

**TOP STORIES**

- Trump Impeached; Trial Moves to Senate
- BOE Keeps Rates Unchanged; Signals Modest Tightening May Be Needed to Maintain Inflation Target
- BOJ Keeps Rates Unchanged
- USMCA to Cost Automakers Additional \$3B in Tariff Woes, says CBO

**INDEX FUTURES**

Futures	Change	Fair Value
<b>S&amp;P 500</b>	<b>3199.75 (0.50)</b>	<b>4.31</b>
<b>Nasdaq</b>	<b>8621 (0.25)</b>	<b>12.38</b>
<b>Dow</b>	<b>28305 (24)</b>	<b>52.72</b>

**GLOBAL INDICES**

INDEX	CLOSE	CHANGE
<b>FTSE</b>	<b>7559</b>	<b>0.24%</b>
<b>DAX</b>	<b>13173.66</b>	<b>-0.37%</b>
<b>Nikkei</b>	<b>23864.85</b>	<b>-0.29%</b>
<b>Hang Seng</b>	<b>27800.49</b>	<b>-0.30%</b>

**ECONOMIC CALENDAR**

TIME	INDICATOR	CONSENSUS
<b>8:30</b>	<b>Jobless Claims</b>	
<b>8:30</b>	<b>Philly Fed</b>	
<b>10:00</b>	<b>Existing Home Sales</b>	
<b>10:30</b>	<b>EIA Nat Gas</b>	

**FOREX**

<b>EUR/USD</b>	<b>1.1128 (0.15%)</b>
<b>USD/JPY</b>	<b>109.46 (-0.06%)</b>
<b>USD/CAD</b>	<b>1.3118 (0.04%)</b>
<b>GBP/USD</b>	<b>1.3121 (0.34%)</b>

**COMMODITY**

<b>Oil</b>	<b>61 (0.11%)</b>
<b>Natural Gas</b>	<b>2.25 (-1.57%)</b>
<b>Gold</b>	<b>1478.2 (-0.03%)</b>
<b>Copper</b>	<b>2.8135 (0.05%)</b>

**VOLATILITY INDICES**

INDEX	SYMBOL	CLOSE
<b>S&amp;P</b>	<b>VIX</b>	<b>12.59 (2.44%)</b>
<b>Nasdaq</b>	<b>VXN</b>	<b>14.61 (1.32%)</b>
<b>Oil</b>	<b>OVX</b>	<b>26.77 (1.67%)</b>
<b>Gold</b>	<b>GVZ</b>	<b>10.01 (-0.20%)</b>

**MARKET OUTLOOK**

Futures are indicating a slightly higher open, albeit a quiet one. Not a ton of market moving news overnight with most central bank actions widely expected. The impeachment vote yesterday went as expected as well with the House vote split mostly along party lines. Pelosi has hinted that she may delay the start of the Senate trial but the most likely scenario is still a relatively quick move through the Senate in January. Looking at trade, nothing new from the US/China side with a formal text unveiling in January the next big step. The USMCA is being criticized for a number of things including a reported \$3B in additional tariffs on automakers.

Asian markets are modestly lower across the board this morning with some profit taking after a strong rally. The BOJ decision wasn't unexpected so not a huge reaction there. **Hitachi Chemical** up 12% with the portfolio moves announced yesterday. **Fuji** higher by 2%. **Izusu** down 3.8% after announcing deal with Volvo yesterday.

European markets are mixed today with volumes slowing considerably ahead of the Holiday next week. Chemicals company **Clariant** higher by 2.5% after agreeing to sell a unit to **Polyone**. **Hugo Boss** down 3.3% after a downgrade at Deutsche Bank. **Data Respons** higher by 20% after being acquired by **AKKA Tech** for \$404M.

It was a busy night for **economic data**. The BOJ kept rates unchanged, as expected. The BOE also kept rates unchanged, as expected. Sweden's central bank raised its rates back to zero today, the first in Europe to end their negative rate experiment. New Zealand GDP came in light at 2.3% vs 2.4%. Australian unemployment was slightly better than expected at 5.2%. UK retail sales fell to 1% growth in November, much worse than the 2.1% forecast. Swiss watch exports fell in November. South Korea lowered its 2020 growth outlook modestly.

