

TOP STORIES

- Trump Admits Trade War Could Lead to Recession, ‘Had to Do It’
- Trump Acknowledges Payroll Tax Cut, Capital Gains Break Among Options
- US, Japan Trade Deal Could Be Announced Next Month
- Fed’s Daly: No Recession on the Horizon
- Germany Auctions 30-Year Bond with 0% Coupon for First Time Ever
- Taiwan July export orders down on year

INDEX FUTURES

Futures	Change	Fair Value
S&P 500	2918.25 (20)	16.79
Nasdaq	7730.75 (62.75)	58.28
Dow	26089 (158)	130.56

GLOBAL INDICES

INDEX	CLOSE	CHANGE
FTSE	7202.5	1.09%
DAX	11778.03	1.09%
Nikkei	20618.57	-0.28%
Hang Seng	26270.04	0.15%

ECONOMIC CALENDAR

TIME	INDICATOR	CONSENSUS
10:00	Existing Home Sales	5.38M
10:30	EIA Petroleum	
2:00	FOMC Minutes	

FOREX

EUR/USD	1.1102 (0.03%)
USD/JPY	106.42 (0.19%)
USD/CAD	1.3292 (-0.17%)
GBP/USD	1.2126 (-0.35%)
USD	98.07 (0.01%)

COMMODITY

Oil	56.79 (1.18%)
Natural Gas	2.23 (0.54%)
Gold	1511.5 (-0.28%)
Copper	2.581 (0.12%)

VOLATILITY INDICES

INDEX	SYMBOL	CLOSE
S&P	VIX	17.12 (1.42%)
Nasdaq	VXN	20.83 (1.96%)
Oil	OVX	32.54 (-1.36%)
Gold	GVZ	15.33 (2.61%)

MARKET OUTLOOK

Futures are indicating a higher open for the morning with the focus on FOMC minutes later today. The Fed’s Jackson Hole symposium and G7 both kick off later this week as well. Jerome Powell speaking on Friday will be more important to traders with expectations that he’ll suggest the Fed is ready to continue cutting rates. POTUS said overnight that he is considering potential tax cuts to stave off a recession, less than a day after the White House denied such a claim. A payroll tax cut or capital gains break are among options being discussed. He acknowledged that the trade war could lead to this outcome but said ‘he had to do it.’ Japan and US negotiators will meet today with hopes to close the gap on trade talks. This is their second meeting in August and eyeing concessions on agriculture and autos. We got a strong slate of earnings this morning, standouts from **Target (TGT)** and **Lowe’s (LOW)**.

Asian markets were mixed overnight with the Nikkei slipping modestly. Trade as well as political uncertainty in Europe weighing. **Softbank** fell 2.9% on the day, one of the weaker names overall after a WSJ report on the company’s plan to lend money to employees to invest in Vision Fund. **Seven and I** down 1.5% while **FamilyMart** and **Lawson** both weak after convenience store data showed a drop in July.

European markets are higher this morning by more than 1% with Italy bouncing back. The MIB is up 1.4% after PM Conte resigned paving the way for a new coalition government. The German 30-year Bund auction delivered the first negative yields ever at -0.11%. The benchmark bond issuer sold €824M at the lower level after setting the coupon at 0% earlier this week. **Capita** is higher by 4% after a positive note from Goldman. **Pandora A/S** higher by 13.5%, extending gains from Tuesday after earnings and a big insider buy.

S&P TECHNICALS

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



2835 Advancing	Declining 4434
36.7%	57.4%
230 New High	New Low 124
65.0%	35.0%
2705 Above SMA50	Below 4932
35.4%	64.6%
3549 Above SMA200	Below 4088
46.5%	53.5%

KEY EVENTS TODAY

Earnings After the Close: WUBA, HTHT, KEYS, LB, JWN, PSTG, SPLK, SNPS

Tomorrow... Jackson Hole Symposium Day 1, Jobless Claims at 8:30 AM, PMI Composite at 9:45, EIA Nat Gas at 10:30

International Data: ECB Minutes, EU Consumer Confidence, EU PMI Composite, Japan CPI

