

TOP STORIES

- Stocks Jump as Trade Rhetoric Cools on Both Sides Ahead of Tariff Deadline
- U.K. Lawmakers Lose Bid to Block Boris Johnson's Parliament Plan
- China Cuts Taxes in Shanghai Free Trade Zone to Lure Investment
- Hurricane Dorian Bears Down on Florida, Expected Landfall on Monday
- ECB's Lautenschlager: Much Too Early for Big Stimulus Package

INDEX FUTURES

Futures	Change	Fair Value
S&P 500	2944.75 (18)	20.47
Nasdaq	7762 (50)	54.69
Dow	26543 (165)	186.75

GLOBAL INDICES

INDEX	CLOSE	CHANGE
FTSE	7231.53	0.66%
DAX	11969.29	1.10%
Nikkei	20704.37	1.19%
Hang Seng	25724.73	0.08%

ECONOMIC CALENDAR

TIME	INDICATOR	CONSENSUS
8:30	Personal Income	
9:45	Chicago PMI	
10:00	Consumer Sentiment	

FOREX

EUR/USD	1.1038 (-0.15%)
USD/JPY	106.35 (-0.14%)
USD/CAD	1.3281 (-0.02%)
GBP/USD	1.2176 (-0.10%)
USD	98.48 (0.03%)

COMMODITY

Oil	55.83 (-1.55%)
Natural Gas	2.273 (-1.00%)
Gold	1534.9 (-0.13%)
Copper	2.5745 (-0.12%)

VOLATILITY INDICES

INDEX	SYMBOL	CLOSE
S&P	VIX	17.88 (-7.6%)
Nasdaq	VXN	21.25 (-8.09%)
Oil	OVX	31.82 (-2.75%)
Gold	GVZ	16.31 (-3.09%)

MARKET OUTLOOK

Futures are indicating a strong open to close the week moving above key resistance and out of a multi-week range. August is likely going to end the second negative month of 2019. Trade optimism is improving overnight after China's commerce ministry spokesperson said that Beijing hopes Washington will cancel the proposed tariffs. The two sides remain in talks to resume full-scale negotiations. The ECB's Lautenschlager echoed calls from Klaas Knot yesterday in saying that the time is not yet right to restart QE. The hawkish commentary comes ahead of the 9-12 ECB meeting. In the UK, PM Johnson's plan to suspend parliament continues to move forward after a Scottish judge refused to block the plan. Hurricane Dorian is closing in on Florida. The NWS expects it could be the first major hurricane to hit the region in 15 years. The state has declared an emergency in 67 counties. Airlines could see disruption while OJ futures surged. Typical hurricane plays in focus again today including **GNRC** and **UVE**.

Asian markets closed the week on the highs up 1.2%. A lot of tariff-related areas saw strength including tech and industrials. **Fanuc** closed up 2.7% while **Yaskawa Electric** up nearly 4%. **Hitachi Construction** up 2.2%. Japanese industrial production rose in July by 1.3%, better than the 0.3% forecast. Retail sales fell 2%. Unemployment improved to 2.2% vs 2.4% forecast. South Korea kept rates unchanged, as expected. South Korean industrial production rose 2.6%, above the 0.5% forecast.

European markets are strong early an near 1-month highs. The DAX is working out of a multi-week range and Euro Stoxx 50 into a low-volume node from early August. Automakers showing some strength with the tariff relief. Real estate names rallied with reports that Berlin is considering loosening rent freeze regulations. **Deutsche Wohnen** was up 9.4%. **Vonovia** up 4.7%. **Novo Nordisk** fell 1% after a downgrade. Eurozone CPI remains steady at 1%. Unemployment was at 7.5%, no changes from June. Italian GDP slipped modestly in Q2 while CPI was slightly higher. UK mortgage approvals rose to their best level since August 2017. German retail sales fell 2.1% in July, worse than the 1.3% decline forecast.

S&P TECHNICALS

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



5645 Advancing	Declining 1666
73.2%	21.6%
202 New High	New Low 112
64.3%	35.7%
2727 Above SMA50	Below 4894
35.8%	64.2%
3553 Above SMA200	Below 4068
46.6%	53.4%

KEY EVENTS TODAY**Market Closed on Monday to Observe Labor Day****Economic Data on Tuesday:** PMI Manufacturing, ISM Manufacturing, Construction Spending, Eric Rosengren Speaks, Weekly Bill Auctions**Earnings BMO:** CONN, TUFN, NSSC**Earnings AMC:** COUP, EGAN, GSM, HQY**ANALYST ACTION/COMMENTS****Tabula Rasa (TRHC)** upgraded to Buy at Stifel**Centennial Development (CDEV)** upgraded to Buy at Barclays, \$6 PT**Abercrombie (ANF)** upgraded to Hold at Deutsche Bank**Dupont (DD)** upgraded to Outperform at BNP Paribas**Credit Suisse (CS)** upgraded to Outperform at BNP Paribas**Workday (WDAY)** upgraded to Neutral at Citi**CAE** upgraded to Outperform at Scotiabank**Marvell (MRVL)** upgraded to Buy at Craig Hallum**Toronto Dominion (TD)** downgraded to Neutral at BMO**Novo Nordisk (NVO)** downgraded to Sell at Jefferies**Ulta (ULTA)** downgraded to Neutral at Atlantic**UBS** downgraded to Neutral at BNP Paribas**Zymeworks (ZYME)** initiated Buy at Stifel, \$45 PT**Modine (MOD)** initiated Neutral at DA Davidson**Whiting (WLL)** initiated Neutral at BarclaysStifel remains buyer of **MongoDB (MDB)** into Q2 results on September 4Macquarie sees limited impact on **Crowdstrike (CRWD)** from Carbon Black buyout**Ambarella (AMBA)** price target raised to \$60 from \$52 at Morgan Stanley**Dell Technologies (DELL)** should rally on 'very strong' quarter, says JPMorgan**MEDIA HIGHLIGHTS**SEC fines **Juniper (JNPR)** over FCPA charges - Reuters**Alphabet's (GOOGL)** Waymo urges NHTSA to remove barriers to driverless cars - Reuters**Uber (UBER), Lyft (LYFT)** to fight for exemption from CA driver status law - NYT**Tesla (TSLA)** raises prices for vehicles in China amid weaker yuan - Reuters**Amazon (AMZN)** may be 'too big to police' – VergeActivists want **Groupon (GRPN)** to consider buyback or sale - WSJPhilippines considering online gambling ban (**MLCO, LVS, MGM, WYNN**) - CNN

