp. 7.14bln), iPhone revenue USD 50.57bln (exp. 47.88bln), Mac revenue USD 10.44bln (exp. 9.25bln), Services revenue USD 19.82bln (exp. 19.72bln). CFO says iPad had very significant supply constraints on the quarter, while war in Ukraine affected the company in March, and will affect it more in the June quarter. Exec said supply constraints were significantly lower in Q2 than in Q1, while its Shanghai factories have resumed operations.
- **Intel Corp (INTC)** – Fell 3.9% after results with Q1 revenues and profits a little above expectations, but the Q2 guide was light. Q1 adj. EPS 0.87 (exp. 0.81), Q1 revenue USD 18.35bln (exp. 18.31bln). Q1 adj. gross margin 53.1% (exp. 52%), adj. operating margin 23.1% (exp. 21%). Reaffirmed its FY revenue guide; Q2 revenue seen at USD 18bln (exp. 18.46bln). CFO said it could see more of a material impact if China's lockdown persisted or spread.
- **KLA Corp (KLAC)** – Q3 EPS 5.13 (exp. 4.82), Q3 revenue USD 2.29bln (exp. 2.2bln). Sees Q4 adj. EPS at USD 4.93-6.03/shr (exp. 5.30), and sees Q4 revenue at USD 2.3-2.55bln (exp. 2.35bln).
- **Robinhood Markets (HOOD)** – Tumbled 11.4% after hours as revenue fell 43%. Q1 EPS -0.45

(exp. -0.36), Q1 revenue USD 0.30bln (exp. 0.36bln). Q1 equities revenue -73% to USD 36mln (vs 133mln Y/Y), MAUs -10% to 15.9mln (vs 17.7mln Y/Y). Cut its expense view for the FY.

- **Western Digital Corporation (WDC)** – Rose by almost 1% after hours. Q3 adj. EPS 1.65 (exp. 1.42), Q3 revenue USD 4.38bln (exp. 4.1bln). Sees Q4 adj. EPS between 1.60-1.90 (exp. 1.69), and sees Q4 revenue between USD 4.5-4.7bln (exp. 4.36bln). Exec noted that “dynamic geopolitical and macroeconomic environment, as well as ongoing supply challenges”; ahead, exec said it was optimistic about the outlook, and believes secular demand for storage and product ramps in HDD and flash will drive growth across our end markets.
- **Zendesk (ZEN)** – Gained 1.4% after hours. Q1 EPS 0.12 (exp. 0.14), Q1 revenue USD 388.3mln (exp. 384.6mln). Sees Q2 revenue between USD 402-408mln (exp. 404.6mln). Sees FY revenue between 1.685-1.71bln (exp. 1.69bln).
- **First Solar (FSLR)** – Rose after hours. Q1 loss per share of 0.41 (exp. -0.42) Q1 revenue USD 367.04mln (exp. 592.7mln). Said revenue decrease was due to a decrease in module sold volumes, a decrease in the module average selling prices, and lower project revenues in Japan. Exec said it was encouraged by its strong bookings progress, as it booked 11.9 GWDC in less than 60 days since the prior earnings call. Reiterated its FY22 revenue guide of USD 2.4-2.6bln (exp. 2.54bln), and sees FY22 shipments between 8.9-9.4GW.
- **Five9 (FIVN)** – Rose 7.2% after hours as it beat on top- and bottom-line, while guidance was decent. Q1 EPS 0.22 (exp. 0.13), Q1 revenue USD 182.8mln (exp. 171mln). Sees Q2 EPS at 0.18 (exp. 0.15), and sees Q2 revenue between USD 179-180mln (exp. 174mln); FY22 EPS seen between 1.22-1.24 (exp. 1.13), and FY22 revenue seen between USD 770-773mln (exp. 756.7mln).
- **National Instruments Corporation (NATI)** – Dropped 9.8% after hours. Q1 EPS 0.41 (exp. 0.22), Q1 revenue USD 385mln (exp. 402.7mln). Sees Q2 EPS between 0.25-0.39 (exp. 0.31), and sees Q2 revenue between USD 370-410mln (exp. 421.7mln)
- **Atlassian Corporation (TEAM)** – Q3 EPS 0.47 (exp. 0.32), Q3 revenue USD 740.5mln (exp. 701.3mln). Q3 subscription revenue USD 555.1mln (exp. 529.3mln). Q3 customers tally +10% Y/Y at 234,575 (exp. 247,384).

