

MARKET BLITZ – November 26th, 2019

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TOP STORIES

- US, China Hold Call on Trade, Remain On Track for Phase One
- Powell: Fed is Committed to 2% Inflation Goal
- RBA's Lowe: Interest Rates to Stay Low but Unlikely to Go Negative
- Speaker Pelosi: House is 'Within Range' of USMCA Deal

INDEX FUTURES

Futures	Change	Fair Value
S&P 500	3131.5 (-1.25)	-1.44
Nasdaq	8374.25 (-2.25)	-2.68
Dow	28042 (3)	-2.47

GLOBAL INDICES

INDEX	CLOSE	CHANGE
FTSE	7400.06	0.05%
DAX	13220.81	-0.19%
Nikkei	23373.32	0.35%
Hang Seng	26913.92	-0.29%

ECONOMIC CALENDAR

TIME	INDICATOR	CONSENSUS
8:30	Int'l Trade	-\$70.8B
9:00	Case Schiller	0.3%
10:00	New Home Sales	707k
10:00	Consumer Confidence	126.9
10:00	Richmond Fed	6

FOREX

EUR/USD	1.1016 (0.03%)
USD/JPY	108.94 (0.04%)
USD/CAD	1.331 (0.10%)
GBP/USD	1.2866 (-0.25%)

COMMODITY

Oil	58.07 (0.10%)
Natural Gas	2.466 (-2.57%)
Gold	1457.5 (0.04%)
Copper	2.6435 (-0.15%)

VOLATILITY INDICES

INDEX	SYMBOL	CLOSE
S&P	VIX	11.87 (-3.81%)
Nasdaq	VXN	15.08 (-3.33%)
Oil	OVX	31.90 (-1.5%)
Gold	GVZ	11.15 (-1.50%)

MARKET OUTLOOK

Futures are indicating a slightly lower open for the morning despite another trade update. Yesterday afternoon reports that the US and China held another phone call as they work towards a Phase One deal that has been 'close' for over a month now. There was not much detail on the call but continue to be on track. Jerome Powell spoke at a dinner last night and largely reiterated what we've heard from him over the last month that policy will remain on hold. It was another relatively calm night in Hong Kong.

Asian markets are mixed overnight with the Nikkei hitting a new 14 month high. Electronics and semiconductors are leading a bit with positive trade talks. **Advantest, Tokyo Electron, Murata, and TDK** all up 3.5% to 4%. **Hitachi Chemical** up 15% with Hitachi close to selling their stake in the company.

European markets are slightly lower in early trading with FTSE eking out a small gain. Defense firm **Elbit Systems** down 3% this morning after earnings, weighed on by higher SG&A. **Compass Group** shares are down 8% this morning after cutting their outlook. The world's largest catering firm is cautious on Europe. French car parts maker **Faurecia** up 5% after strong guidance. Britain's **Pets at Home** up 9% after raising their outlook with strong demand for food and vet services. Shares of UK banknote printer **De La Rue** fell sharply after suspending its dividend.

It was a slow night for **economic data** globally. New Zealand retail sales came in strong at 1.6% in Q3. Japan's core CPI was in line with estimates. Singapore industrial production beat at 3.4% vs -0.5% forecast. German consumer confidence rose slightly to 9.7 vs 9.6. Hong Kong imports fell 11.5% in October.

S&P TECHNICALS

Levels: Support 3,050/3,000; Resistance 3,150/3,200



5767 Advancing	Declining 1687
73.3%	21.4%
649 New High	New Low 117
84.7%	15.3%
5006 Above SMA50	Below 2770
64.4%	35.6%
4817 Above SMA200	Below 2959
61.9%	38.1%

KEY EVENTS

Earnings After the Close: ADSK, BOX, DELL, GES, HPQ, KEYS, VEEV, VMW

Tomorrow... Durable Goods at 8:30 AM, GDP at 8:30, Weekly Claims at 8:30, Personal Income at 10:00, Pending Home Sales at 10:00, EIA Petroleum at 10:30

