

TOP STORIES

- China Offers No Confirmation of US Trade Deal Despite US Enthusiasm
- Boris Johnson Secures Large Majority Following UK Election
- USMCA Expected to Pass Despite GOP Issues
- House Set to Vote on Impeachment

INDEX FUTURES

Futures	Change	Fair Value
S&P 500	3182.75 (11.75)	8.58
Nasdaq	8532.25 (40.75)	30.36
Dow	28244 (114)	89.95

GLOBAL INDICES

INDEX	CLOSE	CHANGE
FTSE	7406.9	1.83%
DAX	13382.65	1.22%
Nikkei	24023.1	2.55%
Hang Seng	27687.76	2.57%

ECONOMIC CALENDAR

TIME	INDICATOR	CONSENSUS
8:30	Retail Sales	0.5%
8:30	Import/Export Prices	0.2%
10:00	Business Inventories	0.2%
11:00	John Williams Speaks	

FOREX

EUR/USD	1.1176 (0.43%)
USD/JPY	109.63 (0.31%)
USD/CAD	1.3165 (-0.13%)
GBP/USD	1.3383 (1.69%)

COMMODITY

Oil	59.93 (1.27%)
Natural Gas	2.257 (-3.05%)
Gold	1476 (0.25%)
Copper	

VOLATILITY INDICES

INDEX	SYMBOL	CLOSE
S&P	VIX	13.85 (-7.6%)
Nasdaq	VXN	16.58 (-4.7%)
Oil	OVX	27.44 (-1.33%)
Gold	GVZ	10.95 (1.30%)

MARKET OUTLOOK

Futures are indicating a higher open for the morning with the triple threat of trade, Brexit, and the Fed all driving sentiment. US officials have said that they have reached a deal in principle but no official statement from either side yet. The WSJ out with a piece earlier this morning highlighting the near silence from China on the reported deal and sources offered no confirmation of a deal. In the UK, Boris Johnson won a large majority in yesterday's election and Brexit now a virtual certainty by the 1/31 deadline. He'll give a statement later today, although nothing big expected. The House will vote on impeachment today.

Asian markets closed strong for the week with the Nikkei up 2.5% to new 14-month highs. It was the biggest daily gain in 10 months and broke out of key resistance. Financials led while metals/mining and shipping also up. Chips like **Tokyo Electron** and **Yaskawa** continued to rise.

European markets jumped near new highs after the resounding victory in the UK by PM Johnson. The FTSE was up near 2% while the mid-caps rallied by around 5%. Banks continued to show strength. Airlines which had been under pressure with Brexit surged. **EasyJet** was up 9% while **IAG** and **Ryanair** both up 7.5%. **Delivery Hero** up 15% after agreeing to buy a South Korean delivery app for \$4B. **Henkel** down 3% after cutting their outlook.

Finally, turning to **economic data** to close the week... Japanese industrial production fell 4.5% in October, below the 4.2% drop forecast. Italian industrial orders improved in October, down 0.2%. Spanish CPI came in as expected. German WPI also in line with expectations.

S&P TECHNICALS

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



4909 Advancing	Declining 2550
62.6%	37.4%
1119 New High	New Low 133
89.4%	10.6%
5325 Above SMA50	Below 2418
68.8%	31.2%
5008 Above SMA200	Below 2735
64.7%	35.3%

KEY EVENTS

Economic Data on Monday: China IP, retail sales; BOE stress tests; EU flash PMIs; Empire State Manufacturing; US flash PMIs; NAHB housing index

