

TOP STORIES

- Trump Says China Deal in ‘Final Throes’ as Top Officials Speak
- China’s Economy Slows for 7th Month, Early Indicators Show
- US Considering New Tech Restrictions to Support National Security
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INDEX FUTURES

Futures	Change	Fair Value
S&P 500	3146.75 (3)	7.08
Nasdaq	8417.75 (17)	28
Dow	28136 (6)	39.32

GLOBAL INDICES

INDEX	CLOSE	CHANGE
FTSE	7430.77	0.37%
DAX	13277.45	0.31%
Nikkei	23437.77	0.28%
Hang Seng	26954	0.15%

ECONOMIC CALENDAR

TIME	INDICATOR	CONSENSUS
8:30	Durable Goods	-0.7%
8:30	GDP	1.9%
8:30	Weekly Claims	218k
10:00	PCE	0.3%
10:00	Pending Home Sales	
10:30	EIA Petroleum	

FOREX

EUR/USD	1.1005 (-0.12%)
USD/JPY	109.11 (0.07%)
USD/CAD	1.3266 (-0.03%)
GBP/USD	1.2886 (0.16%)

COMMODITY

Oil	58.6 (0.33%)
Natural Gas	2.539 (0.24%)
Gold	1465.6 (-0.12%)
Copper	2.7035 (0.97%)

VOLATILITY INDICES

INDEX	SYMBOL	CLOSE
S&P	VIX	11.87 (-0.01%)
Nasdaq	VXN	14.97 (-0.66%)
Oil	OVX	31.16 (-2.32%)
Gold	GVZ	10.73 (-3.68%)

MARKET OUTLOOK

Futures are indicating a higher open for the morning with Trump’s comments on trade continuing to drive markets higher. Yesterday afternoon he said they were in the ‘final throes’ of a Phase One deal. There was nothing incrementally new overnight with respect to progress but global markets continue to inch higher with every headline. The Commerce Dept. is set to propose new rules on tech they consider a national security threat which may complicate some talks with China. It follows a WSJ piece on Tuesday mid-day that cited **STX**, **WDC**, and **INTC** as notable names helping China. There’s also the overhang regarding Hong Kong, although we’ve had a couple quiet days this week. Elsewhere, Elizabeth Warren fell by double-digits in latest polling data that also showed Biden and Buttigieg gain. This comes with the recent pullback on her Medicare-for-All push. Impeachment proceedings move on to the judiciary next week where the President will be invited to present his defense.

Asian markets were boosted overnight by Trump’s comments on trade yet again. Japanese stocks were also helped by growing support for more fiscal stimulus. A senior official on Wednesday said he believes the government is targeting \$92B in extra spending.

European markets are also higher in early trading. It was a quiet morning for stock-specific news. Real estate firm **Around Town** up 4% after strong earnings and guidance. **Imperial Brands** leading in the UK up over 3%.

Looking at **economic data** this morning the big focus was on China where October industrial profits fell 9.9%. This is the largest drop in eight months and Bloomberg out cautious noting that early indicators show it worsening in November. German import index fell slightly in October but better than feared. Italian consumer confidence came in light.

S&P TECHNICALS

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



3967 Advancing	Declining 3454
50.4%	43.9%
679 New High	New Low 123
84.7%	15.3%
5050 Above SMA50	Below 2726
64.9%	35.1%
4819 Above SMA200	Below 2957
62.0%	38.0%

KEY EVENTS

Thursday: Markets Closed to Observe Thanksgiving

International: EU Economic Sentiment, German CPI, Japan Industrial Production, Swiss GDP

Friday: NYSE Early Close, Chicago PMI at 9:45 AM

International Data: EU Unemployment, German Unemployment, China Manufacturing PMI

