

TOP STORIES

- China Narrows Scope for Trade Deal With U.S. Ahead of Talks
- Second Whistleblower Joins Impeachment Investigation Against POTUS
- Taiwan's Exports Unexpectedly Fall Because of China Dropoff
- German Factory Slump Deepens as Investors See Eurozone Recession
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INDEX FUTURES

Futures	Change	Fair Value
S&P 500	2945.5 (-5.5)	-6.51
Nasdaq	7755 (-12.25)	-15.10
Dow	26482 (-43)	-55.72

GLOBAL INDICES

INDEX	CLOSE	CHANGE
FTSE	7180.52	0.35%
DAX	12079.12	0.55%
Nikkei	21375.25	-0.16%
Hang Seng	Closed - Holiday	

ECONOMIC CALENDAR

TIME	INDICATOR	CONSENSUS
10:20	Neel Kashkari Speaks	
1:00	Jerome Powell Speaks	

FOREX

EUR/USD	1.0985 (0.08%)
USD/JPY	106.86 (-0.07%)
USD/CAD	1.3306 (-0.07%)
GBP/USD	1.2326 (-0.04%)

COMMODITY

Oil	53.41 (1.14%)
Natural Gas	2.324 (-1.19%)
Gold	1505.6 (-0.50%)
Copper	2.5605 (-0.10%)

VOLATILITY INDICES

INDEX	SYMBOL	CLOSE
S&P	VIX	17.04 (-10.77%)
Nasdaq	VXN	20.24 (-9.36%)
Oil	OVX	39.31 (-2.70%)
Gold	GVZ	15.26 (-6.55%)

MARKET OUTLOOK

Futures are indicating a lower open for the morning but off the overnight lows. Reports on Sunday night that China was trying to manage expectations into the talks with the US are weighing a bit. China's Liu He said that their offer won't include commitments on industrial policy or government subsidy reforms. China also reportedly is in 'wait and see' mode with impeachment proceedings advancing. In Washington, another whistleblower is now apparently being represented in the investigation into the President. In the UK, talks between PM Johnson and the EU have stalled again ahead of the 10-31 deadline. He continues to insist that they will leave no matter what at the deadline. Oil is slightly higher this morning as tensions around a Turkish advance into Syria grow.

Asian markets are quiet this morning with the Nikkei inching lower on trade concerns. Hong Kong and China are both on Holiday today. Exporters like **Canon** and **Bridgestone** are lower by 1-2%. Apple supplier **Murata Manufacturing** jumped 1.6% on reports of a strong iPhone demand. It was a quiet morning for new data with nothing notable.

European markets are higher this morning, broadly, with defensive sectors leading. Eurozone investor confidence fell to -16.8 in October, worse than expected. German factory orders slipped 0.6% in August. UK housing prices were weak, down 0.4% in September vs a 0.1% gain. **Bayer** is higher by 1.5% early after a lawsuit over Roundup has been delayed. **AMS** fell 4.5% after the company announced it failed in its takeover attempt of **Osram**. **HSBC** down 1% on talks of job cuts.

10X Genomics (TXG) in focus today with multiple positive initiations including BAML who started at Buy with a \$62 PT. The firm thinks TXG offers "transforming technology" in single cell analysis and has visibility for rapid revenue growth.

S&P TECHNICALS

Levels: Support 2,825/2,800; Resistance 3,020/3,060



5515 Advancing	Declining 1806
70.5%	23.1%
95 New High	New Low 95
50.0%	50.0%
3446 Above SMA50	Below 4293
44.5%	55.5%
3769 Above SMA200	Below 3970
48.7%	51.3%