Earnings AMC: HEI

ANALYST ACTION/COMMENTS

Ciena (CIEN) upgraded to Overweight at Piper

Bluebird (BLUE) upgraded to Buy at Oppenheimer

Schwab (SCHW) upgraded to Buy at Keefe Bruyette

Eaton Vance (EV) upgraded to Neutral at JP Morgan

TTM Tech (TTMI) upgraded to Buy at JP Morgan

Snap (SNAP) upgraded to Buy at JMP Securities

Huazhu (HTHT) upgraded to Buy at CLSA

Bristol Myers (BMY) upgraded to Buy at Argus

Skechers (SKX) upgraded to Buy at Argus

Regeneron (REGN) upgraded to Buy at Credit Suisse

Biogen (BIIB) upgraded to Neutral at Credit Suisse

Nordson (NDSN) upgraded to Buy at Baird

Nuvasive (NUVA) upgraded to Buy at Leerink

NextGen (NXGN) downgraded to Neutral at Cantor

Lovesac (LOVE) downgraded to Hold at Stifel

Gilead (GILD) downgraded to Sell at Credit Suisse

Galapagos (GLPG) downgraded to Neutral at Credit Suisse

Neurocrine (NBIX) downgraded to Neutral at Credit Suisse

Huntington (HBAN) downgraded to Neutral at UBS

Hanes (HBI) downgraded to Sell at BAML

Aimmune (AIMT) downgraded to Hold at Credit Suisse

Ionis (IONS) initiated Buy at Oppenheimer

Conoco (COP) initiated Buy at Atlantic

Williams (WMB) initiated Buy at Sun Trust

Etsy (ETSY) initiated Buy at Sun Trust

ViacomCBS (VIAC) initiated Buy at BAML

MEDIA HIGHLIGHTS

Liberty Media (LBTYA) seeks to boost ownership in **iHeartMedia (IHRT)** - WSJ

Nvidia (NVDA) hasn't offered concessions to EU on Mellanox bid - Reuters

PG&E (PCG) backed plan ignores California mandates, Elliott says - WSJ

NBCUniversal (CMCSA) CEO Steve Burke to Depart in 2020 - Variety

Delivery Hero expands Asia footprint with \$4bn South Korea deal - FT

FTC Weighs Seeking Injunction Against **Facebook (FB)** Over How Its Apps Interact- WSJ

Barrick (GOLD) CEO Says He Has Plenty of Financial Firepower for Deals (**FCX**) - Bloomberg

Microsoft (MSFT) Shows New Xbox, Setting Up Holiday 2020 Console Clash - Bloomberg

McDonald's (MCD) secures backing of labor board in franchise employment case. WSJ

PSA calls supervisory board meeting for Tuesday for possible **FCA (FCAU)** deal review - Reuters

Endeavor agents looking to leave company after IPO sputters - NY Post

Citi (C), **Credit Suisse (CS)** drop China's **Ucommune** U.S. IPO over valuation - FT

Bonobos co-founder leaves as **Walmart (WMT)** shakes up ecommerce - FT

STOCK SPECIFIC NEWS OF NOTE

American (AAL) pushes out view of return to service of **Boeing (BA)** 737 MAX fleet to April

Arcosa (ACA) to acquire Cherry Industries for \$298M

Tapestry (TPR) announces departure of Kate Spade CEO

Evercel announces rejected offer to acquire **NewLink Genetics (NLNK)**

Sarepta (SRPT) announces FDA approval of VYONDYS 53 injection to treat DMD

Liberty Latin America (LILA) says Dr. John Malone retires from board

Exelixis (EXEL) reports positive results From IMspire150

Molina (MOH) announces \$500M share buyback

PRE-MARKET MOVERS**Moving Higher:** RBS 13%, BCS 9%, VOD 3.5%**Moving Lower:** UNG -3%**INSIDER TRADING (Form 4 Filings)****Buying:** RCKT, DOW, TDG, OPK, KDP, EPD, SAGE**Selling:** CDXS, NUAN, MRCY, MMS, PRIM, MAR, SMAR, RH, NXST, VSLR, CRM, INTU**POTENTIAL SYMPATHY TRADES****BCS, RBS, LYG, HSBC, AON, PUK** – on UK election**DG, DLTR, TGT, WMT** – on COST earnings**OPTION HIGHLIGHTS (Prior Day)**

