

TOP STORIES

- Trump to Restore Tariff on Steel Shipped From Brazil, Argentina
- Trump Expected to Delay 12/15 Tariff Tranche
- China Manufacturing Gauge Points to Improving Economy
- FT: Federal Reserve Considers Letting Inflation Run Above Target
- WSJ: Fed Unlikely to Hike Rates Through End of 2020
- OPEC+ Considering Larger Cuts Ahead of Aramco IPO
- USMCA Deal Could Be Finalized this Week
- Black Friday Online Sales Hit Record \$7.4B

INDEX FUTURES

Futures	Change	Fair Value
S&P 500	3148.5 (4.75)	7.87
Nasdaq	8425.5 (8)	17.82
Dow	28122 (49)	74.59

GLOBAL INDICES

INDEX	CLOSE	CHANGE
FTSE	7347.02	0.01%
DAX	13234.18	-0.02%
Nikkei	23529.5	1.01%
Hang Seng	26444.72	0.37%

ECONOMIC CALENDAR

TIME	INDICATOR	CONSENSUS
9:45	Manufacturing PMI	52.2
10:00	Construction Spending	0.4%

FOREX

EUR/USD	1.1005 (-0.10%)
USD/JPY	109.54 (0.03%)
USD/CAD	1.33 (0.19%)
GBP/USD	1.2918 (-0.12%)

COMMODITY

Oil	56.61 (2.61%)
Natural Gas	2.348 (2.94%)
Gold	1464.1 (-0.58%)
Copper	2.658 (-0.13%)

VOLATILITY INDICES

INDEX	SYMBOL	CLOSE
S&P	VIX	12.62 (7.40%)
Nasdaq	VXN	15.84 (6.59%)
Oil	OVX	36.73 (19.18%)
Gold	GVZ	10.71 (3.98%)

MARKET OUTLOOK

Futures are pointing to a slightly higher open for the morning although well off the highs after the President said he was reinstating tariffs on Brazil and Argentine steel and aluminum. The tweet disrupted an overall very positive morning following strong manufacturing data out of China and the EU. There was also an Axios report over the weekend that POTUS is likely to roll back the 12/15 tariffs on China as part of their progress towards Phase One. The two sides continue to expect a done deal by year-end but the timeline has slowed with the Hong Kong issues. China is apparently willing to make a concession to Trump, however, by actively curbing fentanyl sales to the US. Elsewhere, the FT with an interesting report on how the Fed is likely to let inflation run above 2% in part of a 'make up' strategy. However, it's likely not a big mover with trade the main focus. Oil is higher by 2.6% this morning ahead of OPEC this week with reports the Saudis want more curbs. Also, impeachment proceedings continue in Washington today. Busy morning.

Asian markets were strongly higher this morning behind the positive PMI data. The Nikkei rose more than 1%, the most in a month, as concerns about China eased. Machinery names like **Yuden** and **Hitachi Zosen** both led up over 3.5%.

European markets are now in the red for the morning despite opening higher as Trump's tweet has upset the momentum higher. The DAX was on pace for its best day in more than three weeks. **Lufthansa** higher by 55 bps after reports that **Qatar Air** was considering buying a stake. Med-tech company **Chemometec** rose 13% after appointing a new CEO. Fashion retailer **Ted Baker** down 2.5% after disclosing it may have overstated inventory. Grocer **Ocado** down 8.5% after a bond offering.

It was a very busy morning for **economic data**. China Caixin Manufacturing PMI beat at 51.8 vs 51.4. Japan manufacturing PMI also beat at 48.9 vs 48.6. South Korean PMI manufacturing also topping estimates. Eurozone manufacturing PMI was revised higher to 46.9 vs 46.6. German, France, Italy, and Spain all also revised more than expected higher.

