

TOP STORIES

- Trump Says Trade Deal with China May Not Happen Until After 2020 Election
- France/EU Vow Retaliation for Trump's Proposed Digital Tax Tariffs
- China Could Release US Blacklist Soon
- Japan Prepares \$120B Stimulus Package to Bolster Growth
- Hong Kong Leader Lam Promises Further Economic Relief
- RBA Leaves Rates Unchanged
- Cyber Monday Sales Jump 17% Y/Y

INDEX FUTURES

Futures	Change	Fair Value
S&P 500	3106.25 (-8)	-7.27
Nasdaq	8287.75 (-28.25)	-24.51
Dow	27693 (-96)	-85.04

GLOBAL INDICES

INDEX	CLOSE	CHANGE
FTSE	7217.28	-0.94%
DAX	13045.51	0.62%
Nikkei	23379.81	-0.64%
Hang Seng	26391.3	-0.20%

ECONOMIC CALENDAR

TIME	INDICATOR	CONSENSUS
	Motor Vehicle Sales	

FOREX

EUR/USD	1.1073 (-0.04%)
USD/JPY	108.83 (-0.14%)
USD/CAD	1.3302 (-0.05%)
GBP/USD	1.2988 (0.40%)

COMMODITY

Oil	56.01 (0.09%)
Natural Gas	2.402 (3.13%)
Gold	1474.8 (0.39%)
Copper	2.637 (-0.51%)

VOLATILITY INDICES

INDEX	SYMBOL	CLOSE
S&P	VIX	14.52 (15.06%)
Nasdaq	VXN	17.86 (12.75%)
Oil	OVX	34.93 (-4.9%)
Gold	GVZ	10.77 (0.56%)

MARKET OUTLOOK

Futures are indicating a lower open for the morning after a sharp turn lower around 5:10 following comments from the President. Trump said a deal with China could wait until after the election and the only limiting factor to an agreement is whether he wants to make a deal. He also back-tracked on recent talk of a year-end deadline saying he 'has no deadline.' And, while not incrementally huge news (this vague jostling for leverage has happened many times before), it's another cautious point this week that talks aren't moving forward as fast as thought. Additionally, Chinese state media announced that the government could soon announce their 'unreliable entities' list against US companies. Overall, nothing huge yet but not the smooth progress most were looking for ahead of the 12/15 tariffs.

Asian markets were lower across the board amid the fresh trade concerns. The Nikkei fell around 65 bps but held some key technical levels. Defensive names like rails were weak. **Astellas** down 1.1% after their \$3B deal for **BOLD**. Baby goods maker **Pigeon** down 13% after cutting their outlook.

European markets are mixed this morning with the DAX outperforming up 60 bps. Tech was leading with chips especially strong led by **SAP**. In France, luxury goods were under pressure with the threat of tariffs from Trump. **Kering**, **LVMH**, and **Hermes** all down around 1.5%. **Airbus** also down around 1.5% on trade issues. **Unicredit** higher by 1.5% after announcing job cuts and a buyback. **Ferguson** and **Cineworld** both down around 1-2% after earnings.

Finally, turning to **economic data** it was a quiet night. The RBA kept rates unchanged, as expected, but maintained an easing bias. Eurozone PPI was in line with expectations. Spanish unemployment improved modestly. Swiss CPI was unchanged in November.