International Earnings: CRH, Adyen, Antofagasta

Earnings Before the Open: FLWS, BJ, CM, DKS, FLY, HRL, TTC

ANALYST ACTION/COMMENTS

Mohawk (MHK) upgraded to Neutral at Wells Fargo

Life Storage (LSI) upgraded to Neutral at Baird

Public Storage (PSA) upgraded to Neutral at Baird

Service Now (NOW) upgraded to Buy at Stifel, \$320 PT

OnDeck (ONDK) upgraded to Neutral at MSCO

Barclays (BCS) upgraded to Neutral at BNP Paribas

Hawaiian Air (HA) downgraded to Sell at Stifel

UBS downgraded to Sell at DZ Bank

Chimera (CIM) downgraded to Neutral at CSFB

Jazz Pharma (JAZZ) downgraded to Neutral at Piper

Cree (CREE) downgraded to Neutral at JMP

JP Morgan (JPM) downgraded to Hold at DZ Bank

Thomson Reuters (TRI) cut to Hold at TD Securities

BMO starting **BP, CVX** at Outperform; **RDS.A, XOM, TOT** at Neutral

Clearfield (CLFD) initiated Buy at Roth Capital

Wanda Sports (WSG) initiated Buy at Deutsche Bank; initiated Buy at Citi, \$5.50 PT

Amgen (AMGN) PT raised to \$192 from \$189 at RBC

Baidu (BIDU) PT raised to \$141 from \$137 at HSBC

Extended Stay America (STAY) has clear path to bolster value, says Deutsche Bank

Cigna (CI) sale of group disability unit would be surprising, but possible, says Citi

MEDIA HIGHLIGHTS

GameStop (GME) cuts over 100 jobs, including nearly half of GI staff - Kotaku

Walmart (WMT) sues **Tesla (TSLA)** over solar panel fires - Bloomberg

Bond manager Gundlach says Fed 'has lost control' - Reuters

MoviePass (HMNY) exposed card data of thousands of customers - TechCrunch

Rolls-Royce in discussions to sell French nuclear unit to **Framatome** - FT

Goldman Sachs (GS) applies to take majority control of Chinese JV - Reuters

Alibaba (BABA) delays up to \$15B listing in Hong Kong amid unrest - Reuters

US blacklists 20% of **Huawei** global R&D centers – Nikkei

TSMC (TSM) to see revenues surge in 2020 – Digitimes

Amazon's (AMZN) Cloud-Computing Empire Faces Threat From Edge of the Network – Bloomberg

Xiaomi Misses Earnings on China's Slowdown, Huawei Competition – Bloomberg

US-China trade war hits **Bunge (BG)** spending plans – FT

Apple (AAPL) puts China's BOE to test for cutting-edge iPhone screens – Nikkei

STOCK SPECIFIC NEWS OF NOTE

Waitr Holdings (WTRH) director Tilman Fertitta buys 1M shares of company stock

AbbVie (ABBV) VP buys over \$1M in stock

O'Reilly (ORLY) to acquire Mayasa Auto Parts

Amcort (AMCR) approves \$500M share buyback

SemiLEDs (LEDS) receives offer from Chinese investor to acquire 680K shares

American Airlines (AAL) to pay \$22.1M to settle DOJ false claims act allegations

AstraZeneca (AZN) updates on Phase 3 NEPTUNE trial of Imfinzi plus tremelimumab

Pembina (PBA) to acquire **Kinder Morgan Canada (KMI)**, **Cochin U.S.** for C\$4.35B

PRE-MARKET MOVERS

Moving Higher: PDD 13.3%, LOW 12.5%, TGT 12.4%

Moving Lower: PLCE -7.7%

INSIDER TRADING (Form 4 Filings)

Buying: GLPI, MHK, TDS, GIGM, LL, DERM, CCO, MYL, VSTO, GRA

Selling: KO, ISRG, RGLD, CHD, MKC, TDG, ENPH, FB, CRM, TDG, LITE, AMZN, GHDX

POTENTIAL SYMPATHY TRADES

CRI – lower on PLCE earnings

WMT, COST – on TGT earnings

OPTION HIGHLIGHTS (Prior Day)

