

TOP STORIES

- Trump says Talks Moving Forward ‘Nicely’ but Reports of Tariff Lift Incorrect
- Chinese Inflation Surges in October
- Police Shooting Rattles Hong Kong Markets
- Iran Discovers 53M Barrels of Oil
- Spanish Election Results in Hung Parliament
- Bolivian President Morales Steps Down
- Farage says Brexit Party Will Not Run in Majority of Dec. 12 Elections, Ceding to Tories

INDEX FUTURES

Futures	Change	Fair Value
S&P 500	3080.25 (-10.25)	-11.98
Nasdaq	8223 (-34.25)	-39.89
Dow	27525 (-106)	-122.24

GLOBAL INDICES

INDEX	CLOSE	CHANGE
FTSE	7276.76	-1.12%
DAX	13163.62	-0.49%
Nikkei	23331.84	-0.26%
Hang Seng	26926.55	-2.62%

ECONOMIC CALENDAR

TIME	INDICATOR	CONSENSUS
	Nothing Scheduled	

FOREX

EUR/USD	1.1026 (0.08%)
USD/JPY	108.93 (-0.29%)
USD/CAD	1.3227 (0.01%)
GBP/USD	1.2828 (0.45%)

COMMODITY

Oil	56.41 (-1.45%)
Natural Gas	2.67 (-4.27%)
Gold	1465.4 (0.17%)
Copper	2.6595 (-0.84%)

VOLATILITY INDICES

INDEX	SYMBOL	CLOSE
S&P	VIX	12.07 (-5.18%)
Nasdaq	VXN	16.17 (-2.94%)
Oil	OVX	31.45 (-0.01%)
Gold	GVZ	12.27 (-0.65%)

MARKET OUTLOOK

Futures are indicating a weak open to start the day with protests in Hong Kong turning violent and weighing on sentiment. Over the weekend, POTUS threw some cold water on trade talks noting that media reports about tariffs being rolled back were overstated. While most of his comments were vague (as they tend to be), the overall message was that while the 9/1 tariffs are likely to be included in Phase 1 still there is doubt now about delaying the December tranche. There’s also more talk of dissent within the WH over tariffs. Overall, nothing incrementally new even if the mood is a little more dour this morning.

Asian markets were weak this morning with the Nikkei fading from 13-month highs and the Hang Seng having its worst day in months as violence in HK escalates. Media has reported that at least one protester was wounded by police after live rounds were fired to break up demonstrations. **Honda** rose 4% after announcing a new buyback. **Nissan Chemical** up 10% despite cutting their outlook as they also increased buyback authority.

European markets are in the red this morning with HK woes weighing. Banks exposed to the region like **HSBC** and **Standard Chartered** down over 2%. Luxury stocks like **Burberry**, **LVMH**, **Swatch**, and **Richemont** also weak with their exposure. Some caution in the UK as Moody’s warned on Friday that it would cut their sovereign debt rating again due to Brexit uncertainty. German software company **TeamViewer** up 6% after earnings saw profits rise 95% in its first report since the IPO. UK bakery **Greggs** jumped 17% after a strong outlook. **Novartis** higher by 1.5% after agreeing to buy Aspen’s Japanese generics unit. **BHP** down 2% after expanding oil and gas investment plans, a unit many investors want them to sell.

Looking at **economic data**, Japan core machinery orders were light down 2.9% in September. China CPI rose 3.8% in October vs the 3.3% expected. PPI fell 1.6% vs the 1.5% decline the Street was looking for. UK GDP came in light at 1% vs 1.1% forecast. Industrial production and manufacturing data also coming in light while business investment was slightly better than feared.

