

**TOP STORIES**

- Trump to Meet with Senior Advisors Today to Discuss December Tariff Action
- China Remains in Close Communication with US as Tariffs Loom
- SNB, Philippines Leave Rates Unchanged; Brazil Cuts Again
- UK Votes in General Election as Conservative Majority Narrows

**INDEX FUTURES**

Futures	Change	Fair Value
<b>S&amp;P 500</b>	<b>3145.25 (2.25)</b>	<b>3.47</b>
<b>Nasdaq</b>	<b>8415.5 (10)</b>	<b>11.89</b>
<b>Dow</b>	<b>27939 (15)</b>	<b>18.70</b>

**GLOBAL INDICES**

INDEX	CLOSE	CHANGE
<b>FTSE</b>	<b>7248.97</b>	<b>0.45%</b>
<b>DAX</b>	<b>13158.57</b>	<b>0.09%</b>
<b>Nikkei</b>	<b>23424.81</b>	<b>0.14%</b>
<b>Hang Seng</b>	<b>26994.14</b>	<b>1.31%</b>

**ECONOMIC CALENDAR**

TIME	INDICATOR	CONSENSUS
<b>8:30</b>	<b>Weekly Claims</b>	
<b>8:30</b>	<b>PPI-FD</b>	
<b>10:30</b>	<b>EIA Nat Gas at 10:30</b>	

**FOREX**

<b>EUR/USD</b>	<b>1.1131 (0.03%)</b>
<b>USD/JPY</b>	<b>108.65 (0.10%)</b>
<b>USD/CAD</b>	<b>1.3165 (-0.05%)</b>
<b>GBP/USD</b>	<b>1.3173 (-0.15%)</b>

**COMMODITY**

<b>Oil</b>	<b>59.01 (0.43%)</b>
<b>Natural Gas</b>	<b>2.278 (1.56%)</b>
<b>Gold</b>	<b>1479.7 (0.32%)</b>
<b>Copper</b>	<b>2.7825 (-0.25%)</b>

**VOLATILITY INDICES**

INDEX	SYMBOL	CLOSE
<b>S&amp;P</b>	<b>VIX</b>	<b>15.04 (-4.08%)</b>
<b>Nasdaq</b>	<b>VXN</b>	<b>17.43 (-3.27%)</b>
<b>Oil</b>	<b>OVX</b>	<b>27.81 (-0.47%)</b>
<b>Gold</b>	<b>GVZ</b>	<b>10.81 (4.65%)</b>

**MARKET OUTLOOK**

Futures are indicating a modestly higher open for the morning with cautious optimism around trade. There wasn't anything new overnight as the Sunday deadline for tariffs looms. Trump will meet with senior advisors today to decide on a course of action. They are largely expected to be delayed while the two sides work on Phase One. China has said the two sides remain in close communication. In the UK, Britons have gone to the polls with Johnson expected to win a majority and secure a pathway towards a 1/31 Brexit. The ECB decision later this morning expected to be uneventful. It will be Lagarde's first press conference.

Asian markets were flat overall this morning with the Nikkei edging out a small gain. Semiconductors a strong spot with three of the top performers -- **Tokyo Electron** up 5%, **Sumco** up 3%, and **Advantest** up 2.8%.

European markets are slightly positive as well with the FTSE outperforming up 45 bps as Britain's general election is underway. Estimates are still calling for a Conservative Party win but the margin for a majority is narrowing. **Balfour Beauty** higher by 3.5% after guiding their FY above. **Dixons Carphone** higher by 5.85% after earnings despite a weak quarter. They reaffirmed their FY20 outlook as turnaround plans take shape. Germany's **Metro** down 3% as they warned on Russian market.

Finally, looking at **economic data** it was a slow night. Japanese core machinery orders fell 6.1% in October, worse than the 1.8% drop forecast. Eurozone industrial production fell 2.2% in October, slightly better than feared. German CPI was in line with estimates at 1.1%. We had three central bank decisions without any surprises (Swiss and Philippines with no changes; Brazil cut).

