TOP NEWS

- **Deere raises profit forecast as equipment demand soars**
  Deere & Co raised its annual profit forecast boosted by higher sales for its tractors, combines and sprayers as gaps in global grain supply triggered by the Russia's invasion of Ukraine fueled crop prices and spurred demand.

- **Crown shareholders approve Blackstone deal; regulatory nods may pose delay**
  Crown Resorts' shareholders approved a $6.3 billion buyout by Blackstone, but the deal faces further delays as it awaits nods from the regulators of states where the troubled casino operator ran its businesses.

- **Applied Materials forecasts gloomy current quarter as supply chain woes persist**
  Applied Materials forecast third-quarter revenue and profit below estimates, signaling that supply bottlenecks, exacerbated by the COVID-19 lockdowns in China, would hamper its ability to meet demand for its chipmaking tools.

- **Musk says 'Tesla is on my mind 24/7' amid concerns about Twitter distraction**
  Tesla CEO Elon Musk said on Thursday that "Tesla is on my mind 24/7," trying to soothe investor worries about him being distracted by a Twitter deal that has depressed stocks at the electric car company.

- **JPMorgan targets more of Germany's Mittelstand economic engine**
  JPMorgan Chase & Co plans to make further inroads in Germany by targeting more of the medium-sized firms that form the backbone of Europe's largest economy, executives at the U.S. bank said.

BEFORE THE BELL

U.S. stock index futures were higher, and global shares rebounded after China cut a key lending benchmark to support its economy, while investors remained cautious amid worries about slowing growth and high inflation. Gold prices rose as a pullback in the dollar from two-decade highs and deepening concerns over U.S. economic growth burnished the metal's safe-haven appeal. Oil prices steadied as a planned European ban on Russian oil balanced out investor concerns about weakening economic growth hitting demand.

STOCKS TO WATCH

**Deals of the Day**

- **Blackstone Inc:** Crown Resorts Ltd's shareholders approved a $6.3 billion buyout by Blackstone, but the deal faces further delays as it awaits nods from the regulators of states where the troubled casino operator ran its businesses. Crown's Chairman Ziggy Switkowski said the company would delay a conclusive Federal Court hearing - earlier scheduled for next week - to week starting June 6, as it was unsure of securing regulatory assent before that. In the scheme meeting, 92.1% Crown shareholders voted in favour of the deal, while 99.9% of the
votes were in approval. The success of the deal with the U.S. private equity giant could give billionaire James Packer an out from the beleaguered Australian casino firm hit by scandals and regulatory setbacks and draw the curtain on one of Australia’s most storied business dynasties.

Results

- **Applied Materials Inc**: The company forecast third-quarter revenue and profit below estimates, signaling that supply bottlenecks, exacerbated by the COVID-19 lockdowns in China, would hamper its ability to meet demand for its chipmaking tools. Applied Materials estimates current-quarter revenue of $6.25 billion, plus or minus $400 million. Analysts on average expect revenue of $6.73 billion. Sales in its display and adjacent markets segment rose 1.6% to $385 million in the quarter ended May 1. The company expects adjusted profit to be in the range of $1.59 to $1.95 per share in the third quarter, below estimates of $2.04. For the second quarter, the company reported adjusted profit per share of $1.85 and revenue of $6.25 billion, both of which fell short of Wall Street estimates.

- **Deere & Co**: The company raised its annual profit forecast boosted by higher sales for its tractors, combines and sprayers as gaps in global grain supply triggered by the Russia’s invasion of Ukraine fueled crop prices and spurred demand. Shares of the world's largest farm equipment maker surged to record highs in March as investors bet on stronger demand. Including special items, the company forecast fiscal 2022 net income between $7.0 billion and $7.4 billion, up from a prior estimate of $6.7 billion and $7.1 billion. The Moline, Illinois-based firm's net income was $2.09 billion or $6.81 per share for the quarter ended May 1, compared $1.79 billion or $5.68 per share a year earlier. Total net sales and revenue rose about 11% to $13.37 billion from $12.06 billion.

