

TOP STORIES

- China Set to Waive Soybean, Pork Import Tariffs in Sign of Trade Progress
- German Industrial Production Sinks in October; Biggest Downturn Since 2009
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INDEX FUTURES

Futures	Change	Fair Value
S&P 500	3125.5 (7.75)	8.17
Nasdaq	8341 (31.75)	29.6
Dow	27753 (75)	76.21

GLOBAL INDICES

INDEX	CLOSE	CHANGE
FTSE	7194.33	0.79%
DAX	13078.5	0.18%
Nikkei	23354.4	0.23%
Hang Seng	26498.37	1.07%

ECONOMIC CALENDAR

TIME	INDICATOR	CONSENSUS
8:30	Employment Situation	
10:00	Consumer Sentiment	

FOREX

EUR/USD	1.1091 (-0.01%)
USD/JPY	108.58 (-0.16%)
USD/CAD	1.3175 (0.02%)
GBP/USD	1.3127 (-0.21%)

COMMODITY

Oil	58.06 (-0.63%)
Natural Gas	2.419 (-0.33%)
Gold	1480.6 (-0.17%)
Copper	2.671 (0.30%)

VOLATILITY INDICES

INDEX	SYMBOL	CLOSE
S&P	VIX	14.52 (-1.89%)
Nasdaq	VXN	17.97 (-1.96%)
Oil	OVX	30.41 (-5.59%)
Gold	GVZ	11.25 (-2.77%)

MARKET OUTLOOK

Futures are indicating a higher open for the morning as markets await December payrolls data. Expectations are for 183K adds, up from the weak October print that was impacted by the GM strike. Unemployment and hours worked expected to remain flat. It was a very quiet night of news, especially as it relates to trade. China agreed to waive some tariffs on US imported soybeans and pork. Reuters out last night noting that the new House bill aimed at backing Uighur Muslim's in China could put the country on the offensive with respect to negotiations and trigger more forceful retaliation. Oil is down around 50 bps ahead of the OPEC decision. Some talk that they could be close to a 500k BPD cut, slightly above the 400k estimate yesterday. However, neither is likely hugely impactful.

Asian markets closed the week strong with China logging its best weekly gain in nearly two months. The Nikkei edged higher again with sentiment improved from the government's new \$120B stimulus package. Pharmaceutical **Eisai** up 5.8% after BIIB's Alzheimer's presentation. **Advantest** leading tech up over 3.45%.

European markets rose slightly in early trading with the FTSE leading. The Stoxx 60 on track for its worst week in two months. **Phoenix Group** up around 1% after agreeing to buy a business unit from **Swiss Re**. The latter rose 3%. Luxury goods continued to move higher with the speculation of more M&A in the space, although **Moncler** downplayed a deal with **Kering**. Retailer **Marks & Spencer** up 3.5% after an upgrade. Pharmaceutical **Ipsen** down 20.7% after a clinical hold on a key study into bone disorders.

It was a quiet night of **economic data** to close the week. Japanese household spending fell 5.1% in October, worse than expected. UK housing prices improved in November. French imports rose in October. German industrial production fell 1.7% in October, worse than the 0.1% gain forecast.