S&P TECHNICALS

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



5082 Above	SMA50	Below 2694
65.4%		34.6%
4797 Above	SMA200	Below 2979
61.7%		38.3%

KEY EVENTS

Earnings After the Close: COUP;

Analyst Days: GE Healthcare

Conferences: Citi Basic Materials, Credit Suisse TMT and Wells Fargo TMT

Tomorrow... Motor Vehicle Sales. **Earnings Before the Open:** BMO, DCI, GSM, LE

ANALYST ACTION/COMMENTS

Unilever (UN) upgraded to Buy at Liberum

Rio Tinto (RIO) upgraded to Neutral at RBC

Altria (MO) upgraded to Buy at Citi

Telefonica (TEF) upgraded to Buy at Barclays

Splunk (SPLK) upgraded to Buy at Goldman Sachs

Plains All American (PAA) upgraded to Buy at Baird

AeroVironment (AVAV) upgraded to Buy at Baird

TreeHouse (THS) upgraded to Buy at William Blair

Cedar Fair (FUN) downgraded to Neutral at B Riley

Philip Morris (PM) downgraded to Neutral at Citi

Roku (ROKU) downgraded to Sell at MSCO

Western Digital (WDC) downgraded to Hold at Stifel

Teladoc (TDOC) downgraded to Hold at Sun Trust

Huya (HUYA) downgraded to Hold at MSCO

Dow (DOW) downgraded to Neutral at MSCO

Biogen (BIIB) downgraded to Sell at Baird, \$250 PT

Wells Fargo (WFC) downgraded to Sell at Raymond James

ADT downgraded to Neutral at BAML

Deere (DE) downgraded to Sell at BAML

Bausch Health (BHC) initiated Neutral at Goldman

Revance (RVNC) initiated Buy at Goldman Sachs

Intercept (ICPT) initiated Buy at Canaccord

Int'l Paper (IP) initiated Buy at BNP Paribas

Synchrony (SYF) initiated Buy at BAML

Solar Edge (SEDG) initiated Buy at Needham, \$102 PT

MEDIA HIGHLIGHTS

Assets held in ETFs surge to record \$6T – FT

Black Friday hit a record \$7.4B in online sales in the US, says Adobe Analytics (**AMZN**) – Bloomberg

Fiat Chrysler (FCAU), UAW Reach Tentative Deal on Four-Year Contract – Bloomberg

China drug bulk-buy program could pressure Int'l prices (**XBI, IBB**) – Reuters

Nomura CEO Nagai to Step Down – Bloomberg

Private-Equity Cash Piles Up as Takeover Targets Get Pricier, Unspent Cash Hits Record \$771.5B – WSJ

Investors bet on more pain for retailer as shorts rise – WSJ

EU antitrust regulators probing **Google's (GOOGL)** data collection - Reuters

Destination Maternity (DEST) to shut down remaining 235 retail stores - WSJ

Intel (INTC) sold modem business at 'multi-billion dollar loss' – Reuters

DRAM, NAND flash supply may see double-digit shortfalls in 2H20 (**MU, WDC, STX**) – Digitimes

Subway CEO draws criticism from franchise owners over price cuts – NY Post

Silver Lake appoints Egon Durban, Greg Mondre as first co-CEOs – Reuters

Israel's **TowerJazz (TSEM)** to maintain 51% stake in **Panasonic** chip JV – Reuters

Dexcom (DXCM) says diabetes monitors malfunctioning since Saturday – Reuters

STOCK SPECIFIC NEWS OF NOTE

Macau casino revenue slides 8.5% in November, better than estimates (down 10-13%) – **WYNN, MGM, MLCO, LVS**

Black Friday brick-and-mortar sales up 4.2%, according to First Data (**XRT**)

Hostess Brands (TWNK) to acquire Voortman for approximately \$320M

Molina (MOH) wins Kentucky Medicaid contract

Centene (CNC), CVS Health (CVS) announce agreement to acquire IlliniCare

Disney's (DIS) 'Frozen 2' Tops 'Knives Out' at Thanksgiving Weekend Box Office

PRE-MARKET MOVERS

Moving Higher: ASLN 80%, EVFM 35%, ORMP 28%

Moving Lower: ROKU -7%

INSIDER TRADING (Form 4 Filings)

