

TOP STORIES

- Democratic Candidates In Limbo as Iowa Results Delayed to Today
- Beijing Preparing More Steps to Stabilize Economy
- Macau Closing Casinos for Two Weeks to Help Contain Coronavirus Spread
- Trump Administration Denying More Tariff-Exemption Requests

INDEX FUTURES

Futures	Change	Fair Value
S&P 500	3280 (34.5)	32.68
Nasdaq	9222.5 (108.25)	91.27
Dow	28657 (296)	316.19

GLOBAL INDICES

INDEX	CLOSE	CHANGE
FTSE	7426.61	1.37%
DAX	13202.75	1.21%
Nikkei	23084.59	0.49%
Hang Seng	26675.98	1.21%

ECONOMIC CALENDAR

TIME	INDICATOR	CONSENSUS
	Motor Vehicle Sales	
10:00	Factory Orders	

FOREX

EUR/USD	1.1052 (-0.06%)
USD/JPY	109.06 (0.36%)
USD/CAD	1.3275 (-0.11%)
GBP/USD	1.3005 (0.09%)

COMMODITY

Oil	50.70 (1.18%)
Natural Gas	1.824 (0.27%)
Gold	1574.5 (-0.50%)
Copper	2.5575 (2.01%)

VOLATILITY INDICES

INDEX	SYMBOL	CLOSE
S&P	VIX	17.85 (-5.25%)
Nasdaq	VXN	20.46 (-4.08%)
Oil	OVX	41.65 (3.35%)
Gold	GVZ	12.10 (-10.4%)

MARKET OUTLOOK

Futures are indicating a strong open for the morning with global markets rallying behind a bounce-back in China. Mainland indices rebounded from the 8% drop on Monday to close up around 2.5% as Beijing has said they're prepared to act further to help stabilize the economic impact of the coronavirus. There's some reports that the PBOC will cut the LPR again later this month. Also helping sentiment is a lack of new **coronavirus** headlines. Macau will close all casinos for two weeks to help stop the spread of the virus. In the US, the focus was on **Iowa** where we still don't have results yet from the caucus last night. A lot of anger over delays which are being reported due to inconsistencies in the totals. Party officials have said they'll be out later today. Both Bernie and Pete Buttigieg have declared 'victory'. Trump's **State of the Union** is tonight and the focus is expected to be on the economy and not new policy proposals.

Asian markets closed the morning higher as virus worries continue to abate. **Panasonic** up 10% on earnings that were out yesterday, strong battery performance due to Tesla. Industrial water pump maker **Ebara** up 9% and soy-sauce maker **Kikkoman** up 5.8%. Casino stocks like **Sands** and **Galaxy Entertainment** were weak with Macau closing for two weeks.

European markets are having a very strong morning with the FTSE leading up 1.4% behind strong results out of **BP**. The mega-cap oil company is trading up 4.35% on the back of results. **Glencore** is helping the basic materials group with shares up 4.3% after earnings, strength in cobalt off-setting some copper weakness. **Micro Focus** is down 17.5% after earnings and their Chairman stepping down. The UK-based company offers software and consulting on DevOps, IT management, Security, and others. Austria's **AT&S** down 7% after cutting their outlook. The company makes printed circuit boards and said their production was impacted by the coronavirus. Sweden's **Alfa Laval** higher by 4% on earnings as the industrial topped estimates. **Carlsberg** up 2.87% after earnings despite guiding to a slower FY citing the coronavirus in Asia.

Finally, looking at **economic data**, it was a quiet morning South Korean CPI came in hot at 1.5% vs 1.1%. The RBA kept rates unchanged at record lows, as expected. Eurozone PPI came in light at 0.0% vs 0.3% while Italy was a bit hot. UK construction PMI was strong at 48.4 vs 46.6.

