

GS Morning Rundown...6/5/2025

FICC and Equities | 5 June 2025 | 12:14PM UTC

MORNING MACRO

US Futures are essentially flat – UST10yr unch at 4.35% // WTI higher at \$63.20 – on a very quiet morning after SPX closed +1bps yday. Still a push/pull in the mkt between mixed economic data and trade uncertainty (still no Trump/Xi call / China Commerce Ministry vows resolute measures if US does not change course / Japan reported to present “China measures” package in trade talks with US) - BBG. Overnight Japan had another poor JGB auction and Musk continued to be vocal on X about his criticism with Trump’s tax bill. Attention still on the jobs report tomorrow (GIR trimmed estimates yday to +110k from +125k) and ECB this morning (8:15am / 25bps cut expected).

Pre-mkt EPS: BF.B, CBRL, CIEN, IDT, TTC, VSCO // **Post-close:** AVGO, DOCU, GES, LULU.

Focus today: Challenger Job Cuts (7:30am), ECB (8:15am), Nonfarm Productivity (8:30am), Jobless Claims (8:30am), Fed’s Kugler (12pm), Harker (1:30pm), Schmid (1:30pm).

SPX struggling to get back through 6k...rare air up there...



(Source: Bloomberg as of 6/5/2025...past performance is not indicative of future results)

***GS ON NFP...GS ECON revising lower Friday's NFP estimate post data yday morning.** "We believe this morning's data signals downside risk to Friday's employment report on net. We have lowered our forecast for nonfarm payroll growth by 15k to +110k, below consensus of +126k" [GIR](#)

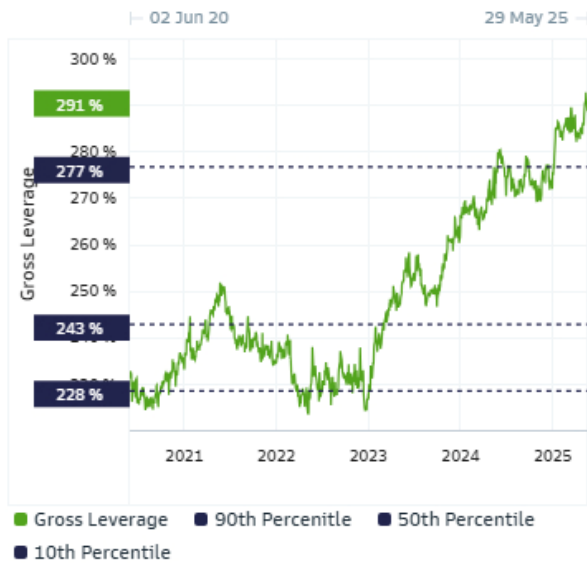
FACTOR FOCUS

-DESK ACTIVITY...We finished +137 better to buy with LOs sizeable buyers (\$2b net to buy) vs HFs finishing flat. LO widespread across almost all sectors, and most concentrated within Tech, Fins, and Macro Products. HF flows skewed better for sale slight, concentrated within Tech, Macro Products, & Discretionary. HFs net bought healthcare.

-PRIVO...Macro equity flows still dominated by vol control. As realized vol compresses this continues to drive index-level equity inflows. Persistent selling of front-end fixed strike vol from systematic overwriting/ETFs is supplying excess gamma in US equities....fueling a self-fulfilling process of re-leveraging into a thin summer tape. Long Tech/AI...Short Consumer (PVH cut guidance overnight). Europe looks capped at these levels given the above headwinds (not to mention: "President Putin did say, and very strongly, that he will have to respond to the recent attack on the airfields," Trump posted on Truth Social) . Watch auto space today as rare earth concerns mounting. Focus turns to ECB + Broadcom earnings tonight.

-POSITIONING...Net leverage for the full PB book rose more than +8 pts in May, the largest monthly increase on our record, driven by large global net buying and mark-to-market. Gross leverage also ticked up and is near record high levels.

How has GS Prime Services Hedge Fund gross leverage evolved?



Data Source: GS FICC and Equities



Marco Laicini and 1 other
FICC & Equities



***GS FUTURES UPDATE...** Russell 2k Futures: Weak Data – Alongside disappointing US macroeconomic figures on June 4th, Russell 2k leveraged length suffered. Notably, this occurred despite a more relaxed volatility surface and potential support from trend followers. Thus selling originated from discretionary participants, in swaps and/or futures. Recall general bearishness has been the dominant theme visible in Commitment of Traders data through May 27th. [Futures](#)

Russell 2k 3 Month Funding vs Fed Funds



Source: GS GBM as of June 4th. Past performance not indicative of future results.