ANALYST ACTION/COMMENTS

Ameritrade (AMTD) upgraded to Neutral at Barclays

Dicks Sporting Goods (DKS) upgraded to Buy at Barclays

Schwab (SCHW) upgraded to Neutral at Barclays

Under Armour (UAA) upgraded to Strong Buy at Raymond James

Masonite (DOOR) upgraded to Buy at Northcoast

Biomarin (BMRN) upgraded to Buy at Barclays, \$98 PT

Dollar Tree (DLTR) downgraded to Neutral at TAG

Brightview (BV) downgraded to Hold at Stifel

Axon (AAXN) downgraded to Hold at Raymond James

Beacon Roofing (BECN) downgraded to Neutral at Raymond James

PVH Corp (PVH) downgraded to Neutral at Evercore

Novavax (NVAX) initiated Buy at B Riley

TG Therapeutics (TGTX) initiated Buy at B Riley

Spectrum (SPPI) initiated Buy at B Riley, \$18 PT

Alibaba (BABA) initiated Buy at HSBC

Bristol Myers CVR (BMY-R) initiated Buy at Gabelli

MEDIA HIGHLIGHTS

E-Trade (ETFC) sued over 'shockingly high' undisclosed interest rates - Bloomberg

SoulCycle CEO to Leave After Tumultuous Year – Bloomberg

IRobot (IRBT) Loses Bid to Halt SharkNinja Vacuum Sales During Suit – Bloomberg

Putin signs law allowing **Yandex (YNDX)** to pursue new governance structure – Reuters

Manchester City stake sale breaks valuation record for a sports group at \$4.8B – FT

Shipments of PC and IT devices to see modest growth in 2019, says IDC – Digitimes

Smartphone unit sales set to rise in 2020 due to 5G – Nikkei

Ant Financial (BABA) builds \$1bn start-up investment fund – FT

Smartphone maker **Xiaomi** posts slowest-ever revenue growth in Q3 – Reuters

Apple supplier **Japan Display** to review past accounting records – Reuters

Deutsche Bank (DB) to Sell \$50 Billion Book of Assets to **Goldman (GS)** – Bloomberg

Elliott Management Calls **Capgemini's** \$4 Billion **Altran** Bid Too Low – Bloomberg

McDermott (MDR) Said to Amend Agreement with Lenders to Buy More Time – Bloomberg

California cannabis industry sending SOS to state leaders to fight black market (**CGC, TLRV, MJ**) – CNN

Rio Tinto (RIO) Spending \$4 Billion on Iron Ore Pipeline Amid China Demand – Bloomberg

STOCK SPECIFIC NEWS OF NOTE

Curtiss-Wright (CW) to acquire 901D Holdings for \$132M

Vale SA (VALE) to record non-cash impairment charge of about \$1.6B in Q4

Elon Musk announces 250,000 orders for **Tesla (TSLA)** Cybertruck

PRE-MARKET MOVERS

Moving Higher: BTI 4%

Moving Lower: DE -3%

INSIDER TRADING (Form 4 Filings)

Buying: KRTX, USCR, PED, SITM

Selling: ARW, MAR, IPHI, JJSF, ATSG, DXCM, AMGN, EPAY, DXCM, CRM, FB, ZTS, EXAS

POTENTIAL SYMPATHY TRADES

AGCO, CAT, CNHI – on DE earnings

OPTION HIGHLIGHTS (Prior Day)

Pepsi (PEP) with buyers of 3,500 December \$136 calls up to \$1.20 today to open and follows 1450 March \$135 calls last week, adding to OI that now tops 2800X, while the \$145 calls have 1300 in OI from buyers. PEP also had 7500 June \$120 calls bought for \$15.50 on 11-13 as a large position from earlier this year adjusted. Shares are setting up strong after a pullback to the low-end of cloud support and the 50% retracement of the run from the July lows. A move out of this small base and 20-MA above \$135.50 targets \$138 and then a breakout to new highs. The \$186.4B company trades 22.5X earnings and 2.8X sales with a 2.85% yield. PEP is targeting 7-8% EPS growth the next two years with revenues up 4-5%. PEP continues to dominate the snack aisle, especially Internationally, with Frito-Lay gaining share in Q3 and investments in product and go-to-market helping lift Doritos, Cheetos, and Ruffles. And despite some macro volatility they continue to see strong demand with double-digit growth in China, Russia, and Mexico. PEP is focusing on a 2020 turnaround for their marquee soda lines like Mountain Dew as well as productivity programs which are nearing \$1B in savings. Analysts have an average target for shares of \$135. Jefferies with positive checks on 11-1 for EU sports and energy drinks while salty snacks continue to post strong growth, per Nielsen. MSCO positive on 10-21 noting the company offers high growth potential and better visibility than peers with lower risk. Short interest is 0.7%. Hedge fund ownership fell 1.5% in Q3. AQR and Millennium Management two notable buyers.