S&P TECHNICALS

Levels: Support 3,100/3,000; Resistance 3,350/3,400



4788 Advancing	Declining 2673
61.7%	34.5%
213 New High	New Low 233
47.8%	52.2%
3606 Above SMA50	Below 4127
46.6%	53.4%
4710 Above SMA200	Below 3023
60.9%	39.1%

KEY EVENTS

Earnings After the Close: EGHT, ATGE, AFL, ALL, DOX, AINV, APAM, ATO, BOOT, CDK, CERN, CMG, CB, TCS, CCK, ESE, ETH, FISV, F, GTEG, GNW, GILD, GL, THG, HIW, IPHI, JKHY, KLAC, KN, MANH, MTCH, MDU, MCHP, MODN, MWA, NBIX, NEWR, OI, OLN, PCTY, CNXN, PDM, PAA, PAGP, PLT, POWL, PRU, QGEN, RRR, RNR, SCSC, STX, SNAP, SWI, TENB, UNM, USNA, VIAV, DIS

Tomorrow... ADP Employment, Composite PMI, Services PMI, ISM Non-Manufacturing PMI

Earnings BMO: Novo Nordisk, ABB, Siemens, BNP Paribas, Infineon, Smurfit Kappa, ABB, AME, BMI, BSX, CPRI, CG, COTY, DTE, ENR, FSV, GM, GPI, HUM, KFRC, MHO, MCFT, MRK, NS, NVT, BTU, PAG, PFGC, SR, SPOT, SUM, TMHC, TKR, UMC, WD

ANALYST ACTION/COMMENTS

WW upgraded to Buy at Goldman Sachs

Littlefuse (LFUS) upgraded to Buy at Baird

Toronto-Dominion (TD) upgraded to Buy at BAML

ELF Beauty (ELF) upgraded to Buy at Piper Sandler

Red Rock (RRR) upgraded to Buy at Sun Trust, \$30 PT

Comcast (CMCSA) upgraded to Buy at Moffett Nathanson

Texas Roadhouse (TXRH) upgraded to Buy at Wedbush

ON Semi (ON) downgraded to Neutral at BMO

Check Point (CHKP) downgraded to Neutral at William Blair

Exxon (XOM) downgraded to Sell at DZ Bank

Pinduoduo (PDD) downgraded to Neutral at Credit Suisse

Tandem (TNDM) downgraded to Neutral at Baird

American Water (AWK) downgraded to Hold at UBS

Saia (SAIA) downgraded to Neutral at Stephens

Hudson (HUD) downgraded to Neutral at UBS

Coupa (COUP) initiated Buy at William Blair

Slack (WORK) initiated Buy at RBC Capital, \$25 PT

BMO initiating in apparel with **CPRI, REAL, ROST, TJX, BURL, NKE, PLNT** at Outperform; **LULU, PTON, LB, RL, ULTA, SFIX, EYE, TPR, AEO, JWN, VFC, PVH, URBN, GPS** at Neutral, and **UAA** at Underperform

MEDIA HIGHLIGHTS

California lawmaker introduces bill to make **PG&E (PCG)** a publicly owned utility – Reuters

Workplace app **Asana** files to go public, may opt for direct listing – Reuters

Macau asks casinos to suspend operations for 15 days (**LVS, MLCO, MGM, WYNN**) – Bloomberg

China Car Sales to See Historic Plunge in First Months of 2020 – Bloomberg

Apple (AAPL) Suppliers Aim to Resume Full China Production Feb. 10 – Bloomberg

Sony (SNE) Hikes Profit Forecast on Rising Image Sensor Demand – Bloomberg

Ferrari (RACE) Raises 2020 Sales, Profit Outlook After Record Shipments – Bloomberg

Austrian Billionaire to Buy Swiss Retailer **Globus** for \$1 Billion – Bloomberg

Visa (V) Is Planning the Biggest Changes to Swipe Fees in a Decade – Bloomberg

Peloton (PTON) settles legal dispute with **Flywheel** over fitness bike tech - WSJ

Banks Expect Tighter Lending Standards, Weaker Loan Performance in 2020 – WSJ

Starboard Takes 9% Stake in Prepaid Debit-Card Firm **Green Dot (GDOT)** – WSJ

Goldman Sachs (GS) in talks with **Amazon (AMZN)** to offer small business loans – FT