S&P TECHNICALS

Levels: Support 3000/2950; Resistance 3,100/3,150



KEY EVENTS

Economic Data: Japan machine orders, UK GDP, UK industrial production, Fed speakers

Earnings AMC: DXC, FOE, FTK, TDW, TME, FGEN, GO

Analyst Day: KRC, MSA, BBD

ANALYST ACTION/COMMENTS

Amcor (AMCR) upgraded to Buy at Credit Suisse

Telefonica (TEF) upgraded to Buy at Credit Suisse

PagSeguro (PAGS) upgraded to Buy at HBSC

Alcon (ALC) upgraded to Neutral at Redburn

HP (HPQ) upgraded to Buy at Evercore

Bank of NY (BK) upgraded to Buy at UBS, \$55 PT

HP Enterprise (HPE) upgraded to Neutral at UBS

Baidu (BIDU) upgraded to Outperform at Oppenheimer

Alliance Data (ADS) upgraded to Outperform at OpCo

NN (NNBR) upgraded to Buy at William Blair

Thomson Reuters (TRI) upgraded to Buy at BAML

Televisa (TV) downgraded to Sell at Barclays

Mammoth Energy (TUSK) cut to Hold at Imperial

Modine Mfg. (MOD) downgraded to Neutral at Baird

Lumentum (LITE) downgraded to Neutral at MSCO

Qualcomm (QCOM) downgraded to Neutral at MSCO

Expedia (EXPE) downgraded to Neutral at OpCO

Cisco (CSCO) downgraded to Hold at Piper

Realogy (RLGY) downgraded to Sell at Susquehanna

Home Depot (HD) downgraded to Hold at Edward Jones

Green Dot (GDOT) downgraded to Hold at Guggenheim

SmartSheet (SMAR) downgraded to Neutral at Wedbush

BellRing (BRBR) initiated Buy at Stifel

Simply Good (SMPL) initiated Buy at Goldman

Burlington (BURL), Ross Stores (ROST) initiated Buy at RBC Capital

MEDIA HIGHLIGHTS

Barron's positive on **OSK, C, BAC, FITB, KEY, PNC, BABA**; cautious **XRX, MCD, UBER**

Alibaba (BABA) Singles' Day sales have exceeded \$31 bln within hours – Bloomberg

Boeing (BA) is hoping to deliver 737 Max to airlines before the end of 2019. WSJ

Tencent (TCEHY) aims to leverage **Nintendo (NTDOY)** partnership. WSJ

Invesco's (IVZ) investment funds lost \$1B /week over the past year. FT

Aramco Prospectus Raises Questions - Bloomberg

Goldman's (GS) Apple Card Probed After Discrimination Claims - Bloomberg

Wynn (WYNN) Macau's Vice Chair Doubles Down on Vegas-Style Expansion Plan – Bloomberg

US banks face uncertain future in coming years – NY Post

Barrick (GOLD) chief eyes growth in 'strategic' copper – FT

Toshiba's core businesses propel 7-fold jump in operating profit – Nikkei

Givaudan buys U.S. flavor and fragrance maker **Ungerer** (pos. **IFF**) – Reuters

Activision (ATVI) Is Getting Its Game Back – WSJ

Data-Center Stocks Face Risks After Rally (neg. **EQIX, CONE, COR**) – WSJ

Viacom (VIAB), CBS Corp (CBS) realigning leadership ahead of merger, WSJ

STOCK SPECIFIC NEWS OF NOTE

Tupperware Brands (TUP) announces suspension of quarterly dividend

WeWork to divest non-core businesses, reduce headcount

Markel (MKL) to acquire VSC Fire & Security

American Electric (AEP) to invest \$33B in capital from 2020-2024

Akebia (AKBA) announces 'positive' data from two Phase 3 vadadustat studies

NextCure (NXTC) presents updated data from NC318 Phase 1/2 clinical trial

Qurate (QRTEA) beats on EPS, missed on revs; **FOLD** beat on both top and bottom line

PRE-MARKET MOVERS

Moving Higher: TEVA 3%

Moving Lower: NXTX -51%, RIO -3%

INSIDER TRADING (Form 4 Filings)

Buying: DAIO, LMNX, GLPI, LYV, ESPR, RDUS, CNFR, PRYS, FPRX

Selling: AMED, DECK, DXCM, KTOS, RCKY, VOYA, USFD, HSIC, FGEN, GPN

POTENTIAL SYMPATHY TRADES

TPR, CPRI – on HK unrest

SAN, GRFS, BBVA, TEF – on Spanish elections

OPTION HIGHLIGHTS (Prior Day)

