

TOP STORIES

- Key Yield Curve Inverts Even Further as 30-Year Yield Hits Record Low
- Boris Johnson Asks Queen to Suspend Parliament to Push Through No-Deal Brexit
- Oil Jumps as API Shows US Crude Stocks Fell Most Since June

INDEX FUTURES

Futures	Change	Fair Value
S&P 500	2867.75 (2.25)	-1.36
Nasdaq	7564.75 (2)	-6.28
Dow	25752 (8)	-13.9

GLOBAL INDICES

INDEX	CLOSE	CHANGE
FTSE	7099.94	0.15%
DAX	11634.77	-0.81%
Nikkei	20479.42	0.11%
Hang Seng	25615.48	-0.19%

ECONOMIC CALENDAR

TIME	INDICATOR	CONSENSUS
10:30	EIA Petroleum	
5:30	Mary Daly Speaks	

FOREX

EUR/USD	1.1086 (-0.04%)
USD/JPY	105.76 (0.03%)
USD/CAD	1.3303 (0.17%)
GBP/USD	1.221 (-0.63%)
USD	98.03 (0.13%)

COMMODITY

Oil	55.79 (1.57%)
Natural Gas	2.242 (1.82%)
Gold	1552.2 (0.03%)
Copper	2.555 (0.31%)

VOLATILITY INDICES

INDEX	SYMBOL	CLOSE
S&P	VIX	20.31 (5.12%)
Nasdaq	VXN	24.11 (3.74%)
Oil	OVX	33.73 (-4.77%)
Gold	GVZ	17.34 (-1.14%)

MARKET OUTLOOK

Futures are indicating a flat open with global markets mixed on a quiet overnight. Trade remains in a stalemate with optimism around a breakthrough in talks dwindling. Bloomberg reporting that China officials are preparing for the worst as Trump's latest flip-flops have deepened distrust between the two sides. Brexit back in focus this morning as PM Johnson has asked the Queen to suspend parliament making a no-deal Brexit more likely. Parliamentary business would be delayed as a result, restricting time before the 10-31 deadline. The Pound fell by around 1%. Oil is higher by 1.5% after a large draw from the API readings.

Asian markets were mixed overnight in a quiet session. Volumes in the major indices were about 30% below the average for the last year. The Nikkei edged out a small gain. There was no new data this morning in the region while caution over trade remains in focus. Defensive stocks led with telecom and consumer staples strong. **NTT** rose 2.5% while **KDDI** and **Docomo** rose 2%. Cosmetics maker **Shiseido** rose 2.1%.

European stocks are lower this morning as fears over a recession rise. Bond yields edged towards record lows in early trading. Italy showing some relative strength as the two major parties seek to form a new government. Tech was weak after **Autodesk's (ADSK)** more cautious outlook. **SAP**, **Infineon**, and **Wirecard** all fell. **BTI** and **Imperial Brands** down 2% each amid talks between PM/MO. **BP** rose 1.2% after selling their Alaskan properties for \$5.6B. Eurozone private sector loans slowed in the most recent reading to 3.4% vs 3.5%. German consumer confidence was flat for September. German import prices fell 2.1%, more than the 1.7% drop expected. Italian consumer confidence rose to 111.9 vs 109.6.

MongoDB (MDB) in focus today with Morgan Stanley raising their 'Bull Case' to \$284. The move comes after discussions with the customers suggest that demand trends for the company's product remain strong as they look to expand their deployments in the coming quarters.