**S&P TECHNICALS**

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



4217 Advancing	Declining 3236
53.7%	41.7%
686 New High	New Low 96
87.7%	12.3%
5602 Above SMA50	Below 2148
72.3%	27.7%
5201 Above SMA200	Below 2549
67.1%	32.9%

**KEY EVENTS**

**Earnings After the Close:** AIR, CAMP, NKE, SCHL, SGH

**Tomorrow...** GDP at 8:30 AM, Core PCE at 10:00 AM, Michigan Consumer Sentiment at 10:00; International Data: German Consumer Confidence, French Consumer Spending

**Earnings Before the Open:** BB, KMX, WGO

**ANALYST ACTION/COMMENTS**

**Tapestry (TPR)** upgraded to Buy at Edward Jones

**Ecopetrol (EC)** upgraded to Buy at JP Morgan

**J&J (JNJ)** upgraded to Buy at Barclays

**Cisco (CSCO)** upgraded to Buy at Barclays

**Barrick (GOLD)** upgraded to Buy at BAML

**Elanco (ELAN)** upgraded to Buy at BAML

**Quest Diagnostics (DGX)** upgraded to Neutral at BAML

**Kirby (KEX)** upgraded to Buy at Seaport Global

**Sealed Air (SEE)** upgraded to Buy at BAML

**Boston Scientific (BSX)** downgraded to Buy at Needham

**Colgate (CL)** downgraded to Neutral at BAML

**Rio Tinto (RIO)** downgraded to Hold at HSBC

**Choice Hotels (CHH)** downgraded to Neutral at Longbow

**YPF SA (YPF)** downgraded to Neutral at JP Morgan

**Ampio (AMPE)** initiated Buy at Roth Capital

**The Real Real (REAL)** initiated Buy at Needham

**Karuna (KRTX)** initiated Buy at Stifel

**Aerie Pharma (AERI)** initiated Buy at Citi, \$36 PT

**Apellis (APLS)** initiated Buy at BAML, \$36 PT

**Macrogenics (MGNX)** initiated Overweight at Cantor

**Quotient (QUOT)** initiated Sell at MSCO

Needham names **Zimmer Biomet (ZBH)** top pick for 2020, adds to Conviction List

**MEDIA HIGHLIGHTS**

Land & Buildings pushing **Gaming and Leisure (GLPI)** to seek merger - WSJ

**Viacom's (VIAC)** former CFO Wade Davis advancing bid to buy **Univision** - DJ

President Trump to consider student loan debt reductions (**SLM, NAVI**) - WSJ

**Amarin (AMRN)** short report questions patent portfolio, effectiveness of Vascepa

Trump Called **Boeing (BA)** C.E.O. About Potential Shutdown of 737 Max – NYT

**PolyOne (POL)** to Buy **Clariant** Additives Unit for About \$1.5 Billion – Bloomberg

Australia's **Village Roadshow** gets \$517 million bid from private equity – Reuters