**S&P TECHNICALS**

**Levels:** Support 3,100/3,000; Resistance 3,200/3,250



4613 Advancing	Declining 2766
58.8%	35.3%
344 New High	New Low 93
78.7%	21.3%
5285 Above SMA50	Below 2458
68.3%	31.7%
4943 Above SMA200	Below 2800
63.8%	36.2%

**KEY EVENTS**

**Earnings After the Close:** ADBE, AVGO, COST, ORCL

**Analyst Days:** CS, MET, DAL, ALB, TKR, NEWR, ENPH, NXGN

**Conferences:** Barclays Tech, Citi Healthcare

**Tomorrow...** Retail Sales at 8:30am, Import/Export at 8:30, Retail Sales at 8:30, Business Inventories at 10:00

**Analyst Days:** CNC, AGCO

**ANALYST ACTION/COMMENTS**

**GE** upgraded to Buy at UBS

**HSBC** upgraded to Buy at BAML

**Bausch Health (BHC)** upgraded to Buy at JP Morgan

**Model N (MODN)** upgraded to Buy at JP Morgan

**Synopsys (SNPS)** upgraded to Buy at JP Morgan

**Mednax (MD)** upgraded to Buy at Stifel, \$33 PT

**Starbucks (SBUX)** upgraded to Buy at JP Morgan

**Schwab (SCHW)** upgraded to Buy at Compass Point

**Kroger (KR)** upgraded to Buy at Evercore

**Autoliv (ALV)** upgraded to Buy at DNB Markets

**Globus (GMED)** upgraded to Buy at Wells Fargo

**Home Depot (HD)** upgraded to Buy at Credit Suisse

**Oceaneering (OII)** upgraded to Buy at Evercore

**Realty Income (O)** upgraded to Buy at Citi

**Fed Ex (FDX)** upgraded to Neutral at UBS

**Shockwave Medical (SWAV)** raised to Buy at Wells Fargo

**Ansys (ANSS)** downgraded to Sell at JP Morgan

**Allegion (ALLE)** downgraded to Neutral at Barclays

**Glaukos (GKOS)** downgraded to Sell at Wells Fargo

**West Pharma (WST)** downgraded to Sell at BAML

**Carlyly (CG), Apollo (APO)** downgraded to Neutral at UBS

**3M (MMM)** downgraded to Sell at UBS

DB starts **NOMD, SMPL, K** at Buy; **MDLZ, HSY, TWNK, CAG, SJM, CPB, MKC, FLO, KHC** at Neutral

**MEDIA HIGHLIGHTS**

Blow for **AB InBev's (BUD)** \$11 billion asset sale to **Asahi** as Australia raises concerns – Reuters

Apple supplier **Japan Display** to receive \$830 million from asset manager **Ichigo** – Reuters

**JPMorgan (JPM)** Takes Aim at Rivals in Wealth Business Revamp – WSJ

**Nestlé** to Sell U.S. Ice Cream Business to **PAI Partners** for \$4B – WSJ

Protest-free Macau to win financial policy rewards from China (**WYNN, MLCO, MGM, LVS**) – Reuters

CEO Economic Outlook Dips for Seventh Straight Quarter – Business Roundtable

CFOs Brace for Potential Recession in 2020 – WSJ

China auto sales fall 8% Y/Y (**FCAU, F, GM**) – Bloomberg

China's aviation regulator has "important concerns" about **Boeing (BA)** 737 Max design changes. Reuters

Americans' Souring Credit Card Debt Poised to Reach 10-Year High – Bloomberg

Germany Fines **ThyssenKrupp**, others €646M for Price Fixing – Bloomberg

France Ready to Back Consolidation Among Car-Parts Suppliers – Bloomberg

U.S. watchdog finds \$6.7B in questionable Medicare payments to insurers (**HUM, CVS, UNH**) – Reuters