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QUICK HITS FROM GIR

- Previewing our 46th Healthcare Conference
- Buy **ABT**: meeting takeaways
- Buy **CLVT**: revenue trends imply cautious approach in Healthcare
- ☐ NAREIT takeaways: Buy **SPG**, **MAA** (on CL)
- Power: renewable options more cost-competitive with gas
- Buy **BLDR**: NDR takeaways

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MICRO THOUGHTS FROM THE DESK

TMT (BARTLETT) – [Bartlett Marquee Page](#)

1. **MDB: F1Q Revs beat with Atlas accel y/y; FY OI guidance raised and buyback announced. Stock +16% in pre-F1Q** Total Revs \$549mn (+22% y/y) vs cons \$528mn (+17% y/y). Atlas +26% vs cons +24% y/y (vs +24% y/y last qtr). Customer

+2.6k to 57.1k (vs >54.5k last qtr). OI \$87mn vs cons \$57mn. Annncs additional \$800mn buyback (\$1bn total). F2Q Revs guided \$548-553mn vs cons \$551mn (+15% y/y). OI guided \$55-59mn vs cons \$53mn. FY26 Revs guide raised to \$2.25-2.29bn (vs prior \$2.24bn-2.28bn). OI \$267-287mn (vs prior \$210-230mn). EPS \$2.94-3.12 (vs prior \$2.44-2.62). “Enterprises and startups are choosing MongoDB as their platform of choice for both modernizing existing and building new applications.”

2. **Hon Hai: Nvidia Partner Hon Hai’s Sales Rise 12% as Trade War Fears Weigh – Bloomberg** Hon Hai Precision Industry Co.’s revenue rose 11.9% in May, a sign of tempered growth in AI demand. The main manufacturer of iPhones and Nvidia Corp. servers reported revenue of NT\$615.7 billion (\$20.6 billion) last month. Analysts on average are looking for a 16.8% increase in its June-quarter revenue after April sales jumped 25.5%. The company said it expects growth in the June quarter, both against the previous quarter and a year ago, given current visibility. But the impact of evolving global political and economic conditions and exchange rate changes will need close monitoring, Hon Hai said in a statement.
3. **GOOGL: Alphabet CEO Expects to Keep Hiring Engineers as AI Advances – Bloomberg.** Alphabet Inc.’s Sundar Pichai said his company will keep expanding its engineering ranks at least into 2026, stressing human talent remains key even as Google’s parent ramps up AI investments. Speaking at the Bloomberg Tech conference in San Francisco, Pichai said he will continue to invest in engineering in the near future. “I expect we will grow from our current engineering base even into next year, because it allows us to do more with the opportunity space,” Pichai said in conversation with Bloomberg’s Emily Chang. “I just view this as making engineers dramatically more productive, getting a lot of the mundane aspects out of what they do.”

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CONSUMER (FEILER) – [Mihelc Marquee Page](#)

1. **FIVE +5%...as guidance solid in face of increased tariff costs and story remains strong here.** Though expectations were certainly high, bottom line is trends are clearly good. Recall they gave a positive pre-announcement of sales and EPS back on May 2nd so the 1Q print is not really new news. The guide is/was always going to be the focus. 2Q sale guided nicely above, as expected. They guided 2Q comps +7-9% (Consensus +5.4%) and EPS is guided fine at \$0.50-\$0.62 vs Consensus \$0.54. Management also raised their FY25 guidance despite increased tariff costs to reflect outperforming in 1H of year; new guidance is for net sales of \$4.33-\$4.42bn (previously \$4.21-\$4.33bn), SSS of 3-5% (previously flat to +3%), adjusted net income of \$235-\$261mn, 150 store openings (unchanged), and adjusted diluted EPS of \$4.25-\$4.72 (previously \$4.10-\$4.72). Additionally, the company noted that the CFO of FIVE, Kristy Chapman, will be stepping down for personal reasons; COO Ken Bull will serve as the interim CFO while they conduct their search. First take from Kate/GIR: [Link](#).
2. **COST: May sales below expectations and traffic decelerated.** Will it slowdown matter with stock trading at 50X+ PE multiple? From Kate/GIR ([link](#)): May SSS (ex-

gas/FX) of +6.0%, below consensus (Consensus Metrix) at +6.2% and decelerating from +6.7% in April. US comps (ex-gas) came in at +5.5%, below consensus at +6.4% and decelerating from +7.1% in April. COST noted the negative impact of cannibalization was ~70 bps for the company in May. Management has provided this metric in the past, but given it was declining over time, COST chose to no longer disclose the impact once it reached ~30 bps several years ago. COST included this detail for May given the impact has increased over the last year (and particularly in the last couple of months) as a higher proportion of its buildings opened in the last year cannibalized existing buildings.