Memory prices to rise at slower pace – Digitimes

STOCK SPECIFIC NEWS OF NOTE

HP Enterprise (HPE) buys cloud security startup Scytale

Liberty Global (LBTYA) announces partnership with **Infosys (INFY)**

L3Harris Technologies (LHX) to sell airport security business to **Leidos (LDOS)** for \$1B cash

BioMarin (BMRN) CFO steps down

Premier (PINC) to acquire Acurity, Nexera from GNYHA for approximately \$291.5M

Ron Baron sees **Tesla (TSLA)** sales hitting \$750B to \$1T within ten years

Huntington Ingalls (HII) to acquire Hydroid

PRE-MARKET MOVERS

Moving Higher: TSLA 6.7%, LK 5%, BP 4.8%, ZM 3.5%

Moving Lower: MFGP -15.7%, LVS -2%, MLCO -2%

INSIDER TRADING (Form 4 Filings)

Buying: IBTX, NA

Selling: TER, TNDM, SNX

POTENTIAL SYMPATHY TRADES

MLHR, ETH, HNI – on LEG weakness

VMC, MLM – on EXP earnings

ABC, CAH – on MCK earnings

OPTION HIGHLIGHTS (Prior Day)

AudioCodes (AUDC) bullish spreads today into weakness selling the September \$17.50 puts to buy the \$22.50/\$30 call spread 1,000X and popular strategy in the name. AUDC has 1,500 Sept. \$22.50 short puts in OI while the June \$20 short puts are over 2,200X and spread with the \$22.50/\$30 call spread. AUDC also has bullish March \$22.50 calls in OI over 1,250X. Shares have been in a very strong long-term trend and pulling back over the last two weeks with this morning's low just near the rising 200-MA at \$19.50. AUDC is also hammering off the 38.2% Fibonacci of the recent rally from the 2018 lows. The \$675M company trades 17X earnings, 3.37X sales, and 10.5X cash with a 1.12% yield. AUDC is guiding to 20%+ EPS growth the next two years with topline growth in the high-single digits and accelerating. AUDC is a provider of advanced voice networking solutions across software-defined voice networks, contact centers, flexible IP solutions, and more. AUDC has a deep lineup of partners including Zoom (ZM) and Microsoft (MSFT), the latter one where they partner on the emerging Teams platform and Skype for Business. AUDC is coming off a strong quarter with 15% growth, continued margin expansion (up 240 bps), and expansion into Enterprise Voice. They also received approval for additional buybacks and dividend as part of a capital return plan. Analysts have an average target for shares of \$27 with limited coverage. Sidoti has a \$34 PT for shares and Buy rating while Needham positive on the stock given its growing Teams momentum and service provider wins that support Services and gateway growth. Short interest is less than 1%. Hedge fund ownership fell 12.75% in Q3.

AFTER HOURS MOVERS

Gainers:

Losers: EZPW -9%, KMT -7.5%, GOOG -4%

MARKET SENTIMENT / INTERNALS

INDICATOR	READING	SIGNAL
CBOE Equity Put/Call Ratio	0.56	Turning Higher
CBOE Index Put/Call Ratio	1.28	Neutral
VIX Curve	Contango	Normal
CNN Fear & Greed Index	43	Fear
NYMO	-61.87	Oversold
NYSE New Highs	63	Supportive
McClellan Summation	718.1	Below 8-EMA
Cumulative AD	196809	Falling
VXV:VIX	1.1159	Falling
Lipper Fund Flows	-\$6.6B	Continued Weakness
Univ. of Michigan Consumer Sentiment	99.1 (January)	+8.7% Y/Y

SMART MONEY (13g/13d Filings)

IPO MONITOR

Casper Sleep (CSPR) issuing 8.4M shares at \$17-\$19; Manufacturer of mattresses, pillows, sheets, sleep technology products, and bedroom furniture

OneWater Marine (ONEW) issuing 4.6M shares at \$12-\$14; One of the largest premium recreational boat retailers in the U.S

Schrodinger (SDGR) issuing 10M shares at \$14-\$16; Developer of a software platform that enables discovery of molecules for drug development

SECONDARY MONITOR

Clarivate (CCC) offering 20M ordinary shares

TRADE

WEEKLY TECHNICAL BREAKOUT

WPM:



Wheaton Metals (WPM) shares forming a multi-month bull flag under \$30 with a measured move up to \$35. MACD is starting to turn higher and RSI also improving with plenty of room for upside.