Earnings BMO: DAKT, DE, DOYU, UXIN

ANALYST ACTION/COMMENTS

Dynex (DX) upgraded to Buy at Keefe Bruyette

Ameritrade (AMTD) upgraded to Neutral at Wells Fargo

Healthcare Realty (HR), Healthcare Trust (HTA), Physicians Realty (DOC) upgraded to Buy at Stifel

Kennametal (KMT) upgraded to Buy at UBS

Cantel Medical (CMD) upgraded to Buy at Needham

Chipotle (CMG) upgraded to Buy at Cowen

Barclays (BCS) upgraded to Buy at BNP Paribas

Deckers (DECK) upgraded to Buy at Baird

Jeld-Wen (JELD) upgraded to Buy at Baird, \$26 PT

Bluebird (BLUE) upgraded to Buy at Leerink

Chesapeake (CHK) upgraded to Buy at Scotiabank

Centerpoint (CNP) downgraded to Neutral at Wells Fargo

PagSeguro (PAGS) downgraded to Neutral at JP Morgan

Molson Coors (TAP) downgraded to Neutral at BMO

Tesla (TSLA) downgraded to Hold at China Ren

Conmed (CNMD) downgraded to Hold at Needham

Airgain (AIRG) downgraded to Neutral at B Riley

Kirkland (KL) downgraded to Neutral at CIBC

Comerica (CMA) downgraded to Hold at MSCO

Piper starting **HUBS, ZEN** at Overweight

Disney (DIS) initiated Buy at Consumer Edge

Cerner (CERN) initiated Buy at UBS, \$84 PT

Cabot (COG) initiated Buy at Citi, \$22 PT

Chart Industries (GTLS) initiated Buy at Citi

Square (SQ) initiated Buy at Macquarie

MEDIA HIGHLIGHTS

Activist Starboard takes **CVS Health (CVS)** stake, holding 'amicable' talks - WSJ

Dell Technologies (DELL) considering sale of RSA Security, could fetch \$1B - Bloomberg

Intel (INTC) in search of buyers for Connected Home business - Bloomberg

Alibaba (BABA) raises \$11.2B in Hong Kong despite protests - NYT

Disney (DIS) streaming service adding nearly 1M new subscribers daily - NY Post

Europcar Mulls Sale, Drawing Private Equity Interest - Bloomberg

TSMC (TSM) 7nm chip supply remains tight - Digitimes

Fiat Chrysler (FCAU), PSA tell employees they will sign merger agreement in coming weeks - Reuters

Westpac Banking CEO and Chairman Depart - WSJ

Yield-crazed investors pile into US subprime car loans - FT

Thomas Cook's German airline Condor draws substantial interest - Reuters

Alimentation Couche-Tard raises offer for **Caltex Australia** to \$5.8B - Reuters

Hitachi near deal to sell 51% stake in **Hitachi Chemical** to **Denko** for \$8.7B - Reuters

Arcelor Mittal (MT) raising steel prices for third time this month - Bloomberg

Blackwells Capital pushes for **Colony (CLNY)** CEO to step down - NYT

STOCK SPECIFIC NEWS OF NOTE

Beacon Roofing (BECN) CFO to step down

Acadia's (ACAD) Pimavanserin shows significant improvement in Schizophrenia

ChemoCentryx (CCXI) announces 'positive' topline data from Phase III avacopan trial

Palo Alto (PANW) to acquire **Aporeto** for about \$150M

Iron Mountain (IRM) CFO to step down

Hanesbrands (HBI) CFO Hytinen to leave

Carlyle, T&D to acquire majority stake in Fortitude Re from **AIG** for about \$1.8B

PRE-MARKET MOVERS

Moving Higher: GBT 7%, BBY 4.4%, SQ 1.5%

Moving Lower: PANW -8.6%, BITA -3.5%

INSIDER TRADING (Form 4 Filings)

Buying: MTEM, SPOK, MLM

Selling: AIMC, NUAN, FII, PLXS, LPX, CLX, PCTY, AXNX, DOV, MORN, JJSF, CURO

POTENTIAL SYMPATHY TRADES

IFRX, APLS – on CCXI approval

HIBB, SPWH, VSTO – on DKS earnings

PKI, DHR, TMO, BRKR – on A earnings/guide

OPTION HIGHLIGHTS (Prior Day)