2. **PVH -8%...as bigger tariff impact weighs on guidance** and overshadows a good quarter. Details: 1Q EPS of \$2.30 vs Consensus \$2.25 on sales 250 bps above, particularly at Tommy Hilfiger. Guides 2Q EPS below at \$1.85-\$2.00 vs Consensus \$2.47 and is reducing the FY EPS guide to \$10.75-\$11.00 vs prior \$12.40-\$12.75 with -\$1.05 headwind from tariffs. First take from Brooke/GIR: [Link](#).
4. **SBUX (unch)...reorganizing part of its senior ranks, looking to speed up plans to reverse a sales slump.** Mike Grams, hired last year as head of North America stores, will become chief operating officer. He'll oversee the department in charge of building and renovating stores, led by Meredith Sandland, and the supply chain division helmed by Sanjay Shah. The company is also fusing its global brand and global coffee teams to further emphasize coffee as the core of the company's menu, product innovation and marketing. As a result, Michelle Burns, executive vice president of global coffee and sustainability, will report to Tressie Lieberman, the company's chief brand officer. Starbucks is enacting the changes to accelerate its turnaround after disappointing results last quarter. Chief Executive Officer Brian Niccol has said performance "isn't yet where we want it to be." Source: BBG.
5. **WGO -10%...Guides Q3 PES to \$0.75-0.85 (vs. \$1.37 cons) on revs of \$775MM (vs. \$809MM cons).** What began as an encouraging selling season in March was hampered by growing macroeconomic uncertainty, resulting in worsening consumer sentiment and an increasingly cautious dealer network in the final two months of our fiscal Q3...In this environment, we have maintained our posture of vigilant inventory management to ensure that production is aligned with current market demand and the needs of our dealer partners."
6. **SMG +2%...Reaffirms FY25 guidance;** guides EPS of at least \$3.50 vs Consensus \$3.42. The company is providing the guidance update through the first two months of its fiscal Q3 in advance of its presentation today at the William Blair Annual Growth Stock Conference. Through the Memorial Day weekend, the year-to-date increases in POS units and POS dollars were in line with POS trends in H1 of the fiscal year. Says "With the peak lawn and garden season upon us, we continue to drive positive outcomes on multiple fronts, a reflection of the health of our consumer."
7. **LTH -3%...Company announcing 20MM share offering** for holders Leonard Green and TPG (Bloomberg).

8. **Deutsche Bank Staples conference Day 3 in Paris, France.** Presentations today include PG, USFD, ELF, GIS, LEVI amongst others.
9. **KMB: Suzan and Kimberly-Clark announce creation of Global Tissue company.** Suzano will pay Kimberly-Clark US\$1.734 billion in cash for its 51 percent stake at the closing of the transaction, subject to certain customary post-closing purchase price adjustments. Closing of the transaction is contingent on, among other things, approval by regulatory and other governmental authorities, fulfillment of customary conditions precedent for transactions of this nature, and completion by Kimberly-Clark of a corporate reorganization of its Consumer Tissue and Professional business unit. The transaction is expected to close in mid-2026 and involves approximately 9,000 employees.
10. **PG: Procter & Gamble plans to slash as many as 7,000 office jobs over the next two years** as the maker of Tide laundry detergent and Gillette razors seeks to improve productivity. The reductions would amount to about 15% of the current non-manufacturing workforce, P&G said in a presentation posted on its website. The locations of the cuts weren't provided. Makers of toilet paper and toothpaste are grappling with weakening consumer sentiment and higher costs from tariffs. While prices of products are rising, many companies are also cutting costs as they seek to find ways to mitigate the effect on shoppers.

INDUS/ENERGY (ROSS/NOVAK) – [Novak Marquee Page](#)

1. **XPO:** Preliminary May numbers in line with expectations – tonnage down (5.7%) y/y, attributable to a y/y decrease of 5.0% in shipments / day and a decrease of 0.7% in weight per shipment.
2. **WIZZ -27% in Europe:** 4Q EBIT missed due to weaker cost and unit revenue. Cost guidance disappointed. Could weigh on US airlines.
Global Energy: IEA's latest report on global energy investments, forecasting that 2025 will see the first y/y decrease in upstream oil investment since the pandemic, and the sharpest annual decline since 2016.
3. **Saudi OSP:** Saudi Arabia announced a widely expected cut to July official selling prices for its Asian customers, though the decrease is smaller than forecast.
4. **Power:** GIR out with note on US peak power markets getting critically tight. [Link](#)
5. **Rare Earths:** Multiple headlines overnight from automakers on China's rare-earth export curbs. "Suzuki shares down after Nikkei reports that Swift model output it being halted on China's rare-earth export curbs." – BBG.
6. **ET:** Receives letter from US Department of Commerce notifying that a license is required for export of certain ethane – 8-K.
7. **BA:** Disclosed details of non-prosecution agreement with DOJ – 8-K.
8. **Power:** GIR refreshes their levelized cost of energy (LCOE) model.
9. **AEP:** American Electric Power's PSO receives OCC approval for acquisition of Green County Plant.
10. **LYB:** Enters into agreement, exclusive negotiations to sell some European olefins & polyolefins assets and associated business to AEQUITA; terms undisclosed.