Buying: USCR, RRGB

Selling: DENN, PATK, YEXT, NEM, RL, DISCA, FRPT, ALGN, SEDG, TWLO, BL, EBAY

POTENTIAL SYMPATHY TRADES

LVS, MLCO, MGM, WYNN – on Macau data

OPTION HIGHLIGHTS (Prior Day)

Uber (UBER) early action seeing 6000 March \$35 calls bought \$1.10 offer, OI at 9,237. UBER also with 3000 June \$29 calls opening \$4.30 in a stock replacement today and options flows have leaned strongly bullish since the start of November with both call buys and put sales through June 2020 expirations. The flow sentiment shift has come with shares recently putting in a bullish 8/21 EMA crossover and flagging under its falling 55 day moving average while the post-IPO downtrend can be broken on a move above \$30.50 and cause a key trend inflection. UBER shares are down 29% YTD and now trades 4.2X EV/Sales with revenue growth seen accelerating to above 30% in FY20 as the ride-sharing theme continues to be an emerging megatrend. UBER's CEO bought 250,000 shares at \$26.75 on 11/18 worth over \$6.5M. UBER is coming off a quarter where it beat estimates and noted continued category leadership, greater financial discipline, and an industry-wide shift towards healthier growth are already having on our financial performance. Analysts have an average target at \$44 and short interest low at 4.9% of the float down 30% over the last month. On 10/25 Guggenheim started coverage at Buy with a \$40 target seeing a more benign competitive environment and potential EBITDA starting as early as 2021 while rising prices in the US can fuel a strong 2H, seeing UBER at a potential turning point. Stifel upgraded shares to Buy with a \$34 target on 11/22 noting new key developments such as the ridesharing market (particularly in the U.S.) experienced faster-than-expected competitive rationalization, Uber demonstrated an accelerated path to profitability and set a formal 2021 profitability target, take rates improved, better segment-level disclosure leaves us more constructive on the core Rides fundamentals, management has communicated a willingness to exit losing parts of the business (Eats in lower- market share markets) in 12-18 months, valuation has reset to a level with better risk / reward, and the IPO lockup expiration has passed. MSCO with a \$55 target this week and calls it a top pick for 2020. Hedge Fund ownership fell 17.5% in Q3 filings, Altimeter Capital adding 11.4M shares and now 10.4% of its portfolio, while Viking Global also added to its position.

AFTER HOURS MOVERS

Gainers:

Losers:

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	129.83	Rising
VIX Curve	Contango	Normal
CNN Fear & Greed Index	78	Extreme Greed
NYMO	12.28	Neutral
NYSE New Highs	74	Neg. Divergence
McClellan Summation	560.26	Below 8-EMA but Rising
Cumulative AD	191627	Supportive
VXV:VIX	1.23	Elevated
Lipper Fund Flows	+\$165M	Neutral
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

LMT :



Lockheed Martin (LMT) shares are consolidating in a smaller bull flag above the 8-EMA and just below the September highs. A move over \$395 has a short-term move to \$405 but longer-term the range breakout targets \$430.

FUNDAMENTAL TRADE OF THE WEEK

Stock: Allegiant Travel (ALGT)

Price: \$169.75

Valuation: Undervalued

Key Ratios:

	Fwd. PE	P/S	P/B	EV / EBITDA	P/FCF
Stock	10.2X	1.56X	3.29X	7.3X	
Industry Avg.	11.8X	0.6X	1.7X	7.8X	15.7X

Analysis: ALGT is a \$2.79B travel operator that serves smaller, under-represented markets in the US. They have been undergoing a costly revamp of their fleet from the older Boeing MD-80s to the new Airbus A320 that is helping drive improved long-term revenue guidance. They have a key asset in SunSeeker, a series of destination resorts on the East Coast. Their next big opening is in early 2021 in Charlotte, delayed slightly from the late 2020 projection.