S&P TECHNICALS

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



2375 Advancing	Declining 4922
30.8%	63.8%
275 New High	New Low 457
37.6%	62.4%
2218 Above SMA50	Below 5403
29.1%	70.9%
3173 Above SMA200	Below 4448
41.6%	58.4%

KEY EVENTS TODAY

Earnings After the Close: BOX, ESTC, FIVE, GEF, GES, HRB, MTRX, NTN, OKTA, OLLI, PVH, SMTC, SCVL, SPWH, TLYS, WSM, ZUO

Tomorrow... GDP at 8:30 AM, International Trade at 8:30, Weekly Claims at 8:30, Retail Inventories at 8:30, Pending Home Sales at 10:00, EIA Nat Gas at 10:30

Earnings Before the Open: ANF, BBY, BURL, DBI, DG, DLTR, GMS, HAIN, MBUU, MEI, PDCO, SAFM, SY, TECD, TITN, TD

ANALYST ACTION/COMMENTS

Targa (TRGP) upgraded to Strong Buy at Raymond James

Papa Johns (PZZA) upgraded to Buy at Stifel

Pfizer (PFE) upgraded to Hold at DZ Bank

Livongo (LVGO) upgraded to Overweight at MSCO

Frontline (FRO) upgraded to Buy at Nordea

Catalent (CTLT) downgraded to Neutral at Keybank

Antero (AM) downgraded to Neutral at Raymond James

Quintana (QES) downgraded to Neutral at BAML

Autodesk (ADSK) downgraded to Sell at BAML

Nabors (NBR) downgraded to Neutral at BAML

Nine Energy (NINE) downgraded to Neutral at BAML

Cerus (CERS) initiated buy at Stifel, \$7 PT

DouYu (DOYU) initiated Overweight JP Morgan

BAE Systems initiated Overweight at MSCO

Myovant (MYOV) initiated Buy at Goldman Sachs

Vistagen (VTGN) initiated Outperform at William Blair

Anaplan (PLAN) initiated Outperform at RBC

RealPage (RP) offers 'compelling growth', says Keefe

Repligen (RGEN) price target raised to \$107 from \$95 at First Analysis

Mednax (MD) acquisition activity likely muted through 2020, says Mizuho

Laureate (LAUR) price target raised to \$22 from \$19 at Citi

MongoDB (MDB) 'bull case' price target raised to \$284 from \$185 at MSCO

MEDIA HIGHLIGHTS

Global crude steel production growth slows - Metal Miner

Hyundai, South Korean union agree to tentative wage deal without strike - Reuters

Boeing (BA) CEO sees major jet order under a U.S.-China trade pact, Reuters

Canada's energy regulator to mull delay on **Enbridge (ENB)** pipeline plan - Reuters

Noble Energy (NBL) makes oil discovery off Equatorial Guinea - Reuters

Amazon (AMZN) aims to increase exclusive programming investment in IMDb TV. WSJ

Pentagon has not asked **Microsoft (MSFT)** or **Amazon (AMZN)** for more info on cloud computing contract. FT

Toyota (TM) aims to invest \$907M in Suzuki. Nikkei

De Beers Diamond Sales Keep Falling as Buyers Allowed to Say No – Bloomberg

BP PLC (BP) Exits Alaska After 60 Years in \$5.6 Billion Hilcorp Sale – Bloomberg

Google (GOOGL) to shift Pixel smartphone production from China to Vietnam – Nikkei

Thomas Cook agrees key terms of rescue deal – Reuters

STOCK SPECIFIC NEWS OF NOTE

Peloton (PTON) files for IPO

Fox Factory (FOXF) CFO Zvi Glasman to leave

Hershey (HSY) to acquire ONE Brands

Tallgrass Energy (TGE) announces receipt of 'take private' proposal from Blackstone

Hain Celestial (HAIN) announces strategic sale of Tilda for \$342M in cash

Melco (MLCO) announces deferral of acquisition of second tranche of shares in Crown

Coty (COTY), Younique to terminate partnership

InterDigital (IDCC) files patent infringement action against Lenovo in UK

Medtronic (MDT) CEO Ishrak to retire on April 26, 2020

Pilgrim's Pride (PPC) to acquire Tulip for \$354M

Ensign (ENSG) board approves spin-off of home health and hospice operation

PRE-MARKET MOVERS

Moving Higher: TIF 3.3%, RDS.A 1.1%

Moving Lower: ADSK -11.9%, ERIC -2.5%, ROKU -1%

INSIDER TRADING (Form 4 Filings)