Bristol Myers (BMY) with 1,000 March \$49 calls bought today for \$2.66 in a stock replacement and name which has seen a lot of bullish positioning accumulate recently as shares base. The January \$47 calls had 2,750 bought on 8-8, adding to over 8,500 in OI, while the December \$43 calls also seeing 3,000 bought on 8-5 and 8-6. The December \$43 calls and March \$55 calls also seeing size buys in late July while the January \$45 calls with over 10,000 accumulating. The June \$35 puts, March \$35 puts, January 2021 \$43 puts, and June \$40 puts all sold to open recently as well. Shares are back near the 200-day MA and looking to close back above for the first time since 10/10. A move above \$49.50 targets \$56.50 while seeing some positive RSI and MACD divergences into the recent lows. The \$77.64B company trades 10.74X earnings, 3.25X sales, and 21.4X FCF with nearly \$18/share in cash on hand and a 3.5% yield. BMY sees 37.5% and 19% EPS growth the next two years with revenues up high-single digits, buoyed by the Celgene (CELG) deal. The company expects the deal to close in late 2019 or early 2020 after agreeing to divest Otezla to alleviate FTC concerns. BMY sees \$2.5B in cost synergies while their existing sales structure can help drive assets like JCAR017 and Ozanimod to over \$15B in peak sales. Analysts have an average target for shares of \$56. Atlantic upgrading to Overweight on 8-14 with a \$63 PT. JP Morgan positive in late July with a \$62 PT. They note that recent trading has been messy but trading 7X 2020 estimates and a clear path to growth through the mid-2020s driven by ore products as well as a number of late-stage potential new launches. Short interest is 7.6% but surging with the deal arbs. Hedge Fund ownership rose 14.4% in Q2. Baupost a buyer of 9M shares last quarter. On 8-1, a director bought \$491,920 in stock at \$44.72.

AFTER HOURS MOVERS

Gainers: RUBI 4%, LL 3.9%, AMCR 3.4%, LZB 2.8%

Losers: NDSN -7%, CREE -4%

MARKET SENTIMENT / INTERNALS

INDICATOR	READING	SIGNAL
CBOE Equity Put/Call Ratio	0.656	Rising – Cautious
CBOE Index Put/Call Ratio	1.13	Rising – Cautious
CBOE Skew Index	113.48	Multi-Week Lows
VIX Curve	Backwardation	Fear
CNN Fear & Greed Index	21	Extreme Fear
NYMO	-9.39	Neutral
NYSE New Highs – New Lows	35	Neutral
McClellan Summation	262.84	Below 8-EMA
Univ. of Michigan Consumer Sentiment	98.4 (July)	+0.5% Y/Y

SMART MONEY (13g/13d Filings)

IPO MONITOR

Nothing Scheduled at this Time

SECONDARY MONITOR

Cel-Sci (CVM) files to sell 250,000 shares for holders

TRADE

WEEKLY TECHNICAL BREAKOUT

EHTH:



E-Health (EHTH) shares consolidating in a multi-week range under \$110 and the post-earnings highs with a breakout targeting \$130. MACD and RSI both elevated but pulling in from recent highs. EHTH has been in a strong long-term trend and showing relative strength recently.

FUNDAMENTAL TRADE OF THE WEEK

Stock: Ionis Pharma (IONS)

Price: \$69

Valuation: Undervalued

Key Ratios:

	Fwd. PE	P/S	P/B	EV / EBITDA	P/FCF
Stock	27X	12.8X	7.7X	51.6X	63.7X
Industry Avg.	23.2X	9.3X	5.6X	---	---

Analysis: IONS is a \$9.67B company which trades 27X earnings and 12.8X sales with a sizable cash position on hand. The company has been under pressure over concerns about Spinraza but a deep, underappreciated pipeline in Huntington's disease. IONS is launching Waylivra in Europe this quarter, a near-term driver.

IDEAS

WEEKLY TECHNICAL BREAKDOWN

SM:



SM Energy (SM) shares consolidating in a multi-week range near new lows with a breakdown under \$8.50 setting up for a new leg lower. The move targets \$6 but below the 2016 lows could see notable pressure on the stock.

PAIR TRADE OF THE WEEK

Industry: Mall REITS

Long/Short: Long **Kimco (KIM)**, Short **Tanger Factory (SKT)**

Analysis: KIM trades around 1.5% book with a 6% yield and strong ROE/ROI. KIM expects to return to strong growth in 2020 and jettisoning some weaker parts of their portfolio recently. SKT faces a shrinking footprint and negative same-center NOI.

SMALL CAP TRADE OF THE WEEK

Cavco (CVCO) is a \$1.72B residential construction company which trades 19.5X earnings, 1.75X sales, and 8X cash. CVCO is guiding to high-single digit EPS growth and 21.9% revenue growth next year. CVCO is one of the largest manufacturers of modular homes, vacation cabins and park model RVs. CVCO is coming off another strong quarter with expanding gross margins.