SEC Proposes Giving More Investors Access to Private Markets – WSJ

**STOCK SPECIFIC NEWS OF NOTE**

**Bristol-Myers (BMY)** announces submission of BLA for liso-cel to FDA

**FMC Corporation (FMC)** names new CEO

**Paratek Pharma (PRTK)** awarded 5-year Project BioShield contract for Nuzyra

**Epizyme (EPZM)** submits NDA to FDA for accelerated approval of tazemetostat

Moody's cuts **Boeing (BA)** to A3 from A2, outlook stable

**Kearny Financial (KARNY)** announces merger with **MSB Financial (MSBF)**

**Hyatt (H)** board authorizes buyback of up to \$750M in stock

**Seattle Genetics (SGEN), Astellas Pharma:** FDA grants accelerated approval to PADCEV

**Rubicon Project (RUBI), Telaria (TLRA)** to combine in a stock-for-stock merger

**IAC, Match Group (MTCH)** announce agreement to separate Match Group from IAC

**Chevron (CVX)** to acquire **Puma Energy Holdings** for AU\$425M

**Helen of Troy (HELE)** to acquire **Drybar** hair care products for \$255M

**Green Dot (GDOT)** CEO, CFO stepping down

**PRE-MARKET MOVERS**

**Moving Higher:** RAD 18%, I 6%, MU 3.8%

**Moving Lower:**

**INSIDER TRADING (Form 4 Filings)**

**Buying:** NDSN, GEF, HHC, EPD, ADC

**Selling:** RMD, ZUMZ, CTSH, TROW, COST, TPTX, FGEN, COST, WDC, ZNGA, ALEC

**POTENTIAL SYMPATHY TRADES**

**FOSL** – on Swiss watch data

**WDC, STX, INTC** – on MU commentary

**OPTION HIGHLIGHTS (Prior Day)**

WW (WW) more bullish flow today with the January \$42/\$47 call spread active 1,000X and follows 500 February \$45 calls bought earlier this week. Today's flow is looking to add to the 3,750 January \$42 calls bought recently and 4,500 of the \$45 calls. The January \$50 calls have also seen buyers over 5,000X and put sales in the July \$40 strike on 12-2. WW shares are back at rising channel support from the June lows with a move higher targeting \$50. WW had a strong bounce from the earnings gap down in November and pulling back to the 50-MA and Sept/October VPOC this week where its finding support and MACD set to curl higher. The \$2.67B company trades 19.4X earnings, 1.9X sales, and 15.2X FCF with 20% EPS growth and a rebound in sales growth next year. WW has undergone a big transition over the last year from a purely weight loss specialty company into a more wellness focused brand with exposure to activities management and loyalty groups. The new WW is coming out of a year of investments into their app and other tech while announcing partnerships with other wellness brands like Headspace in an effort to drive membership. In October, they launched their new plans, myWW, with a focus on personal health with more options for members ahead of the seasonally strong diet season. Analysts have an average target for shares of \$36. B Riley with a \$46 PT citing positive reception to new plans while the Oprah extension announced yesterday removes a big overhang. Craig Hallum with a \$50 PT as they think a hike in Google searches bodes well for early demand and the earlier launch than previous programs creates a longer runway for education and exposure to the program before the January Diet Season begins. Hedge fund ownership fell 5% in Q3 with Maverick Capital and Empyrean Capital notable buyers. Short interest is down to 7.5% from 17.2% in May. CEO Mindy Grossman has been active buying stock over the last year including a \$350k buy in November at \$50.

**AFTER HOURS MOVERS**

**Gainers:** ZUMZ 8%, SGEN 6%, AXSM 4.9%, MU 4.5%, WDC 3%, FOXA 2.2%, BHVN 2%

**Losers:** NERV -27%, MLHR -11%

**MARKET SENTIMENT / INTERNALS**

INDICATOR	READING	SIGNAL
CBOE Equity Put/Call Ratio	0.61	Multi-Month Lows
CBOE Index Put/Call Ratio	1.79	Elevated
CBOE Skew Index	144.51	Highest In 15 Months
VIX Curve	Contango	Normal
CNN Fear & Greed Index	75	Greed
NYMO	19.56	Elevated
NYSE New Highs	132	Strong
McClellan Summation	529.88	Above 8-EMA
Cumulative AD	194390	New Highs
VXV:VIX	1.21	Elevated
Lipper Fund Flows	-\$7.1B	Biggest Outflow in Two Months
Univ. of Michigan Consumer Sentiment	99.2 (December)	+0.9%

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

**IPO MONITOR**

Nothing Scheduled

**SECONDARY MONITOR**

**Axsome (AXSM)** 2M secondary priced at \$87

# TRADE

## WEEKLY TECHNICAL BREAKOUT

**CRL:**



**Charles River (CRL)** shares are flagging under \$150 and new highs with a breakout targeting \$155. Longer-term, a big weekly bull flag breakout has room up to \$165 with MACD and RSI both turning positive recently and not near overbought.

## FUNDAMENTAL TRADE OF THE WEEK

**Stock:** Chemed (CHE)

**Price:** \$440

**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:** CHE is a \$7B is an usual pair but operates in two segments. First is a home healthcare unit with end-of-life hospice care with an extensive network of RNs, physicians, and others. The second is Roto-Rooter, the nation's leader in plumbing and water cleanup services. CHE is attractive for a potential breakup and value unlock with both likely better operators on their own.

# IDEAS

## WEEKLY TECHNICAL BREAKDOWN

**BA:**



**Boeing (BA)** shares are back near trend support from the August lows and moving out of value with a run under \$340 targeting \$320. RSI is weakening and shares forming a set of lower highs recently as momentum fades.