Buying: BUSE, CWH, RRR, DISH, THC, BHF

Selling: TYL, LULU, PINC, SBRA, FICO, BGNE, NVR, JBHT, OSIS, YUM, EL, PG

POTENTIAL SYMPATHY TRADES

RL, TPR, CPRI, SIG – on TIF earnings

FOSL – on MOV earnings

OPTION HIGHLIGHTS (Prior Day)

Pan American Silver (PAAS) buyers of 4,000 January \$18 calls up to \$2.65 to open today into the highs and follows buyers of the September \$18 calls over 19,500X on 8-1 and the September \$16 and \$17 calls. PAAS had buyers of the January \$16 calls on 8-1 as well, over 3500X, while some put sales in October. Shares are hitting new highs today and up almost 70% for the quarter as gold and silver rally. On a longer-term view, shares are basing in a multi-year range under \$20 which targets a move to \$30. The \$3.67B company trades 26.5X earnings, 4.2X sales, and 26.5X cash with a 0.80% yield. PAAS expects 102% and 45% EPS growth the next two years with revenues up 21% next year. PAAS is seeing better silver production while other metals like zinc/lead both rose 17% and 33% respectively in Q2. The company bounce Tahoe Resources in 2018 which expanded their foothold in South America. It doubled their reserve base to more than 575M ounces which was well-above peers like Hecla and Coeur. Analysts have an average target for shares of \$17 with 3 buy ratings, 3 hold, and 1 sell. Deutsche Bank upgrading to Buy earlier this summer citing their quality producing assets, such as La Colorada, coupled with large silver reserves and a strong track record of managing Latin America-based assets. Short interest is 5.25%. Hedge Fund ownership fell 22% in Q2. Polunin Capital, Slate Path Capital, and Passport capital all notable buyers.

AFTER HOURS MOVERS

Gainers: HPE 5.6%, HEI 4%

Losers: ADSK -10%

MARKET SENTIMENT / INTERNALS

INDICATOR	READING	SIGNAL
CBOE Equity Put/Call Ratio	0.663	Rising – Cautious
CBOE Index Put/Call Ratio	1.15	Rising – Cautious
CBOE Skew Index	114.48	Near Multi-Month Lows
VIX Curve	Backwardation	Fear
CNN Fear & Greed Index	18	Extreme Fear
NYMO	-26.31	Neutral
NYSE New Highs – New Lows	-90	Weak
McClellan Summation	286.97	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

TRADE

WEEKLY TECHNICAL BREAKOUT

AKAM:



Akamai (AKAM) shares holding up well and consolidating in a bull flag under \$90. The 20-day MA is supportive on Friday's lows and a breakout targets \$100. MACD and RSI are both in strong trends higher and nearing inflections higher and ready to run.

FUNDAMENTAL TRADE OF THE WEEK

Stock: Churchill Downs (CHDN)

Price: \$121

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: CHDN is a \$4.77B company which focuses on horse racing, gaming, and online entertainment. CHDN owns the largest legal online wagering platform in the US while investing in their regional portfolio in six states so far this year. They continue to target M&A to expand while their strong FCF and low leverage keep the balance sheet in strong shape.

IDEAS

WEEKLY TECHNICAL BREAKDOWN

ABMD:



Abiomed (ABMD) shares forming a narrow bear flag after gapping lower on earnings in early August. A breakdown under \$181 targets \$165 and failing on Friday at the declining 8- and 20-MA. ABMD has been in a strong long-term downtrend since topping out in May 2018.

PAIR TRADE OF THE WEEK

Industry: Soda

Long/Short: Long **Pepsi Co (PEP)**, Short **Monster Beverages (MNST)**

Analysis: PEP is a leader in snacks and a wide array of beverage brands which is gaining global market share and entering new verticals. MNST is facing tough competition from new entrants in the space and entrenched competitors like PEP/KO building out their energy brands.