Stitch Fix (SFIX) buyers of 7000 December \$24 ITM Puts for \$3.80 to open and follows size buyers of the January \$24 puts for over \$5M on 10-17 as well as accumulation in the December \$23, \$22, and \$20 puts. The December \$35 puts bought earlier this year remain in OI over 10,000X as well. Shares are rolling over a bit after trading back up to the 200-day MA and unable to press through recently. SFIX is also hitting downtrend resistance from the 2018 highs with a move lower targeting recent lows at \$15. The \$2.29B company trades 113X earnings, 1.45X sales, and 7.3X cash. Expectations for near-term profitability have come down quiet a bit recently with revenue growth slowing to 19% and then 16% the next two years. SFIX has rolled out new verticals like Men’s wear and a children’s line in recent years as well as new functionality like Direct-Buy that could be a driver into 2020. However, it faces a lot of challenges as well including tough comps, margin pressure as those new investments ramp, and higher inventories. Analysts have an average target for shares of \$28.50 with 7 buy ratings and 6 hold. Baird starting coverage at Outperform on 10-14 seeing a strong risk/reward in the name that offers a highly differentiated shopping experience, capable of capturing increased share of a highly fragmented apparel & accessories market. Wells Fargo lowering their PT to \$20 on 10-1 seeing little visibility into near-term EPS growth. Short interest is 24.8% and rising sharply since April when it was 8.1%. Hedge fund ownership rose 38.5% in Q2 and director Bill Gurley with a sizable \$3.1M insider buy on 10-10 at \$20.83.

AFTER HOURS MOVERS

Gainers:

Losers:

MARKET SENTIMENT / INTERNALS

INDICATOR	READING	SIGNAL
CBOE Equity Put/Call Ratio	0.65	Falling
CBOE Index Put/Call Ratio	1.33	Elevated – Cautious
CBOE Skew Index	126.88	Elevated
VIX Curve	Contango	Normal
CNN Fear & Greed Index	91	Extreme Greed
NYMO	-6	Neutral
NYSE New Highs	107	Strong but Below July
McClellan Summation	731.66	Above 8-EMA
Univ. of Michigan Consumer Sentiment	95.5 (September Final)	Fading

SMART MONEY (13g/13d Filings)

IPO MONITOR

Nothing Scheduled

SECONDARY MONITOR

TRADE

WEEKLY TECHNICAL BREAKOUT

ACAD:



Acadia (ACAD) shares consolidating in a multi-week range under \$44.50 with a pending MACD crossover and RSI remaining strong. A move higher targets \$55 and continuation of the near- and long-term trend.

FUNDAMENTAL TRADE OF THE WEEK

Stock: Euronet (EEFT)

Price: \$147.5

Valuation: Undervalued

Key Ratios:

	Fwd. PE	P/S	P/B	EV / EBITDA	P/FCF
Stock					
Industry Avg.					

Analysis: Euronet (EEFT) is a \$7.99b provider of business services for the financial industry including ATMs across Europe and India, integrated payments cloud and Money Transfer. EEFT is seeing solid growth across all of their business units and could pursue accretive M&A given their solid balance sheet.

IDEAS

WEEKLY TECHNICAL BREAKDOWN

DEO:



Diageo (DEO) shares are back near multi-week lows and consolidating in a narrow range with a breakdown under Friday's lows at \$158 triggering more downside. Shares have a measured target to \$151 with RSI not yet oversold and MACD with a bear crossover.

PAIR TRADE OF THE WEEK

Industry: Retail

Long/Short: Long **TJX Co (TJX)**, Short **Kohls (KSS)**

Analysis: TJX is showing relative strength as it continues to gain share from traditional department stores. Recent checks bode well for next quarter with better assortments and traffic trends. KSS faces headwinds from their Amazon return partnership that is likely to drive higher costs and lower margins.