AFTER HOURS MOVERS

Gainers: HEPA 18%, QRTEA 6%

Losers: GES -5%, DELL -4%, FTCH -3.5%

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

<u>Unusual Call Activity</u>	<u>Unusual Put Activity</u>	<u>Implied Volatility Riser</u>
NY Times (NYT)	Radware (RDWR)	Proteostasis (PTI)
Dicks Sporting Goods (DKS)	Colfax (CFX)	LatAm (LTM)
Dollar Tree (DLTR)	LatAm (LTM)	Mallinckrodt (MNK)
Alynlam (ALNY)	Synchronoss (SNCR)	Aurinia (AUPH)
Caleres (CAL)	ChemoCentryx (CCXI)	Calix (CALX)
Casey's (CASY)	Chicos (CHS)	Applied Opto (AAOI)
<u>Lowest Put/Call Ratio</u>	<u>Highest Put/Call Ratio</u>	<u>Implied Volatility Decliner</u>
Univar (UNVR)	Welbilt (WBT)	ChemoCentryx (CCXI)
Calix (CALX)	Achillion (ACHN)	Dycom (DY)
Forescout (FSCT)	Murphy (MUR)	Chicos (CHS)
ABB	Masco (MAS)	Ambarella (AMBA)
Meritor (MTOR)	Weibo (WB)	Golar (GLNG)
NY Times (NYT)	8x8 (EGHT)	Arrowhead (ARWR)
<u>OTM Calls on Offer</u>	<u>OTM Puts on Offer</u>	<u>Elevated IV30</u>
Nio (NIO)	Intel-Sat (I)	Wave Life (WVE)
Aurinia (AUPH)	Ford Motor (F)	Axsome (AXSM)
Kinder Morgan (KMI)	Sprint (S)	SAGE Therapeutics (SAGE)
Citi (C)	PayPal (PYPL)	Apellis (APLS)
Cronos (CRON)	Bed Bath (BBBY)	Clovis (CLVS)
<u>Positive Net Delta</u>	<u>Negative Net Delta</u>	<u>Option Volume Gainers (%)</u>
Disney (DIS)	Tesla (TSLA)	Synchronoss (SNCR)
Roku (ROKU)	CVS Health (CVS)	ChemoCentryx (CCXI)
Bank of America (BAC)	Facebook (FB)	Chicos (CHS)
Qualcomm (QCOM)	Macys (M)	Caleres (CAL)
Beyond Meat (BYND)	Kraft (KHC)	Casey's (CASY)
<u>Bullish Call Flow</u>	<u>Bearish Put Flow</u>	<u>Large Spread Trades</u>
Bristol Myers (BMY)	Public Service (PSA)	LOW, 6700 April \$125/\$135 call spreads
Mosaic (MOS)	Alibaba (BABA)	WWE, 1000 April \$65/\$80 call spreads
Disney (DIS)	Colfax (CFX)	SFM, 1,450 June \$22.5/\$17.5 strangles sold
Etsy (ETSY)	Weibo (WB)	SPPI, 2,150 January \$9/\$14 call spreads
Analog Device (ADI)	Aerie (AERI)	PANW, January 2021 \$250/\$300 call spreads opening 625X

Extras

TelaDoc (TDOC) with 3000 March \$85 puts opening \$8.90 as the January \$75 puts that opened on 10/31 adjust

Zebra Tech (ZBRA) buyers this afternoon of 500 December \$260 calls for \$2.30 to \$2.40, shares breaking out this week

Pan American Silver (PAAS) IV rising into the close with 4000 January \$20 OTM calls bought \$0.55 to \$0.60

Charles River Labs (CRL) with 1000 January \$155 calls bought up to \$2.17 as some December \$145 calls close 600X