In Other News

- **Abbott Laboratories**: The company's India unit has completed a recall of baby formula products that were manufactured at the company's troubled Michigan facility in the United States, a spokesperson for the company said. "The voluntary recall in India impacted Alimentum and EleCare (brands). No other Abbott nutrition products, or Similac products, distributed in India were affected by the recall," the spokesperson told Reuters. The company recalled dozens of types of Similac, Alimentum and EleCare powdered formulas in the U.S. and internationally following the infections. Similac supplied in India is produced at Abbott's plant in the country's western state of Gujarat. The Food Safety and Standards Authority of India has been informed about the recall, according to the spokesperson.

- **Alphabet Inc**: The Google search engine collects data on users who think they can be anonymous if they use a "private browsing" mode, Texas Attorney General Ken Paxton claimed on Thursday, filing an amended privacy lawsuit against Alphabet's Google unit. Paxton's filing adds Google's Incognito mode to the lawsuit filed in January. Incognito mode or "private browsing" is a web browser function that Paxton said implies Google will not track search history or location activity. The lawsuit said Google offers the option of "private browsing" that could include "viewing highly personal websites that might indicate, for example, their medical history, political persuasion, or sexual orientation. Or maybe they simply want to buy a surprise gift without the gift recipient being tipped off by a barrage of targeted ads."

- **American Airlines Group Inc & Sabre Corp**: A federal jury on Thursday ruled in favor of American Airlines in its long-running lawsuit accusing flight booking service Sabre of charging excessive fees and suppressing competition but awarded the carrier just $1 in damages. Jurors reached a verdict on their fifth day of deliberations, following a three-week trial in federal court in Manhattan. US Airways had alleged that Sabre impeded travel agents and others from using less expensive alternatives for booking seats and imposed an unduly restrictive distribution agreement. Jurors found that Sabre harmed the carrier by willfully maintaining monopoly power, but found a lack of proof that Sabre unreasonably restrained trade through the challenged contract.

- **Arconic Corp**: The U.S. aluminum products maker said on Thursday it would pursue a sale of its Russian operations after a review of strategic alternatives and warned of a charge of up to $500 million. "Sadly, the conflict in Ukraine has made our operation in Russia untenable," Arconic Chief Executive Tim Myers said in a statement. Arconic had paused new contracts in Russia in March. However, the company in May had warned that its employees could face criminal charges if it made any abrupt or unapproved changes to its Russian operations, based on an ongoing dispute with the country's antitrust body. The company employs 3,000 people in Russia, which made up 16% of its total revenue in 2021.

- **BCE Inc, Shaw Communications Inc & Telus Corp**: The Canadian federal government and competition bureau should block Quebecor from buying Shaw Communications' wireless business, telecom operators Bell Inc and Telus said in separate letters to the government and the agency, people familiar with the matter told Reuters on Thursday. Selling Shaw's wireless business to Quebecor had been seen as a way to resolve anti-trust issues posed by Rogers Communications' proposed C$20 billion purchase of Shaw. But in their letters, Bell and Telus
have objected the sale on the grounds that Quebecor has a history of not using government resources such as spectrum that it has obtained. The companies say this defeats the purpose of competition, which the government is trying to achieve through this sale of Freedom Mobile, the sources added.

- **EnLink Midstream LLC**: The company on Thursday said it would move forward with the construction of a Permian-to-Houston natural gas pipeline after the company secured sufficient transportation agreements with shippers. The Matterhorn Express Pipeline is designed to transport up to 2.5 billion cubic feet per day (bcfd) of natural gas through about 490 miles (790 km) from Waha, Texas, to near Houston, with supply sourced from connections in the Permian Basin. The Matterhorn Express is expected to be in service in the third quarter of 2024.

- **BlackRock Inc**: The company's iShares will delist its MSCI Russia exchange-traded fund on or around June 22 because it is being closed, the company said in a statement. The American depositary receipt/global depositary receipt-based fund is currently suspended, iShares said in a statement. "This delisting is being carried out in connection with the termination of the fund," iShares VII plc said.

