



## Weekly Sector Specialist Note (June 14<sup>th</sup> – June 18<sup>th</sup>, 2021)

**\*\*Sales Commentary – Not a Product of UBS Equity Research – For Institutional Investors Only\*\***

### Highlights and Updates from the Week

<b>FINANCIALS</b> Tickers: JPM, Citi, PGR, COF, SCHW, SBNY, AON, AJG, EVR ( <a href="#">Go to Section</a> )	<b>Talking Points:</b> Fed/Reaction, JPM, CITI, Trusts Data, AON  <b>Catalysts:</b> CCAR, Eco Data
<b>TELCO, MEDIA &amp; INTERNET</b> Tickers: CONE, NFLX ( <a href="#">Go to Section</a> )	<b>Talking Points:</b> What are media companies saying? Netflix earnings coming up, New leadership at the FTC  <b>Catalysts:</b> Parks Expert Call, EQIX Analyst Day
<b>TECHNOLOGY</b> Tickers: ADBE, ZM, SNOW, PATH ( <a href="#">Go to Section</a> )	<b>Talking Points:</b> Rates/Tape, ADBE  <b>Catalysts:</b> UBS Taiwan Conference, ANET High Conviction Call Series, UBS Korea Conferenct, MSFT Next Gen Windows Event
<b>INDUSTRIALS</b> Tickers: TL, FDX ( <a href="#">Go to Section</a> )	<b>Talking Points:</b> Non-Residential Construction, Rental Equipment Industry Survey, Metals  <b>Catalysts:</b> Paris Airshow, FDX Q4
<b>ENERGY/UTILITIES</b> Tickers: XEC, CVE, NRG ( <a href="#">Go to Section</a> )	<b>Talking Points:</b> Energy sentiment remains constructive, XEC d/g to Neutral, CVE u/g to Buy, IL Energy Bill  <b>Catalysts:</b> OGE Group VC call w/ President & CEO, Russell Qrtly Index Rebal, SO Oral Testimony
<b>CONSUMER</b> Tickers: NKE, DRI ( <a href="#">Go to Section</a> )	<b>Talking Points:</b> Reopening trade continues to test patience, Meme Stocks, Degrossing / Pain Trade, Fed  <b>Catalysts:</b> Analyst Lunches, Earnings (DRI, NKE)
<b>SPECIAL SITUATIONS</b> Tickers: WLTW, AON, DTE ( <a href="#">Go to Section</a> )	<b>Talking Points:</b> WLTW-AON, DTE spin (DTW-W), KIN-ELAN, SPAC Market  <b>Catalysts:</b> Dell annual meeting, Origin Materials-AACQ, VMEO at Macquarie Technology Summit

## WEEKLY TRADING COLOR

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### SUMMARY

**Bigger picture:** Bullard underscored today the shift in Fed messaging kicked off by Powell on Wed. While we have seen an unwind of the long Cyclical/ Inflationary trade Thursday/ Friday, I think investors are still looking to the market for guidance whether they need to shift their micro thesis now. Question I have been getting a lot past few days: “Does it mean all clear for growth again?” I am in the camp that once the dust settles, single stock dispersion will pick up again and folks will look for quality names on both side of the trade – Cyclical and Growth. Corporate headlines were generally speaking positive with ADBE, LEN and F among highlights. COVID-related restrictions continue to ease here in the US and overseas.

### HOW BOUT OUR FLOWS

Flow on the HT desk this week was skewed to the buy side with both Hedge Fund and LOs showing a buy skew overall. Retail remained a net buyer but again took the other side towards the end of the week and sold Tech while buying Cyclical. US Equity ETFs saw almost \$30B of inflows this week. A portion of this can certainly be contributed to providers trading around the rebalance, but still think these flows are broadly constructive. It was a huge week for Growth and the Growth/Value trade is now back to mid-April levels. Growth ETFs benefitted from the outperformance with \$3B of inflows. Tech also added \$5B as QQQ outperformed SPY by almost 2% through Thursday. Yesterday was the most stark, with \$1.5B leaving Financials and \$3B added to Tech. On the Derivs side, interestingly, outside of some hedging in SPX and HYG, it feels that clients were cutting delta one rather than looking to hedge long positions.

### SECTOR BREAKDOWN

Equities are set to end the week lower as uncertainty on the Fed’s more hawkish tone causes worries of policy error and disinflationary pressures to crop up. The risk-aversion we are seeing post-June FOMC has a lot to do with positioning squeezing in the rates market, given many were short duration and long steepeners, but the unwind in reflation-linked equities is certainly prevalent as well. The broad tilt to the tape was certainly counter-cyclical thanks to the volatility in UST yields, Materials -7%, Financials -5%, and Energy -4.8% sold off most while Info Tech +2.2% and Comm Services -50bp held up best thanks to the rotation out of Value/Reflation. As investors adjusted their inflation expectations lower, our reflation-tied Macro Reopening basket -6.6% and High Quality Cyclical basket -4.6% underperformed.

[\(Back to Top\)](#)

### WHATS AHEAD?

Indexes are near their highs but rapid deterioration in breadth in equities overall something to watch. Debate now is whether or not the market will rotate back into tech given lower long-end yields. Think the past two days was more of an unwind than investors being on their front foot. Rebecca warns that Equity/Bond 1Y Correlation may turn positive within a few days which in the past triggered a selloff. Liquidity has been a challenge and don’t see that to change anytime soon with kids soon out of school and folks enjoying a summer with less restriction. Corporate buyback is expected to enter seasonal low period of \$0-10 bil per week for the rest of June and July. The quarterly pension rebal is still immaterial with \$19bn of global equities for sale. Still 3 – 4 weeks away from earnings. Can a strong Q2 earnings season drive the S&P to a new highs?