DAILY OPTIONS REPORT

<u>Unusual Call Activity</u>	<u>Unusual Put Activity</u>	<u>Implied Volatility Riser</u>
CNH Industrial (CNHI)	Waddell & Reed (WDR)	Del Taco (TACO)
Del Taco (TACO)	Anaptys (ANAB)	Pivotal (PVTI)
Post Holdings (POST)	Amerisource (ABC)	Frontier (FTR)
Keysight (KEYS)	La-Z-Boy (LZB)	Hilton Grand (HGV)
Deckers (DECK)	Aecom (ACM)	Medicine Co (MDCO)
BJs Wholesale (BJ)	Macerich (MAC)	Aimmune (AIMT)
<u>Lowest Put/Call Ratio</u>	<u>Highest Put/Call Ratio</u>	<u>Implied Volatility Decliner</u>
Just Energy (JE)	Zix (ZIXI)	PG&E (PCG)
Toronto Dominion (TD)	Cosan (CZZ)	IQIYI (IQ)
Liberty Global (LBTYA)	Waddell & Reed (WDR)	Kohls (KSS)
B2Gold (BTG)	Anaptys (ANAB)	Dillards (DDS)
Masco (MAS)	Greensky (GSKY)	TJX Co (TJX)
Waste Connections (WCN)	Immersion (IMMR)	CNH Industrial (NCHI)
<u>OTM Calls on Offer</u>	<u>OTM Puts on Offer</u>	<u>Elevated IV30</u>
Conagra (CAG)	Pivotal (PVTI)	Adverum (ADVUM)
Nio (NIO)	Momo (MOMO)	Medicine Co (MDCO)
Freeport (FCX)	Range Resources (RRC)	PG&E (PCG)
Occidental (OXY)	Wells Fargo (WFC)	Retrophin (RTRX)
US Steel (X)	Urban Outfitters (URBN)	Overstock (OSTK)
<u>Positive Net Delta</u>	<u>Negative Net Delta</u>	<u>Option Volume Gainers (%)</u>
Snap (SNAP)	Weibo (WB)	La-Z-Boy (LZB)
Baidu (BIDU)	Facebook (FB)	Aecom (ACM)
Uber Tech (UBER)	Sprint (S)	Macerich (MAC)
Apple (AAPL)	Liberty (LBTYA)	Deckers (DECK)
Home Depot (HD)	Petrobras (PBR)	BJs Wholesale (BJ)
<u>Bullish Call Flow</u>	<u>Bearish Put Flow</u>	<u>Large Spread Trades</u>
Urban Outfitters (URBN)	AbbVie (ABBV)	TAL, 1,000 January 2021 \$35/\$30 bull risk reversals
Crown Castle (CCI)	Apollo (APO)	NEWM, 1000 January \$12.5 synthetic shorts
Marvell (MRVL)	Waddell & Reed (WDR)	CVGW, 1,000 September \$80/\$70 put spreads
Aptiv (APTV)	Amerisource (ABC)	I, 1,000 OTM October \$14/\$11 put spreads
Centene (CNC)	Kemet (KEM)	WDAY, September \$190/\$205 ratio call spreads 500X1000

Stock Specific News

Citigroup (C), **BNP** caught up in U.S. case against Huawei CFO – Reuters

Slowing Buybacks Remove Pillar of Stock Market – WSJ

Mortgage Market Reopens to Risky Borrowers – WSJ

Talks between **Fiat (FCAU)**, **Renault** gaining steam in recent weeks – Reuters

Wex (WEX) signs multi-year extension as exclusive provider for Phillips 66

Cardinal Health (CAH) warns opioid-related lawsuits could impact business

DXC Technology (DXC) acquires ServiceNow partner Syscom

Extras

Consumer Discretionary (XLY) late trade is selling 5000 January \$130 calls to buy 5,000 of the \$108 puts, net debit \$1.45

Guidewire (GWRE) late buyer 700 Sep. \$100 calls up to \$1.40 offer, earnings early Sep.

Sprint (S) roll of 35,750 February \$6 puts to March \$6 puts

Intuitive Surgical (ISRG) with 200 November \$500 calls opening near \$28.60

Abercrombie (ANF) with 2000 next week \$15.50 calls bought up to \$1.25 to open for earnings 8-29