S&P TECHNICALS

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



KEY EVENTS

Economic Data on Monday: Nothing; Japan GDP, German Exports, Taiwan Imports

Earnings BMO: THO

Earnings AMC: CDMO, CASY, CHWY, ROAD, MDB, SFIX, MTN, TOL, PHR

Conferences: Raymond James Tech, UBS TMT

Analyst Days: SLG, CNST, BTG, TGTX

ANALYST ACTION/COMMENTS

Ingersoll Rand (IR) upgraded to Buy at Wells Fargo

Epizyme (EPZM) upgraded to Overweight at MSCO

Huazhu (HTHT) upgraded to Neutral at MSCO

Equinor (EQNR) upgraded to Buy at JP Morgan

Philips (PHG) upgraded to Overweight at MSCO

SAGE Therapeutics (SAGE) raised to Neutral at Leerink

HCA Health (HCA) upgraded to Buy at BAML

Trade Desk (TTD) upgraded to Buy at Needham

J Jill (JILL) downgraded to Hold at Jefferies

Teladoc (TDOC) downgraded to Hold at Jefferies

Technip (FTI) downgraded to Hold at Jefferies

At Home (HOME) downgraded to Hold at Jefferies

Sanofi (SNY) downgraded to Sell at Barclays

Summit Materials (SUM) downgraded to Neutral at GS

Ciena (CIEN) downgraded to Sell at UBS

Tapestry (TPR) downgraded to Neutral at Evercore

Valaris (VAL) downgraded to Sell at HSBC

Anthem (ANTM) downgraded to Hold at BAML

Tiffany (TIF) downgraded to Neutral at Credit Suisse

Ingevity (NGVT) downgraded to Hold at Loop Capital

Conoco (COP) initiated Buy at MKM Partners

Chart Industries (GTLS) initiated Buy at Stifel

Goldman starts **LEN, AWI, WHR, FBHS, MAS, OC, MHK, PHM** at Buy; **KBH, IBP, JELD, LEG, TOL** at Neutral and **DHI, AOS, MTH** at Sell

MEDIA HIGHLIGHTS

SoftBank considers \$150M stake in home health-care start-up **Honor** – CNBC

Alphabet (GOOGL) management shuffle points to shift back to profit machine - WSJ

AU Optronics (AUO) loses orders for Motorola foldable Razr OLEDs - DigiTimes

Taiwan Semi (TSM) to start 3nm process manufacturing in 2022 - DigiTimes

China to Launch Reform of National Oil Pipelines - Bloomberg

Political ad spending set to explode in 2020 (**NXST, SBGI, GTN**) – The Hill

Britain's **Phoenix** to buy **Swiss Re's** ReAssure business for \$4.1 billion – Reuters

China-built **Tesla (TSLA)** cars secure new energy vehicle subsidies – Reuters

FAA issues revised equipment rules for **Boeing (BA)** 737 Max 8. Bloomberg

United (CEO) shuffle may put pressure on laggard **American (AAL)** – Reuters

Big Tobacco Is a Long Way From Burning Out (**MO, PM, BTI**) – WSJ

STOCK SPECIFIC NEWS OF NOTE

Hawaiian Airlines (HA) reports November traffic up 4.1%

Uber (UBER) safety report discloses 3,000 sexual assault claims in 2018

Huntsman (HUN) acquires Icyne-Lapolla for all-cash payment of \$350M

Intercept (ICPT) Phase 3 study for OCA in fibrosis patients published in The Lancet

Huya (HUYA) CFO to depart

Cassava Sciences (SAVA) saw Alzheimer's disease biomarker improvements in Ph2 PTI-125

PRE-MARKET MOVERS

Moving Higher: DOCU 10%, TTD 4%, SAGE 3%

Moving Lower: UBER -1%

INSIDER TRADING (Form 4 Filings)

Buying: HSAC, RRGB, EPD, CBL, KDP, HHC

Selling: CTSH, HSY, AVT, AVB, PNC, BR, APTV, LYFT

POTENTIAL SYMPATHY TRADES

SBH, EL – on ULTA earnings

OPTION HIGHLIGHTS (Prior Day)

Mondelez (MDLZ) IV jumpy today with buyers of 7,250 February \$57.50 calls around \$0.45, the March \$57.50 calls over 5,300X for \$0.65, and the March \$55 calls 1600X. MDLZ recently had buyers in the March \$52.50 calls on 11-8 as well as some June \$45 ITM calls at \$8. Shares are working out of a multi-week base today and back above the 50-MA after pulling back to the rising 200-MA. There's a big VPOC at \$55 from the Summer while new highs are just above at \$56.50. The \$77B company trades 20X earnings and 3X sales with a 2.15% yield. MDLZ is exiting a big investment cycle and expecting to see accelerating top and bottom line growth with stable margin expansion the next two years. Today's positioning will capture two big early-2020 conferences with ICR in January and then CAGNY in February. MDLZ has set itself from peers by focusing on a more localized version of their brands in emerging markets which has led to better uptake and share gains as well as better cost controls, especially in areas like China. They continue to focus their portfolio on categories that are not only growing faster than the rest of CPG (~3%) but where they have superior brands. Analysts have an average target for shares of \$60. Buckingham positive on 12-5 with a \$62 PT. They think there's a lot of potential given their exposure to emerging markets. Short interest is 0.8%. Hedge fund ownership was down slightly in Q3 but Holocene and Eminence Capital buyers of stock. Triam still has an 18M share position.