Australia's **Prospect Resources** in talks to sell stake, lithium supply to Russia's **Rosatom** – Reuters

**STOCK SPECIFIC NEWS OF NOTE**

**YRC Worldwide (YRCW)** says October LTL tonnage per day decreased approximately 4.5%

**FormFactor (FORM)** sees Q4 above range

**Puma Biotechnology (PBYI)** presents Phase II results of neratinib in breast cancer

**RH** CEO sells 500,000 Shares of Stock

**Exact Sciences (EXAS)** announces new data supporting Oncotype DX Breast Recurrence Score

**Continental's (CLR)** CEO Hamm Steps Down; Will Become Exec. Chairman

**Cott (COT)** announces \$50M buyback

**PRE-MARKET MOVERS**

**Moving Higher:** TTM 5%, GE 2%, SBUX 1.7%

**Moving Lower:**

**INSIDER TRADING (Form 4 Filings)**

**Buying:** EPD, SAGE, TACO, FTDR, EPD, IIPR, WDAY

**Selling:** RYTM, RPD, FIS, HSY, CNMD, ENVA, MORN, DXCM, UBER, PI, VMW, EA

**POTENTIAL SYMPATHY TRADES**

NKE, UAA – on LULU earnings

**OPTION HIGHLIGHTS (Prior Day)**

United Tech (UTX) buyers of more than 2,400 February \$150 calls today \$3.65 to \$3.70 and still has over 4,300 January \$150 calls in OI with buyers adding in early November. UTX has also seen June \$155 all buys over 1275X which remain in OI. Shares are flagging after clearing a weekly flag in October above \$140 that targets \$160. MACD is back near zero and curling higher with RSI just below 55 and ready to run. The \$124B company trades 16.6X earnings, 1.65X sales, and 16.9X cash with a 2% yield. UTX is expecting 2020 to be a transformational year with their Raytheon (RTN) deal closing and spin-offs in Q1 of Otis and Carrier. The standalone company will be a leader in defense/aerospace with exposure to missile systems tech, intelligence and other high-growth areas and second only in size to Boeing (BA). They have growth engines in 2020 from the continued ramp of F-35 OE, a restart of F-16, and a MAX recovery. Short interest is 0.9%. Hedge fund ownership fell 3% in Q3. Third Point a top holder with 6M shares while Viking Global with 2M shares, although selling some last quarter. Analysts have an average target for shares of \$158. Cowen raising their PT to \$169 on 12-4 after raising their synergy forecasts for RTN. CSFB with a \$162 PT seeing Otis at a strong jumping off point for 2020 after recent guidance take-downs. They continue to see tailwinds from Smart Buildings, IIoT, and other tech-focused shifts in industrials.

**AFTER HOURS MOVERS**

**Gainers:** PBYI 3.8%

**Losers:** ASMB -5%, LULU -4.5%, WLL -2%

**MARKET SENTIMENT / INTERNALS**

INDICATOR	READING	SIGNAL
CBOE Equity Put/Call Ratio	0.63	Falling
CBOE Index Put/Call Ratio	1.32	Elevated
CBOE Skew Index	131.48	Multi-Month Highs
VIX Curve	Contango	Normal
CNN Fear & Greed Index	70	Greed
NYMO	10.34	Neutral
NYSE New Highs	112	Neg. Divergence
McClellan Summation	459.83	Below 8-EMA
Cumulative AD	New Highs	Confirm Strength
VXV:VIX	1.19	Neutral
Lipper Fund Flows	+\$5B	Remains Strongly Neg. YTD
Univ. of Michigan Consumer Sentiment	99.2 (December)	+0.9%

**SMART MONEY (13g/13d Filings)**

**IPO MONITOR**

**Bill.com (BILL)** issuing 8.8M shares at \$16-\$18; Provider of cloud-based software that simplifies back-office functions for SMBs