## PAIR TRADE OF THE WEEK

**Industry:** Auto Parts

**Long/Short:** Long **Advanced Auto (AAP)**; Short **O'Reilly (ORLY)**

**Analysis:** AAP is a \$10.9B auto parts operator that should close the gap with peers in 2020 as they executive on a multi-legged margin plan and grow share in the professional market. ORLY faces tougher comps in 2020 and margins may be soft with tariff costs fully passed through from hike a year ago.

## SMALL CAP TRADE OF THE WEEK

**ICF Int'l (ICFI)** is a \$1.66B provider of management services including policy consulting for government and commercial clients. They use data analytics to help create optimal responses and purpose-driven plans around key issues like health, education, and social programs. Shares trade 19.5X earnings and 1.15X sales with mid-teens growth.

## DAILY OPTIONS REPORT

### Unusual Call Activity

### Unusual Put Activity

### Implied Volatility Riser

Deciphera (DCPH)	Akorn (AKRX)	Pacific Bio (PACB)
Camping World (CWH)	Allot (ALLT)	Akorn (AKRX)
Oceaneering (OII)	YPF SA (YPF)	Voya Financial (VOYA)
Taiwan Semi (TSM)	Wave Life (WVE)	McDermott (MDR)
Sientra (SIEN)	Factset (FDS)	Allakos (ALLK)
Live Nation (LYV)	Herman Miller (MLHR)	Allot (ALLT)

### Lowest Put/Call Ratio

### Highest Put/Call Ratio

### Implied Volatility Decliner

SLM Corp (SLM)	Logitech (LOGI)	Solid Bio (SLDB)
Conduent (CNDT)	Changyou (CYOU)	PG&E (PCG)
Casa Systems (CASA)	Medifast (MED)	Steelcase (SCS)
GDS Holdings (GDS)	Jumia (JMIA)	FedEx (FDX)
Digimarc (DMRC)	Noble (NBL)	Cintas (CTAS)
Liberty (LBTYK)	Int'l Game (IGT)	Clovis (CLVS)

### OTM Calls on Offer

### OTM Puts on Offer

### Elevated IV30

Apache (APA)	Intra Cellular (ITCI)	Intra-Cellular (ITCI)
Vale SA (VALE)	Luckin (LK)	Axsome (AXSM)
Big Lots (BIG)	Amarin (AMRN)	Athenex (ATNX)
Camping World (CWH)	Aurora (ACB)	GTT Comms (GTT)
United Health (UNH)	Game Stop (GME)	Wave Life (WVE)

### Positive Net Delta

### Negative Net Delta

### Option Volume Gainers (%)

Micron (MU)	Fed-Ex (FDX)	Wave Life (WVE)
Macys (M)	Ford Motor (F)	Factset (FDS)
Tesla (TSLA)	Delta (DAL)	Herman Miller (MLHR)
Nike (NKE)	Alibaba (BABA)	Sientra (SIEN)
General Motors (GM)	DISH Network (DISH)	Live Nation (LYV)

### Bullish Call Flow

### Bearish Put Flow

### Large Spread Trades

Macys (M)	Carnival (CCL)	WW, January \$42/\$47 call spread active 1,000X
Biohaven (BHVN)	Alcoa (AA)	SMH, 5000 January \$137/\$127 put spreads
Activision (ATVI)	TI (TXN)	WYNN, 1800 January 10th (W) \$140/\$150 call spreads
Lilly (LLY)	Wave Life (WVE)	MS, 1200 April \$52.5/\$50 strangles bought
US Bancorp (USB)	Cimpress (CMPR)	SIEN, 1,000 July \$10/\$15 call spreads

## News Continued

BMW, Daimler Pare Back Car-Sharing Service – Bloomberg

Swiss Watch Shipments Approach 35-Year Low – Bloomberg

**Tiffany (TIF)** Expects Double-Digit Growth in China Despite Weak Economy – Bloomberg

British firms **Trident**, **Premier Oil** in the running for **Petrobras (PBR)** oil fields – City AM

**De Beers** ends difficult 2019 with sales rise – City AM

**Mitsubishi Jet** eyes Europe while US business waits to take off – Nikkei

German court bans **Uber's (UBER)** ride-hailing services in Germany – Reuters

UK takeover bill could help block sale of assets to protect security – Reuters

Greenland to pick **Ericsson (ERIC)** over **Huawei** for future 5G rollout – Reuters

