

TOP STORIES

- China Stimulus Hopes Help Lift Global Markets Higher
- Thailand Unveils \$10B Stimulus Package to Ease Trade War Pain
- OPEC Cuts Forecast for 2019 Oil Demand Growth, Leaves 2020 Outlook Unchanged
- North Korea Launches Two Projectiles, Rejects Talks with South

INDEX FUTURES

Futures	Change	Fair Value
S&P 500	2877.75 (29.25)	29.8
Nasdaq	7593.5 (97.25)	99.61
Dow	25830 (255)	263.61

GLOBAL INDICES

INDEX	CLOSE	CHANGE
FTSE	7115.12	0.68%
DAX	11531.35	1.04%
Nikkei	20418.81	0.06%
Hang Seng	25734.22	0.94%

ECONOMIC CALENDAR

TIME	INDICATOR	CONSENSUS
8:30	Housing Starts	1.259M
10:00	Consumer Sentiment	97.5

FOREX

EUR/USD	1.1079 (-0.24%)
USD/JPY	106.33 (0.21%)
USD/CAD	1.3287 (-0.16%)
GBP/USD	1.2159 (0.62%)
USD	98.17 (0.17%)

COMMODITY

Oil	55.38 (1.67%)
Natural Gas	2.191 (-1.85%)
Gold	1523.3 (-0.52%)
Copper	2.5965 (0.06%)

VOLATILITY INDICES

INDEX	SYMBOL	CLOSE
S&P	VIX	21.08 (-4.62%)
Nasdaq	VXN	24.85 (-5.8%)
Oil	OVX	36.12 (0.81%)
Gold	GVZ	18.63 (2.42%)

MARKET OUTLOOK

Futures are indicating a higher open to close the week with Hong Kong and Chinese markets stabilizing. The latter is being boosted by potential for more stimulus to prop up economic growth. China's state planner said it will roll out a plan to boost disposable income this year and in 2020 as consumption slows. POTUS said that he will speak with President Xi soon and a Sept. meeting is still on (as he understands it). A bit more of a risk-on environment overnight with oil rebounding. Gold and silver paring recent gains, the former down 0.52%. Investors are back on Fed Watch as the debate over yields grows. Bullard shot down speculation of an emergency call before the Sept. meeting while eyes on Jerome Powell next week at Jackson Hole.

Asian markets finished the week on a positive note as Hong Kong, China markets stabilized. The Nikkei lost 1.3% this week. Semi-manufacturer **Renesas** rose 3.3% after positive results from AMAT and NVDA. **HIS** rose 6% amid speculation it could pull back from a recent takeover. Japanese bond buying fell in the latest reading. Singapore non-oil exports fell less than expected in July, down 11.2% vs down 15.2% forecast. Hong Kong GDP slowed to 0.5% in Q2 vs 0.6% forecast.

European markets are solidly in the green this morning amid China stimulus hopes. The Euro Stoxx 50 is working off of six-month lows this week. It was a quiet morning for new data in Europe. Eurozone trade balance rose to 20.6B vs 16.3B forecast. Semiconductors were strong after the AMAT/NVDA quarters. **AMS**, **Infineon**, and **ST Micro** all leading. Specialty chemicals company **IMCD** fell 18% after weak sales.

TJX Co (TJX) in focus today after being upgraded to Buy at Loop Capital, \$60 PT. The firm sees upside driven by the continued market share gains at the expense of the department and specialty stores. TJX can further benefit from market dislocations as retailers increasingly worry about the impact of tariffs impacting product costs.

S&P TECHNICALS

Levels: Support 2,825/2,800; Resistance 2,975/3,000



3622 Advancing	Declining 3674
46.9%	47.6%
267 New High	New Low 692
27.8%	12.2%
2157 Above SMA50	Below 5477
28.3%	14.7%
3110 Above SMA200	Below 4524
40.7%	59.3%