S&P TECHNICALS

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



KEY EVENTS

Earnings After the Close: AVAV, HQY, MRVL, CRM, WDAY, ZS

Analyst Days: PEN, UNH, MRCY, BDC, GES, INST, CPA

Conferences: Citi Basic Materials, Credit Suisse TMT, Wells Fargo TMT, Credit Suisse Industrials, Piper Healthcare

Tomorrow... ADP Employment at 8:15am, Services PMI at 9:45, ISM-non manufacturing at 10:00

Earnings Before the Open: BNED, CPB, GIII, JW.A, RY

ANALYST ACTION/COMMENTS

Diageo (DEO) upgraded to Buy at RBC Capital

Boston Beer (SAM) upgraded to Buy at UBS, \$440 PT

Aptiv (APTIV) upgraded to Buy at Piper, \$114 PT

Wingstop (WING) upgraded to Buy at BTIG

Spirit Realty (SRC) upgraded to Buy at Capital One

Ranger Energy (RNGR) upgraded to Buy at Credit Suisse

Valaris (VAL) downgraded to Neutral at BTIG

Commscope (COMM) downgraded to Hold at Jefferies

Netflix (NFLX) downgraded to Hold at Citi

Zions Bancorp (ZION) downgraded to Sell at Baird

Ambev (ABEV) downgraded to Sell at Barclays

RPC (RES) downgraded to Sell at Credit Suisse

Nabors (NBR) downgraded to Neutral at Credit Suisse

Patterson (PTEN) downgraded to Sell at Credit Suisse

Enphase (ENPH) initiated Buy at Goldman

Facebook (FB) initiated Buy at Piper, \$230 PT

Alphabet (GOOGL) initiated Buy at Piper, \$1500 PT

Bandwidth (BAND) initiated Buy at Needham

Fiserv (FISV) initiated Buy at BAML, \$128 PT

Advanced Drainage (WMS) initiated Buy at BAML

United Therapeutics (UTHR) initiated Sell at BAML

Lattice Semi (LSCC) initiated Buy at William Blair

Gossamer (GOSS) initiated Buy at BAML

MEDIA HIGHLIGHTS

UniCredit plans to cut 8,000 jobs under four-year plan - FT

PG&E (PCG) failed to properly inspect transmission lines ahead of fire - Reuters

Trump considered banning **Huawei** from U.S. financial system – Reuters

Centamin rejects £1.47bn **Endeavour Mining** buyout proposal – City AM

Hudson's Bay special committee says Catalyst bid not 'superior' – Reuters

Investors Tune Out Discord to Embrace Brazil's Turnaround (**EWZ**) – WSJ

\$3.4B deal to take **Inmarsat** private gets green light after hedge funds drop challenge – Reuters

Amazon (AMZN) Rolls Out Quantum-Computing Service through its AWS Service – WSJ

Bloomberg may explore sale, potential buyers include **ICE**, **CME**, **SPGI**, **INFO** – WSJ

STOCK SPECIFIC NEWS OF NOTE

PepsiCo (PEP) to acquire BFY Brands

ViewRay (VRAY) announces collaborations with **Medtronic (MDT)**, **Elekta**

Cadence (CDNS) to acquire AWR from **National Instruments (NATI)** for about \$160M

Wells Fargo (WFC) names Scott Powell COO; **Santander U.S. (SAN)** names Tim Wennes as U.S CEO

CBL & Associates (CBL) suspends common and preferred stock dividends

Resideo (REZI) CEO to step down, board forms strategic review committee

Huntington Ingalls (HII), **General Dynamics (GD)** confirms \$22B Navy submarine contract

Old Dominion (ODFL) to join S&P 500

Astellas to acquire **Audentes (BOLD)** for \$60/share

Amazon (AMZN) says Cyber Monday was 'single biggest shopping day in company history'

Cleveland-Cliffs (CLF) to acquire **AK Steel (AKS)** for \$3.36 per share, or about \$3B

Axsome Therapeutics' (AXSM) AXS-12 met primary endpoint in CONCERT Phase 2 trial

PRE-MARKET MOVERS

Moving Higher:

Moving Lower: BBL -2.6%, PDD -2%, NFLX -2%

INSIDER TRADING (Form 4 Filings)

Buying: FTAL, UBI

Selling: EPAY, LEG, PG, MAR

POTENTIAL SYMPATHY TRADES

SRPT, QURE, SGMO, BMRN, FOLD, RARE – on BOLD buyout

OPTION HIGHLIGHTS (Prior Day)