## FINANCIALS

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### TOP TALKING POINTS

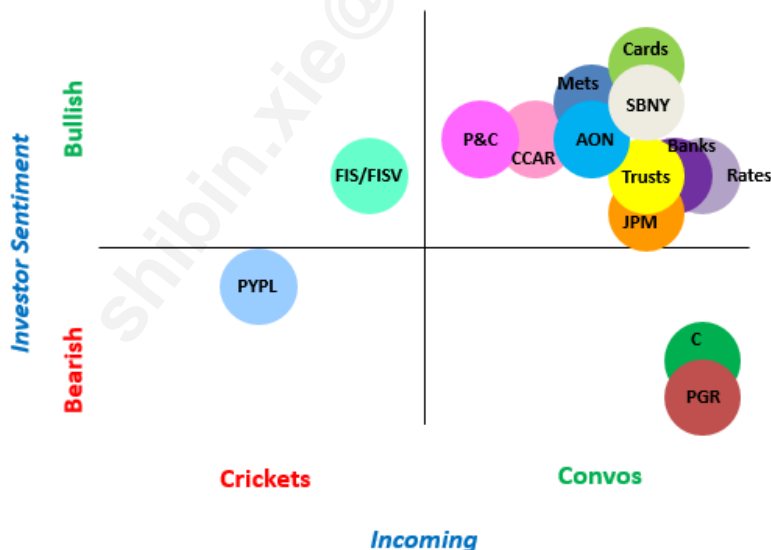
- **Fed/Reaction** – One wild sequence after another (writing this as of Thursday...)...1) the Fed shocked us with its hawkish update (Dot shift mainly, but also FY22/23 PCE increases) and then 2) the market quickly reversed course; its adjustment perceived *less* inflationary, driving break-evens through the floor, the 10yr through 1.5%.
- **JPM** – Guided NII down -5% on account of lower card balances and lack of excess liquidity deployment...On the former; payment rates of course still elevated, but it also seems a function of 1) prior assumptions that were too aggressive and 2) higher transactor vs revolving volumes. Interesting in how strength in peer trust data followed the day after Jamie's commentary – shedding light on the potential difference between point in time balances and actual NII flow through.
- **Citi** – Guided NA Consumer revs down -15% YoY, roughly flat with 1Q.....then guided trading/IB revs down, expenses higher....a dual headscratcher; 1Q21 Consumer down -15% on a comp that included pre-pandemic Jan/Feb. So how is 2Q down the same, on a drastically easier comp. Flowing that through – what are the implications into 2H21/into FY22 – after the quick (\$450M) clip to 2Q revs alone..?
- **Trusts Data** – Loan growth inflected at each of COF, DFS and SYF....in impressive fashion: COF took the cake, improving more than +400 bps YoY relative to last month (-5.7% vs -11%). 2yr stack also improved (+300 bps). DFS solid/though less so on a 2yr stacked basis. SYF solid/though had guided as such at a recent conference. That said – despite the inflection, both COF and DFS management teams sounded only lukewarm --- this also on the back of Jamie's (and Citi's) guide-downs. To the extent these point-in-time updates are more reflective of non-NII generating transactor balances, as opposed to NII generating revolving balances – would explain a lot of the delta....tbd 2Q results..
- **AON** – The DOJ filed suit against the AON/WLTW sending the sage spiraling into yet another bottomless pit. Is the DOJ serious? (as opposed to being tactical) – will incremental divestitures do the trick? Or is that language simply too harsh (there's a new sheriff in town – literally and figuratively).

### INCOMING & SENTIMENT

A VISUAL look at what investors wanted to talk about this week:

**CRICKETS** = Little/No Interest, **CONVOS** = Interest...and everything in between.

**SENTIMENT** = based on specialist's convo/PB data/flows, **INCOMING** = based on specialist's convos...both are 100% subjective



### UPCOMING CATALYSTS

- **CCAR** – expect a broader win for the group, very much in-line with consensus and largely in capital return estimates. In any case, we should get some solid headlines
- **Eco Data** – no one specific print stands out, but in light of this week's Fed meeting, expect every data point will be taken that much more seriously

### Most Read Articles of the Week

- **Progressive Corporation (PGR, Buy, USD 102)** - [May 2021: Margin pressure continues on rising loss trend](#) (Brian Meredith)  
([Back to Top](#))

## TOP TALKING POINTS

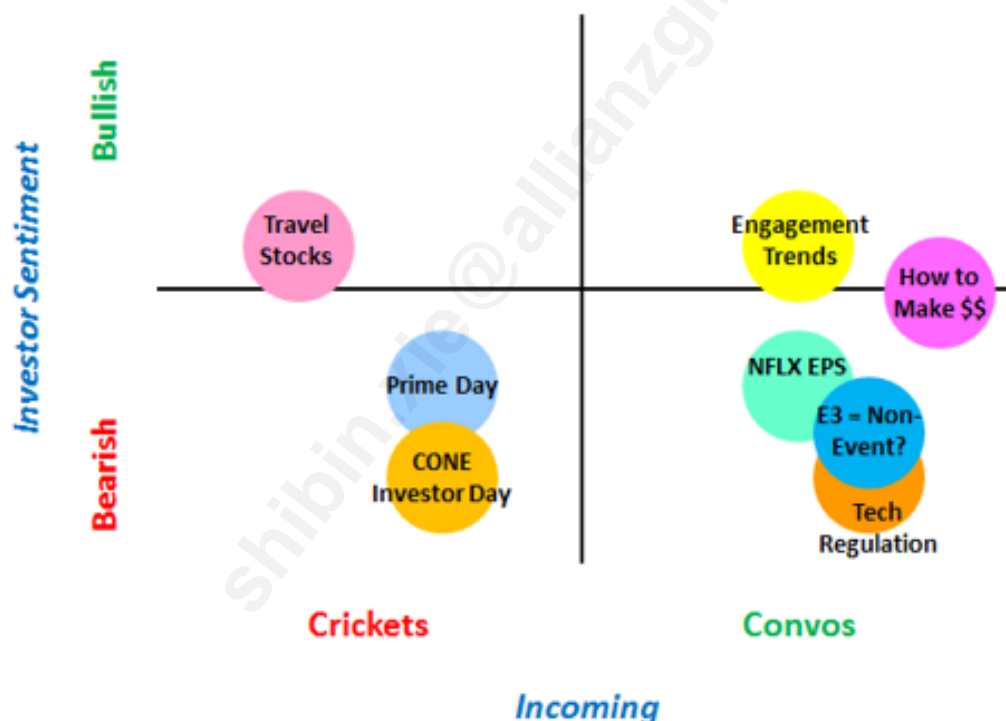
- **What are media companies saying?** NBC, FOX and Disney all sounded bullish on the upfront, saying pricing was the best in years while volumes were similar to the past. NBC said it was the best upfront in the history of Universal, FOX said it was the best in two decades and Disney said total upfront pricing exceeded 2019, revenue was up DDs and 40% of sales were from streaming and digital. **Both DIS and CMCSA mgmt spoke yesterday and were upbeat on Parks**
- **NFLX earnings is coming up.** I'm actually starting to get a lot more questions on NFLX, which has been a funding short for many and hasn't been able to break out of that sub \$500 range. Investors are very concerned about sub metrics over the summer as more and more people leave the house. The content slate should get better in 2H but more specifics are needed.
- **New leadership at the FTC.** President Biden chose progressive tech critic Lina Khan as chair of the FTC...eek. Chairwoman Khan has been very vocal about her distaste for big tech, and this appointment certainly suggests that the administration is thinking to impose more regulations on some of the more loved tech names like FB, AMZN, GOOG and AAPL. **The stocks acted fairly well after the announcement.** Expert calls UBS has hosted in the past have concluded that it's very difficult/highly unlikely that the FCC would revisit past acquisitions and undo them....that the likely remedy is more stringent M&A restrictions going forward.