KEY EVENTS**Earnings After the Close:** LMAT**Analyst Days:** WVE**Tomorrow...** PPI-FD at 8:30 AM, Redbook at 8:55, Charles Evans Speaks at 1:35, Jerome Powell Speaks at 1:50**Earnings Before the Open:** AZZ, DPZ, HELE**ANALYST ACTION/COMMENTS****Match (MTCH)** upgraded to Buy at Deutsche Bank; upgraded to Buy at Nomura**Arconic (ARNC)** upgraded to Overweight at JP Morgan**Ring Central (RNG)** upgraded to Overweight at JP Morgan**Uber (UBER)** upgraded to Buy at Citi, \$45 PT**Zimmer Bio (ZBH)** upgraded to Buy at BTIG**Moody's (MCO)** upgraded to Buy at UBS**E-Trade (ETFC)** upgraded to Buy at UBS, \$41 PT**DTE Energy (DTE)** upgraded to Buy at Mizuho**Alteryx (AYX)** upgraded to Outperform at Wedbush**Imperial (IMO)** upgraded to Neutral at Alta**Cenovus (CVE)** upgraded to Outperform at Alta**Entegris (ENTG)** downgraded to Hold at Deutsche Bank**Knoll (KNL), Steelcase (SCS), Herman Miller (MLHR)** downgraded to Neutral at Raymond James**Carnival (CCL)** downgraded to Neutral at HSBC**Wendys (WEN)** downgraded to Neutral at Cowen**Ameritrade (AMTD)** downgraded to Neutral at UBS**Ingersoll Rand (IR)** downgraded to Neutral at Stephens**Align (ALGN)** downgraded to Neutral at Guggenheim**HP (HPQ)** downgraded to Hold at Argus**Blackline (BL)** initiated Buy at First Analysis**Smile Direct (SDC)** initiated Buy at Stifel; initiated Outperform at William Blair; initiated Buy at BAML; initiated Buy at Guggenheim; initiated Buy at JP Morgan**10X Genomic (TXG)** initiated Buy at BAML; initiated Buy at JP Morgan; initiated Outperform at Cowen**MEDIA HIGHLIGHTS****Occidental (OXY)** puts plans to sell **Western Midstream (WES)** piece on hold – Reuters**Chevron (CVX)** acquires 40% stake in Mexico Deepwater blocks - ReutersU.A.W. says talks to end **General Motors (GM)** strike took 'turn for the worse' - NYTimes**HSBC** to cut up to 10,000 jobs in cost-cutting drive - FTBarron's positive **SCHW, UTX, RTN, TSM, V, MA, DAL**; cautious **SPOT**European Commission has concerns about **Facebook's (FB)** Libra – FT**Bayer's** Roundup Lawsuit Trial Has Been Delayed Until Next Year – BloombergInvestors soured by **WeWork's** 'sloppy' IPO filings – WSJ**Apple (AAPL)** supplier **Japan Display** seeking a new bailout deal – ReutersKuo sees smaller, cheaper **Apple (AAPL)** iPhone boosting sales in early 2020 – CNBC**Invesco (IVZ)** cutting 1,300 jobs to meet \$475M cost-savings target – FTEU antitrust enforcer aims to force **Broadcom (AVGO)** to end anticompetitive practices - FT**STOCK SPECIFIC NEWS OF NOTE****SkyWest (SKYW)** reports September block hours up 6.3%**Neurocrine (NBIX)** discloses results of Ingrezza study in tardive dyskinesia patientsTrump tweets Medicare Advantage premiums in 2020 to be lowest in 13 years (**ANTM, MOH, WCG, UNH, HUM**)**Dish Network (DISH)** reaches long-term carriage agreement with **Fox (FOXA)****Audentes (BOLD)** presents new data from ASPIRO trial**Pfenex (PFNX)** receives FDA approval for PF708**Dialog Semiconductor** to acquire integrated circuits supplier Creative Chips**Innovate Bio (INNT)** to merge with RDD Pharma**General Electric (GE)** freezing U.S. pension plans for about 20,000 employeesTrump administration removes tariff exemption for bifacial solar panels (**TAN, JKS, CSIQ, RUN**)

PRE-MARKET MOVERS

Moving Higher: PFINX 20%, RNG 4.4%, UBER 3.3%, SDC 2.9%, ETFC 2%, ARNC 1.5%

Moving Lower: DBVT -5%, SCS -2%

INSIDER TRADING (Form 4 Filings)

Buying: HRTX, HOME, IMMU, THC, RRR

Selling: EXEL, TWTR, EW, NEOG, QCOM, ACIA, SAM, MYOK, NEWR, TTD, CSOD, F, CARA

POTENTIAL SYMPATHY TRADES

FSLR, CSIQ, RUN, JKS, ENPH – on tariff exemption being lifted by US

OPTION HIGHLIGHTS (Prior Day)