KEY EVENTS TODAY**Economic Data on Monday:** E-Commerce Retail Sales**Earnings BMO Monday:** EL, QIWI, SINA, WB**Earnings AMC Monday:** BIDU, FN, IQ**ANALYST ACTION/COMMENTS****Boyd Gaming (BYD)** upgraded to Buy at Desjardins**Kratos (KTOS)** upgraded to Buy at Goldman, \$26 PT**TJX Co (TJX)** upgraded to Buy at Loop Capital**TCF Financial (TCF)** upgraded to Overweight at JP Morgan**Intel (INTC)** upgraded to Neutral at Northland**Brinker (EAT)** upgraded to Overweight at Stephens**Tapestry (TPR)** downgraded to Neutral at CSFB**Alliance Data (ADS)** downgraded to Hold at Deutsche Bank**Hexcel (HXL)** downgraded to Sell at Goldman**Bombardier** downgraded to Neutral at Goldman**BHP Group (BHP)** downgraded to Sell at BAML**Whiting (WLL)** downgraded to Neutral at Wells Fargo**Best (BEST)** downgraded to Neutral at Keybank**Mogo Finance (MOGO)** downgraded to Hold at BMO**Merck (MRK)** initiated Outperform at SVB Leerink**DocuSign (DOCU)** initiated Buy at DA Davidson**IQIYI (IQ)** initiated Sell at JP Morgan**Goodyear (GT)** initiated Outperform at BNP Paribas**Mercury System (MRCY)** initiated Neutral at Goldman**Avery Dennison (AVY)** initiated Buy at Berenberg**Blackberry (BB)** initiated Neutral at Macquarie**Pager Duty (PD)** initiated Neutral at DA Davidson**Moderna (MRNA)** should be bought ahead of catalysts, says Piper**US Foods (USFD)** shares have 'credible path' to \$60 within two years, says Wells Fargo**American Eagle (AEO)** and **Abercrombie & Fitch (ANF)** should merge, says Citi**MEDIA HIGHLIGHTS****Apple (AAPL)** sues Corellium for copyright infringement - MacRumors**Wells Fargo (WFC)** customers complain of mounting fees after accounts close - NYT**KKR, Blackstone (BX)** among bidders for a stake in Metro Pacific unit - Reuters**Capital One (COF)** cybersecurity team raised concerns before hack - WSJ**Invesco (IVZ)** is succeeding in China despite trade dispute - ReutersPCB makers see conservative orders for upcoming **iPhone (AAPL)** – DigitimesGlobal 2Q19 DRAM market posts 9% drop, NAND flash flat (**MU, WDC, STX**) – Digitimes**Corn** Prices to Fall Off the Cob with U.S. Acreage Surprise – Bloomberg**Alibaba (BABA)** billionaire Tsai to buy Barclays Center for \$700M – NY Post**SoftBank's Fortress** emerges as white knight for hotel chain **Unizo** with \$1.3B bid – ReutersRussia's draft foreign ownership law not aimed at making **Yandex (YNDX)** state-owned – Reuters**Burberry** Is Down at Heel Without China – WSJ**STOCK SPECIFIC NEWS OF NOTE**FDA approves **Genentech's** Rozlytrek in ROS1-Positive NSCLC**Galapagos (GLPG), Gilead (GILD)** say MAA for filgotinib being evaluated by EMA for RA treatment**SAExploration (SAEX)** announces SEC probe, restatement of historical results

PRE-MARKET MOVERS

Moving Higher: QD 6.6%

Moving Lower: GFI -1.7%

INSIDER TRADING (Form 4 Filings)

Buying: WIFI, WMGI, BJRI, GTLS, HALL, GTE, TAST, RILY, HSC

Selling: AMPH, HIG, PCTY, APPN, BID, EXPO, KEM, BR, NVR, LITE, USPH, MORN, YUM

POTENTIAL SYMPATHY TRADES

AMD, AVGO, SWKS, QRVO – on NVDA earnings

CAT, CMI, AGCO, CNHI – on DE earnings

LRCX, MU, WDC – on AMAT earnings

OPTION HIGHLIGHTS (Prior Day)