Teva Pharma (TEVA) with over 95,000 March ITM \$12 puts bought for \$2.15 to \$2.20 today, adjusting back some \$11 puts as shares continue bounce from 52-week lows. TEVA has some sizable put OI including 39,000 March \$10 puts, over 25,000 of the \$9 puts, and 20,000 January 2021 \$10 puts. Shares have rallied over 65% since September but back at an optimal spot for a reversal with the declining 200-MA as well as the 23.6% Fibonacci retracement of the decline. The \$11.2B company trades 4.2X earnings, 0.65X sales and 9X cash with a debt-heavy balance sheet. They're guiding to low-single digit EPS growth and revenue growth contracting again in 2020 as estimates have been slashed all year. TEVA's focus recently has been on their part in the ongoing opioid settlements. In October, they reportedly reached a principle deal with five states but many of the plaintiff municipalities have rejected the framework. TEVA faces a multitude of cases across over 40 states in what could likely be the largest litigation since tobacco. On 10-14, Debtwire speculated that TEVA may be one of several companies that ultimately opt for bankruptcy as the only effective way to address the onslaught of claims in a coordinated way. Analysts have an average target for shares of \$10.25. Jefferies on 11-20 cautious noting that any opioid settlement is a long way away given that 46 states still need to opt in and that seems uncertain to happen. The firm thinks the litigation will remain a cloud on future visibility for some time. JP Morgan upgrading to Neutral earlier this month on valuation. Short interest is 5.9% and up from around 1.7% in May. Hedge fund ownership fell 13% in Q3. Berkshire Hathaway is a top holder with 43M shares. They bought in Q4 2017 and estimated average price paid around \$18.35. TEVA had a director buy almost \$2M in stock in June around \$9.60.

AFTER HOURS MOVERS

Gainers: CCXI 338%, NTNX 18.3%, AMBA 7.7%

Losers: CAL -9%, PANW -8%, HPE -3.6%, A -3.3%

MARKET SENTIMENT / INTERNALS

INDICATOR	READING	SIGNAL
CBOE Equity Put/Call Ratio	0.64	Multi-Month Lows
CBOE Index Put/Call Ratio	1.33	Rising – Cautious
CBOE Skew Index	127.46	Rising
VIX Curve	Contango	Normal
CNN Fear & Greed Index	69	Greed
NYMO	-21.76	Slightly Oversold
NYSE New Highs	36	Neg. Divergence
McClellan Summation	544.22	Below 8-EMA
Univ. of Michigan Consumer Sentiment	96.8 (November)	-0.7%

SMART MONEY (13g/13d Filings)

IPO MONITOR

Nothing Scheduled

SECONDARY MONITOR

TRADE

WEEKLY TECHNICAL BREAKOUT

PRU :



Prudential (PRU) shares coiled under \$95 with a big gap from August that trails back to \$102+. MACD is crossing over bullish and RSI is back above 60 and not yet overbought.

FUNDAMENTAL TRADE OF THE WEEK

Stock: Boston Beer (SAM)

Price: \$378.50

Valuation: Undervalued

Key Ratios:

	Fwd. PE	P/S	P/B	EV / EBITDA	P/FCF
Stock	27X	3X	5.5X	15.1X	18.5X
Industry Avg.	31.1X	7.5X	9.2X	18.8X	29.3X

Analysis: The \$4.51B spirits company has seen a transformative 2019 as it invested in seltzer through their Truly brands. They see a lot of investment in 2020 as they promote the brand. The outlook for 2020 remains strong while beer stabilizes a bit and even though they lose shelf space will continue to win on tickets.

IDEAS

WEEKLY TECHNICAL BREAKDOWN

CXW:



CoreCivic (CXW) shares near a breakdown of a multi-week range to new 1-year lows under \$15. A breakdown targets a measured move to \$13.50 with RSI under 40 and MACD with a bearish crossover recently.