SailPoint Tech (SAIL) with 550 March \$30 calls being bought this morning \$1.40 offer with shares holding up better than most Software names and this follows action last week with 2800 January \$30 calls opening while 2800 December \$25 calls remain in open interest. SAIL shares have worked strongly higher the last two months and looking to close a large earnings gap down move from May. The \$2.24B maker of governance and identity solutions trades 7.2X EV/Sales and was a name featured as an attractive value in our recent report on cyber-security M&A, a name seeing growth accelerating and operating in an expanding \$11B TAM with digital transformation driving growth, recurring revenues at 53% of total and growing 41% Y/Y. Analysts have an average target of \$27.50 while short interest is hitting a new high at 11.4% of the float, rising 66.8% Q/Q. SunTrust raised its target to \$32 last week citing SAIL's integral role of identity in the modern security stack and is positive on the investments in cloud identity platform as well as recent deals for Orkus and OverWatchID. Wedbush started shares Outperform with a \$32 target on 11/8 citing it as a compelling stock to own into 2020, noting some speed bumps in execution the past year but early innings of capitalizing on a high priority TAM driven by the move to cloud. Hedge Fund ownership fell 13.8% in Q3 filings, Jackson Square a notable top owner and Champlain taking a new position.

AFTER HOURS MOVERS

Gainers: BOLD 106%, VRAY 32%, ARDX 10.5%, QURE 9%, PBYI 8%, FOLD 5.7%, FATE 5.2%

Losers: IOVA -10%, COUP -3%

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

ELF Beauty (ELF) prices 3.4M secondary at \$15.9

Aslan (ASLN) prices 5.125M secondary at \$2.50

Clearway (CWEN) prices 5.4M secondary at \$18.7

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

<u>Unusual Call Activity</u>	<u>Unusual Put Activity</u>	<u>Implied Volatility Riser</u>
Innoviva (INVA)	Taubman (TCO)	Verastem (VSTM)
Norton Lifelock (NLOK)	Macerich (MAC)	ArQule (ARQL)
Revance (RVNC)	RR Donnelly (RRD)	Dynavax (DVAX)
Fossil (FOSL)	Tanger (SKT)	Intra-Cellular (ITCI)
Motorola (MSI)	AMC Networks (AMCS)	Sprint (S)
Editas (EDIT)	Lincoln Nat'l (LNC)	At Home (HOME)
<u>Lowest Put/Call Ratio</u>	<u>Highest Put/Call Ratio</u>	<u>Implied Volatility Decliner</u>
Liberty (LBTYK)	Taubman (TCO)	McDermott (MDR)
AMAG Pharma (AMAG)	NeoPhotonics (NPTN)	Plug Power (PLUG)
Hilton (HLT)	US Foods (USFD)	Apache (APA)
S&P Global (SPGI)	Mattel (MAT)	Chesapeake (CHK)
Denali (DNLI)	Flex (FLE)	AK Steel (AKS)
Berry Global (BERY)	Ubiquiti (UI)	Clovis (CLVS)
<u>OTM Calls on Offer</u>	<u>OTM Puts on Offer</u>	<u>Elevated IV30</u>
Walmart (WMT)	Qudian (QD)	Wave Life (WVE)
Sorrento (SRNE)	Luckin (LK)	Axxome (AXSM)
Dynavax (DVAX)	Xilinx (XLNX)	SAGE Therapeutics (SAGE)
Kraft (KHC)	Twitter (TWTR)	Apellis (APLS)
Roku (ROKU)	Alibaba (BABA)	Clovis (CLVS)
<u>Positive Net Delta</u>	<u>Negative Net Delta</u>	<u>Option Volume Gainers (%)</u>
Bank of America (BAC)	Apple (AAPL)	Tanger (SKT)
Macys (M)	Roku (ROKU)	AMC Networks (AMCS)
McDermott (MDR)	Apache (APA)	Lincoln Nat'l (LNC)
Tesla (TSLA)	Microsoft (MSFT)	Innoviva (INVA)
Luckin (LK)	Disney (DIS)	Norton Lifelock (NLOK)
<u>Bullish Call Flow</u>	<u>Bearish Put Flow</u>	<u>Large Spread Trades</u>
Salesforce (CRM)	Frontline (FRO)	BOOT, January \$40/\$45 call spread 500X1,000
World Wrestling (WWE)	Service Now (NOW)	PFE, 1000 March \$37/\$40 call spreads
Dell Tech (DELL)	Ubiquiti (UI)	SPPI, 4000 December \$13/\$8 strangles
Sailpoint (SAIL)	Signet (SIG)	CRM, Dec. 13th (W) \$162.5/\$167.5/\$172.5 call fly
Nvidia (NVDA)	Xilinx (XLNX)	COUP, 300 December \$152.5/\$160 call spreads