Fastenal (FAST) buyers today of 1,000 May \$37.50 calls for \$2.00 to \$2.05 and follows recent buying in the January \$33.75 and \$38.75 calls as well as a more than \$1.3M purchase of the Feb. \$35 calls on 10-21 that remains in OI and pricing just below the original trade price. FAST has been a strong performer all year and flagging just below the highs at \$38 with a move higher targeting \$42. Shares pulled back to the 50-MA and cloud support recently and rebounding with MACD crossing over bullish with today's strength and RSI back above 60, ready to run. The \$20.8B company trades 24.85X earnings and near 4X sales with a 2.43% dividend, a bit rich on valuation. They see mid-to-high single digit EPS growth and steady 5-6% revenue growth through FY21. FAST reported strong November metrics last week which build upon a strong Q3 where the company eased some concerns of a more severe slowdown while margins improved. FAST is also taking more proactive measures to counter margin headwinds with price hikes to keep ahead of both the October and December tariffs. Short interest is 5.3% but down from around 10% in early 2018 and hitting seven year lows. Hedge fund ownership fell 6.5% in Q3. Ardevora a top buyer with a new 1M share position. Analysts have an average target for shares of \$78.25 with 2 buy ratings, 9 hold, and 1 sell. Argus with a \$41 PT recently citing confidence in capital return continuing to grow in 2020 as well as expectations for increased government spending on infrastructure projects outweighing tariff-related headwinds. Stephens downgrading to Neutral in October with a \$37 PT expecting some softness in the company's core manufacturing end market.

AFTER HOURS MOVERS**Gainers:** SRPT 29.5%**Losers:** ORCL -2.5%**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****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**SECONDARY MONITOR****Lululemon (LULU)** prices 2.6M block at \$220

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
Stock	31.8X	13.9X	21.2X	25.8X	34.8X
Industry Avg.	31.8X	7.2X	7.2X	58X	67.3X

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

Amneal (AMRX)

Melco (MLCO)

H&R Block (HRB)

Merck (MRK)

Garmin (GRMN)

Sanofi (SNY)

Unusual Put Activity

Centennial Dev (CDEV)

Akorn (AKRX)

Danaher (DHR)

Amneal (AMRX)

Tivity (TVTY)

Colfax (CFX)

Implied Volatility Riser

LogMeIn (LOGM)

Dermira (DERM)

Akorn (AKRX)

Tandem (TNDM)

Mallinckrodt (MNK)

Athenex (ATNX)

Lowest Put/Call Ratio

Camping World (CWH)

Innoviva (INVA)

Owens Minor (OMI)

Garmin (GRMN)

Noodles (NDLS)

Grupo Televisa (TV)

Highest Put/Call Ratio

ITT

Akorn (AKRX)

Synchronoss (SNCR)

Achillion (ACHN)

Lennox (LII)

IAC Interactive (IAC)

Implied Volatility Decliner

Tailored Brands (TLRD)

Arlo Tech (ARLO)

Ares Capital (ARES)

Ciena (CIEN)

Lovesac (LOV)

ArQule (ARQL)

OTM Calls on Offer

PagSeguro (PAGS)

Intra-Cellular (ITCI)

Ford Motor (F)

Nio (NIO)

Blackberry (BB)

OTM Puts on Offer

Valaris (VAL)

Gamestop (GME)

Ford Motor (F)

Clovis (CLVS)

Snap (SNAP)

Elevated IV30

Intra-Cellular (ITCI)

Axsome (AXSM)

Athenex (ATNX)

GTT Comms (GTT)

Wave Life (WVE)

Positive Net Delta

Advanced Micro (AMD)

Apple (AAPL)

Bank of America (BAC)

Microsoft (MSFT)

Snap (SNAP)

Negative Net Delta

Facebook (FB)

Roku (ROKU)

Gold (GLD)

Alibaba (BABA)

Mylan (MYL)

Option Volume Gainers (%)

Tivity (TVTY)

Colfax (CFX)

Merck (MRK)

Garmin (GRMN)

Sanofi (SNY)

Bullish Call Flow

Wynn (WYNN)

Five Below (FIVE)

Masco (MAS)

Fossil (FOSL)

Sea (SE)

Bearish Put Flow

Gilead (GILD)

Eaton (ETN)

Lennox (LII)

Autodesk (ADSK)

Royal Caribbean (RCL)

Large Spread Trades

LVS, 1000 February \$70/\$75 call spreads

DIS, January 24th (W) \$150/\$157.50 call spread 1400X

GILD, February \$67.50/\$60 put spreads 1200X2400

BLUE, 1000 December \$85/\$105 call spreads

GE, January 2021 \$12/\$15 call spreads

News Continued

Altice Europe to sell stake in Portuguese fibre network for \$2.5B to cut debt – Reuters