Coherus BioSciences (CHRS) with 3,000 November \$22.50/\$30 call spreads bought today to open for \$1.77 and follows accumulation in the October \$22.50 calls recently with over 6,000 in OI. The November \$25 calls also with over 900 in OI from buyers. Shares have held up well, especially with respect to other pharma names, and flagging in a weekly range under \$23.50. A move higher targets \$30. The \$1.42B company trades 9.17X earnings, 11.8X sales, and 12.6X cash with expectations for big jumps in EPS the next two years. CHRS is focused on the biosimilar market with their lead asset Udenyca which launched earlier this year. It has seen significant early uptake going around a 20% market share and management noting at the HCW conference in September that continued uptake in 2020 could help drive to 30%, especially as they continue to build out staffing. Neulasta has around \$1B in quarterly sales, so a lot of room for expansion especially if CHRS pursues an Onpro device. CHRS has longer-term biosimilar programs in development targeting Eylea and Humira. Analysts have an average target for shares of \$32.50. Barclays positive on 9-25 noting that Udenyca uptake remains impressive and they continue to see a strong path for share gains in 2020. Mizuho positive on 8-13 initiating coverage at Buy with a \$43 PT. They see Udenyca peak sales above consensus and think the asset alone is worth \$30/share. Short interest is 13.5% and up near 2-year highs. Hedge fund ownership fell 15.8% in Q2. Rock Springs Capital and Hound Partners notable holders.

AFTER HOURS MOVERS

Gainers:

Losers:

MARKET SENTIMENT / INTERNALS

INDICATOR	READING	SIGNAL
CBOE Equity Put/Call Ratio	0.688	Rising – Cautious
CBOE Index Put/Call Ratio	1.29	Rising – Cautious
CBOE Skew Index	114.54	Low
VIX Curve	Contango	Normal
CNN Fear & Greed Index	32	Fear
NYMO	-16.29	Neutral
NYSE New Highs – New Lows	65.99	Neutral
McClellan Summation	555.89	Below 8-EMA
Univ. of Michigan Consumer Sentiment	93.2 (September)	-6.9%

SMART MONEY (13g/13d Filings)

IPO MONITOR

Two clinical-stage biotech companies will debut **VIR, BNTX**

Post Holdings (POST) launches IPO of **Bell Ring Brands** IPO, offering 30M shares

SECONDARY MONITOR

TRADE

WEEKLY TECHNICAL BREAKOUT

POOL:



Pool Corp (POOL) shares are nearing a multi-week bull flag breakout above \$202.50 with a measured move out to \$225. POOL has been in a strong uptrend and one of the more consistent names of the year. Both RSI and MACD remain in strong trends but not yet overbought.

FUNDAMENTAL TRADE OF THE WEEK

Stock: Idexx Corp (IDXX)

Price: \$276.50

Valuation: Undervalued

Key Ratios:

	Fwd. PE	P/S	P/B	EV / EBITDA	P/FCF
Stock	59.5X	10.6X	100X	40.3X	88.5X
Industry Avg.	39.8X	4X	4.4X	21X	42.1X

Analysis: IDXX is a \$23.85B leader in the veterinary services market. They focus on diagnostic services like rapid assay kits and POC products for both livestock and companion animals. The usage of diagnostics continues to grow in the animal space although relatively small still (17% penetration) and IDXX remains positioned well to take advantage. Preventative care especially stands out as a big growth area.

IDEAS

WEEKLY TECHNICAL BREAKDOWN

CTRP:



Ctrip.com (CTRP) shares have rebounded into the recent breakdown level and vulnerable to downside under \$28.50. A move lower has channel target near \$25 which aligns with the December lows.

PAIR TRADE OF THE WEEK

Industry: Apparel

Long/Short: Long **Guess? (GES)** and short **Gap (GPS)**

Analysis: GES is coming off a strong quarter with its DTC business improving and a strong inventory position into the Holidays. GES is also seeing better margin performance than peers. GPS's core business remains challenged while their spin off plans and aggressive restructuring will weigh. GPS could be a prime candidate for heavy discounting.

SMALL CAP TRADE OF THE WEEK

M/I Homes (MHO) is a \$1.05B builder of single-family homes in the mid-west and South. Shares trade cheap at 8.65X earnings and 0.44X sales with new contracts rising 6% last quarter and a modest backlog. MHO has been strong in two key areas which are thriving in housing: low-cost single family and first-time buyers and would make for an attractive deal target given that exposure.