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## UPCOMING CATALYSTS

- **6/21 @10AM ET PARKS EXPERT CALL:** John Hodulik hosting an expert call with Brian Betts to discuss **Themes Parks in a post-COVID world**. Brian is the former VP, Planning & Development at DIS Parks and Resorts US. The discussion will address the key debates, including consumer demand, the lifting of capacity constraints, parks profitability and long-term growth drivers. **Register for the call here:** <https://bit.ly/3qz0lbc>
- **6/23 EQIX ANALYST DAY @11AM:** EQIX is hosting an analyst day to discuss how the company is positioned, the state of the datacenter space today and EQIX's strategy going forward. **Check here for more information:** <https://bit.ly/3q5xcYp>

## Most Read Articles of the Week

- Interactive Gaming - [Highlights from our meetings around E3](#) (John C. Hodulik, CFA)
  - CyrusOne "Laying out the drivers for growth at investor day" (Neutral) Hodulik (CONE, Neutral, 70) - [Click here](#) (John C. Hodulik, CFA)
- [\(Back to Top\)](#)

## TECHNOLOGY

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### TOP TALKING POINTS

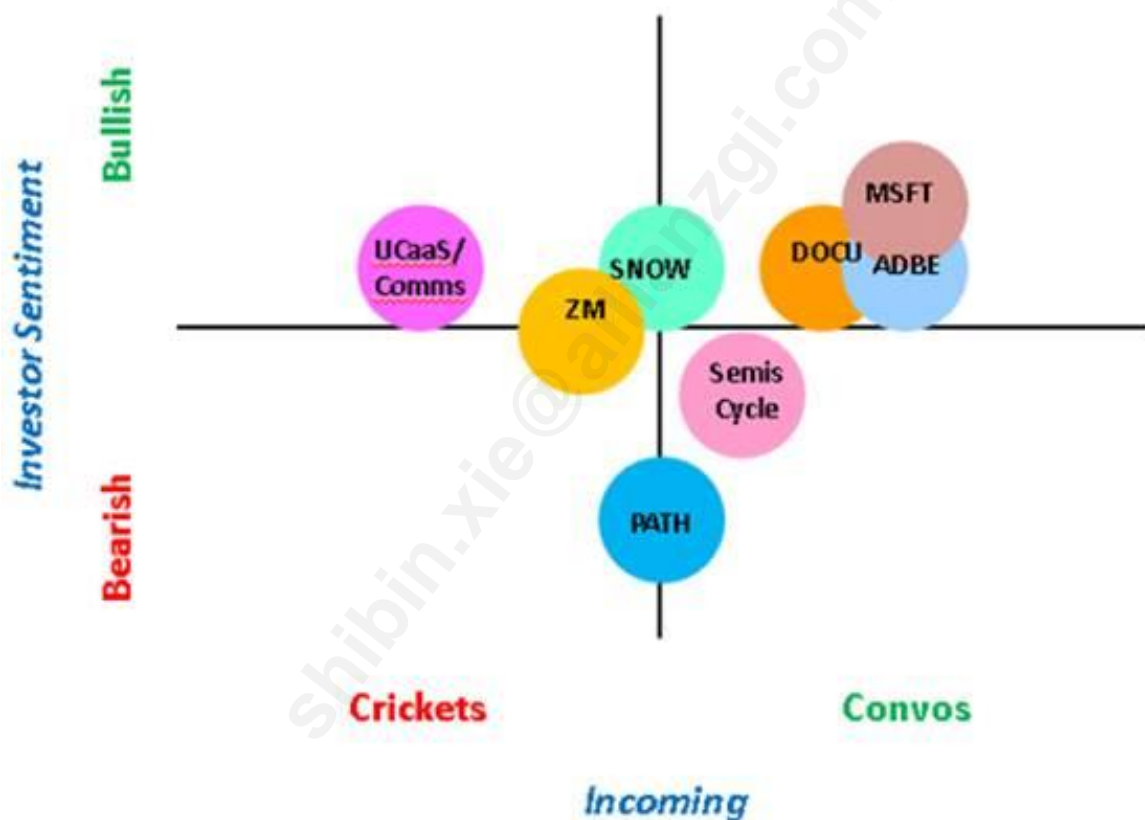
- **Rates/Tape:** The Fed signaled to the market that taper was off the table for now, that there will be no hike in the near future, and hammered home that there will be orderly communication of such well in advance – which altogether forced a renewed bid back to into growth and away from cyclicals. This translated to risk on in software across the board, and some trimming in semis. Overall, it still feels like investors are skeptical and there is plenty of questioning if this move is real and can be sustained.
- **ADBE:** There was no real debate post-EPS as it felt that results were very good across the board. I was trying to find bear points and really dig into what bears were hooking into - and there weren't many. The only things I really heard were (1) is this the best margins can get (peak margins) , (2) DM ARR is still negative in the 2H, (3) the level of conservatism in the ARR guide and how much will they beat by going, and (4) DX was positively previewed by the Street (a lot) and so only being 'fine not blow out'.

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### UPCOMING CATALYSTS

- 6/21-23: **UBS Taiwan Conference**
- 6/22: **UBS High Conviction Call Series – ANET:** UBS is hosting a call on Buy-rated ANET - Register: <https://bit.ly/3g3NTjE>
- 6/23-25: **UBS Korea Conference**
- 6/23: **MSFT Next Gen Windows Event:** MSFT is set to announce a new updated version of Windows. Could be potential negative incremental read to CTXS.

### Most Read Articles of the Week

- Adobe Systems Inc (ADBE, Buy, USD 625 from 577) - [Tone of Business Remains Strong](#) (Karl Keirstead)
- Apple Inc. (AAPL, Buy, USD 155) - [China monthly shipments suggest Apple gained material MoM share](#) (David Vogt)
- ServiceNow Inc (NOW, Buy, USD 625) - [Pre-Quiet Catch-Up With IR](#) (Karl Keirstead)
- US Semiconductors - [Lumpy China Smartphone Shipments Amid A Decelerating 5G Upcycle](#) (Timothy Arcuri)

[\(Back to Top\)](#)

## INDUSTRIALS

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### TOP TALKING POINTS

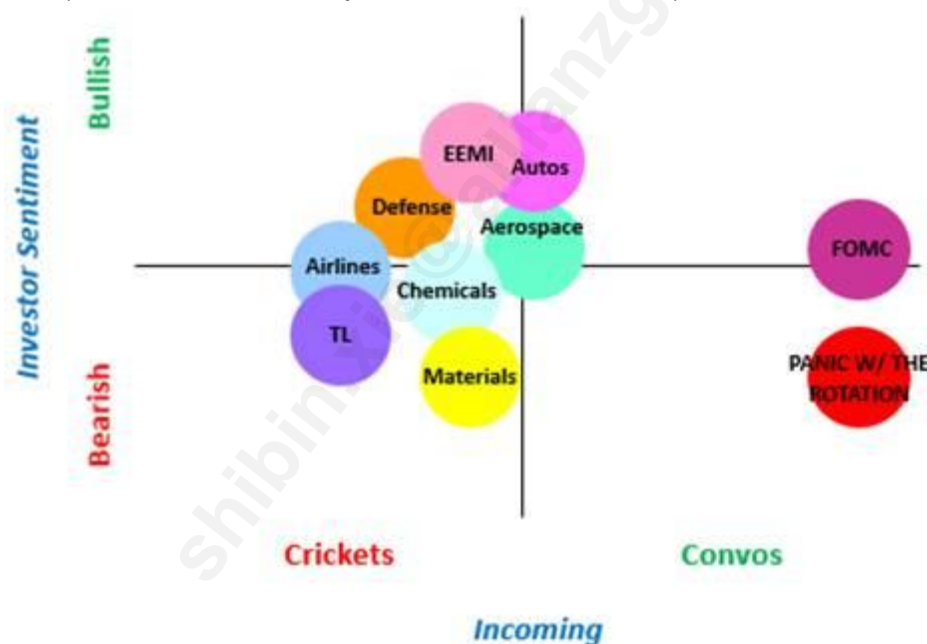
- **Non-Residential Construction Update - US Non-res Construction: Momentum keeps building; raising our forecasts for 2021, 2022** – UBS raised 2021 US non-residential construction spending forecast from -7.75% to -4.6%, and our 2022E from +4.75% to +5.4%, as indicators suggest the momentum in non-res construction is continuing to grow. Q1 came in 240bps ahead of our expectations, and the trend continued in April. UBS Evidence Lab's Nowcasting model predicts the second derivative of spending will inflect positively in Q2, the ABI is at levels not seen since before the GFC, contractor backlogs are steadily recovering, and Dodge's momentum index (measuring projects entering planning) rose 9% in May. [Read the Report](#)
- **Rental Equipment Industry Survey - Business conditions score rises to the highest level in Survey history** - Construction activity remained solid in May, as employment was up 6% YOY and down only 0.7% vs 2019 levels, though it did slip a bit m/m due to supply chain disruptions. Online pricing shows a slight rate increase so far in Q2. After April's bullish survey, business conditions climbed in May to the highest level on record. [Read the Report](#)
- **Metals:** Remained under pressure as press out of China indicated further releases of Copper, Aluminium and Zinc state reserves. Further to this, the press is also reporting that China is looking to expand oversight of commodities trading by state firms to overseas markets; according to reports, companies have been asked to report their futures positions for Sasac to review.