IDEAS

WEEKLY TECHNICAL BREAKDOWN

TERP:



TerraForm (TERP) is forming a post-earnings bear flag just below the declining 20-MA and 50-MA with a breakdown under \$15 targeting a big VPOC at \$14. Momentum has shifted quite a bit from the 8-/20-EMA crossover recently and under the 200-day opens up more pressure.

PAIR TRADE OF THE WEEK

Industry: Denim Jeans

Long/Short: Long Levi (LEVI), Short Kontoor (KTB)

Analysis: LEVI is coming off a strong quarter with a focus on higher-margin, higher opportunity businesses as well as double-digit growth Internationally in their emerging DTC business. US wholesale comps should also improve in 2020. KTB is lagging Internationally, a key area for denim growth, while SG&A spend will likely need to be boosted to fit their growth plan.

SMALL CAP TRADE OF THE WEEK

Arcos Dorados (ARCO) is a \$1.56B franchisee of McDonalds restaurants in Latin America with the largest footprint in Argentina, Brazil, and Mexico. ARCO trades cheap at 0.52X sales with a 1.56% yield and mid-teens growth. ARCO has been undergoing a big remodel push as well as digital revamp which is helping it outpace peers despite a softer consumption environment. ARCO's app had 15m downloads in Brazil last quarter, a lot of room for growth and expansion beyond coupons.

DAILY OPTIONS REPORT

Unusual Call Activity

Unusual Put Activity

Implied Volatility Riser

ServiceMaster (SERV)

Cincinnati Bell (CBB)

Clovis (CLVS)

Guess (GES)

Casa Systems (CASA)

Cara Therapeutics (CARA)

Danaher (DHR)

Cinemark (CNK)

GTT Comms (GTT)

Host Hotels (HST)

Intra-Cellular (ITCI)

Aurinia (AUPH)

Clovis (CLVS)

Beigene (BGNE)

ArQule (ARQL)

Kellogg (K)

Quest Diagnostics (DGX)

Inseego (INSG)

Lowest Put/Call Ratio

Highest Put/Call Ratio

Implied Volatility Decliner

1-800-Flowers (FLWS)

Cincinnati Bell (CBB)

Frontier (FTR)

Iovance (IVOA)

Beigene (BGNE)

Autodesk (ADSK)

Wright Medical (WMGI)

Toyota (TM)

McDermott (MDR)

Nevro (NVRO)

Extreme Networks (EXTR)

Box (BOX)

Liberty (LBTYK)

STAAR Surgical (STAA)

Guess (GES)

Viewray (VRAY)

Casa (CASA)

VMWare (VMW)

OTM Calls on Offer

OTM Puts on Offer

Elevated IV30

Vale SA (VALE)

Ford Motor (F)

Wave Life (WVE)

Mylan (MYL)

Pfizer (PFE)

Axsome (AXSM)

Nokia (NOK)

Snap (SNAP)

SAGE Therapeutics (SAGE)

IQIYI (IQ)

Wells Fargo (WFC)

Apellis (APLS)

Cloudera (CLDR)

Bank of America 9BAC)

Clovis (CLVS)

Positive Net Delta

Negative Net Delta

Option Volume Gainers (%)

Facebook (FB)

Micron (MU)

Intra-Cellular (ITCI)

Apple (AAPL)

Dollar Tree (DLTR)

Beigene (BGNE)

Bank of America (BAC)

Deere (DE)

Quest Diagnostics (DGX)

Starbucks (SBUX)

Pfizer (PFE)

Clovis (CLVS)

Netflix (NFLX)

Mittal (MT)

Kellogg (K)

Bullish Call Flow

Bearish Put Flow

Large Spread Trades

Costco (COST)

CDW

XRX, 1100 January 2021 \$45/\$50 call spreads

Uber (UBER)

Quest Diagnostics (DGX)

HD, 1000 March \$205 puts sold buys the \$130/\$240 call spreads

Facebook (FB)

Zscaler (ZS)

GWPH, 3,600 January \$110/\$125 call spreads

Dell (DELL)