Newmont Mining (NEM) buyers yesterday for 3,000 January 2021 \$49.12 calls up to \$2.35 to open and also seeing buyers in the November \$39/\$38 bull risk reversal over 1700X for a small debit. NEM has seen a number of bullish trades recently including 1500 October \$40 calls on 8-16 and 3800 December \$43 calls on 8-12. The June 2020 \$40 calls, January 2020 \$39.12 calls and December \$39 calls all bought in size since early July as well. The full snapshot of activity is below. Shares are in a bullish consolidation under \$40 since early July with a breakout targeting \$45. MACD has pulled back to zero and nearing a bull cross while RSI is healthy as well, ready to run. The monthly view for shares is a long range under \$45 highs back in 2016 and a run higher could setup for a longer-term move to \$60. The \$31.57B company trades 20.12X earnings, 4X sales, and 17X cash with a 1.45% yield. They see 43.2% and 7.3% EPS growth with sales up 17.7% in 2020 after closing the \$10B Goldcorp merger in April. The move made NEM the largest gold producer by market value, output and reserves with reach across three continents and nearly 7M ounces of product a year. They see \$100M in cost savings annually and expect to divest \$1B to \$1.5B of assets through 2021. NEM also announced a Nevada JV with Barrick. The company reported a strong quarter in July with operations at Penasquito resuming and full potential underway. They also saw projects at Musselwhite restarting July, both ramping into year-end. Productivity improvements in South America and momentum in Africa both setup for notable production hikes in the 2H. Analysts have an average target for shares of \$42.50 with 8 buy ratings, 5 hold, and 1 sell. Citi positive on 8-15 seeing relative underperformance to peers as overdone. The analyst thinks the "back-of-envelope" analysis implies a market value of the Goldcorp assets of \$6B with gold at \$1,530 or ounce versus the \$10B that Newmont paid with gold at \$1,280 per ounce. BMO resuming shares at Neutral in July with a \$45 PT. They think that while both the acquisition of Goldcorp and the formation of the Nevada JV have been accretive events, near-term investor uncertainty regarding the Goldcorp transaction, compounded by recent events at Musselwhite and Penasquito, are likely to "temper investor interest" until Newmont Goldcorp is able to demonstrate value. Short interest is 1.4%. Hedge fund ownership fell 3.5%. Anchor Bolt Capital and Hexavest two notable holders.

Earnings

Ticker	Company	EPS Actual	EPS Estimate	Revs Actual	Revs Estimate	Growth	Notes
CREE	Cree	\$0.11	\$0.10	\$251.00	\$248.95	-5.60%	FY Below
JKHY	Jack Henry	\$0.79	\$0.77	\$393.50	\$390.70	4.00%	
LZB	La-Z-Boy	\$0.42	\$0.34	\$413.60	\$415.95	7.50%	
NDSN	Nordson	\$1.62	\$1.83	\$559.75	\$587.74	-3.70%	
SCSC	ScanSource	\$0.71	\$0.82	\$960.80	\$999.63	-3.30%	
TOL	Toll Brothers	\$1.00	\$0.81	\$1,765.70	\$1,698.64	-7.70%	
URBN	Urban Outfitters	\$0.61	\$0.58	\$962.30	\$981.40	-3.00%	

CREE – Beat on EPS and Revenues, FY Light – "We are pleased with our performance in the quarter as non-GAAP earnings per share was within the top end of our updated range despite the challenging operating environment," stated Gregg Lowe, Cree CEO. "While the Huawei ban and softness in the LED market will continue to impact the sector in the short-term, our long-term outlook remains unchanged - there is a significant opportunity to help customers make the shift from silicon to silicon carbide solutions for their next generation applications."

NDSN – Missed on EPS and Revenues – The company, said, "As we approach the end of our fiscal year, the effect of recent macroeconomic trends has had a more significant impact than most anticipated, particularly on electronics end markets. That said, the strength of our position as a valued solutions provider to our customers combined with the diversity of our end markets gives us confidence that we will continue to drive organic growth going forward."