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### UPCOMING CATALYSTS

- **Paris Airshow – Landing on your doorstep (6/22-23):** I know we all would have LOVED to be heading to Paris for the 2021 Air Show, but instead, UBS bringing a top-notch roster of corporates & speakers to your desktop. Hear from Executive or Divisional Mgmt of: BAE, Meggitt, MTU, Thales, Rolls Royce, Leonardo & Dassault joining panels of UBS A&D Bankers & Head of Corporate Services, Montana Aerospace, Voltaero, Wheels Up, Boom Supersonic & an Air Mobility panel with Aero Technologies, Jump Aero & more. [REGISTER HERE](#) | [AGENDA](#)
- **FDX Q4 (6/24):** Strong pricing trends and cyclical improvement in B2B volumes should provide some support for margin expansion in Ground and Express. Backdrop of supply chain disruptions has likely provided support for FDX's Express volumes and FDX's recent move to increase its residential / peak surcharges in June show the market remains tight. UBS just raised EPS estimate from \$4.65 to \$5.05 which is above cons of \$4.87/share.

### Most Read Articles of the Week

- Snap-on Inc (SNA, Sell, USD 180) - [Franchisee Call Recap: Feeling a Slowdown](#) (Chris Snyder, CFA)
- [\(Back to Top\)](#)



## ENERGY/UTILITIES

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### TOP TALKING POINTS

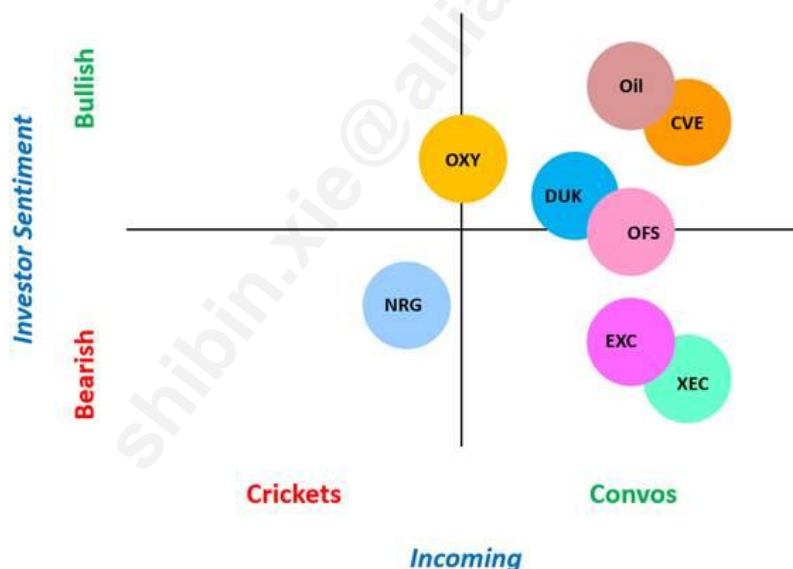
- **ENERGY – Sentiment still constructive:** Thursday's move felt more like a broader market knee-jerk reaction on inflation more than anything else and thus didn't change the bigger picture with constructive sentiment around oil fundamentals still intact (as long as capital discipline continues to hold). I think the main question is will this pullback be short lived? Or is this the start of a defensive repositioning process for the next few wks into the July 4th vaca time? I also think investors have been bracing for a pullback with RSIs across the space near highs and the % of energy stocks trading above the 200 day nearly at 100%, so I think if anything the move in rates just accelerated a repositioning process combined with no incremental investors to pick up the supply.
- **XEC – d/g to Neutral:** quick feedback from Lloyd's rating change = the stock is still very much hated post the deal with investors split as to whether it closes. Lloyd expects the deal to close and does not anticipate an activist or another company coming in over the top
- **CVE – u/g to Buy:** very high interest levels from investors following Lloyd's rating change. The ~30% FCF yield is what caught folks attention. With that said, the key debate out there is whether can get enough leveraging done in time to buy out COP shares.
- **EXC – IL Energy Bill remains unpassed (for now):** IL has played this game of chicken before so no surprise that investors are nervous – hence the stock price u/p this week. If we don't get a deal by end of next week, this likely won't be revisited until the Summer session, which is a concern because EXC likely to have to shut a plant.
- **NRG – Analyst Day:** mgmt presented a growth strategy focused on expanding the current retail segment into a broader home services company. Ford's takeaway = enhanced growth opportunities + IPP valuation still leaves upside. On feedback, doesn't sound like investors are fans of the transition to a retail biz.

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### UPCOMING CATALYSTS

- **MIDSTREAM (6/21):** Shneur Gershuni hosting a Fireside Chat w/ S&P Midstream Team @ 2pm ET
- **OGE (6/23):** Dan Ford hosting a group VC call w/ President & CEO of OGE Energy Corp @ 12:30pm ET
- **SO (6/24):** Oral Testimony of Staff in VCM 24 Docket. Ford believes that the staff written testimony from June 8<sup>th</sup> that read negatively represents the most conservative case for plant completion, and the company testimony represents an optimistic case, and the likely reality lies somewhere in the middle.
- **RUSSELL QRTLX INDEX REBAL (6/25):** Energy is now expected to see the largest net inflows on a sector basis of \$4.51bn (from previous est of \$4.38bn), while Tech is now behind with estimated inflows of (from prior est of \$5.7bn). For utilities, the updated estimate is \$1.12bn of net outflows.