FUNDAMENTAL TRADE OF THE WEEK

Stock: Albemarle (ALB)

Price: \$80.25

Valuation: Undervalued

Key Ratios:

	Fwd. PE	P/S	P/B	EV / EBITDA	P/FCF
Stock	14.9X	2.4X	2.2X	11.7X	20X
Industry Avg.	23X	1.6X	2.8X	12.3X	32.3X

Analysis: ALB is a \$8.58B provider of lithium compounds and lithium specialties used in the production of batteries and high-performance electronics. The company has major tailwinds from EV production and 2020 a major year for new rollouts with Porsche, Ford, Audi, and many others debuting models. ALB has struggled the last two years but 2020 sets up well for a turnaround.

IDEAS

WEEKLY TECHNICAL BREAKDOWN

MMS:



Maximus (MMS) shares are breaking down out of a multi-week range and losing a weekly trend that stretches back to December 2018. Shares have been forming a series of lower highs for weeks and downside has room to \$64.

PAIR TRADE OF THE WEEK

Industry: Dental

Long/Short: Long **Dentsply (XRAY)**; Short **Henry Schein (HSIC)**

Analysis: XRAY is a \$13B company that is undergoing a restructuring and targeting significant margin expansion, new products, and Int'l expansion over the next 2-3 years. HSIC is facing margin pressure as pricing comes down and competitive pressure from peers ramps. HSIC is seeing some share gain losses as well so even in a tough environment, XRAY and others likely better plays.

SMALL CAP TRADE OF THE WEEK

ACM Research (ACMR) is a \$655M provider of single-wafer cleaning equipment for improving manufacturing yields of semiconductor chips. ACMR is benefitting from a potential recovery in DRAM capex while closely tied to the Chinese semiconductor space which has seen sentiment shift with the trade deal.

DAILY OPTIONS REPORT

<u>Unusual Call Activity</u>	<u>Unusual Put Activity</u>	<u>Implied Volatility Riser</u>
Sleep Number (SNBR)	Cars.com (CARS)	Sprint (S)
Digi Int'l (DGII)	Plantronics (PLT)	EZCORP (EZPW)
Edgewell (EPC)	Yext (YEXT)	Radius (RDUS)
Radius (RDUS)	Xcel (XEL)	Tesla (TSLA)
Gilead (GILD)	Check Point (CHKP)	AK Steel (AKS)
Aimmune (AIMT)	TAL Education (TAL)	Clovis (CLVS)
<u>Lowest Put/Call Ratio</u>	<u>Highest Put/Call Ratio</u>	<u>Implied Volatility Decliner</u>
Iqivi (IQV)	Univar (UNVR)	Aimmune (AIMT)
Mirati (MRTX)	USANA (USNA)	Norton (NLOK)
Iovance (IOVA)	Plantronics (PLT)	Check Point (CHKP)
Viavi (VIAV)	ICICI Bank (IBN)	Luckin (LK)
Sleep Number (SNBR)	Cars.com (CARS)	Immunomedics (IMMU)
Gannett (GCI)	Pure Storage (PSTG)	Stamps.com (STMP)
<u>OTM Calls on Offer</u>	<u>OTM Puts on Offer</u>	<u>Elevated IV30</u>
Diamondback (FANG)	Matador (MTDR)	Cel-Sci (CVM)
Bilibili (BILI)	Coca Cola (KO)	Luckin (LK)
Nio (NIO)	Dropbox (DBX)	Adverum (ADVM)
Edgewell (EPC)	Cameco (CCJ)	Alector (ALEC)
Freeport (FCX)	Snap (SNAP)	Virgin Galactic (SPCE)
<u>Positive Net Delta</u>	<u>Negative Net Delta</u>	<u>Option Volume Gainers (%)</u>
Microsoft (MSFT)	Snap (SNAP)	Radius (RDUS)
Tesla (TSLA)	Apple (AAPL)	Gilead (GILD)
Gilead (GILD)	Boeing (BA)	Aimmune (AIMT)
Square (SQ)	ViacomCBS (VIAC)	Check Point (CHKP)
Trip.com (TCOM)	Halliburton (HAL)	TAL Education (TAL)
<u>Bullish Call Flow</u>	<u>Bearish Put Flow</u>	<u>Large Spread Trades</u>
IBM	USANA (USNA)	SNBR, February \$55/\$60 call ratio spreads open 1250X2500
Zoom Video (ZM)	Scorpio (STNG)	V, 2000 of the January \$215/\$240 call spreads
Slack (WORK)	Steel Dynamics (STLD)	BHVN, 1000 March \$55/\$70 call spreads
Lyondell Basell (LYB)	Yext (YEXT)	NOC, 225 May \$360/\$400 call spreads
Virgin Galactic (SPCE)	Kraft (KHC)	BABA, February \$207.50/\$200 put spread bought 9,000X18,000