NetApp (NTAP) late day buyers of 3000 January \$60 puts \$2.54 to \$2.59

Stone Co (STNE) afternoon buyer 1000 Dec. 13th (W) \$38 calls for \$2.50 offer

8X8 (EGHT) buyer of 1000 February \$20/\$15 put spreads for \$1.15

Discovery (DISCA) buyer of 4750 January \$32.50 puts into strength right before the close up to \$1.10

Earnings

Ticker	Company	EPS Actual	EPS Estimate	Revs Actual	Revs Estimate	Growth	Notes
ADSK	Autodesk	\$0.78	\$0.72	\$842.70	\$823.95	27.50%	FY Below
BOX	Box	-\$0.01	-\$0.01	\$1,777.20	\$174.43	1040.00%	
CENT	Central Garden	\$0.04	\$0.17	\$540.70	\$520.99	7.60%	
DELL	Dell	\$1.75	\$1.59	\$22,844.00	\$23,026.15	1.60%	FY In Line
GES	Guess?	\$0.22	\$0.18	\$615.90	\$620.52	1.80%	FY In Line
HPQ	HP	\$0.60	\$0.58	\$15,400.00	\$15,291.56	0.20%	
KEYS	Keysight	\$1.33	\$1.18	\$1,122.00	\$1,094.16	6.80%	
QADA	QAD	\$0.01	-\$0.03	\$77.80	\$78.28	-2.30%	
VEEV	Veeva Systems	\$0.60	\$0.54	\$280.90	\$274.81	25.00%	FY Above
VMW	VMware	\$1.49	\$1.43	\$2,456.00	\$2,410.08	11.60%	

ADSK – Beat on EPS and Revs - "Our strong performance continued in Q3 as revenue, billings, ARR, earnings and free cash flow came in above expectations," said the company. "We continue to demonstrate the cash generating power of our business model, and this quarter drove a record last twelve months free cash flow of nearly \$1B. The breadth and depth of our product portfolio in Construction paved the way for another strong quarter. In Manufacturing, we continue to displace competitors and grow faster than the overall market. Q3 results were driven by all regions and products, and once again drove robust margin expansion. Outstanding execution, our resilient subscription

business model and steady demand for our products produced billings over \$1B, a 55% year-over-year growth."

GES – Beat on EPS and Revs Below - CEO Carlos Alberini says: "I am very pleased to report that we delivered operating earnings and earnings per share above the high-end of our expectations for the period. Overall, the strength of our businesses in Europe, Americas Wholesale and Licensing, combined with a disciplined and effective approach to manage our costs, enabled us to more than offset softness in our Americas Retail and Asia businesses in the quarter. For the full year, we are maintaining the high-end of our guidance and raising the low-end. This speaks to the strength of our global brand and the power of our diversified business model which provides us with multiple levers to continue to increase revenues and improve profitability."

VMW – Beat on EPS and Revs - "Q3 was another solid quarter for VMware, and we're pleased with our results. We continue to see traction and customer momentum in support of VMware's vision to deliver a software architecture that enables any app, on any cloud, delivered to any device," commented Pat Gelsinger, CEO, VMware. "We are thrilled to welcome Carbon Black to the VMware family, and we remain on track to close the acquisition of Pivotal by the end of the fiscal year. Customers globally have resoundingly affirmed that both acquisitions will offer tremendous value as we help them with their digital transformations. We're pleased with our financial performance and execution this quarter, which reflected broad-based strength across our product and solutions portfolio," said Zane Rowe, executive vice president and CFO, VMware. Hybrid Cloud Subscription and SaaS revenue grew to over 13 percent of total revenue in Q3, and we expect this category will continue to grow significantly next year, including the contributions of Carbon Black and Pivotal."

Earnings Before the Open

Ticker	Company	EPS Actual	EPS Estimate	Revs Actual	Revs Estimate	Growth	Notes
DAKT	Daktronics	\$0.16	\$0.16	\$174.90	\$177.22	1.30%	
DE	Deere	\$2.14	\$2.14	\$8,703.00	\$8,413.82	4.30%	
DOYU	DouYu	\$0.26	\$0.20	\$1,858.50	\$1,850.19	81.40%	FY Above
FRO	Frontline	-\$0.06	\$0.03	\$187.64	\$106.40	-0.60%	