SMALL CAP TRADE OF THE WEEK

MobileIron (MOBL) is a \$761M software company which focuses on security for mobile devices, apps, and cloud services including enterprise mobility management. Their platform comprises an all-in-one solution including device validation, app authorization, network verification, and threat detection. MOBL is undergoing a shift from product to subscription which gives it a much steadier, recurring support/revenue base with high renewals.

DAILY OPTIONS REPORT

Unusual Call Activity

Unusual Put Activity

Implied Volatility Riser

SS&C (SSNC)

TreeHouse (THS)

Chicos (CHS)

Telaria (TLRA)

Unum (UNM)

Endo (ENDP)

Zogenix (ZGNX)

Synchronoss (SNCR)

Bitauto (BITA)

TreeHouse (THS)

JM Smucker (SJM)

Carrizo (CRZO)

Dycom (DY)

Ryder (R)

Luckin (LK)

Bitauto (BITA)

HP Enterprise (HPE)

Cloudera (CLDR)

Lowest Put/Call Ratio

Highest Put/Call Ratio

Implied Volatility Decliner

CNH Industrial (CNHI)

Premier (PINC)

Caleres (CAL)

Qudian (QD)

Unum (UNM)

Dean Foods (DF)

Altice (ATUS)

Credit Suisse (CS)

Ziopharm (ZIOP)

Corteva (CTVA)

Daktronics (DAKT)

Momo (MOMO)

Coherent (COHR)

Melco (MLCO)

J&J (JNJ)

Cato (CATO)

Cabot (COG)

JM Smucker (SJM)

OTM Calls on Offer

OTM Puts on Offer

Elevated IV30

Chicos (CHS)

Zillow (Z)

Adverum (ADVUM)

Newell Brands (NWL)

Medicine Co (MDCO)

PG&E (PCG)

Callon (CPE)

American Express (AXP)

Overstock (OSTK)

Capri (CPRI)

Momo (MOMO)

Aimmune (AIMT)

Transocean (RIG)

Intel (INTC)

Caleres (CAL)

Positive Net Delta

Negative Net Delta

Option Volume Gainers (%)

Callon (CPE)

Range Resources (RRC)

JM Smucker (SJM)

Facebook (FB)

HP Enterprise (HPE)

Ryder (R)

Chicos (CHS)

Unum (UNM)

HP Enterprise (HPE)

Banco Bradesco (BBD)

L Brands (LB)

Dycom (DY)

Twitter (TWTR)

Zillow (Z)

Bitauto (BITA)

Bullish Call Flow

Bearish Put Flow

Large Spread Trades

NXP Semi (NXPI)

Packging Corp (PKG)

CB, 1,000 September \$150/\$140 put spreads

Nordstrom (JWN)

American Axle (AXL)

ZGNX, 10,000 April \$55/\$75 call spreads

Planet Fitness (PLNT)

Barrick (GOLD)

MTZ, 1,500 April \$60/\$50 bull risk reversals

Advanced Auto (AAP)

Chubb (CB)

AMGN, October \$210/\$180 put spread opening 1,000X

United (UAL)

Ryder (R)

Extras

Cabot Oil (COG) with 8,000 January 2021 \$13 puts sold to open down to \$1.10

Fluor (FLR) afternoon buyers of 6,000 January \$15 puts up to \$1.75

US Steel (X) buyers of 3,000 April \$8 puts up to \$0.86

Ally Financial (ALLY) with 1,000 January 2021 \$27 puts sold to open for \$2.65

CBRE Group (CBRE) buyers of 1,000 October \$50 puts for \$2.25 to \$2.40

MasTec (MTZ) buyer of 1,000 October \$55/\$45 put spreads

Gold Miners (GDX) with 10,000 December \$35/\$26 bull risk reversals opening for \$0.49