### Most Read Articles of the Week

- **Power & Utilities, Alt Energy & Env. Services - [Weekly Preview](#)** (Daniel Ford, CFA)

[\(Back to Top\)](#)

## CONSUMER

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### TOP TALKING POINTS

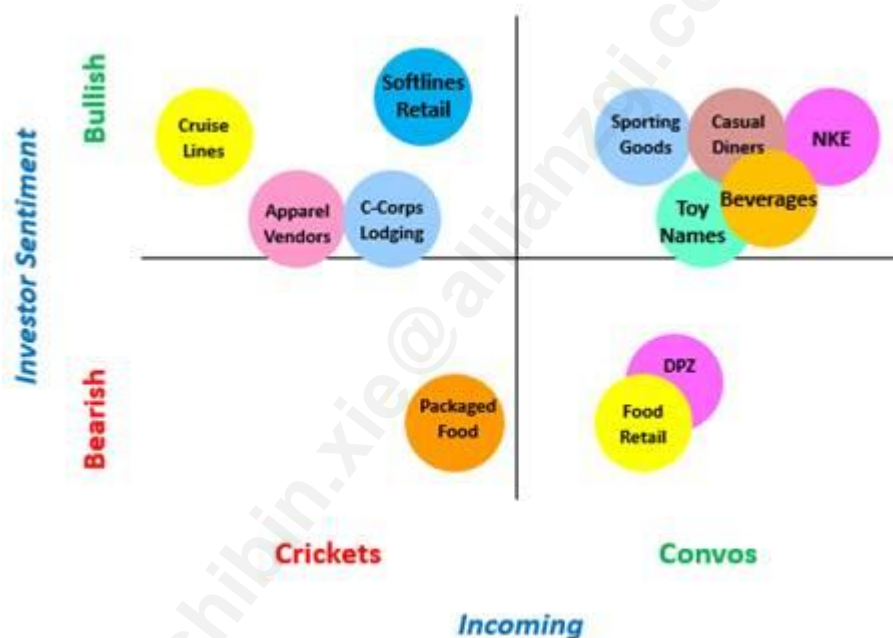
- **REOPENING TRADE CONTINUES TO TEST PATIENCE:** While investors still believe in recovery/reopening and are positioned for that to continue to play out, price action ever since earnings has tested conviction. As we move further into the year and stocks creep a bit lower, more and more we sense that some are questioning giving up on the trade.
- **MEME STOCKS:** Shorts were a problem again this week, even outside of specific meme names, and it seems that investors are taking a much more involved look at any names where short interest is remotely elevated.
- **DEGROSSING / PAIN TRADE:** We've started to hear more and more of books degrossing and in some cases capital coming off. This is an acceleration from where we were prior which was more frustration / hesitancy to put a lot of capital on. Investors are looking to the next couple weeks of a lull and finding it tough to defend positions that go against them.
- **FED COMPLICATIONS:** While earnings season and the lead up to it centered around reopening, earnings estimates, etc., investors are starting to become frustrated that macro is seemingly overshadowing these topics of late and dictating more of stock moves.

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### UPCOMING CATALYSTS

- **6/21: ANALYST LUNCHES:** We are hosting lunches this entire week in NY with the UBS analysts; they are also around for coffee chats, etc. – let us know if you'd like to join..
- **6/24: DRI EARNINGS RELEASE:** This could be a pivotal release for casual diners, buy side is in the mid to high \$7 range; investors remain positive but are hesitant into the print.
- **6/24: NKE EARNINGS RELEASE:** This will be an important quarter for Nike as the co. speaks to recent volatility in China and their tone regarding this region will be most important.

### Most Read Articles of the Week

- L Brands Inc (LB, Buy, USD 104) - [Expert Call Recap: Why Bath & Body Works' Q3 Can Beat Market Expectations](#) (Jay Sole)
- US Softlines Retail - [UBS Evidence Lab inside: Who Rocked TikTok in May?](#) (Jay Sole)
- The Kroger Co (KR, Neutral, USD 40 from 35) - [Alternative Profits for an Alternative Environment?](#) (Michael Lasser)
- The Kroger Co (KR, Neutral, USD 35) - [What's The Initial View On 1Q'21 Results?](#) (Michael Lasser)

[\(Back to Top\)](#)



## SPECIAL SITUATIONS

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- **WLTW-AON:** The biggest event of the week was the DOJ lawsuit against the WLTW-AON merger, a situation that was very well held amongst the dedicated arb community. The spread blew out from the ~\$11 level to ~\$21. The DOJ views the transaction as a 3-to-2 merger in the markets for (i) property, casualty, and financial risk broking for large customers in the US, and (ii) health benefits broking for large customers in the US. As we indicated in the past, we did not feel strongly about the outcome of the regulatory review in this deal and we still do not, since the outcome now appears to be predicated on the willingness of the parties (or AON) to significantly expand the remedy package that is already above the divestiture limit (and with likely only one logical buyer, presumably at an underwhelming price) or their ability to prevail in court. The DOJ has had a good track record in court, especially in the last 10 years, and we do not have a strong reason to believe that its likelihood of success would be materially different in this situation if the case went to trial. While “litigating the fix” is a relevant concept, we do not think it would make a difference here since the case is essentially about market definition – if there really is a separate market for large customers, the proposed remedy so far would likely be deemed inadequate anyway.
- **DTE spin (DTW-W):** When-issued trading began today – there is very light volume so far (not too surprising given the tape) but the current reference price is \$42, which implies ~9.3x '22e EBITDA. Given the move in the space yesterday, we updated the implied multiples from the DT midstream peer set this morning, which generally came down ~0.2x (on EV/'22e EBITDA). Based on consensus estimates and current shares out and cap structures: (i) The broader group (AM, WMB, ETRN, HESM, TRGP, OKE, WES, KMI) now trades at ~10x 2022e EBITDA (~9.8x if using UBSe EBITDA). Average leverage for these peers sits at ~4x (on 2021e EBITDA). The median dividend yield for these peers are ~6%; (ii) The primary subset of those peers (AM, WMB, ETRN, HESM) now trade at ~9.7x (~9.5x if using UBSe EBITDA); (iii) A weighted blend of the broader peers (weighted by DTM's 51.8% Adj EBITDA contribution from pipeline/other to the pipeline heavy peers / 48% G&P Adj EBITDA contribution to the G&P heavy peers) now implies ~10x 2022e EBITDA (~9.85x if using UBSe EBITDA). We expect a net index sell in DTM (~3.8m net shares for sale across all index events, effective on the close of 7/1).
- **KIN-ELAN:** A small but interesting deal involving canine antitrust considerations. Based on precedents, we would normally not expect regulatory attention when a deal does not involve (i) an incumbent competitor acquiring a potential competitor or (ii) two advanced and direct pipeline competitors merging in a market with few or no existing marketed products. In this case, ELAN technically has an approved product in the market (Atopica), but it is old and has been surpassed by ZTS's products with more novel technologies. While tirnovetmab and ilunocitinib could be seen as potentially competitive to each other, there are likely no adverse innovation effects from the merger and head-to-head competition will likely not be between each other. On balance, we think the deal would avoid extended scrutiny, but it is hard to rule out the possibility of delay.
- **SPAC Market:** Another week of manageable issuance with 5 SPAC IPOs priced to raise \$1.1bn. All deals priced this week have traded higher, a green shoot in an asset class that has had trouble attracting capital flows the last few months. We saw 5 de-SPACs announced for ~\$6bn in TEV. Interestingly, 2 out of the 5 PIPEs in these de-SPACs had element of a convert. We suspect that will become more common as PIPE investors demand protections amidst an overwhelming amount of supply. Investor dialogues this week were focused on (i) Merion Tech-GSAH deal structure/fundamental views, and (ii) The significant volatility the market is seeing around deal votes/de-SPAC closes. We have seen some relatively high redemption scenarios this week – SKIL-CCX disclosed ~50% redemption; TalkSpace-HEC disclosed ~63% redemption; UpHealth-GIX disclosed ~54% redemption; LiveVox-CRSA disclosed ~61% redemption; ME-VGAC may have had ~29% redemption. HEC, UPH, SKIL, CRSA have all traded off meaningfully on the back of these disclosures while ME caught a very strong bid after its tickers changed on Thursday. Next week will be another busy week of redemption data points, with 6 shareholder votes scheduled.