SMALL CAP TRADE OF THE WEEK

McGrath RentCorp (MGRC) is a \$1.82B B2B rental company focusing on modular buildings, portable storage containers, electronic test equipment, and liquid and solid containment tanks and boxes. Shares trade cheap at 18.5X earnings with double-digit growth and a 2% yield. They're seeing strength in demand for all segments with Educational (modular classrooms) up over 40% last quarter.

DAILY OPTIONS REPORT

Unusual Call Activity

Unusual Put Activity

Implied Volatility Riser

Sientra (SIEN)	LivePerson (LPSN)	McDermott (MDR)
Cytokinetics (CYTK)	Corcept (CORT)	Aurinia (AUPH)
Monster (MNST)	Gap (GPS)	ArQule (ARQL)
Penumbra (PEN)	Revolve (RVLV)	Sprint (S)
Eventbrite (EB)	Ubiquiti (UI)	Michaels (MIK)
Kontoor (KTB)	Medifast (MED)	Applied Opto (AAOI)

Lowest Put/Call Ratio

Highest Put/Call Ratio

Implied Volatility Decliner

Lions Gate (LGFB)	Cincinnati Bell (CBB)	Bloom Energy (BE)
Forescout (FSCT)	Cardtronics (CATM)	Revolve (RVLV)
Michaels (MIK)	BorgWarner (BWA)	Fibrogen (FGEN)
Adamis (ADMS)	ZTO (ZTO)	Yelp (YELP)
Just Energy (JE)	Cardinal Health (CAH)	Sientra (SIEN)
DXC Tech (DXC)	Celgene (CELG)	Stamps.com (STMP)

OTM Calls on Offer

OTM Puts on Offer

Elevated IV30

NetApp (NTAP)	Cincinnati Bell (CBB)	Assembly Bio (ASMB)
Adamis (ADMS)	Applied Materials (AMAT)	Wave Life Sciences (WVE)
PG&E (PCG)	Silver (SLV)	Revolve (RVLV)
Nokia (NOK)	Peloton (PTON)	Covetrus (CVET)
Silver (SLV)	AbbVie (ABBV)	Axsome (AXSM)

Positive Net Delta

Negative Net Delta

Option Volume Gainers (%)

Microsoft (MSFT)	Nio (NIO)	Revolve (RVLV)
Canopy (CGC)	GoPro (GPRO)	Ubiquiti (UI)
Ford (F)	Luckin (LK)	Medifast (MED)
Bristol Myers (BMY)	Activision (ATVI)	Eventbrite (EB)
Gap (GPS)	Macys (M)	Kontoor (KTB)

Bullish Call Flow

Bearish Put Flow

Large Spread Trades

Arrowhead (ARWR)	Stitch Fix (SFIX)	ENPH, 1000 December \$17.50/\$27.50 call spreads
Bluebird (BLUE)	Conoco (COP)	GILD, 1,000 February \$72.50/\$55 bull risk reversals
DXC Tech (DXC)	L3 Harris (LHX)	WAT, December \$200/\$185 put spread bought 500X
Activision (ATVI)	Align Tech (ALGN)	CP, 4,150 March \$260/\$210 bull risk reversals
MGM Resorts (MGM)	Teradata (TDC)	AUDC, 850 June \$22.50/\$30 call spreads