Russell (IWM) with the December \$157/\$163 call spread bought 7500X15000

Blackstone (BX) with a buyer of 2,000 March \$50 calls yesterday for \$4 with shares holding up well and not far from 52-week highs. BX has seen buyers recently in the December \$50 calls with over 2,500 bought since 7-24 while the January 2021 \$47 calls bought for \$4 in mid-July and the January \$48 calls with buyers of more than 2,500. A breakout of the current range targets \$56 with MACD crossing over bullish recently. The \$60.16B company trades 16X earnings, 5.3X book and 33.25X cash with a 3.86% yield. BX sees 33.7% EPS growth and 31% revenue growth next year. BX is seeing strong inflows across all of their business segments with private equity drawing \$62.1B LTM and real estate drawing \$42.1B. Better equity and private market prices are helping realizations which hit \$10.6B in Q2 while they're putting money to work as well deploying \$18.3B. In April, the company announced a transition to a c-corp in a move to get more investors into its stock. The move took place on 7-1. Analysts have an average target for shares of \$49. Barclays starting at Overweight on 8-5 with a \$56 PT. The firm cites continued demand for alternatives as an asset class. MSCO raising their PT to \$56 in July noting that the firm's asset gathering is coming in faster and larger than expected. The fundraising gives the analyst confidence that Blackstone will hit its \$2.00 per share run rate in management fee earnings by the end of 2020 and sees room for the stock's multiple to expand further. Short interest is 1.7% and down from around 4.4% in mid-July. Hedge Fund ownership fell 19.5% in Q2 largely due to Select Equity selling down their position. Fairview remains a top holder with 3.9M shares.

Open Interest Checks

CRC – November \$16 puts from 11,721 to 8,406

KNX – Sept. \$35 calls from 57,189 to 40,295

SAFM – Sept. \$145 short puts from 806 to 1,288

RGEN – Sept. \$95 calls from 3,717 to 3,862

CPRI – November \$30 calls from 7,584 to 10,115

WEN – January \$20 calls from 3,846 to 3,724

PAYS – March \$17.50 calls from 1,597 to 2,597

DY – Sept. \$45 calls from 1,447 to 2,110

EVH – November \$7.50 calls from 1,487 to 2,707

Earnings

Ticker	Company	EPS Actual	EPS Estimate	Revs Actual	Revs Estimate	Growth	Notes
ADSK	Autodesk	\$0.65	\$0.61	\$796.80	\$788.00	30.30%	Lowers FY
HEI	HEICO	\$0.59	\$0.54	\$532.32	\$510.67	14.30%	FY Above
HPE	Hewlett Packard Enterprise	\$0.45	\$0.40	\$7,217.00	\$7,285.90	-7.00%	FY Above
LCI	Lannett	\$0.37	\$0.21	\$133.80	\$120.28	-21.70%	
OOMA	Ooma	-\$0.04	-\$0.06	\$37.30	\$35.64	17.70%	
PAHC	Phibro Animal Health	\$0.33	\$0.36	\$203.90	\$206.00	-3.70%	
PSEC	Prospect Capital	\$0.19	\$0.21	\$164.40	\$166.69	-5.50%	
VEEV	Veeva Systems	\$0.55	\$0.49	\$266.90	\$259.35	27.30%	FY Above

ADSK – Beat on EPS and Revenues, FY Below - "We closed a solid first half of the year with a very strong second quarter as revenue, billings, earnings, and free cash flow came in ahead of expectations," said Andrew Anagnost, Autodesk president and CEO. "ARR grew to a record \$3.1 billion, driven by all parts of the business. Construction demonstrated continued strength with wins across all parts of the portfolio, and Fusion 360 - our design-to-manufacturing platform - continued to build momentum. We also made further strides in capturing opportunities within our non-paying user base. In an environment of increasing uncertainty, we believe we are well-positioned to achieve our FY23 goals." "Our strong performance during the second quarter helped us achieve two milestones," said Scott Herren, Autodesk CFO. "First, we drove our largest quarterly non-GAAP net income to date, followed by a record setting last twelve months free cash flow of \$731 million. While we continue to execute well and are not materially impacted by current trade tensions and macro uncertainty, we are taking a prudent stance to our second half fiscal 2020 outlook. Despite these near-term headwinds, our recurring revenue model is much more resilient than in prior cycles."