## CLIENT CONVERSATIONS

- 6/22/21: ironSource-TBA, Perella Weinberg-FTIV shareholder votes, DELL annual meeting
- 6/23/21: Origin Materials-AACQ, Payoneer-FTOC shareholder votes; HEC common/warrant tickers to change to "TALK" & "TALKW", VMEO at Macquarie Technology Summit
- 6/24/21: Beachbody/Myx-FRX, Electric Last Mile-FIII shareholder votes

[\(Back to Top\)](#)

# QUANT INSIGHTS

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## TOP 10 OVERWEIGHT/UNDERWEIGHT GLOBALLY

Overweight		Investor Weight	Active Weight	Vow Chg	Underweight		Investor Weight	Active Weight	Vow Chg
Visa Inc. Class A	V UN	0.92%	0.32%	👉	Apple Inc.	AAPL UW	2.55%	-0.69%	👈
Facebook, Inc. Class A	FB UW	1.48%	0.27%	👉	Alibaba Group Holding Ltd.	9988 HK	0.14%	-0.47%	👈
Microsoft Corporation	MSFT UW	3.06%	0.26%	👉	Taiwan Semiconductor Manufacturing C	2330 TT	0.43%	-0.38%	👈
Alphabet Inc. Class A	GOOGL UW	1.35%	0.24%	👉	Tencent Holdings Ltd.	700 HK	0.39%	-0.28%	👈
UnitedHealth Group Incorporated	UNH UN	0.78%	0.21%	👈	Nestle S.A.	NESN SE	0.30%	-0.25%	👈
Alphabet Inc. Class C	GOOG UW	1.29%	0.17%	👉	Tesla Inc.	TSLA UW	0.49%	-0.22%	👈
Mastercard Incorporated Class A	MA UN	0.66%	0.16%	👈	Toyota Motor Corp.	7203 JT	0.10%	-0.18%	👈
PayPal Holdings Inc	PYPL UW	0.62%	0.16%	👉	Commonwealth Bank of Australia	CBA AT	0.04%	-0.17%	👈
Charles Schwab Corporation	SCHW UN	0.30%	0.14%	👈	Roche Holding Ltd	ROG SE	0.25%	-0.16%	👈
Comcast Corporation Class A	CMCSA UW	0.53%	0.13%	👉	Exxon Mobil Corporation	XOM UN	0.25%	-0.15%	👈

Source : FactSet, MSCI, UBS Quantitative Research. Note: The calculation is based on MSCI AC World index universe. Data is as of 11 June 2021 close.

You can find the full report [here](#)

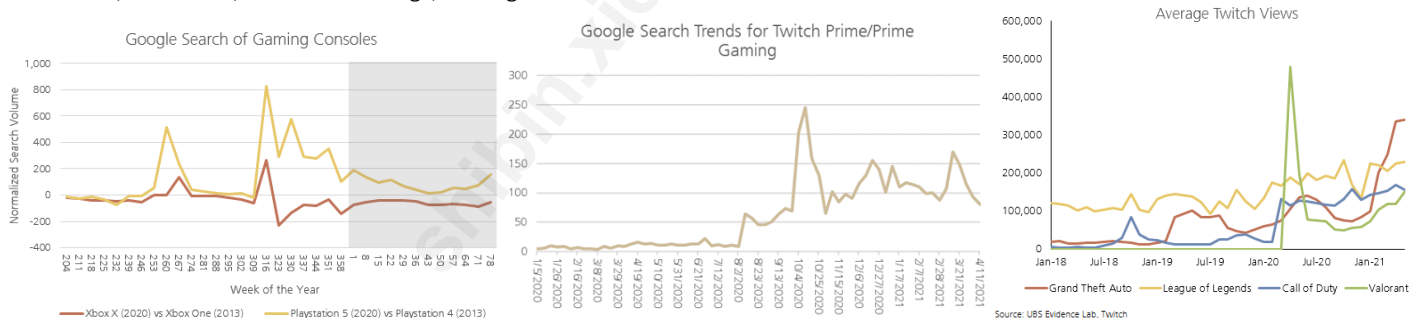
## SUMMARY

## UBS Evidence Lab: Which franchise is winning the battle for Twitch viewership?

The video game [E3 2021 expo](#) ended on Tuesday, among the first opportunities to preview new and anticipated gaming titles this year. Using UBS Evidence Lab's suite of **Google Trend monitors**, including our **\*new\*** Twitch-focused [Global Video Game Monitor](#), what can we learn about the influence of **cloud gaming platforms**? Which gaming franchises have increased – and lost – **viewership on live streaming platforms like Twitch**? How are **publishers monetizing** this social brand awareness?

## What is the data telling us?

- This year's E3 was an opportunity to showcase titles for the new Playstation 5 and Xbox X consoles, the **first base-model refreshes since 2013**. According to UBS Evidence Lab [Google Trend data](#), search activity for the new Playstation 5 console was over 100% **greater** than comparable search activity during the 2013 Playstation 4 launch – while search for the new Xbox has lagged previous **generations** (top chart).
- E3 is also a stage for previewing new and anticipated [gaming titles and trailers](#). This year's announcements [reflected the influence of cloud gaming platforms](#), like Xbox Game Pass, that's received **double-digit growth in search activity each year since 2018 according to our data. That level of search popularity is unmatched compared to other platforms, including Playstation Plus, Nvidia GeForce Now or Google Stadia.**
- Rising search activity is not limited to cloud gaming platforms, [Google Trend data](#) also shows rising **search for video game live streaming services like Twitch and Facebook Gaming**. Last year, after Amazon renamed 'Twitch Prime' to 'Prime Gaming', **search activity both accelerated and has since remained higher** (middle chart). According to the data, similar increases are visible for Facebook Gaming directly after launch of their platform.
- According to UBS Evidence Lab's **\*NEW\*** [Global Video Game Monitor](#), Grand Theft Auto, Valorant, Apex Legends and Resident Evil are the **largest and fastest growing franchises on Twitch** (bottom chart). On average, across all 80+ game franchises tracked by our dataset, publishers with the most aggregate viewership include **Epic Games, Tencent Holdings, Behaviour Interact and Battlestate Games**.
- Comparing UBS Evidence Lab's [Mobile Gaming App](#) data with Twitch viewership in the [Global Video Game Monitor](#), apps with a **higher share of gross revenue in our comp set, like Roblox, have also seen a commensurate rise in Twitch viewership since 2018**. Download our datasets to explore Twitch viewership and app gross revenue trends for publishers like Activision Blizzard, Bandai Namco, Take-Two, Tencent Holdings, among others.