Earnings

Ticker	Company	EPS Actual	EPS Estimate	Revs Actual	Revs Estimate	Growth	Notes
GOOG	Alphabet	\$15.35	\$12.76	\$46,075.00	\$46,872.80	17.30%	
BECN	Beacon Roofing Supply	\$0.41	\$0.43	\$1,675.11	\$1,714.76	-2.70%	
CBT	Cabot	\$0.69	\$0.74	\$727.00	\$772.38	-11.40%	FY In Line
EZPW	EZCORP	\$0.16	\$0.22	\$222.44	\$231.17	3.10%	
FN	Fabrinet	\$1.00	\$0.93	\$426.20	\$413.21	5.70%	
HLIT	Harmonic	\$0.12	\$0.08	\$122.18	\$113.07	7.50%	
HIG	Hartford Financial	\$1.43	\$1.33	\$5,361.00	\$5,230.00	15.70%	
HP	Helmerich & Payne	\$0.13	\$0.08	\$614.66	\$604.21	-17%	
HXL	Hexcel	\$0.86	\$0.84	\$564.30	\$591.17	0.60%	
HLI	Houlihan Lokey	\$0.88	\$0.77	\$333.52	\$296.36	11.90%	
KMT	Kennametal	\$0.17	\$0.20	\$505.08	\$520.96	-14.00%	FY Below
LEG	Leggett & Platt	\$0.68	\$0.67	\$1,145.00	\$1,159.38	9.40%	FY Below
MTSC	MTS Systems	\$0.37	\$0.46	\$205.80	\$225.84	1.30%	
NXPI	NXP Semi	\$0.40	\$2.02	\$2,301.0	\$2,279.93	-4.2%	FY Above
PAHC	Phibro Animal Health	\$0.34	\$0.29	\$214.0	\$218.87	-1.9%	
PCH	PotlatchDeltic	\$0.17	\$0.13	\$203.50	\$213.69	-6.40%	
RBC	Regal-Beloit	\$1.25	\$1.23	\$738.2	\$736.53	-16.3%	
SSD	Simpson Manufacturing	\$0.63	\$0.57	\$262.50	\$263.61	8.60%	
SXI	Standex International	\$1.03	\$1.01	\$190.59	\$194.98	-2.50%	
VVV	Valvoline	\$0.35	\$0.30	\$607.0	\$581.85	9%	
WWD	Woodward	\$1.10	\$1.03	\$720.00	\$672.12	10.30%	FY In Line