PAIR TRADE OF THE WEEK

Industry: Drugs

Long/Short: Long **Perrigo (PRGO)**, Short **Teva Pharmaceuticals (TEVA)**

Analysis: PRGO is undergoing a big 'self-help' plan with \$1B committed to changes in supply chain, innovation, and bolt-on deals. Their CEO bought \$1M in stock around \$64. TEVA is back around the declining 200-MA with overhangs from slowing growth, patent challenges, and the opioid settlements.

SMALL CAP TRADE OF THE WEEK

Axonics (AXNX) is a \$625M provider of sacral neuromodulation solutions, specifically urinary urgency and incontinence products. They are coming off a strong quarter while they also got FDA approval for further indications of the r-SNM system. The company looks to gain in market share on Medtronic as it launches commercially.

DAILY OPTIONS REPORT

Unusual Call Activity

Unusual Put Activity

Implied Volatility Riser

Sorrento (SRNE)

Fluor (FLR)

CymaBay (CBAY)

Bottomline (EPAY)

Intra-Cellular (ITCI)

Sorrento (SRNE)

Ferro (FOE)

Assembly (ASMB)

Verastem (VSTM)

Verastem (VSMT)

Jacobs Engineering (JEC)

Global Blood (GBT)

Editas (EDIT)

Tabula Rasa (TRHC)

Editas (EDIT)

Cognex (CGNX)

Anixter (AXE)

Cara Therapeutics (CARA)

Lowest Put/Call Ratio

Highest Put/Call Ratio

Implied Volatility Decliner

Agile (AGRX)

Liberty (LBTYK)

Adamis (ADMP)

SPX Corp (SPXC)

Teradata (TDC)

Medicine Co (MDCO)

Qurate (QRTEA)

Fluor (FLR)

Nordic American (NAT)

NY Times (NYT)

Intra-Cellular (ITCI)

Aurora (ACB)

Gerdau (GGB)

Farfetch (FTCH)

Jacobs (JEC)

Aecom (ACM)

Oasis (OAS)

Endo Int'l (ENDP)

OTM Calls on Offer

OTM Puts on Offer

Elevated IV30

Jabil (JBL)

Momo (MOMO)

Wave Life (WVE)

Alcoa (AA)

Nutanix (NTNX)

Axsome (AXSM)

Macys (M)

Roku (ROKU)

SAGE Therapeutics (SAGE)

PG&E (PCG)

Apache (APA)

Apellis (APLS)

Aurinia (AUPH)

Tiffany (TIF)

Clovis (CLVS)

Positive Net Delta

Negative Net Delta

Option Volume Gainers (%)

Apple (AAPL)

Silver (SLV)

Jacobs Engineering (JEC)

Ford Motor (F)

Tesla (TSLA)

Tabula Rasa (TRHC)

Snap (SNAP)

Intel (INTC)

Anixter (AXE)

L Brands (LB)

AIG

Editas (EDIT)

Bank of America (BAC)

Best Buy (BBY)

Cognex (CGNX)

Bullish Call Flow

Bearish Put Flow

Large Spread Trades

Gilead (GILD)

TAL Education (TAL)

LULU, 1,100 Dec. 6th (W)
\$227.50/\$232.50 call spreads

Cerner (CERN)

Children's Place (PLCE)

TREX, 1000 January \$90 calls
sold to buy the \$85/\$75 put spread

Polaris (PII)

Wayfair (W)

AMBA, 1300 January \$60/\$52.5
strangles bought

Dollar Tree (DLTR)

Teva (TEVA)

WDAY, December \$180/\$190/\$200
butterfly call spread

Virgin Galactic (SPCE)

AMD

MOMO, 4500 December \$42/\$46
call spreads

Extras

DXC Tech (DXC) late day trade sells 1500 March \$37.50 calls to open for \$3.50

Car-Max (KMX) sweep buy 2,375 December \$103 calls aggressive on \$1.50 offer minutes before the close, earnings on December OpEx, 12-20

Veeva (VEEV) into 11-26 earnings with 1000 June \$175 calls sold to open \$11.20 down to \$10.60