11. **EQT:** EQT announces resignation of Robert Wingo as EVP Corporate Ventures & Midstream – 8-K.

FINS (MITOLA) – [Mitola Marquee Page](#)

HC (GALLO/CHAN) – [Gallo's Marquee Page](#)

1. **46th Annual Goldman Sachs Global Healthcare Conference will take place next week (June 9-11; Miami Beach, FL).** The conference falls between two major medical meetings (ASCO and ADA) and comes in a week during which the HHS Secretary is expected to communicate most-favored-nation drug pricing targets to biopharma manufacturers. It is also one of the last major venues for companies to speak prior to the closing of the books ahead of 2Q earnings. Our agenda features a series of topical panels including the outlook for health policy, market thematic, investment banking and M&A trends, and perspectives from KOLs.
 - a. **Top 10 requested 1x1 meetings:** LLY, REGN, ARGX, VRTX, GEHC, Novartis, Novo Nordisk, INSM, JAZZ and MRK
 - b. **Full GIR Preview:** [Link](#)
 - c. **Conference Website:** [Link](#)
2. **Investor Survey:** In conjunction with our conference, GIR is conducting their customary mid-year investor sentiment survey. The survey has 18 questions and is completely anonymous. GIR ask that you kindly take a moment to complete this survey, even if you are not planning to attend the conference. Your cooperation is greatly appreciated. The survey can be accessed: [Here](#)
3. **RGX 2 Interim Ph1/II AFFINITY Duchenne Trial:** The company announced new positive interim data, including functional, safety and biomarker data for RGX-202, REGENXBIO's investigational gene therapy for Duchenne muscular dystrophy. Four out of the five participants reached 12 months post dosing. Results at 12 months are similar to those seen at 9 months. RGX-202 participants demonstrated improved performance on timed function tests and NSAA, exceeding external natural history controls at 12 months. All participants within this cohort demonstrated improvement on all timed function tests compared to baseline. On NSAA, RGX-202 recipients improved an average of 4.5 points from baseline and 6.8 points compared to natural history.
4. **HUM – Press Reports on Humana Support Curbs for In-Home Health Risk Assessments:** WSJ reporting that Humana has told congressional staffers that it is willing to back new limits on higher payments made for sicker patients determined by in-home health risk assessments. Humana has now suggested, according to the document the company shared with some congressional staff, that diagnoses recorded only in the insurer-initiated home visits shouldn't generate extra payments. Insurers could get payments for those diagnoses only if they were also documented elsewhere, particularly in a
2 -risk assessment performed outside the home, or a visit with another,

nonhome-based healthcare provider. In December, the Congressional Budget Office estimated a change like that, coupled with another policy tweak, would save taxpayers \$124 billion over 10 years.

5. **Bayer AG – GIR upgrades Bayer to Buy on risk/reward into 2H'25; catalysts look positive and could support a re-rating toward GIR's SOTP valuation over the medium term.** GIR continues to see positive risk/reward into: (1) litigation newsflow (should the Supreme Court accept the case, GIR analysis implies +10-25% upside to current levels) and (2) the most significant Pharma catalyst in the past couple of years with OCEANIC-STROKE (+>13% upside vs. <5% downside on +ve/-ve readout vs. GIR's DCF base case), where GIR is positive on the mechanism and potential efficacy outcomes but have lower visibility on the bleeding risk outcomes. Negative earnings momentum looks to have bottomed, with upside driven by the Pharma business and realization of DSO cost savings in Crop and Consumer.

SPECIAL SITS (RAMIREZ/DAVIS) – [Ramirez Marquee Page](#)

1. **INFA – IBM Mulled Informatic Bid Ahead of Salesforce** (link). According to a Bloomberg report, IBM had been having conversations with Informatica for several months prior to Salesforce's \$8bn takeover of the company.
2. **KMB – Near \$3.5bn Sale of Intl. Tissue Business** (link). Kimberly-Clark is said to be closing in on the sale of its Kleenex and tissue business outside of North America for a rumored price of \$3.5bn. The company is planning to sell the division to Suzano in a bid to focus on the company's most profitable areas.
3. **EBTC/INDB – Announces Receipt of All Regulatory Approvals** (link). Enterprise Bancorp & Independent Bank Corp. announced yesterday they have received all regulatory approvals & that they expect the transaction to close on July 1, 2025.
4. **IPG/OMC - South Africa Competition Commission Clears Transaction.**
5. **SNDK – Western Digital Offers 17m Shares.**

Have a great day...

Mike