**Norwegian Air** eyes deal on **Boeing (BA)** MAX compensation by year-end – Reuters

**BlackRock (BLK)** in Talks to Cancel Option to Take Over **iCapital** – WSJ

**uniQure (QURE)** announces publication of preclinical data for AMT-130

**Ionis Pharmaceuticals (IONS)** licenses investigational Alzheimer's therapy

**Apergy (APY)** to combine with **Ecolab's (ECL)** upstream business

**Xperi (XPER)**, **TiVo (TIVO)** enter all-stock combination agreement

## Extras

**Infinera (INFN)** late day trade opens 1,055 July \$7 calls as January \$6 adjust

**CoStar Group (CSGP)** unusual late day action with 650 July \$590 calls bought \$49.50 up to \$62 with a major rise in price in a short-span

**Lululemon (LULU)** IV rose late day with Dec. 27<sup>th</sup> (W) \$225 calls active as more than 3000 traded and the \$222.50 calls with over 2000 traded

**BP Plc (BP)** late action opening 1700 July \$37 calls \$2.10 as well as 3000 of the \$38 calls bought

**Xilinx (XLNX)** spread buys 1000 March \$105 calls \$2.80 and sold 1000 each of the \$120 and \$125 calls

**Boot Barn (BOOT)** buyer of 1000 January \$45/\$50 call spreads



**I-Robot (IRBT) afternoon buyers of 2000 March \$60/\$85 call spreads**

**Earnings**

Ticker	Company	EPS Actual	EPS Estimate	Revs Actual	Revs Estimate	Growth	Notes
ABM	ABM Industries	\$0.66	\$0.63	\$1,648.00	\$1,670.07	-0.10%	FY Below
MLHR	Herman Miller	\$0.88	\$0.87	\$674.20	\$697.10	3.30%	
MU	Micron	\$0.48	\$0.47	\$5,144.00	\$4,780.90	-35.00%	FY In Line
REVG	REV Group	\$0.05	\$0.13	\$652.60	\$631.23	-1.10%	

**MU – Beat on EPS and Revs** - "Micron posted solid first quarter results, delivering good profitability and positive free cash flow. With our strong execution and improving industry conditions, we are optimistic that Micron's fiscal second quarter will be the cyclical bottom for our financial performance," said Micron Technology president and CEO Sanjay Mehrotra. "Our significantly improved competitive position, dramatically stronger product portfolio, structurally higher profitability and investment-grade balance sheet position Micron very well to drive long-term shareholder value."

**MLHR – Beat on EPS and Missed on Revs** - Andi Owen, President and CEO, stated, "In the face of an uncertain global economic and geopolitical environment, we delivered adjusted earnings per share at the upper end of the guidance range that we established at the start of the quarter. Second quarter sales were impacted by lower than anticipated order levels, which reflected the uneven demand patterns we're seeing across the broader industry and the natural variability in a project-driven business. Order rate declines during the quarter were amplified by a particularly challenging growth comparison in our prior year second quarter, which reflected consolidated organic order growth of 10%. While these factors also impact our organic sales growth guidance for the upcoming quarter, we are seeing positive signs as we look further ahead, both in our own project activity levels and in broader demand indicators such as job growth, unemployment levels, and consumer spending. Going forward, we are also excited about our additional investments in HAY and naughtone that give us majority ownership of these fast-growing design brands. With our collection of leading brands, a global multi-channel distribution capability and a clear set of strategic priorities, we remain well-positioned to drive sustainable long-term growth."

**Earnings**

Ticker	Company	EPS Actual	EPS Estimate	Revs Actual	Revs Estimate	Growth	Notes
ACN	Accenture	\$2.09	\$1.99	\$11,359.00	\$11,147.20	7.10%	
APOG	Apogee Enterprises	\$0.57	\$0.76	\$337.90	\$357.83	-5.50%	FY Below
CVGW	Calavo Growers		\$0.43		\$297.45		
CAG	Conagra	\$0.63	\$0.57	\$2,800.0	\$2,798.62		
DRI	Darden Restaurants	\$1.12	\$1.07	\$2,056.40	\$2,063.47	4.20%	

EPAC	Enerpac Tool Group		\$0.09		\$137.24		
FDS	FactSet	\$2.58	\$2.42	\$366.70	\$367.42	4.30%	FY In Line
RAD	Rite Aid	\$0.54	\$0.15	\$5,462.30	\$5,423.74	0.20%	FY In Line
SAFM	Sanderson Farms		-\$1.17		\$888.65		