Stock Specific News

SunPower (SPWR) to separate into 2 independent publicly-traded companies
Foamix (FOMX), MenloTherapeutics (MNLO) to merge in stock-for-stock exchange
Goldman Sachs (GS) may shift from revenue goal at investor day – Reuters
ArcelorMittal (MT) Mothballs South African Plant to Curb Losses – Bloomberg
Tesla (TSLA) Flaunts First China-Built Cars as Start of Sales Nears – Bloomberg
MasterCard (MA) Launches 'Fintech Express' in Asia Pacific – Bloomberg
Kaiser Permanente CEO Tyson dies unexpectedly at 60 – NY Post
Chevron (CVX) quits North Sea with \$2bn asset sale – City AM
British Steel to announce £70m **Jingye Group** rescue deal – City AM
Decline in Q4 DRAM Contract Prices Lessens as Buying Momentum Recovers – DRAMeXchange
Adidas to close German, U.S. robot factories – Reuters
Roche sets sights on **Novartis (NVS), Biogen (BIIB)** as SMA trial hits target – Reuters
China's auto industry discusses ways to boost rural car sales – Reuters
Prosus makes \$6.3B hostile bid for **Just Eat**; Just Eat rejects deal – Tech Crunch
China's Drug Market Is Opening Up – WSJ
Australia's **EML Payments** to buy **Prepaid Financial Services** for \$290M – Reuters
Xerox (XRX) Prepared to Offer 4 Weeks of Due Diligence to Win Over **HP (HPQ)** – Bloomberg
Novartis (NVS) buys **Aspen's** Japanese generic unit for up to €400M – Reuters
Visa (V) to snap up stake in African fintech unicorn **Interswitch** – Sky
Allegro to acquire **TGI Fridays** in cash-and-stock deal
Blackstone (BX) Takes Controlling Stake in Owner of Dating App **Bumble** – WSJ
McKinsey Faces Criminal Inquiry Over Bankruptcy Case Conduct – NY Times
Invitae (NVTX) to acquire Clear Genetics for \$50M in cash-and-stock

Extras

Regional Banks (KRE) buyer of 30,000 January \$54/\$49 put spreads for \$0.85
Financials (XLF) with 100,000 December \$29/\$26 put spreads
S&P 500 (SPY) the January \$310/\$280 put spread bought 13,000X for \$3.42
Micron (MU) with 10,000 June \$47 puts sold for \$5.70 to open
Salesforce (CRM) late day buyers of 9,300 November 22nd (W) \$165 calls up to \$1.90 into Dreamforce
CrowdStrike (CRWD) with buyers of 2,000 December 13th (W) \$48 calls bought \$3.40 to \$3.50 and also 500 of the \$48.50 calls at \$3.20 to \$3.30

Match Group (MTCH) buyers of 1000 January \$68 calls for \$4.60 to \$4.80

WWE the April \$60/\$75 call spread bought 750X1,500 for \$1.80

Novartis (NVS) with 2,000 January \$90 calls bought up to \$1.65

Upland Software (UPLD) late day sellers of 700 April \$35 puts for \$4

Open Interest Checks

AMRN – Jan. \$25 Calls from 23,993 to 41,962

GTN – Feb. \$17.50 Calls from 3,657 to 1,474

KR – April \$30 Calls from 1,120 to 2,092

HIG – Jan. \$65 Calls from 2,847 to 4,348

CL – Jan. 2021 \$57.50 Short Puts from 1,735 to 3,235

JD – Jan. \$36 Calls from 1,883 to 3,922

CLX – Dec. 13th (W) \$147 Calls from 1,735 to 3,692

CRM – Nov. 29th (W) \$162.50 Calls from 3,318 to 2,031

ATVI – Dec. \$60 Call OI from 4,803 to 7,606

CERN – Dec. \$67.50 Calls from 1,023 to 2,347

Biotech Event

Amarin (AMRN) will have an AdCom meeting on Thursday for the expanded use case of their fish oil based drug Vascepa to include cardiovascular risk reduction. Final briefing documents will be out on Tuesday. The company said on their earnings call recently that they're approaching the meeting with cautious optimism but plans to be aggressive in defending the REDUCE-IT study and its usefulness in lowering the number of adverse events like stroke and heart attack (they see 150k to 450k reduction per year). The committee will likely question the trial design, efficacy, and safety shown in the Phase 3 results. One specific are they'll likely focus on is the controversy over the use of mineral oil as a placebo pill. The oil was used because it closely mimics VASCEPA but some have brought up concerns over how it affected statin absorption. The company has already given a lengthy response. The risk for AMRN is real as the original data drove the stock higher from \$3 to \$23 and expectations of around \$1b in sales. And, AMRN expects to double their sales staff if approved. AMRN has seen mixed options flow into the event. The December \$20 calls and January \$25 calls bought in size on Friday. We've also seen some large bear risk reversals open but likely collaring stock. Short interest is 14.1% and rising steadily since the initial Phase 3 data when it was around 4%. Baker Bros. are the largest holders of stock with 41.5M shares, their fifth largest position, while Consonant Capital with 8.6M shares and Perceptive with 6M shares. Skew is bearish with 25-delta p/c spread at 13% vs the 52-week average of 2.2%.