DAILY OPTIONS REPORT

Unusual Call Activity

Unusual Put Activity

Implied Volatility Riser

Pfenex (PFNX)	National Beverage (FIZZ)	Wave Life (WVE)
McEwen (MUX)	US Foods (USFD)	Eros (EROS)
Coherus (CHRS)	Antero (AM)	Coherus Bio (CHRS)
DHT Holdings (DHT)	Arconic (ARNC)	Pfenex (PFNX)
Qiagen (QGEN)	Cadence (CADE)	YRC Worldwide (YRCW)
Garrett Motion (GTX)	Ring Central (RNG)	Drive Shack (DS)

Lowest Put/Call Ratio

Highest Put/Call Ratio

Implied Volatility Decliner

Garrett Motion (GTX)	Houlihan Loukey (HLI)	Nio (NIO)
Wisdom Tree (WETF)	Methodie (MEI)	Garrett Motion (GTX)
Microvision (MVIS)	Geo Group (GEO)	Avaya (AVYA)
Lovesac (LOVE)	Pattern Energy (PEGI)	Invitae (NVTA)
Criteo (CRTO)	National Bev (FIZZ)	Zynga (ZNGA)
Livent (LTHM)	US Foods (USFD)	GoPro (GPRO)

OTM Calls on Offer

OTM Puts on Offer

Elevated IV30

WPX Energy (WPX)	Chesapeake (CHK)	Axsome (AXSM)
Apellis (APLS)	Ebay (EBAY)	PG&E (PCG)
Marvell Tech (MRVL)	Aurora (ACB)	Overstock (OSTK)
EOG Resources (EOG)	Lyft (LYFT)	Gossamer (GOSS)
Viking (VKTX)	JD.com (JD)	Wave Life (WVE)

Positive Net Delta

Negative Net Delta

Option Volume Gainers (%)

Chesapeake (CHK)	Silver (SLV)	Arconic (ARNC)
Apple (AAPL)	Ford Motor (F)	Cadence (CADE)
Snap (SNAP)	HP (HPQ)	Ring Central (RNG)
AT&T (T)	Activision (ATVI)	McEwen (MUX)
Facebook (FB)	GE	Coherus (CHRS)

Bullish Call Flow

Bearish Put Flow

Large Spread Trades

AT&T (T)	Las Vegas Sands (LVS)	CHRS, 3,000 November \$22.50/\$30 call spreads
Microsoft (MSFT)	Slack (WORK)	XLF, 62,500 December \$26/\$23 put spreads
Eastman (EMN)	Tandem (TNDM)	JPM, 1,500 January 2021 \$135/\$155 call spreads
Lennox (LII)	US Foods (USFD)	CVS, 2,000 November \$62.50 straddles bought
Citi (C)	Wayfair (W)	AMD, 1,500 February \$30/\$26 bull risk reversals

Stock Specific News

Chinese drive to de-Americanize supply chain seen as black swan for 5G chips market – Digitimes
Intel (INTC) CPU shortages heap pressure on notebook ODMs – Digitimes
American Railroads Are Already in Recession With No End in Sight (UNP, NSC, CSX) – Bloomberg
Volvo and **Geely** to Merge Engine Operations in Electric Car Push - Bloomberg
Louis Dreyfus sees tough 2019 as trade war and swine fever hit profits – Reuters
AMS and **Osram** slide following failed takeover – Reuters
SoftBank CEO Masayoshi Son says "embarrassed and flustered" by track record - Nikkei Business
Yes Bank in talks with **Microsoft (MSFT)**, other tech firms to sell up to 15% stake – Mint
New **Sonos (SONO)** service lets you rent its speakers -The Verge
Too many investors are following too few opportunities in biotech – WSJ
Simply Good (SMPL) sees FY above forecast
Intersect ENT (XENT) says ASCEND study did not meet primary endpoint