**OneConnect (OCFT)** issuing 36M shares at \$12-\$14; TaaS platform for financial institutions in China

**Sprout Social (SPT)** issuing 8.8M shares at \$16-\$18; Developer of cloud software that brings together messaging, data, and workflows in a unified system of record

**XP (XP)** issuing 72.5M shares at \$22-\$25; Leading financial services company in Brazil

**SECONDARY MONITOR**

**Assembly Bio (ASMB)** 5.15M secondary prices \$16.50

# TRADE

## WEEKLY TECHNICAL BREAKOUT

**EXP :**



**Eagle Materials (EXP)** shares are forming a bull wedge back to the October breakout level with a move over \$94 targeting recent highs and then \$100. MACD is nearing a bullish crossover after pulling back near zero while RSI also ready to run above 60.

## FUNDAMENTAL TRADE OF THE WEEK

**Stock:** Aspen Tech (AZPN)

**Price:** \$122.20

**Valuation:** Undervalued

**Key Ratios:**

	Fwd. PE	P/S	P/B	EV / EBITDA	P/FCF
<b>Stock</b>	<b>31.8X</b>	<b>13.9X</b>	<b>21.2X</b>	<b>25.8X</b>	<b>34.8X</b>
<b>Industry Avg.</b>	<b>31.8X</b>	<b>7.2X</b>	<b>7.2X</b>	<b>58X</b>	<b>67.3X</b>

**Analysis:** AZPN is a \$8.37B software company with a focus on the process industries. They have end-market exposure to chemicals, energy, engineering, and construction as companies look to make their processes more efficient and unlock better performance. AZPN has about 40% of their revenues tied to energy, a group expected to see a turnaround in 2020 and with any inflection higher in spending on long-term projects would be a boost for their engineering business.

# IDEAS

## WEEKLY TECHNICAL BREAKDOWN

**LHX:**



**L3 Harris (LHX)** shares are consolidating near the November lows with a breakdown targeting \$180. RSI is moving lower but not near oversold while shares forming a series of lower highs and lower lows since September.

## PAIR TRADE OF THE WEEK

**Industry:** Wholesale Foods

**Long/Short:** Long US Foods (USFD), Short United Natural (UNFI)

**Analysis:** USFD is seeing strong growth from restaurant demand while hospitality remains an emerging leader in their mix. Their deal for SGA will also expand their scale in a fragmented market. UNFI remains a debt-heavy balance sheet and cut their outlook in October with a slowing guide to EPS and sales. UNFI also is seeing higher costs from a recent strike settlement.

## SMALL CAP TRADE OF THE WEEK

**In Mode (INMD)** is a \$1.64B maker of minimally invasive aesthetic products. Their main product is a low-frequency RF assisted lipolysis and subdermal product for skin tightening and body/face contouring. INMD is coming off a strong quarter and longer-term tailwinds from an aging global population, growing instances of obesity, reduction of procedure costs, and better reimbursement from managed care.

## DAILY OPTIONS REPORT

### Unusual Call Activity

### Unusual Put Activity

### Implied Volatility Riser

Dermira (DERM)	AES Corp (AES)	Correvo (CORV)
Casey's General (CASY)	Glaukos (GKOS)	Mankind (MNKD)
Wesco (WCC)	Popular (BPOP)	GTT Comms (GTT)
Ollie's (OLLI)	Marinus (MRNS)	Lexicon (LXRX)
Zen-Desk (ZEN)	Children's Place (PLCE)	Momenta (MNTA)
Dicks (DKS)	Danaher (DHR)	Spectrum (SPPI)

### Lowest Put/Call Ratio

### Highest Put/Call Ratio

### Implied Volatility Decliner

Opko (OPK)	LCI Industries (LCII)	Gamestop (GME)
Cars.com (CARS)	AES Corp (AES)	Verastem (VSTM)
Century Alumnum (CENX)	Brinker (EAT)	Genworth (GNW)
Gannett (GCI)	Flex (FLEX)	Spark (ONCE)
Juniper (JNPR)	Urban Outfitters (URBN)	Children's Place (PLCE)
Edgewell (EPC)	World Wrestling (WWE)	American Eagle (AEO)