Stock Specific News

EU puts Big Tech under the spotlight (**FB, GOOG**) – FT

Former Honeywell CEO in bid talks for **Vertiv** for more than \$5B – Reuters

J. Crew Reports **Madewell** Sales Gains Ahead of Planned IPO – Bloomberg

UnitedHealth (UNH) sees FY19 at upper-end of range

Humana (HUM) reaffirms 2019 guidance

Carriage Services (CSV) sees FY20 above range

Guess (GES) affirms outlook

Sprint (S) Overcounted Low-Income Customers for Years – WSJ

The Buckle (BKE) declares special cash dividend of \$1.25

Intel (INTC) in advanced talks to buy Habana Labs for over \$1B - Calcalist

Cara Therapeutics (CARA) says Phase 2 trial of Oral KORSUVA meets primary endpoint

Ardelyx (ARDX) says PHREEDOM study met its primary endpoint

Marathon Partners delivers letter to **e.i.f. Beauty (ELF)** board

Extras

Peloton (PTON) IV dropping into the close with 2500 December \$35 puts sold to open \$2.10

Ternium SA (TX) with buyers of 980 December \$20 calls for \$1.20 to \$1.30 late, the \$4.32B European steel company trades 7.2X earnings and 7.9X FCF with a 5.57% yield

Blackstone (BX) with 1660 June \$48 puts opening up to \$2.37

Constellation Pharma (CNST) late day buyer of 2800 December \$35/\$20 put spreads for \$4.55 ahead of data at ASH on 12/9

US Steel (X) buyers of 3000 March \$16 calls to open \$0.76 to \$0.82

Grainger (GWW) afternoon buyer of 400 January \$330 OTM calls \$5.10 to \$5.20 to open

Earnings

Ticker	Company	EPS Actual	EPS Estimate	Revs Actual	Revs Estimate	Growth	Notes
COUP	Coupa Software	\$0.20	\$0.06	\$101.78	\$96.20	50.9%	FY Above
BMO	Bank of Montreal	\$2.43	\$2.41	\$6,087.00	\$5,856.45	3.30%	
DCI	Donaldson	\$0.51	\$0.53	\$672.70	\$699.34	-4.10%	
LE	Lands' End	\$0.11	\$0.09	\$340.00	\$349.77	-0.50%	
QTT	Qutoutiao	-\$3.32	-\$2.29	\$1,406.91	\$1,396.56	44.00%	

COUP – Beats on EPS and Revs - "We delivered strong business and financial results for the third quarter, as we continue executing on our vision and extending our leadership position in Business Spend Management (BSM). We reported \$102 million of total revenues, up 51% year-over-year, and were profitable on a non-GAAP basis for the sixth consecutive quarter," said Rob Bernshteyn, chairman and chief executive officer at Coupa. "We're excited about the continued development of the BSM category, our Coupa community, and Coupa as a global brand."