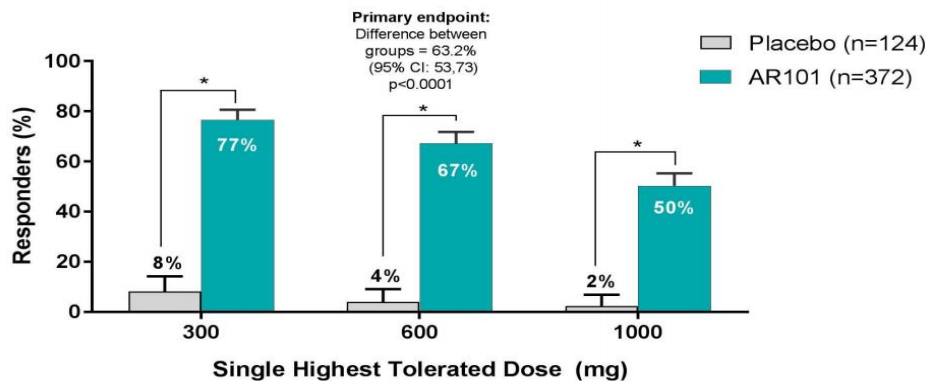
Earnings Before the Open

Ticker	Company	EPS Actual	EPS Estimate	Revs Actual	Revs Estimate	Growth	Notes
ADI	Analog Devices		\$1.23		\$1,455.62		
BZUN	Baozun	\$1.41	\$1.37	\$1,704.21	\$1,580.67	47.00%	FY In Line
KLXE	KLX Energy Services	\$0.41	\$0.33	\$164.90	\$175.05	13.10%	FY Below
LOW	Lowe's	\$2.15	\$2.00	\$20,992.00	\$20,958.29	0.50%	
MSGN	MSG Networks		\$0.63		\$170.87		
PDD	Pinduoduo	-\$0.04	-\$0.19	\$7,290.00	\$6,150.25	169.10%	
RY	Royal Bank of Canada	\$2.22	\$2.30	\$11,544.00	\$11,558.09	4.70%	
TGT	Target	\$1.82	\$1.62	\$18,422.00	\$18,320.17	3.60%	FY Above
PLCE	The Children's Place	\$0.19	\$0.18	\$420.50	\$428.28	-6.30%	FY Below

Biotech Event Watch

Aimmune Therapeutics (AIMT) with a key event upcoming on 9/13, their AdCom for AR101 which is their treatment to reduce the frequency and severity of adverse events following exposure to peanuts. The BLA was accepted in March. The timeline is two months earlier than expected and some speculation that the earlier timeline could even lead to an FDA decision and commercial launch by year-end. AIMT has guided to early 2020 for a decision and Q3 launch in the EU. The AdCom however is expected to be a big hurdle to clear. AR101 is an investigational biologic designed to protect patients from severe allergic reactions in case they're exposed to peanut. The company uses a unique approach which gradually increases dosage over six months to desensitize patients and then start on a regiment of regular maintenance. If approved, AR101 would be the first ever FDA approved product to treat peanut allergy. They see a greater than \$1B peak sales opportunity with ~30% of allergists willing to prescribe at approval. They also see a greater potential uptake as parents seek more treatment options. Food allergies in children have risen greatly since 1997, up 50%, and driving near \$4B in direct medical expenses in the US.

Patients Ages 4-17 Who Tolerated Each Dose Level at Exit DBPCFC



The \$1.3B company trades 5.35X cash and last raised in January with a \$170M loan agreement with KKR. Short interest is 17.1% and soaring, up from around 10% in January and 5% in early 2018. Hedge Fund ownership fell 7% in Q2. Nestle Health owns 11.7M shares after adding \$98M to their investment in November. They bought \$145M in 2016. On 11-19, the President/CEO bought \$100K in stock at \$27.56 while the CFO bought \$48K. A number of directors bought stock at \$32 in February in the public offering. Analysts have an average target for shares of \$44. RBC with a \$50 PT on 8-9, reducing their launch expectations for AR101 based on the analysis of the recent comparable drug launches into indications with a similar unmet need. Piper positive on 8-5. They think the FDA panel could break a string of under-performance. The analyst feels "increasingly confident" in a strong commercial launch for AR101. Investors who can look past the scary technical can be rewarded here.

Date	Description	Volume	Open.Int	Price	Delt:	Impl Vol	Prob.ITM	Premium Paic
8/21/2019	AIMT 100 20 SEP 19 20 PUT	1,546	1,006	\$1.80	-0.37	94.58%	48.38%	\$286,010
8/21/2019	AIMT 100 18 OCT 19 20 PUT	855	182	\$1.90	-0.38	72.29%	49.79%	\$171,000
8/16/2019	AIMT 100 20 SEP 19 17.5 PUT	3,516	2,368	\$0.90	-0.18	104.23%	28.11%	\$316,440
8/13/2019	AIMT 100 20 SEP 19 22.5 CALL	2,022	279	\$1.80	0.46	98.65%	33.70%	\$434,730
8/13/2019	AIMT 100 20 SEP 19 17.5 PUT	2,000	854	\$1.50	-0.26	109.50%	38.60%	\$310,000
5/21/2019	AIMT 100 20 DEC 19 22.5 PUT	300	11	\$5.40	-0.45	71.04%	66.30%	\$162,000