COMMUNICATIONS:

- **Roku (ROKU)** – Gained 2.6% after the bell as streaming hours increased, while active accounts grew. Q1 EPS -0.19 (exp. -0.18), Q1 revenue USD 733.7mln (exp. 718.1mln). Q1 platform revenue +39% to USD 647mln; added 1.1mln active accounts in Q1, reaching 61.3mln; streaming Hours +1.4bln Q/Q to 20.9bln (exp. 20.7bln); ARPU +34% Y/Y to USD 42.91. Continues to back FY22 revenue growth of +35% Y/Y (exp. 3.7bln), sees Q2 revenue at USD 805mln (exp. 815.7mln).
- **Altice USA (ATUS)** – Q1 EPS 0.43c (exp. 0.32), Q1 revenue USD 2.42bln (exp. 2.44bln). Exec said expansion of its Optimum fibre network was on schedule.
- **Deutsche Telekom's (DEGY)** – German labour union rejected Deutsche Telekom's latest wage offer.
- **Pearson (PSO)** – Underlying sales were higher. Q1 underlying sales +7% Y/Y. Online learnings revenue +3% Y/Y.
- **KPN (KKPNY)** – Core profits higher, but adj. EBITDA lagged. Q1 revenue EUR 1.31bln (prev. 1.29bln Y/Y). Net EUR 179mln (prev. 141mln Y/Y). Narrows its capex guidance to EUR 1.2bln (prev. 1.1-1.3bln). Affirms FCF guidance.
- **Proximus (BGAOY)** – Reiterated FY guidance. Q1 revenue EUR 1.40bln (prev. 1.37bln). Adj.

EBITDA EUR 448mln (exp. 440mln).

FINANCIALS:

- **Citigroup (C)** – US OCC lifts 10yr consent order related to the bank's compliance with anti-money laundering laws and the Bank Secrecy Act, Bloomberg reported.
- **Hartford Financial Services Group (HIG)** – Fell 1.4% after hours. Q1 core EPS 1.66 (exp. 1.54), Q1 revenue USD 5.39 (exp. 5.57bln). Property & Casualty business sustained momentum in Q1, commercial underwriting saw expanded margin contributions, commercial pricing moderated Q/Q but is still exceeding loss trends across most product lines.
- **NatWest Group (NWG)** – Profits rise amid higher rates boosting income. Q1 adj. pretax GBP 1.25bln (exp. 840mln). Net GBP 841mln (exp. 525mln). AIB has entered into exclusive discussions with NatWest for the acquisition of around EUR 6bln in mortgages.
- **Amundi (AMUN)** – Noted a less favourable environment in the quarter, but profits still rose. Q1 revenue EUR 835mln (prev. 770mln Y/Y). Adj. net EUR 324mln (prev. 206mln). CEO notes of a more difficult against the backdrop of market volatility.
- **BBVA (BBVA)** – Net profits rose Y/Y, supported by Mexico operations. Q1 net income EUR 1.65bln (exp. 1.21bln). Revenue EUR 5.42bln (prev 5.16bln). Adj. ROTE 15.9% (prev. 9.8%). CET1 ratio 12.7% (prev. 11.9% Y/Y).
- **Caixabank (CAIXY)** – Adj. net profits were up Y/Y. Q1 revenue EUR 2.78bln (prev. 2.06bln). NII EUR 1.55bln (exp. 1.54bln). Net EUR 707mln (exp. 588mln).
- **Danske Bank (DNKEY)** – Profits were below expectations. Q1 net Income DKK 2.85bln (exp. 2.94bln). Revenue DKK 10.3bln (prev. 10.8bln).

HEALTH CARE:

- **AstraZeneca (AZN)** – Topped Q1 estimates, but maintained its 2022 forecasts. Q1 revenue USD 11.4bln (exp. 11.1bln). Core EPS USD 1.89 (exp. 1.70). Reiterates FY guidance. China total revenue expected to decline mid-single-digits in FY22. FY22 margins are expected to be lower than company averages. Notes of possible variation in performance in coming quarters amid uncertainty.
- **Gilead Sciences (GILD)** – Q1 adj. EPS 2.12 (exp. 1.81), Q1 revenue USD 6.59bln (exp. 6.28bln). Key pharma revenue revenues: Biktarvy +18% Y/Y at USD 2.15bln (exp. 2.13bln), Veklury +5.4% Y/Y at USD 1.54bln (exp. 1.11bln).
- **Roche (RHHBY)** – Data for Evrysdi showed long-term improvements in survival and motor milestones in babies with Type 1 SMA.
- **Stryker Corp (SYK)** – Q1 adj. EPS 1.97 (exp. 1.95), Q1 revenue 4.30bln (exp. 4.18bln). Exec encouraged by the steady improvement of surgery volumes, robust demand for capital products; however, it expects supply chain challenges to persist for much of the year.
- **DexCom (DXCM)** – Slipped by 3.9% after hours. Q1 EPS 0.92/shr, but Q1 adj. was EPS 0.32 (exp. 0.52), and Q1 revenue USD 628.8mln (exp. 624.5mln). Maintained prior FY guidance.
- **Signify (PHPPY)** – Exceeded expectations as sales supported by demand for energy saving products. Q1 revenue EUR 1.79bln (prev. 1.60bln Y/Y). Net EUR 87mln (prev. 60mln). Affirms FY22 SSS, adj. EBITDA margin and FCF margin guidance.
- **Emergent BioSolutions (EBS)** – Fell 4.4% after hours. Q1 adj. EPS 0.18 (exp. 0.12), Q1 revenue USD307.5mln (exp. 283.6mln).