Extras

Drive Shack (DS) unusual volume late as 2,000 May \$5 calls bought up to \$0.50 to open today
Delta (DAL) buyer opening 4,000 OTM January 2021 \$72.50 calls today for \$1.74
WPX Energy (WPX) buyers of 2,200 October \$10 calls for \$0.45/\$0.50 and over 7,800 of the \$11 calls opening as well around \$0.20, speculative action
Aldeyra (ALDX) with a buyer of 3,500 November \$7.50 puts for \$2.06, tied to stock
Capital One (COF) buyer of 1,800 November 22nd (W) \$82 puts for \$1.83 to \$1.85 into earnings
Lyft (LYFT) late day buyers of 3,700 November 8th (W) \$32.50 puts for \$0.94/\$0.95
Costco (COST), MongoDB (MDB) both seeing November iron condors opening on the day
iRobot (IRBT) buyer of 1,250 November \$50 puts for \$1.75
ProPetro (PUMP) buyers active into the close for 2,000 November \$10 calls up to \$0.55
Elastic (ESTC) buyer of 500 October \$90/\$80 strangles sold for \$2.50
Nvidia (NVDA) buyer of 1,000 December 2020 \$220 calls for \$2.14 with shares \$182
S&P (SPY) with more than 40,000 January \$310 calls also bought on the day around \$2.50

Atlassian (TEAM) with buyers of 1,000 October \$130 calls on Friday near \$7.50 and name which continues to draw bullish positioning into earnings on 10-17. On 10-3, the November \$120 puts were sold to open 500X while the August 2020 \$100 puts have seen sales as well recently. The October \$125 puts are in OI over 3000X. Shares have pulled back above the 200-EMA around \$119 and forming a double-bottom with a move over \$138.50 targeting \$155-\$160. TEAM has been in a strong trend higher since late 2017 and re-testing not only the prior breakout level but 38.2% retracement level of the recent leg up. The \$31.1B company trades 18X cash and 25.7X EV/sales with estimates looking for 25-35% EPS growth and sales up 25%+ over the next two years. TEAM is coming off a strong quarter with subscription revenue maintaining a 50% growth rate while customer growth remains strong. TEAM has been putting more emphasis on their cloud products this year with some free offerings (Bitbucket, Opsgenie, and others) and other initiatives looking to build momentum. The shift will help them not only retain and grow their base but allow for more opportunities to upsell customers as they tailor to a specific need. Analysts have an average target for shares of \$140.50. Sun Trust started at Buy on 10-2 with a \$162 PT, bullish on the massive shift in spending from legacy providers to next generation tech and multi-product platforms. William Blair noting on 9-13 that recent checks are showing that price increases are more drastic and broader than expected. Atlassian still remains a price leader in the market with quality software. DA Davidson with a \$155 PT as the tailwinds for Atlassian's cloud migrations will grow with more adoption and future price increases. Short interest is 3.5% and down from its peak last year around 4.5%. Hedge fund ownership rose 10.5% in Q2. Foxhaven Asset Management, Tiger Global, and Glynn Capital notable holders.

Additional Earnings Preview

Levi Strauss (LEVI) will report earnings on 10-8 after the close with the Street looking for \$0.28 on \$1.44B and the FY at \$1.06 on \$5.81B. Shares have traded mixed in its first two public reports but down 12% in July. 30-day IV is elevated in the 97th percentile of its range while skew is slightly bullish. The \$7.63B company trades 16.36X earnings, 1.33X sales, and 8X cash with a 3.11% yield. LEVI expects high-single digit EPS growth with revenue growth slowing the next two years from 8.5% down to 4.4%. LEVI has seen some brand momentum in all of their geographies with Asia up double-digits last quarter, especially in their Women's brands. The focus this quarter will be gross margins after a miss in Q2 which was likely due to some FX headwinds. Analysts have an average target for shares of \$24. BAML upgrading to Buy on 8-15 with a \$20 PT citing valuation and brand momentum. The firm remains concerned about Levi's department store exposure in a tougher macro environment, but contends that the company can generate more market share gains. Goldman cutting to Sell in July with a \$19 PT. They continue to see headwinds for wholesale-led apparel brands in the 2H and while LEVI has strong brand momentum vs peers its not immune to problems. MSCO has a \$23 PT for shares seeing opportunities such as direct-to-consumer, international expansion and category diversification. Short interest is 1.4%. Hedge Fund ownership fell 41.5% in Q2. On the chart, LEVI has traded weak since it debuted in April but rebounding recently off of 52-week lows. The snapback has hit the 38.2% Fibonacci at \$19.25 as well as near the high-end of cloud resistance and a small gap from July. VPOC for the year is just below at \$18.35. LEVI had a buyer of 3,500 October \$22 calls on 7-10 which remain in OI.