Date	Description	Volume	Open.Int	Price	Delta	Impl Vol	Prob.ITM	Premium Paic
11/8/2019	AMRN 100 17 JAN 20 25 CALL	20,556	23,993	\$0.80	0.237	88.31%	13.43%	\$1,644,480
11/8/2019	AMRN 100 20 DEC 19 20 CALL	9,012	7,590	\$1.52	0.422	103.61%	29.01%	\$1,369,824
11/4/2019	AMRN 100 17 JAN 20 21 CALL	5,103	3,851	\$1.85	0.42	102.47%	25.32%	\$1,020,600
11/4/2019	AMRN 100 17 JAN 20 13 PUT	5,011	1,193	\$1.71	-0.22	126.76%	42.14%	\$957,101
10/29/2019	AMRN 100 17 JAN 20 19 PUT	7,000	2,946	\$4.70	-0.54	99.34%	71.62%	\$3,465,000
10/29/2019	AMRN 100 17 JAN 20 19 CALL	7,026	5,831	\$2.00	0.46	99.64%	28.39%	\$1,552,746
10/29/2019	AMRN 100 17 JAN 20 10 CALL	2,000	2,896	\$7.30	0.87	129.45%	69.11%	\$1,500,000
10/29/2019	AMRN 100 (Weeklys) 6 DEC 19 12 PUT	2,464	6	\$0.99	-0.19	144.76%	33.82%	\$258,720
10/29/2019	AMRN 100 (Weeklys) 29 NOV 19 12 PUT	2,109	667	\$0.94	-0.19	158.55%	33.58%	\$219,336
10/28/2019	AMRN 100 17 JAN 20 19 PUT	2,500	539	\$4.49	-0.51	98.76%	69.03%	\$1,162,500
10/28/2019	AMRN 100 15 NOV 19 12 PUT	10,313	4,470	\$0.76	-0.16	190.19%	29.22%	\$814,727
10/28/2019	AMRN 100 17 JAN 20 19 CALL	2,512	3,325	\$2.26	0.49	98.47%	30.96%	\$615,440
10/28/2019	AMRN 100 15 NOV 19 21 CALL	10,289	5,811	\$0.45	0.22	111.24%	15.24%	\$493,872
10/25/2019	AMRN 100 17 JAN 20 11 PUT	5,006	224	\$0.84	-0.153	116.41%	32.23%	\$420,504
10/22/2019	AMRN 100 20 MAR 20 20 CALL	3,000	5,973	\$2.60	0.48	89.04%	26.82%	\$810,000
10/17/2019	AMRN 100 15 NOV 19 18 CALL	1,047	2,105	\$1.50	0.44	115.14%	31.70%	\$163,332
10/10/2019	AMRN 100 15 NOV 19 17 CALL	11,249	1,976	\$1.50	0.42	125.88%	27.59%	\$1,676,101
10/10/2019	AMRN 100 15 NOV 19 16 CALL	5,105	3,427	\$2.05	0.52	132.69%	35.36%	\$1,097,575
10/10/2019	AMRN 100 15 NOV 19 19 CALL	6,444	1,387	\$0.72	0.32	115.78%	19.82%	\$676,620
10/10/2019	AMRN 100 (Weeklys) 22 NOV 19 17 CALL	2,018	15	\$1.72	0.46	123.04%	29.97%	\$373,330
10/2/2019	AMRN 100 15 NOV 19 15 CALL	7,031	7,829	\$2.00	0.53	122.87%	36.07%	\$1,546,820
10/2/2019	AMRN 100 17 JAN 20 20 CALL	8,194	23,673	\$1.06	0.32	90.49%	16.99%	\$1,024,250
10/1/2019	AMRN 100 15 JAN 21 22 CALL	1,501	1,445	\$3.30	0.5	76.30%	19.12%	\$510,340