MATERIALS:

- **BASF (BASFY)** – Flagged risks around Russia and China, but reaffirmed its profit forecasts. Q1 revenue EUR 23.1bln (prev. 19.4bln). Adj. EBIT EUR 2.82bln (prev. 2.32bln). Net EUR 1.22bln (prev. 1.72bln). FCF EUR -893mln (prev. -981mln Y/Y). Affirms FY22 revenue, adj. EBIT, and ROCE guidance.
- **Celanese Corporation (CE)** – Gained almost 5% after hours. Q1 adj. EPS 5.54 (exp. 4.52), Q1 revenue USD 2.5bln (exp. 2.26bln). Sees FY22 adj. EPS rising towards FY21 levels (exp. 15.79). Exec noted solid sequential rise in EPS, and “tremendous momentum” at the start of 2022.
- **Eastman Chemical Company (EMN)** – Fell 1.3% after hours. Q1 adj. EPS 2.06 (exp. 2.11), Q1 revenue USD 2.71bln (exp. 2.5bln). Company said EPS included USD 125mln hit from a steam line incident at Kingsport, and also reflected strong pricing to offset significant inflation of raw material, energy, and distribution costs, continued solid end-market demand. Reiterated FY22 EPS outlook between 9.50-10.00 (exp. 9.62).

INDUSTRIALS:

- **Tesla (TSLA)** – CEO Musk filed to sell around 2.26mln Tesla shares, and an additional sale of 889.8mln shares; CEO Musk said no further Tesla sales planned after today. Separately, Tesla recalled 14,684 imported and China made Model 3s.
- **L3Harris Technologies (LHX)** – Q1 adj. EPS 3.12 (exp. 2.87), Q1 revenue USD 4.1bln (exp. 3.9bln). Sees FY22 revenue between USD 17.3-17.7bln (exp. 16.49bln), and sees FY22 adj. EPS between 13.35-13.65 (exp. 12.79).
- **Safran (SAFRY), Airbus (EADSY)** – Safran confirmed outlook in its results, and also struck a deal with Airbus on engine output. Safran’s Q1 revenue EUR 4.07bln (prev. 3.34bln), organic revenue grew +17%. Safran notes that the loss of activity from the Russia-Ukraine conflict amounted to around 2% of sales.
- **Saint-Gobain (CODY)** – Posted record sales but warned of rising costs. Q1 revenue EUR 12.5bln (exp. 11.5bln), LFL sales +16.4%; affirms FY22 operating income ‘further increase’. Amid rising inflation, expects energy and raw material costs to rise by around EUR 2.5bln in 2022 vs. 2021.

ENERGY:

- **Eni (E)** – Results were better than expected on strong pricing. Q1 adj. operating profit EUR 5.19bln (exp. 4.640bln). Net EUR 3.27bln (exp. 2.57bln). 2022 capex is seen at EUR 8bln, vs original guidance of EUR 7.7bln. Q1 production 1.65mln BPD (Co. exp. 1.66mln BPD).
- **OMV (OMVY)** – Sales supported by higher gas prices, but Nord Stream hit net figures, and it cut its production outlook. Q1 revenue EUR 15.8bln (prev. 6.43bln Y/Y). Operating profit EUR 2.62bln (prev. 0.87bln). Cuts its FY22 total production guidance to 390k BPD (prev. 470k BPD). Cuts organic capex guidance to EUR 1.3bln (prev. 3.5bln).
- **CONSUMER STAPLES:**
- **Reckitt (RBGLY)** – Sales grew after price hikes. Q1 LFL sales +5.6% (exp. +1.24%). Now expects LFL net revenue towards the upper end of prior guidance.
- **Remy Cointreau (REMY)** – Sales rose, and is confident about the outlook despite the China COVID situation. FY21 revenue EUR 1.31bln (prev. 1.01bln). Organic revenue +27.3% Y/Y. Cognac sales +26.3% Y/Y, Liqueurs +31.7% Y/Y. Expects a strong start to the year. Affirms

FY22 organic operation guidance.

Category

1. Economy-Business-Fin/Invest
2. Main

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