- **JPMorgan Chase & Co**: The bank plans to make further inroads in Germany by targeting more of the medium-sized firms that form the backbone of Europe's largest economy, executives at the U.S. bank said. The move is a challenge to established lenders such as Commerzbank AG, UniCredit's HypoVereinsbank, and Deutsche Bank AG, which have dominated a crowded market for so-called Mittelstand companies for decades. JPMorgan, whose European Union hub is in Frankfurt, has become one of the largest advisory banks in Germany in recent years, with an average 14% market share in mergers and acquisitions for German firms from 2016 through 2021, Dealogic data shows, double its share over the previous six years.

- **Valero Energy Corp**: The company and three contractors have been fined a total $1.75 million for safety violations related to a worker's death on Nov. 12, 2021, at its 145,000 barrel-per-day refinery in Benicia, California, a state regulator said on Thursday. The regulator said Valero and two out of the three contractors had "willful and serious violations" of safety guidelines for confined spaces. That implied investigators determined the employer "either knowingly violated the law or took no reasonable steps to address a known hazard" that could cause death or serious injury. A contractor Total Safety was charged with six willful and serious violations and was levied the biggest penalty of $988,000, while Valero was fined $528,750 for four willful and serious violations.

**ANALYSIS**

**Musk's ESG attack spotlights $35 trillion industry confusion**

Elon Musk's rejection of environmental, social and corporate governance (ESG) scores as a "scam" highlights how Wall Street's hottest investment trend that encompasses some $35 trillion in assets means different things to different people.

**ANALYSTS' RECOMMENDATION**

- **Applied Materials Inc**: Piper Sandler cuts target price to $132 from $153, after the company reported second-quarter results that missed analyst estimates, weighed on by supply chain issues worsened due to COVID-19 in China.

- **Bill.com Holdings Inc**: JPMorgan initiates coverage with "overweight" rating and target price of $140, noting that the company has built a platform to solve the problem small and medium-size businesses have in paying bills, and has established itself as the category leader.

- **Brixmor Property Group Inc**: Piper Sandler cuts target price to $28 from $31, reflecting on increasing market risks given recession fears caused by inflation.

- **Nvidia Corp**: Wells Fargo cuts target price to $250 from $370, highlighting increased competition in the PC gaming and cloud data center markets, ahead of the company's first-quarter results next week.

- **VF Corp**: Credit Suisse cuts target price to $61 from $81, after the company reported fourth-quarter results that slightly missed expectations, weighed on by intensifying competition within the technical apparel market.

**ECONOMIC EVENTS**

No economic indicators are scheduled for release.
COMPANIES REPORTING RESULTS
No major companies are scheduled to report.

CORPORATE EVENTS (All timings in U.S. Eastern Time)
0800 Booz Allen Hamilton Holding Corp: Q4 earnings conference call
0830 Flowers Foods Inc: Q1 earnings conference call
0900 Hilton Worldwide Holdings Inc: Annual Shareholders Meeting
0900 Medpace Holdings Inc: Annual Shareholders Meeting
1000 Deere & Co: Q2 earnings conference call
1000 Ingredion Inc: Annual Shareholders Meeting
1100 Cable One Inc: Annual Shareholders Meeting
1100 Macy’s Inc: Annual Shareholders Meeting
1100 Power Integrations Inc: Annual Shareholders Meeting
1200 Axon Enterprise Inc: Annual Shareholders Meeting

EX-DIVIDENDS
Atmos Energy Corp: Amount $0.68
HF Sinclair Corp: Amount $0.40
Penske Automotive Group Inc: Amount $0.50
Phillips 66: Amount $0.97
Warner Music Group Corp: Amount $0.15
Westlake Corp: Amount $0.29

(All analysts’ estimates are according to I/B/E/S Refinitiv data)
PICTURE OF THE DAY

Boeing’s CST-100 Starliner capsule launches aboard a United Launch Alliance Atlas 5 rocket on a second un-crewed test flight to the International Space Station, at Cape Canaveral, Florida, May 19. REUTERS/Steve Nesius