HXL – Beat on EPS and Missed on Revs - Chairman, CEO and President Nick Stanage said: "As I look to 2020, the fundamentals of our business are positive, despite the headwinds from the Boeing 737 MAX. We continue to see the strong trend of secular penetration for composites onto modern aircraft and are well-positioned to win significant market share on new programs. In relation to the Boeing 737 MAX, our intent is to continue working very closely with Boeing and all of our 737 MAX program customers to meet their demand needs. As you will be aware, there continues to be considerable uncertainty in terms of the number of 737 MAX planes to be produced in 2020. To provide clarity on our guidance, we have assumed that we will sell material for 200 737 MAX aircraft in 2020. As the actual demand becomes clearer as we move through the year we will adjust guidance accordingly." Mr. Stanage continued, "Given our assumption for the 737 MAX we are forecasting flat-to-low-single-digit revenue growth for 2020 and low-to-mid-single-digit EPS growth. Our cash generation cycle continues to gain momentum

and we forecast over \$300 million of Free Cash Flow in 2020, demonstrating continued disciplined execution and our focus on Operational Excellence.”

PAHC – Beat on EPS and Missed on Revs - "As we anticipated, our animal health sales growth accelerated in the Q2, despite the continuing negative overlap from our China MFA sales," said the company. "We saw double-digit sales growth in nutritional specialties and vaccines. The increase in nutritional specialties reflected good growth in dairy and poultry, plus the benefit of the recent Osprey acquisition, including the introduction of Provia Prime, our new microbial product that helps optimize the gut microbiome. Strong international demand for our poultry vaccines was driven by new product introductions and increased penetration. Consolidated net sales declined compared to last year, primarily due to lower average selling prices in the Mineral Nutrition business, driven by the correlation with lower raw material costs."

VVV – Beat on EPS and Revs - "We are pleased with our start to fiscal 2020," said Sam Mitchell, CEO. "Core North America had a strong quarter, driven by substantially higher branded volume in the retail channel and benefits from the operating expense reduction program announced last year. Quick Lubes continued its solid top line growth of over 15% for the quarter, while profitability was only up modestly to prior year due to increases in operating expenses which are expected to moderate. International returned to profitable volume growth in the quarter."

NXPI – Beat on EPS and Revs - "NXP delivered full-year revenue of \$8.88 billion, a decline of 6 percent year-on-year, against a very challenging semiconductor industry backdrop. As we look forward to 2020, we are increasingly confident that the demand trends within our end markets are beginning to moderately improve. Notwithstanding the operating environment we experienced in 2019, NXP drove improved profitability, strong free cash flow generation, and continued to successfully execute our strategy within our target markets. During 2019, we returned \$1.76 billion to our shareholders. Over the course of the year, we significantly enhanced our product portfolio. We successfully acquired the Marvell wireless connectivity assets, and introduced new, innovative products and solutions. Our customers have already begun to adopt many of these new solutions, and as they continue to ramp into volume production, we anticipate new products will help to underpin NXP's long-term growth, financial and capital return targets," said Richard Clemmer, NXP Chief Executive Officer.

GOOGL – Beat on EPS and Revs - "Our investments in deep computer science, including artificial intelligence, ambient computing and cloud computing, provide a strong base for continued growth and new opportunities across Alphabet," said Sundar Pichai, Chief Executive Officer of Alphabet and Google. "I'm really pleased with our continued progress in Search and in building two of our newer growth areas — YouTube, already at \$15 billion in annual ad revenue, and Cloud, which is now on a \$10 billion revenue run rate." "In 2019 we again delivered strong revenue growth, with revenues of \$162 billion, up 18% year over year and up 20% on a constant currency basis," said Ruth Porat, Chief Financial Officer of Alphabet and Google. "To provide further insight into our business and the opportunities ahead, we're now disclosing our revenue on a more granular basis, including for Search, YouTube ads and Cloud."