Earnings

Ticker	Company	EPS Actual	EPS Estimate	Revs Actual	Revs Estimate	Growth	Notes
A	Agilent	\$0.89	\$0.86	\$1,367.00	\$1,331.82	5.60%	
AMBA	Ambarella	\$0.32	\$0.21	\$67.90	\$65.00	18.50%	
BECN	Beacon Roofing	\$1.04	\$1.21	\$2,030.00	\$2,053.89	4.90%	
CAL	Caleres	\$0.78	\$0.83	\$792.40	\$819.97	2.10%	
HPE	Hewlett Packard	\$0.49	\$0.46	\$7,215.00	\$7,409.75	-9.20%	
MTSC	MTS Systems	\$0.37	\$0.39	\$224.08	\$218.07	13.20%	
NTNX	Nutanix	-\$0.71	-\$0.75	\$314.80	\$306.42	0.50%	
PANW	Palo Alto Networks	\$1.05	\$1.03	\$772.00	\$769.34	17.70%	
PVH	PVH	\$3.10	\$2.99	\$2,587.70	\$2,541.05	2.50%	

NTNX – Beat on EPS and Revs - "Our solid Q1 performance, particularly in the Americas, gives us confidence that we have the right formula for global sales leadership as demonstrated by improved productivity and sales hiring over the last six months," said Dheeraj Pandey, Chairman, Founder and CEO of Nutanix. "We have also seen momentum in key areas of our business, including the transition to subscription and an improved 28% attach rate of new products onto our core HCI platform."

HPE – Beat on EPS and Missed on Revs - Antonio Neri says: "We had a very successful fiscal year, marked by strong and consistent performance. Through our disciplined execution, we improved profitability across the company and significantly exceeded our original non-GAAP earnings and cash flow outlook, while sharpening our focus, transforming our culture and delivering differentiated innovation to our customers as they accelerate their digital transformations. I am confident in our ability to drive sustainable, profitable growth as we continue to shift our portfolio to higher-value, software-defined solutions and execute our pivot to offering everything as a service by 2022," Neri continued. "Our strategy to deliver an edge-to-cloud platform-as-a-service is unmatched in the industry."

PVH – Beat on EPS and Revs - Emanuel Chirico, Chairman and Chief Executive Officer, noted, "We are pleased with our third quarter results, which exceeded our expectations despite the difficult market environment. During the quarter, we experienced continued outperformance by our European

businesses while experiencing volatility in our businesses in North America and across China, including the impact of the ongoing protests in Hong Kong."

Earnings Before the Open

Ticker	Company	EPS Actual	EPS Estimate	Revs Actual	Revs Estimate	Growth	Notes
ANF	Abercrombie & Fitch		\$0.24		\$870.82		
AMWD	American Woodmark	\$1.84	\$1.74	\$428.02	\$428.38	0.70%	
ADI	Analog Devices		\$1.22		\$1,452.54		
BNS	Bank of Nova Scotia	\$1.82	\$1.82	\$7,978.00	\$7,975.00	7.10%	
BBY	Best Buy	\$1.13	\$1.03	\$9,764.00	\$9,706.79	2.10%	FY In Line
BITA	Bitauto Holdings	\$0.10	\$0.37	\$355.50	\$375.88	-6.70%	FY Below
BURL	Burlington Stores	\$1.55	\$1.40	\$1,775.00	\$1,793.71	8.60%	FY In Line
CHS	Chico's FAS		-\$0.06		\$473.21		
CBRL	Cracker Barrel		\$2.04		\$754.34		
DKS	Dick's Sporting Goods		\$0.38		\$1,913.87		
DLTR	Dollar Tree		\$1.13		\$5,739.29		
DY	Dycom	\$0.88	\$0.72	\$884.10	\$848.19	4.20%	FY Light
EV	Eaton Vance		\$0.88		\$438.42		
HRL	Hormel Foods	\$0.47	\$0.47	\$2,501.50	\$2,513.42	-0.90%	
MOMO	Momo	\$0.69	\$0.61	\$622.80	\$604.37	16.20%	FY Above
MOV	Movado Group	\$0.82	\$1.03	\$205.62	\$220.00	-1.60%	
TECD	Tech Data	\$3.02	\$2.99	\$9,118.90	\$9,365.84	-2.40%	
TITN	Titan Machinery	\$0.44	\$0.47	\$360.90	\$373.65	0.00%	FY Below