Brighthouse Financial (BHF) nearing a breakdown and seeing 3,000 January \$35 puts bought \$4.15 and follows buyers of more than 6,000 November \$35 puts last week. A move under \$33 has room back to the December lows around \$29 while longer-term the eight-month range targets a move under \$20. BHF has been in a weak trend and forming a series of lower highs since October while Bollinger Bands starting to expand on the weekly. The \$3.94B life insurance company trades 3.4X earnings, 0.46X sales and 0.24X book with a sizable cash position on the balance sheet. BHF sees earnings growth slowing in FY20/FY21 to low-double digits from 20.7% this year while revenues slowing as well. BHF is coming off of a better than expected quarter with NII up 16% and book value growing Y/Y. Their annuities business continues to struggle vs expectations amid a shifting rate environment. BHF may face similar pressure as peers who have had to adjust pricing on some of their products and management noting that any changes are not yet built into forward models yet. Analysts have an average target for shares of \$37.25 with no buy ratings, 6 hold and 3 sell ratings. Goldman downgraded to Sell on 6-25 seeing lower interest rates potentially leading to little or no distributable earnings from their VA business. They also note, “there is still regulatory risk from the updated VA Capital Reform and deductible approach to hedging, all of which will make it harder for subsidiary Brighthouse Life Insurance to begin making ordinary cash remittances to the holding company.” CSFB also downgrading to Underperform in June citing new accounting pressure. Citi remains at Sell and notes that the forward curve could negatively impact Brighthouse's ability to generate free cash flow. Short interest is 4.7%. Hedge Fund ownership fell 18.3% in latest filings. Sandler Capital a buyer of put options while Greenlight Capital a long-time bull on the name with 3.2M shares. BHF has seen some insider buying recently including a \$425,000 investment from the CEO in August at \$34.

AFTER HOURS MOVERS

Gainers: NVDA 5.6%, PAGS 5%, VIAV 4.4%, CLVS 4%

Losers: DDS -9.9%

MARKET SENTIMENT / INTERNALS

INDICATOR	READING	SIGNAL
CBOE Equity Put/Call Ratio	0.647	Elevated – Caution
CBOE Index Put/Call Ratio	1.12	Low
CBOE Skew Index	114.20	Low
VIX Curve	Contango	Normal
CNN Fear & Greed Index	25	Extreme Fear
NYMO	-29.7	No Extreme
NYSE New Highs – New Lows	-3	Balanced
McClellan Summation	434.81	Below 8-EMA
Univ. of Michigan Consumer Sentiment	98.4 (July)	+0.5% Y/Y

SMART MONEY (13g/13d Filings)

Caligan Partners reports 10.3% stake in **Amag Pharmaceuticals (AMAG)**

IPO MONITOR

CrossFirst Bank (CFB) issuing 7.11M shares at \$15-\$17; Kansas corporation and registered bank holding company

9F (JFU) issuing 8.9M shares at \$7.50-\$9; Leading digital financial account platform integrating and personalizing financial services in China

SECONDARY MONITOR

TRADE

WEEKLY TECHNICAL BREAKOUT

APD:



Air Products (APD) shares are consolidating in a bull flag under \$230 with a breakout targeting \$240+. MACD is nearing a bull crossover and RSI is back above 55. Shares pulled back to the 50-day MA and cloud support last week where it bounced.

FUNDAMENTAL TRADE OF THE WEEK

Stock: Jazz Pharma (JAZZ)

Price: \$137

Valuation: Undervalued

Key Ratios:

	Fwd. PE	P/S	P/B	EV / EBITDA	P/FCF
Stock	163X	4.1X	2.6X	33.1X	100X
Industry Avg.	23.6X	2.5X	2.8X	12.6X	28.3X

Analysis: JAZZ is a \$7.76B biotech which trades cheap at 8X earnings, 3.9X sales, and 10X FCF. They have over \$15.50/share in cash on hand with a strong pipeline of growing products in their sleep franchise like Xyrem and Sunosi. The former is estimated to have a growing commercial potential with \$500M possible in the US after detailing launch plans in June.

IDEAS

WEEKLY TECHNICAL BREAKDOWN

AEO:



American Eagle (AEO) shares are nearing a breakdown of a multi-week range to new lows with a measured target to \$14. MACD crossed over bearish recently while RSI is not yet oversold, so plenty of room for downside. The recent move lower came back to re-test the 8-EMA where it was rejected.

PAIR TRADE OF THE WEEK

Industry: Food

Long/Short: Long Lamb Weston (LW), Short Cal-Maine (CALM)

Analysis: LW is coming off a strong quarter with double-digit growth, expanding capacity, and strong demand for new products. CALM is facing pressures from more volatile feed costs while flock size is causing pressures to margins.