AFTER HOURS MOVERS

Gainers: DOMO 24%, DOCU 10%, ULTA 9%, MDLA 8%, CRWD 5%, SWCH 4.2%, BIG 2%

Losers: YEXT -22%, PD -18%, ZM -8.5%, COO -4%, GWRE -3.5%, IIVI -3%, MRNA -3%, OKTA -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	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

Dynatrace (DT) prices 27.5M secondary at \$24.75

GDS Holdings (GDS) prices 5.49M secondary at \$45.50

Plug Power (PLUG) prices 40M secondary at \$2.75

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>
Proteostasis (PTI)	Cincinnati Bell (CBB)	Pareteum (TEUM)
Correvio (CORV)	Upwork (UPWK)	Syndax (SNDX)
Medallia (MDLA)	Allakos (ALLK)	Apellis (APLS)
Patterson (PDCO)	Flex (FLEX)	Riot Blockchain (RIOT)
Nasdaq (NDAQ)	Avnet (AVT)	Axsome (AXSM)
Allakos (ALLK)	Danaher (DHR)	Medallia (MDLA)
<u>Lowest Put/Call Ratio</u>	<u>Highest Put/Call Ratio</u>	<u>Implied Volatility Decliner</u>
Eagle Pharma (EGRX)	Regency (REG)	Aurinia (AUPH)
Gentex (GNTX)	Camtek (CAMT)	RH
Ameris (ABCB)	Avnet (AVT)	Duluth Trading (DLTH)
Churchill Downs (CHDN)	Taubman (TCO)	Blueprint (BPMC)
Cornerstone (CSOD)	Upwork (UPWK)	Elastic (ESTC)
Arcos (ARCO)	USA Truck (USAK)	Express (EXPR)
<u>OTM Calls on Offer</u>	<u>OTM Puts on Offer</u>	<u>Elevated IV30</u>
SM Energy (SM)	Tellurian (TELL)	Wave Life (WVE)
Ballard Power (BLDP)	Weibo (WB)	Axsome (AXSM)
Oasis (OAS)	Freeport (FCX)	Athenex (ATNX)
Concho (CXO)	Nio (NIO)	Apellis (APLS)
Tencent Music (TME)	Valaris (VAL)	Constellation (CNST)
<u>Positive Net Delta</u>	<u>Negative Net Delta</u>	<u>Option Volume Gainers (%)</u>
Bank of America (BAC)	Beyond Meat (BYND)	Flex (FLEX)
Hecla (HL)	Snap (SNAP)	Avnet (AVT)
Petrobras (PBR)	US Steel (X)	Danaher (DHR)
PG&E (PG)	Workday (WDAY)	Nasdaq (NDAQ)
Alibaba (BABA)	PayPal (PYPL)	Allakos (ALLK)
<u>Bullish Call Flow</u>	<u>Bearish Put Flow</u>	<u>Large Spread Trades</u>
Sibanye (SBGL)	Chemours (CC)	PLNT, 4,800 May \$82.50/\$67.50 strangles sold
Mondelez (MDLZ)	Micron (MU)	GPN, February \$180/\$195 call spread bought 600X1,200
Liberty (LBTYK)	Johnson Controls (JCI)	LYFT, December \$45.50/\$48 call spread 1500X3000
Chewy (CHWY)	Carnival (CCL)	ZM, 2000 Dec. \$63/\$61 put spreads sold to buy \$80 calls
NRG Energy (NRG)	Oracle (ORCL)	

Extras

Boeing (BA) with 1200 Dec. 27th (W) \$330 puts sold to open \$3 to \$2.90

Hecla Mining (HL) with 3000 March \$3 calls opening \$0.39 as June \$2.50 calls adjusted