Japan's **Hoya** to launch \$1.4B counter-bid for **Toshiba** unit NuFlare – Reuters

Can Glampers Pull RV Makers Out of a Ditch? (**WGO, THO**) – WSJ

Extras

Alliance Data (ADS) buyer of 2,000 January \$120 calls late up to \$0.90

Salesforce (CRM) with 1300 June \$150 synthetic long positions opening at \$10 debit

8X8 (EGHT) with 1000 January \$17.50 puts opening \$1.20 as February \$20 adjust

Norton Lifelock (NLOK) opening seller of 5000 March \$26 puts \$1.33

Abercrombie (ANF) late day buyer 3000 May \$18 puts \$2.83 to \$2.92

Earnings

Ticker	Company	EPS Actual	EPS Estimate	Revs Actual	Revs Estimate	Growth	Notes
ADBE	Adobe	\$2.29	\$2.26	\$2,992.00	\$2,974.05	21.40%	FY In Line
AVGO	Broadcom	\$5.39	\$5.35	\$5,776.00	\$5,735.29	6.10%	
COST	Costco	\$1.73	\$1.72	\$37,040.00	\$37,395.14	5.60%	
ORCL	Oracle	\$0.90	\$0.89	\$9,615.00	\$9,652.69	-0.40%	

ADBE – Beat on EPS and Revs - Adobe CEO Shantanu Narayen said, "Global interest and subscription adoption were strong throughout the quarter and accelerated after Adobe MAX. Demand for mobile offerings and overall web traffic continued to grow. We are attracting new customers, with over 50% of our cumulative subscribers being new to our Creative Cloud franchise. With 23 million students having access to Adobe Spark, we're spearheading the development of critical creative skills for the next generation. Document Cloud growth is being driven by new customer acquisition, migration from Acrobat perpetual licenses to subscriptions, and the monetization of an ever-increasing universe of Document Cloud mobile app users. Digital Media enterprise adoption continues to expand with outstanding seasonal Q4 performance. Finally, we drove record demand for subscriptions during the last week of the quarter, culminating in our biggest ever Black Friday on Adobe.com."

AVGO – Beat on EPS and Revs - "Fiscal year 2019 concluded as expected. Our semiconductor solutions segment continued to work its way through a cyclical correction. This was more than offset by our infrastructure software segment, which delivered healthy results benefitting from the integration and performance of our CA business," said Hock Tan, President and CEO of Broadcom. "Looking to fiscal 2020, we remain well-positioned across our technology franchises. We continue to believe that our core

semiconductor business is bottoming and will return to year over year growth in the second half of our fiscal year. In addition, we expect to benefit from the integration of the Symantec Enterprise Security business into what is otherwise expected to be a stable infrastructure software segment in fiscal 2020." "We achieved record profitability in fiscal 2019, including free cash flow of over \$9 billion, despite a challenging market backdrop for our semiconductor solutions segment. As a result, we are raising our target dividend by 23 percent to \$3.25 per share per quarter for fiscal year 2020," said Tom Krause, CFO of Broadcom. "Looking ahead to next year, we expect our adjusted EBITDA to expand by more than \$1 billion, while we focus our capital returns on cash dividends, with excess cash going towards debt pay down."

ORCL – Beat on EPS and Missed on Revs - "We had another strong quarter in our Fusion and NetSuite cloud applications businesses with Fusion ERP revenues growing 37% and NetSuite ERP revenues growing 29%," said Oracle CEO, Safra Catz. "This consistent rapid growth in the now multibillion dollar ERP segment of our cloud applications business has enabled Oracle to deliver a double-digit EPS growth rate year-after-year. I fully expect we will do that again this year." "It's still early days, but the Oracle Autonomous Database already has thousands of customers running in our Gen2 Public Cloud," said Oracle CTO, Larry Ellison. "Currently, our Autonomous Database running in our Public Cloud business is growing at a rate of over 100%. We expect that growth rate to increase dramatically as we release our Autonomous Database running on our Gen2 Cloud@Customer into our huge on-premise installed base over the next several months."