Earnings Before the Open

Ticker	Company	EPS Actual	EPS Estimate	Revs Actual	Revs Estimate	Growth	Notes
ATI	Allegheny Tech		\$0.32		\$991.73		
AXE	Anixter	\$2.18	\$1.64	\$2,252.30	\$2,175.00	6.30%	FY In Line
ARMK	Aramark	\$0.62	\$0.61	\$4,253.60	\$4,304.40	-0.30%	
ATKR	Atkore International	\$0.94	\$0.82	\$447.45	\$463.80	-1.00%	FY Above
BDC	Belden		\$1.07		\$520.73		
TECH	Bio-Techne	\$1.08	\$1.14	\$184.93	\$191.34	6.00%	
BP	BP	\$0.13	\$0.10	\$71,109.00	\$67,441.94	-6.00%	
CNC	Centene	\$0.73	\$0.73	\$18,860.00	\$18,450.67	13.90%	
CLX	Clorox	\$1.46	\$1.33	\$1,449.00	\$1,445.82	-1.60%	FY In Line
CMCO	Columbus McKinnon	\$0.64	\$0.59	\$199.36	\$201.24	-8.30%	
COP	ConocoPhillips	\$0.76	\$0.81		\$7,586.46		
CSWI	CSW Industrials	\$0.48	\$0.49	\$83.72	\$81.81	8.00%	
CTS	CTS Corp		\$0.35		\$110.46		
CMI	Cummins		\$2.46		\$5,394.90		
EXP	Eagle Materials	\$1.51	\$1.52	\$350.20	\$352.82	5.10%	
ETN	Eaton	\$1.46	\$1.40	\$5,238.00	\$5,368.97	-4.00%	FY In Line
EMR	Emerson	\$0.53	\$0.67	\$4,151.00	\$4,156.67	0.10%	FY In Line
ENTG	Entegris	\$0.55	\$0.54	\$427.00	\$425.70	6.30%	FY In Line
AQUA	Evoqua Water	\$0.44	\$0.02	\$346.11	\$321.43	7.20%	
IT	Gartner	\$1.18	\$0.82	\$1,203.00	\$1,194.24	10.50%	FY Above
HAE	Haemonetics	\$0.94	\$0.76	\$259.00	\$255.40	4.70%	
HLNE	Hamilton Lane	\$0.46	\$0.48		\$71.26		
HUBB	Hubbell		\$1.85		\$1,149.86		
J	Jacobs Engineering	\$1.20	\$1.19	\$3,360.10	\$3,321.99		
JHG	Janus Henderson	\$0.65	\$0.64	\$463.10	\$536.48	4.60%	
LHX	L3Harris	\$2.85	\$2.79	\$4,832.00	\$4,816.69	190.00%	FY In Line
LANC	Lancaster Colony		\$1.57		\$365.51		
LII	Lennox Int'l		\$2.45		\$881.58		
LITE	Lumentum		\$1.29		\$452.18		
MCK	McKesson	\$3.81	\$3.49	\$59,172.00	\$59,103.43	5.30%	
MTG	MGIC Investment	\$0.49	\$0.43	\$311.60	\$307.10	9.10%	

PBI	Pitney Bowes	\$0.14	\$0.12	\$831.30	\$846.76	-3.00%	
PINC	Premier	\$0.74	\$0.68	\$319.60	\$307.12	3.90%	
RL	Ralph Lauren		\$2.45		\$1,718.11		
ROLL	RBC Bearings		\$1.25		\$178.85		
RCL	Royal Caribbean		\$1.43		\$2,542.74		
SPG	Simon Properties		\$2.95		\$1,452.08		
SIRI	Sirius XM	\$0.05	\$0.05	\$2,062.00	\$2,033.39	37.80%	FY Below
SNE	Sony	\$182.89	\$144.51	\$2,463,162.00	\$2,393,313.17	2.60%	
TDG	Transdigm Group		\$4.59		\$1,462.04		
VSH	Vishay	\$0.13	\$0.19	\$610.00	\$601.69	-2.90%	FY In Line
GRA	W.R. Grace	\$1.31	\$1.27	\$504.50	\$503.74	-3.00%	FY In Line
WDR	Waddell & Reed	\$0.51	\$0.40	\$270.10	\$268.85	-0.80%	
WAT	Waters	\$3.20	\$3.01	\$716.00	\$714.34	0.10%	FY Below
ZBH	Zimmer Biomet	\$2.30	\$2.27	\$2,125.70	\$2,107.10	2.60%	FY In Line