Nordstrom (JWN)

CC, 1000 April \$20/\$23 call spreads

Carvana (CVNA)

Vmware (VMW)

AYX, 1200 January 2021 \$130/\$155 call spreads

Continued News from Weekend/Monday

Mauled mall stock **Tanger (SKT)** deserves some love - Barron's

Burlington Stores (BURL) Gains Show Why Discount Retailing Is the Place to Be – Barron's

Barron's cover: Tech's Pioneers Have Been Left Behind. Their Stocks Are Cheap—and Complicated. (**HPQ, CSCO, IBM, HPE, ORCL, STX, WDC**)

Canada Goose (GOOS) Stock Can Soar Again – Barron's

4 Stocks to Unload Before the Year-End Tax-Selling Rush (**M, MMM, ABMD, OXY**) – Barron's

Oil-Sands Stock **Suncor (SU)** Offers a Pipeline of Cash – Barron's

ProSieben CEO sees no merit in merger with **Mediaset** – Reuters

Window Closing on PC Boost (**HPQ**) – WSJ

Saudis to Seek Extension of OPEC Cuts as **Aramco** IPO Approaches – WSJ

China is taking steps to crack down on fentanyl sales to the US – NYT

U.S. digs deeper into **Deutsche (DB)** role in Danske money laundering scandal – Reuters

Goldman (GS) to avoid strict profitability targets at analyst meeting – FT

Warren Buffett's latest attempt to put his cash to work is thwarted in **Tech Data (TECD)** deal – CNBC

Walgreens (WBA) LBO doesn't appear close as two sides remain far apart – WSJ

UK watchdog is probing **Google's (GOOG)** \$2.6B takeover of Looker Data – Reuters

Evoform (EVFM) announces AMPREVENANCE trial meets primary, secondary endpoints

Aslan Pharma (ASLN) reports preliminary data from ASLAN004 study

Jefferies (JEF) closes sale of remaining 31% stake in National Beef

FibroGen (FGEN) announces roxadustat inclusion in China's NRDL

Neurocrine (NBIX), Xenon (XENE) to partner on treatments for epilepsy

Notable News from Thursday/Friday

Macro

India's Slumping Growth Opens the Door for More Rate Cuts – Bloomberg

ECB review likely results in no radical changes – Bloomberg

POTUS signs pro-democracy HK support bill into law; China threatens retaliation – Reuters/NY Times

China reiterates its pledge to lower trade barriers, widen market access – Reuters

Time Is Running Out for Trump's North Korean Diplomacy – NY Times

Saudi Arabia Signals It's Had Enough of OPEC+ Quota Cheats – Bloomberg

US distressed debt flashes warning sign for investors – FT

Stock-Specific

Uber's (UBER) new 'Dirty Little Secret': Shared Driver Accounts – WSJ

Cathay Pacific cuts 2020 capacity plan – Reuters

EU lawmakers approve increase in US beef imports to the EU (**TSN, SAFM, HRL**). Reuters

Huawei aiming to file lawsuit to challenge FCC restrictions - WSJ

Investec to sell 10% of its asset management business for 189M pounds – Reuters

Amazon's (AMZN) cloud unit readies more powerful data center chip – Reuters

France's **PSA** to sell stake in smaller Chinese tie-up as sales slide – Reuters

More than 33% of reviews on **Amazon (AMZN)**, **Wal-Mart (WMT)**, and **Sephora** are fake. WSJ

AB In Bev (BUD) explores options for packaging ops, could fetch \$5B to \$6B – Reuters

E-Trade (ETFC) unlikely to be acquired after **SCHW/AMTD** deal – NY Post

Permira, VF Corp (VFC) among bidders for sneaker brand **Golden Goose**, could fetch €1.4B – Reuters

Commercial vehicle rental firm **Northgate** to buy **Redde** for \$505M – Reuters

Panasonic to sell chip unit to **Nuvoton** for \$250M – Reuters

Telefonica may pursue asset sales in Latin America as it streamlines – FT