Exxon (XOM) with 2000 January 2022 \$60 calls opening \$10.90 to \$11.10

Ticker	Company	EPS Actual	EPS Estimate	Revs Actual	Revs Estimate	Growth	Notes
AOBC	American Outdoor	\$0.09	\$0.07	\$154.40	\$149.50	-4.50%	
CLDR	Cloudera	-\$0.03	-\$0.06	\$198.30	\$189.08	67.80%	
COO	Cooper	\$3.30	\$3.27	\$691.60	\$683.83	6.20%	FY Below
CRWD	CrowdStrike	-\$0.07	-\$0.12	\$125.10	\$118.79	88.40%	
DOCU	DocuSign	\$0.11	\$0.04	\$249.50	\$240.40	39.90%	
DOMO	Domo	-\$0.85	-\$1.01	\$44.80	\$41.81	21.70%	
EZPW	EZCORP	\$0.19	\$0.19	\$214.34	\$214.99	4.10%	
GWRE	Guidewire Software	\$0.13	\$0.03	\$157.00	\$151.75	-12.80%	
KFY	Korn/Ferry	\$0.81	\$0.81	\$492.40	\$494.92	-0.60%	
MDLA	Medallia	-\$0.01	-\$0.03	\$103.07	\$96.22	27.00%	
FIZZ	National Beverage	\$0.70	\$0.68	\$252.00	\$250.12	-3.30%	
OKTA	Okta	-\$0.07	-\$0.12	\$153.04	\$143.88	45.00%	
PD	PagerDuty	-\$0.10	-\$0.09	\$42.80	\$42.12	37.20%	
SAIC	Science Applications	\$1.39	\$1.45	\$1,630.00	\$1,632.92	38.50%	
ULTA	Ulta Beauty	\$2.25	\$2.13	\$1,682.50	\$1,685.58	7.90%	
YEXT	Yext	-\$0.19	-\$0.18	\$76.40	\$76.37	30.40%	FY Below
ZM	Zoom Video	\$0.09	\$0.03	\$166.60	\$156.23	84.90%	
ZUMZ	Zumiez	\$0.75	\$0.60	\$264.02	\$260.86	6.10%	
ZUO	Zuora	-\$0.06	-\$0.09	\$71.80	\$70.31	16.90%	
BIG	Big Lots	-\$0.18	-\$0.20	\$1168.0	\$1162.5	1.6%	FY In Line
GCO	Genesco	\$1.33	\$1.08	\$537.3	\$540.64	-0.5%	Raising FY

PD – Missed on EPS and Revs In Line, Cut Outlook - "With strong customer growth at 15% year over year and growth in accounts over \$100k ARR at 49%, we are excited to bring PagerDuty to more customers than ever before. We are also seeing growth in our Digital Operations plan with it accounting for 45% of our net-new ARR.

ZM – Beat on EPS and Revs In Line - Our third quarter was another strong performance for Zoom. Our execution helped drive revenue growth of 85% with increased non-GAAP profitability year-over-year and free cash flow of \$54.7 million. This execution also drove 67% growth in the number of customers with more than 10 employees and 97% growth of in the number of customers contributing more than \$100K of TTM revenue

CRWD – Beat on EPS and Revs - "Third quarter results well exceeded our expectations and CrowdStrike delivered the best quarter yet in company history with strength in multiple areas of the business including 98% subscription revenue growth and record net new ARR. We achieved two significant milestones as ARR grew 97% year-over-year to exceed half a billion dollars and we generated positive cash flow in the quarter," said George Kurtz, CrowdStrike's co-founder and chief executive officer. "Strong demand among organizations across diverse sizes and industries and our frictionless go-to-market engine drove our rapid growth at scale, which we believe continues to demonstrate our growing leadership in the Security Cloud category and ongoing growth potential," concluded Kurtz.

GWRE – Beat on EPS and Revs, FY Mixed - "Total revenue and profitability in the first quarter exceeded our outlook and was highlighted with the selection of InsuranceSuite Cloud by a Tier One carrier for a new, greenfield line of business," said Mike Rosenbaum, chief executive officer, Guidewire Software. "As we build momentum into the year, we are as committed as ever to the cloud, data, and analytics transformation we are helping drive in the P&C insurance industry."