**\*NEW\* to Evidence Lab**

- [US Millennials Transaction Monitor](#)
- [US Electric Vehicle Registration Monitor](#)
- [US Coolers and Drinkware Brand Search Monitor \[Google\]](#)
- [Global Airlines Search Monitor \[ Google \]](#)
- [Global Commercial Airline Traffic Monitor](#)

**INFLATION-RELATED DATASETS**

Begin by reviewing our [US Nowcasting: Overall CPI and Core CPI](#)

- Housing: [US Housing Monitor](#)
- Retail and Apparel: [US Softlines Promotion Intensity](#), [Global Sportswear Merchandise Planning - Direct Channel](#)
- Transportation: [US Airlines Yield Management Monitor](#)
- Food: [US Grocery Retailer Price Monitor](#)
- Medical: [US Drug Pricing Monitor](#)

**MOST DOWNLOADED**

- [US Auto EV Adoption Monitor](#)
- [Global Maritime Cargo Monitor](#)
- [US Softlines Retail Formations Monitor](#)
- [Global App Monitor – Consumer](#)
- [Global Maritime Trade Monitor](#)
- [Global App Monitor - TMT](#)
- [Global Brand Tracker \[ Instagram \]](#)
- [Global Covid-19 Foot Traffic Monitor](#)
- [US Millennials Transaction Monitor](#)
- [Global Commercial Airline Traffic Monitor](#)

## UBS RETAIL MARKET MAKING

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### SUMMARY

Relatively muted flows to start this week with volumes increasing in the later half of the week post Fed. On Monday, FB was the 2<sup>nd</sup> most active stock with retail flipping to the buy side as the stock made new highs. Tuesday DKNK saw record inflows as the stock came under pressure due to the Hindenburg short report. First half of the week materials saw large inflows with retail aggressively buying both FCX and CLF. WISH also saw large inflows. Wednesday flow was muted pre Fed, but post announcement retail was a steady buyer of the market weakness. Inflows into materials continued and Financials were the most bought sector by retail. Tech and growth were sold. Silver was also sold post Fed with Silver ETF's having their largest outflows in nearly a year. AMC saw record inflows during its brief pullback on Wednesday. Thursday retail continued to rotate out of Tech and growth and into value despite the reversal in performance.

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## PRIME BROKERAGE COLOR

CROWDED LONGS						CROWDED SHORTS					
Region	Common Name	#	#1W	%1W	%YTD	Region	Common Name	#	#1W	%1W	%YTD
Americas	Amazon.com Inc	1	1	4.39%	2.76%	Americas	Tesla Inc	1	1	1.81%	-13.57%
Americas	Facebook Inc	2	3	0.28%	21.27%	Americas	Microsoft Corp	2	6	2.83%	16.48%
Americas	Microsoft Corp	3	2	2.83%	16.48%	Americas	Salesforce.Com Inc	3	2	1.19%	7.99%
Americas	Alphabet Inc A	4	4	1.53%	38.66%	Americas	Apple Inc	4	3	1.16%	-3.72%
APAC	Kweichow Moutai Co Ltd	5	5	-3.23%	9.05%	APAC	Qantas Airways Ltd	5	13	-3.29%	-2.89%
Americas	Mastercard Inc	6	6	-0.14%	2.65%	APAC	Magellan Financial Group Ltd	6	10	0.74%	-4.74%
APAC	BHP Group Ltd	7	7	0.41%	18.44%	Americas	Advanced Micro Devices Inc	7	7	-0.33%	-11.34%
Americas	Visa Inc	8	8	2.09%	7.74%	APAC	Orica Ltd	8	5	1.63%	-5.02%
Americas	Uber Technologies Inc	9	10	-0.34%	-1.94%	Americas	Analog Devices Inc	9	19	1.22%	14.44%
Americas	Snowflake Inc.	10	20	-0.81%	-14.50%	APAC	Afterpay Ltd	10	4	9.57%	-12.27%
APAC	China Merchants Bank Co Ltd	11	15	-2.09%	28.17%	Americas	S&P Global Inc	11	20	2.06%	19.92%
Americas	Nike Inc	12	25	-1.35%	-6.36%	Americas	International Business Machi	12	12	2.62%	23.16%
Americas	Salesforce.Com Inc	13	17	1.19%	7.99%	Americas	Intel Corp	13	8	0.84%	17.51%
APAC	CSL Ltd	14	19	1.81%	5.31%	Europe	AstraZeneca PLC	14	17	3.47%	19.85%
Americas	Micron Technology Inc	15	11	-5.28%	5.53%	Europe	Aon PLC	15	-	-0.36%	18.89%



## CONFERENCE CALLS

### COMING UP

	Date	Sector	Time (EDT)	Company/Topic	UBS Host	Link to RSVP	Dial-In	Replay	Replay Code
	21-Jun	Consumer	8:00 AM	UBS Expert Call: CPRI, TPR, GOOS - The China Outlook	Jay Sole	<a href="#">PLEASE REGISTER HERE</a>		<a href="#">Click to Request Replay</a>	
	21-Jun	TMT	10:00 AM	UBS Expert Call: Theme Parks in a Post-COVID World	John Hodyuk	<a href="#">PLEASE REGISTER HERE</a>		<a href="#">Click to Request Replay</a>	
	21-Jun	Healthcare	10:00 AM	APLS: GA Physician Call: What to Look for in Upcoming Phase 3 Data	Eliana Marie	<a href="#">PLEASE REGISTER HERE</a>			
NEW	21-Jun	Consumer	1:00 PM	Insights from a large QSR franchisee across several categories	Dennis Geiger	<a href="#">PLEASE REGISTER HERE</a>			
NEW	21-Jun	Energy	2:00 PM	UBS Midstream Call: Fireside Chat with S&P Midstream Team	Shneur Gershuni, Michelle Kenel, Brian Reynolds	<a href="#">PLEASE REGISTER HERE</a>	US: 1 888 286 8010 Int'l: +1 617 801.6888		90824598
	22-Jun	Industrials	10:00 AM	UBS Expert Call with Consultant For Top US Security Product Wholesaler	Chris Snyder	<a href="#">PLEASE REGISTER HERE</a>	US: 1 888 286 8010 Int'l: +1 617 801.6888		63712342
	22-Jun	TMT	10:00 AM	UBS High Conviction Call Series - Telecom & Networking Equipment: Arista Networks	David Vogt	<a href="#">PLEASE REGISTER HERE</a>	US: 1 888 286 8010 Int'l: +1 617 801.6888		49509339
NEW	22-Jun	Consumer	11:00 AM	UBS Cruise Line Bookings Conference Call with One of the Largest U.S. Cruise Sellers	Robin Farley	<a href="#">PLEASE REGISTER HERE</a>			
	22-Jun	ESG	11:00 AM	UBS High Conviction Call Series - ESG: Top Themes	Julie Hudson & Vicki Kalb	<a href="#">PLEASE REGISTER HERE</a>			
NEW	22-Jun	Consumer	11:00 AM	An Expert's Take on the Outlook for the home improvement sector	Michael Lasser	<a href="#">PLEASE REGISTER HERE</a>		<a href="#">Click to Request Replay</a>	
	22-Jun	Renewables	11:00 AM	EV Charging Infrastructure w/ Tritium	Jon Windham	<a href="#">PLEASE REGISTER HERE</a>			
NEW	22-Jun	Financials	12:00 PM	Virtual NDR: Inact Financial (FC TO)	Brian Meredith	<a href="#">PLEASE REGISTER HERE</a>			
	22-Jun	Financials	1:00 PM	Expert Event: ESG - Diederik Timmer Sustainability/Morningstar (MORN)	Alex Kramm	<a href="#">PLEASE REGISTER HERE</a>			
	22-Jun	Financials	2:00 PM	UBS High Conviction Call Series - Banks/Large-Cap: Citigroup	Saul Martinez	<a href="#">PLEASE REGISTER HERE</a>	US: 1 888 286 8010 Int'l: +1 617 801.6888		93553553
	22-Jun	REITs	2:00 PM	What's Happening in The Marina Sector?	Michael Goldsmith	<a href="#">PLEASE REGISTER HERE</a>			
	23-Jun	Renewables	11:00 AM	The RNG Market w/ Greenlane Renewables (GRN.T)	Jon Windham	<a href="#">PLEASE REGISTER HERE</a>			
NEW	23-Jun	Consumer	11:00 AM	What's Happening in The Mattress Sector?	Azul Maheswari, Michael Lasser	<a href="#">PLEASE REGISTER HERE</a>			
NEW	24-Jun	Quant	9:00 AM	Quant Insights Virtual Series 2021: Challenges for Central Banks With Randall Kroszner	Fabrice Schloegel, Michael Gray	<a href="#">PLEASE REGISTER HERE</a>			
	24-Jun	Renewables	11:00 AM	Smart Buildings w/ Buildings IoT	Jon Windham	<a href="#">PLEASE REGISTER HERE</a>			
	25-Jun	Industrials	11:00 AM	Zero-Emission Buses w/ NR Group (NRI)	Steve Fisher	<a href="#">PLEASE REGISTER HERE</a>			
	25-Jun	Consumer	11:30 AM	UBS Virtual NDR: Royal Caribbean Group (RCL)	Robin Farley	<a href="#">PLEASE REGISTER HERE</a>			
	29-Jun	Industrials	11:00 AM	Wind & Solar EPC w/ Infrastructure & Energy Alternatives (IEA)	Steve Fisher	<a href="#">PLEASE REGISTER HERE</a>			
	30-Jun	Renewables	11:00 AM	Solar Development w/ Impact Power Solutions	Jon Windham	<a href="#">PLEASE REGISTER HERE</a>			