PAHC – Missed on EPS and Revenues - "The effects of African Swine Fever, as discussed last quarter, have significantly impacted our performance in the June quarter and will have an even larger impact in the new fiscal year," said the company. "We have made the strategic decision to continue to accelerate our new product initiatives despite the challenges posed by ASF, recognizing the short-term impact on our financial results. Overall, we continue to be bullish on the long-term potential of the animal health industry. That is why we have invested, and intend to continue to invest, in major strategic initiatives to support future growth. Our recent acquisition of the Osprey Biotechnics business aligns with this belief, and we are excited by this acquisition and confident that their products and expertise can drive profitable growth. While still far from certain, we are encouraged by our ASF vaccine development project. Other initiatives include the continuing build-out of our Irish vaccine facility, the introduction of an

automated vaccine delivery system, our companion animal projects, and the launch of several new products. These investments require significant P&L expense dollars and are a major factor in reduced profitability in FY20."

Earnings Before the Open

Ticker	Company	EPS Actual	EPS Estimate	Revs Actual	Revs Estimate	Growth	Notes
BF.B	Brown-Forman						
CHS	Chico's FAS	\$0.00	\$0.00	\$508.40	\$513.35	-6.70%	
COTY	Coty	\$0.16	\$0.16	\$2,115.40	\$2,114.24	-8.00%	
DAKT	Daktronics		\$0.10		\$156.92		
DY	Dycom	\$1.09	\$0.82	\$884.20	\$857.82	10.60%	FY Below
EXPR	Express	-\$0.13	-\$0.15	\$472.70	\$458.67	-4.20%	FY Below
MOV	Movado Group	\$0.36	\$0.49	\$157.80	\$167.00	9.50%	FY Below
TIF	Tiffany & Co	\$1.12	\$1.05	\$1,048.50	\$1,061.38	-2.50%	

MOV – Missed on EPS and Revenues, Cut FY - Efraim Grinberg, Chairman and CEO, stated, "Overall, we delivered sales growth of 9.5% and adjusted operating income of \$10.3 million in the second quarter, despite an increasingly challenging environment for our category, planned incremental investments and currency headwinds. We are pleased with the market share gains of our licensed brand portfolio both internationally and domestically and saw strong digital sales growth on our movado.com site during the quarter. In a difficult marketplace, we are well positioned given the investments we've made over the last few years including building out our international markets, acquiring Olivia Burton and MVMT, developing important product innovation and establishing our digital center of excellence. As we look ahead, we will continue to make planned strategic investments across the business to support our brands as we focus on delivering long-term sustainable growth." Grinberg continued, "As we begin the second half of the year, we believe the innovation in our offerings and our strategic initiatives strengthen our position. Importantly, our product pipeline, including Movado Connect 2.0 and Movado Bold Evolution, will give us the opportunity to expand market share during the fall and holiday seasons. That said, we believe it is prudent to update our outlook given unfavorable currency rates, ongoing challenges in our category, the impact of tariffs and the increasingly volatile global environment."

TIF – Beat on EPS and Revenues Below - Alessandro Bogliolo, CEO, said, "Our second quarter and first half results were mixed with sales coming in below, but net earnings exceeding, our expectations. As with the first quarter, we are encouraged in the second quarter by sales growth attributed to our local customer base globally, which was again led by double digit growth in mainland China. With the tough comparison to last year's strong performance in the first half behind us, and in spite of the headwinds of weak demand from foreign tourists, currency exchange rate pressures and continuing business disruptions in Hong Kong, we are actively managing what is in our control and positioning our Brand to win - accelerating new product introductions and keeping a visible profile."