SMALL CAP TRADE OF THE WEEK

Inter Parfum (IPAR) is a \$2.1B company which focuses on fragrances and related products. They operate under brands like Coach, Jimmy Choo, A&F, Dunhill, and more. IPAR trades 3X sales with high-single digit growth. They've benefitted recently from new launches with GUESS while European comps continue to improve.

DAILY OPTIONS REPORT

Unusual Call Activity

Unusual Put Activity

Implied Volatility Riser

Just Energy (JE)

Harsco (HSC)

Just Energy (JE)

Mallinckrodt (MNK)

Hanes (HBI)

General Electric (GE)

Amerisource (ABC)

Telefonica (TEF)

PG&E (PCG)

Southern (SO)

Pivotal (PVTI)

Axsome (AXSM)

Pivotal (PVTI)

Tapestry (TPR)

Overstock (OSTK)

Myriad Genetics (MYGN)

CIT Group (CIT)

Beyond Meat (BYND)

Lowest Put/Call Ratio

Highest Put/Call Ratio

Implied Volatility Decliner

Evolent Health (EVH)

Harsco (HSC)

JC Penney (JCP)

Gossamer (GOSS)

Telefonica (TEF)

Pivotal (PVTI)

Southern (SO)

CIT Group (CIT)

Novavax (NVAX)

Switch (SWCH)

Tronox (TROX)

Walmart (WMT)

Nexstar Media (NXST)

TPI Composite (TPIC)

Stone (STNE)

Exelixis (EXEL)

Brighthouse (BHF)

Health Ins. Innovation (HIIQ)

OTM Calls on Offer

OTM Puts on Offer

Elevated IV30

California Resources (CRC)

Yandex (YNDX)

Athenex (ATNX)

Cameco (CCJ)

Appian (APPN)

Deciphera (DCPH)

Wyndham (WH)

United Natural (UNFI)

Beyond Meat (BYND)

CBS Corp (CBS)

Steel Dynamics (STLD)

Uniqure (QURE)

Mallinckrodt (MNK)

Grub Hub (GRUB)

Health Insurance Innv. (HIIQ)

Positive Net Delta

Negative Net Delta

Option Volume Gainers (%)

Mallinckrodt (MNK)

Silver (SLV)

Pivotal (PVTI)

Teva Pharma (TEVA)

Microsoft (MSFT)

Tapestry (TPR)

Ford Motor (F)

Bank of America (BAC)

CIT Group (CIT)

Citi (C)

Transocean (RIG)

Just Energy (JE)

Zynga (ZNGA)

Apple (AAPL)

Mallinckrodt (MNK)

Bullish Call Flow

Bearish Put Flow

Large Spread Trades

Bank of America (BAC)

Dell Tech (DELL)

DKS, 1,000 January \$37/\$50 call spreads

Sea Ltd (SE)

Square (SQ)

ORLY, February \$390/\$380 strangle sold

Polaris (PII)

Appian (APPN)

SBUX, November \$90/\$85 put spread bought 1,925X

Netflix (NFLX)

Home Depot (HD)

GM, 5000 September \$36/\$32 put spreads

Kohls (KSS)

Adobe (ADBE)

PLAN, 1,000 September \$60/\$65 call spreads

Extras

Nordstrom (JWN) 5500 next week \$32 puts roll down to \$29 strike

Cisco (CSCO) down 8.5% on earnings with 3000 Sep. 6th (W) \$48 puts sold to open \$2.30 late, and also 3000 September \$45 calls open