Earnings Preview

Fiserv (FISV) will report earnings tonight and strong history lately higher three of the last four. The Street is looking for \$1.14 on \$3.8B and the FY is guided to \$4.01 on \$14.53B. Skew is bearish with the 25-delta p/c at 15.3% vs 11.4%. The \$82.42B company trades 23.85X earnings and 10.7X sales with estimates calling for mid-teens EPS growth and sales up 6.3% and 7.5%. FISV is primarily a synergy story in 2020 as they integrate the merger with First Data. The company expects \$900M in cost savings and \$500M in revenue synergies over the next five years with FCF acceleration. In the near-term, however, results may be more difficult with comps somewhat steep. They should continue to see tailwinds from bank IT spending as mid-sized financials and S&L modernize and upgrade their infrastructure. Analysts have an average target for shares of \$116.50. Deutsche Bank with a \$150 PT but expects headwinds from lower periodic revenue, difficult compares, and purchase revenue adjustments to weigh on the company's sales growth this quarter. They would be buyers on weakness seeing acceleration in fiscal 2020 and fiscal 2021 driven by synergies, recent sales momentum and continued strength in the merchant business. Moffett Nathanson downgrading to Neutral in January. They think FISV should be a core holding long-term but 2020 will be a tough year as it digests the First Data merger. Short interest is 2%. Hedge fund ownership surged in the name last quarter. Egerton Capital, Leon Cooperman, Melvin Capital, Senator Investment, and Hitchwood all notable adds. In November, a director bought \$115k in stock at \$115.87.

Biotech Event

Zogenix (ZGNX) strong biotech that has pulled back recently to the rising 50-day MA and just above the 50% retracement of the rally from September ahead of a key Q1 catalyst. ZGNX has seen a lot of bullish flow recently including a trade on Friday that bought the February \$57.50/\$70 call spread with the \$35

puts sold to open. In mid-January, the July \$55 ITM puts were sold to open for \$11.70 while the January \$60 puts sold 1000X for \$16.80, both sizable trades. ZGNX still has the April \$55/\$75 call spread in OI 10,000X from August. The long-term chart has been range-bound between \$55 and \$35 going back to late 2017. The \$2.22B biotech trades 8.7X cash with a deep pipeline of programs in Dravet syndrome, migraine, schizophrenia, and more. The company expects Phase 3 data for FINTEPLA in Lennox-Gastaut syndrome due in Q1. LGS is a rare form of epilepsy that begins during infancy and early childhood. Analysts have an average target for shares of \$61 with 11 buy ratings. Guggenheim raising their PT to \$78 on 1-21 and sees a potential up 30%, down 50% move in the stock on the upcoming data. Further, fintepla has demonstrated "robust" efficacy in Dravet syndrome patients with approval likely in this indication late March. Piper positive on 12-6 in the name seeing 2020 as a transformational year. They expect Dravet to be approved and the analyst is optimistic that the Phase 3 LGS trial will be "positive" and the drug will be "impactful" for that indication as well. On 1-21, they previewed the upcoming Phase 3 noting that, "We believe the OL study is supportive of Fintepla's efficacy in LGS. Most pts showed reductions in seizures, and doses weren't titrated to achieve max benefit. As such, we think the magnitude of benefit could be greater in Ph 3, and expect a positive outcome. Even if successful, upside may be capped if data are in-line w/ Epidiolex's (~10-15%). Since limited comparable data are available, this is our base case. We note that if data look more robust than Epidiolex's, upside could well exceed what's in our model." Hedge fund ownership fell 15% in Q3. Perceptive Advisors, RA Capital, Great Point, Avoro Capital, and Cadian Capital notable holders. Short interest is 14.6% but falling since July when it was 22.7%.