### REPLAYS

	Date	Sector	Time (EDT)	Company/Topic	UBS Host	Replay	Replay Code
NEW	17-Jun	Industrials	10:00 AM	UBS Expert Call with Acuity (AYI) Lighting Distributor	Chris Snyder	US: 1 888 286 8010 Int'l: +1 617 801.6888	51450524
NEW	17-Jun	Industrials	10:00 AM	Expert Call on PFAS: Update on potential catalysts	Markus Mittermaier, Damian Karas	<a href="#">Click to Request Replay</a>	
NEW	17-Jun	TMT	10:00 AM	UBS High Conviction Call Series - IT Hardware & Electronics Manufacturing Services: Apple	David Vogt	US: 1 888 286 8010 Int'l: +1 617 801.6888	10447251
NEW	17-Jun	Consumer	12:00 PM	Why Bath & Body Works Will Successfully Lap Stay-At-Home	Jay Sole	<a href="#">Click to Request Replay</a>	
NEW	17-Jun	Consumer	2:30 PM	UBS Consumer Sentiment / Positioning Call	Nick Smith, Dennis Geiger, Sean King, Jay Sole, Michael Lasser, Arpine Kocharyan	US: 1 888 286 8010 Int'l: +1 617 801.6888	30165638
NEW	16-Jun	TMT	8:15 AM	ORCL EPS Recap Call	Karl Keirstead, Andrew Rocha	US: 1 888 286 8010 Int'l: +1 617 801.6888	73160805
NEW	16-Jun	Healthcare	9:00 AM	UBS Expert Event: Hospital Purchasing Trends	Kevin Caliendo, Matt Taylor, Dan Brennan, Andrew Mok	US: 1 888 286 8010 Int'l: +1 617 801.6888	25106657
NEW	16-Jun	Industrials	10:00 AM	UBS High Conviction Call Series - Machinery, Engineering & Construction/Quanta Services	Steve Fisher	US: 1 888 286 8010 Int'l: +1 617 801.6888	98807464
NEW	16-Jun	Consumer	12:00 PM	Victoria's Secret, Part 1: Is the Comeback for Real?	Jay Sole	<a href="#">Click to Request Replay</a>	
NEW	16-Jun	TMT	2:00 PM	UBS High Conviction Call Series - Software/Large-Cap: Microsoft	Karl Keirstead	US: 1 888 286 8010 Int'l: +1 617 801.6888	95902854
	15-Jun	Healthcare	10:00 AM	UBS Expert Event: Montefiore Nyack Hospital COO Call	Matt Taylor, Dan Brennan, Kevin Caliendo, Andrew Mok	US: 1 888 286 8010 Int'l: +1 617 801.6888	17307717
	15-Jun	Consumer	10:00 AM	An Expert's Take on Recent Trends in the Grocery Channel	Michael Lasser, Mark Carden, Dennis Geiger, Sean King, Sreedhar Mahamkali	<a href="#">Click to Request Replay</a>	
	14-Jun	Industrials	11:00 AM	UBS High Conviction Call Series - Aerospace & Defense Electronics: Raytheon Technologies	Myles Walton	US: 1 888 286 8010	38385333
	14-Jun	Consumer	10:00 AM	Expert Event: Conference Call w/Jan Freitag, STR Lodging Expert	Robin Farley, Jarrod Castle	<a href="#">Click to Request Replay</a>	
	14-Jun	Consumer	2:00 PM	What's Happening in Pet Supplies Retail?	Michael Lasser	<a href="#">Click to Request Replay</a>	
	11-Jun	Healthcare	8:30 AM	UBS Expert Event: DC Perspective on Aducanumab Approval	Kevin Caliendo, Colin Bristow	US: 1 888 286 8010 Int'l: +1 617 801.6888	31095878
	11-Jun	Financials	11:00 AM	UBS High Conviction Call Series - Insurance/Life: Reinsurance Group of America	Brian Meredith/Mike Ward	US: 1 888 286 8010 Int'l: +1 617 801.6888	99406007
	11-Jun	Materials	12:00 PM	UBS High Conviction Call Series - Metals & Mining: Southern Copper	Andreas Bokkenheuser	US: 1 888 286 8010 Int'l: +1 617 801.6888	23938525
	11-Jun	Consumer	12:00 PM	UBS Consumer Insights Day: Off Price - Current Trends	Jay Sole	<a href="#">Click to Request Replay</a>	
	11-Jun	Industrials	12:00 PM	UBS Recap Of The Global Industrials & Transportation Conference	Kelsey Perselay, Myles Walton, Tom Wadewitz, Steve Fisher, Markus Mittermaier, Chris Snyder, John Roberts	US: 1 888 286 8010 Int'l: +1 617 801.6888 <a href="#">Replay Global Access Numbers</a>	70140239
	11-Jun	Consumer	12:30 PM	UBS Consumer Insights Day: How Reopening Is Impacting Fashion	Jay Sole	<a href="#">Click to Request Replay</a>	

[\(Back to Top\)](#)