World Wrestling (WWE) with 2000 January \$80 calls opening as the \$85 adjusted

Sempra Energy (SRE) buyer of 500 January \$135 calls to open \$8.30 offer

Willis Tower (WLTW) with 530 September \$185 calls opening \$9.30

GDS Holdings (GDS) name which is holding up well and yesterday 1,600 March \$43 calls bought for \$4.10 to open. GDS has 13,750 January \$35/\$45 call spreads still in OI from a buyer in October as well and also seen a number of smaller call sales out to the \$50 strike, many against stock. Shares are consolidating around YTD VPOC at \$39 and in a four-month bull flag under \$41 which targets a ten-point move higher and continuation of the run from the December lows. GDS held cloud support and the 200-day MA recently on earnings. The \$5.73B company trades 23X EV/EBITDA, 13X sales and 6.72X cash with 40.5% and 31.5% sales growth the next two years. GDS expects to be profitable in FY20. GDS is the leading developer and operator of data centers in China. They offer co-location and managed services including connection to public cloud platforms. They have end-market exposure to financials, telecom, IT, and private sector businesses. Last quarter, GDS added nearly 21K sqm of space, up 54.3% Y/Y, while capacity expanded by 53%. On 8-14, the company announced a deal with Singapore's GIC to build hyperscale data centers in smaller Chinese cities for a leading cloud service provider. The deal will allow GDS to build out their network beyond just Tier 1 cities. Its similar to a deal they struck with Equinix (EQIX) in Europe. Analysts have an average target for shares of \$43 with 5 buy ratings and 1 sell. RBC raising their PT to \$58 on 8-14, their "favorite datacenter pick" given the significant valuation discount relative to its market-leading growth rate. Sun Trust has a Buy rating for shares, \$46 PT, and they expect new capacity in China to grow more than the developed markets and similar growth in data center. GDS has a unique opportunity to build the leading carrier- and cloud-neutral data center footprint in the world's largest internet market. Short interest is 8.4% and down from around 10% in December. Hedge Fund ownership rose 24% in recent filings. Tiger Global with a new 5.73M share position while Nuveen Asset Management and Light Street Capital other notable holders. Zimmer Partners started a new position as well.

Earnings

Ticker	Company	EPS Actual	EPS Estimate	Revs Actual	Revs Estimate	Growth	Notes
CRMT	America's Car-Mart	\$2.21	\$1.74	\$171.88	\$175.34	4.80%	
AMAT	Applied Materials	\$0.74	\$0.70	\$3,562.00	\$3,534.25	-14.40%	FY In Line
DDS	Dillard's	-\$1.59	-\$0.77	\$1,458.80	\$1,482.63	-2.80%	
GLOB	Globant	\$0.53	\$0.52	\$157.50	\$157.50	23.00%	FY In Line
NVDA	NVIDIA	\$1.24	\$1.15	\$2,579.00	\$2,551.44	-17.40%	FY In Line
PAGS	PagSeguro Digital	\$1.04	\$1.05	\$1,389.70	\$1,334.86	38.70%	

VIAV	Viavi	\$0.17	\$0.15	\$289.70	\$279.18	9.70%	FY In Line
ZTO	ZTO Express	\$1.74	\$1.61	\$5,423.60	\$5,507.39	29.20%	

AMAT – Beat on EPS and Revenues - Applied Materials is delivering solid financial performance in a market environment that remains challenging for the time being,” said Gary Dickerson, president and CEO. “We are excited about the company’s future opportunities and are fully funding our R&D programs to develop new products and capabilities that will accelerate customers’ roadmaps and underpin our growth in the years ahead.”

NVDA – Beat on EPS and Revenues - We achieved sequential growth across our platforms. Real-time ray tracing is the most important graphics innovation in a decade. Adoption has reached a tipping point, with NVIDIA RTX leading the way. NVIDIA accelerated computing momentum continues to build as the industry races to enable the next frontier in artificial intelligence, conversational AI, as well as autonomous systems like self-driving vehicles and delivery robots.

PAGS – Beat on Revenues, EPS In Line - 9.4 million unique active accounts; 1.4 million active PagBank users; R\$26.8 billion in total payment volume (“TPV”), up 58.7% compared with 2Q18; Active merchants of 4.7 million, growth of 1.2 million active merchants in the last twelve months

GLOB – Beat on EPS and Missed on Revenues - CEO Martin Migoya says: "We continue to see strong demand coming from organizations as they look to transform their businesses. Industry analysts continue to report record spending in digital and cognitive transformation in excess of \$5 trillion over the years 2018 to 2021. As digitalization and high consumer expectations change, organizations need to adapt to stay relevant. We will continue to help our customers uncover ways to create more business value, making digital and cognitive transformation sustainable."

Earnings Before the Open

Ticker	Company	EPS Actual	EPS Estimate	Revs Actual	Revs Estimate	Growth	Notes
DE	Deere	\$2.71	\$2.84	\$8,969.00	\$9,384.80	-3.40%	
QD	Qudian	\$0.59	\$0.52	\$2,243.60	\$1,965.90	1.00%	