### OTM Calls on Offer

### OTM Puts on Offer

### Elevated IV30

Century Aluminum (CENX)	Enphase (ENPH)	Intra-Cellular (ITCI)
Sibanye (SBGL)	Nio (NIO)	Axsome (AXSM)
Opko (OPK)	Freeport (FCX)	Athenex (ATNX)
Peloton (PTON)	Wells Fargo (WFC)	GTT Comms (GTT)
Transocean (RIG)	Exxon (XOM)	Wave Life (WVE)

### Positive Net Delta

### Negative Net Delta

### Option Volume Gainers (%)

ArQule (ARQL)	Bank of America (BAC)	Marinus (MRNS)
Uber (UBER)	Gamestop (GME)	Children's Place (PLCE)
Facebook (FB)	Corning (GLW)	Danaher (DHR)
Williams (WMB)	Luckin (LK)	Zen-Desk (ZEN)
Chewy (CHWY)	Wells Fargo (WFC)	Dicks (DKS)

### Bullish Call Flow

### Bearish Put Flow

### Large Spread Trades

Southwest (LUV)	Urban Outfitters (URBN)	LVS, 3000 February \$70/\$75 call spreads
Analog Devices (ADI)	Best Buy (BBY)	MS, 10,000 February \$50/\$48 bull risk reversals
Sibanye (SBGL)	GoPro (GPRO)	DAL, 1800 April \$60/\$50 strangles sold
United Tech (UTX)	HubSpot (HUBS)	NLOK, January 2021 \$25/\$30 ratio call spreads 6000X12,000 w
Dermira (DERM)	Progressive (PGR)	PS, 3,600 April \$20/\$12.50 strangles sold vs \$15 call buys



## Extras

**Cronos (CRON)** late day buyer of 10,000 April \$7 calls to open \$1.07 to \$1.11

**Crowd-Strike (CRWD)** IV dove into the close with 3000 December \$46 puts sold to open \$1.15 to \$1

**America Movil (AMX)** IV jumped in the afternoon with 1000 January \$15 calls bought \$0.60 to \$0.70 to open

## Earnings

Ticker	Company	EPS Actual	EPS Estimate	Revs Actual	Revs Estimate	Growth	Notes
LULU	lululemon athletica	\$0.96	\$0.93	\$916.00	\$897.58	22.50%	FY In Line
MESA	Mesa Air	\$0.36	\$0.36	\$187.80	\$178.51	5.80%	FY Below
NDSN	Nordson	\$1.79	\$1.79	\$585.45	\$598.16	2.80%	
OXM	Oxford Industries	\$0.10	\$0.08	\$241.22	\$240.34	3.20%	
NX	Quanex	\$0.42	\$0.38	\$240.37	\$240.53	-1.50%	
TLRD	Tailored Brands	\$0.53	\$0.43	\$729.50	\$715.43	-3.00%	FY In Line
CIEN	Ciena	\$0.58	\$0.63	\$968.0	\$966.28	8.8%	
LOVE	Lovesac	-\$0.46	-\$0.42	\$52.1	\$54.29	24.9%	

**LULU – Beat on EPS and Revs** – Total comparable sales increased 16%, or increased 17% on a constant dollar basis. Comparable store sales increased 10%, or increased 11% on a constant dollar basis. Direct to consumer net revenue increased 29%, or increased 30% on a constant dollar basis. Calvin McDonald, Chief Executive Officer, commented: "We're proud of the continued momentum in our business as we live into our vision to be an experiential brand. We are successfully executing on our Power of Three growth plan as we create authentic connections with new and existing guests around the world. I'd like to thank our amazing teams for achieving this strong level of performance."