India to announce mega merger among state run banks - Bloomberg

Memory demand for datacenters to pick up – Digitimes

Nickel jumps as waste spill sparks supply fears – Reuters

The Bear Case Against **Amazon (AMZN)** – WSJRavenous China Could Spice Up U.S. Meat Stocks (**SAFM, TSN, HRL, PPC**) – WSJ**Forever 21** considering bankruptcy – Forbes**STOCK SPECIFIC NEWS OF NOTE****Inspire Medical (INSP)** announces two LCDs published proposing coverage**Disney (DIS)** sells interest in YES Network to investor group of **Sinclair (SBGI)**, Yankees**Univar (UNVR)** selected as Midwest U.S. distributor for BASF's Baxxodur**MSG Networks (MSGN)** announces \$300M buyback increase and modified Dutch auction**Canadian National (CNI)** to acquire Massena rail line from **CSX Corp (CSX)****AirAsia** signs deal with **Airbus** for aircraft**Novartis (NVS)** announces Phase III MS studies of ofatumumab met primary endpoints**Tesla (TSLA)** To Be Exempt From China's Auto Purchase TaxFDA Misses Target PDUFA Action Date on **Nektar's (NKTR)** NKTR-181 NDA.

PRE-MARKET MOVERS**Moving Higher:** SY 5.8%, TSLA 3.3%**Moving Lower:** ULTA -25%**INSIDER TRADING (Form 4 Filings)****Buying:** INTC, ADES, RGS, SJM, GTT, BG, QCOM**Selling:** NMIH, BOOT, CMG, CVNA, HRL, QSR, GMED, SHAK, AVA, INVH, BDX, NTAP**POTENTIAL SYMPATHY TRADES**

EL, SBH, COTY – on ULTA earnings

OPTION HIGHLIGHTS (Prior Day)

Sonos (SONO) with buyers of 5,000 October \$15 calls right off the open for \$0.55 to \$0.60 and now volumes over 15,000 in the first 45 minutes. SONO also seeing 1,000 April \$15 calls bought up to \$1.85 and follows buyers on 8-12 in the Sept. \$12.50 calls and the October \$12.50 calls. SONO shares have been strong recently and flagging above their rising 8-EMA with upside to \$16. SONO is working out of a long base which stretches back to late 2018 and potentially big trend shift after falling from around \$20 after its debut in July. The \$1.46B company trades 72X earnings, 1.18X sales, and 14.3X FCF with estimate for 22.5% and 30% EPS growth the next two years. SONO sees revenues growing 9-10%. SONO is coming off a strong quarter with 25% revenue growth and notable initial demand from their Ikea partnership and the Symfonisk speakers. The company continues to see growth in smart speakers as Google Assistant continues to ramp. Their core products like Beam and wireless speakers remain strong, up double digits. They've had some tariff concerns but moving their supply chain out of China to mitigate the immediate impact. Analysts have an average target for shares of \$17. Raymond James upgrading to Strong Buy on 8-19 with a \$19 PT. The firm sees a "free option" on Sonos' product roadmap over the next few quarters as the company scales beyond its existing markets. The firm thinks recent IKEA partnership checks have been strong and it could prime the pump for future Sonos purchases. The analyst anticipates a product announcement in late August that will further scale Sonos "outside the home." Short interest is 10.6% and up from 8.6% in July. Hedge fund ownership fell 3.9%. Hawk Ridge Capital, Portolan Capital, and Bloom Tree are notable holders.

AFTER HOURS MOVERS**Gainers:** AMBA 18.9%, DELL 9%, BIG 7%, STX 2.2%**Losers:** ULTA -21.8%, AOBC -13.8%, YEXT -6.5%**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 his 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's a much steadier, recurring support/revenue base with high renewals.

DAILY OPTIONS REPORT

<u>Unusual Call Activity</u>	<u>Unusual Put Activity</u>	<u>Implied Volatility Riser</u>
Sonos (SONO)	Universal Insurance (UVE)	Gamestop (GME)
Red Rock (RRR)	Cooper (COO)	Mallinckrodt (MNK)
Ollie's Bargain (OLLI)	Nvent (NVT)	Realogy (RLGY)
Kellogg (K)	Iridium (IRDM)	Hilton (HGV)
Fox (FOXA)	Ollie's Bargain (OLLI)	Magnachip (MX)
Lockheed (LMT)	Focus Financial (FOCS)	Dell Tech (DELL)
<u>Lowest Put/Call Ratio</u>	<u>Highest Put/Call Ratio</u>	<u>Implied Volatility Decliner</u>
CRH (CRH)	EZCorp (EZPW)	Designer Brands (DBI)
LKQ (LKQ)	Calavo (CVGW)	Zuora (ZUO)
Total Systems (TSS)	Retrophin (RTRX)	H&R Block (HRB)
Grace (GRA)	Brunswick (BC)	Okta (OKTA)
Greensky (GSKY)	Iridium (IRDM)	Dollar Tree (DLTR)
Pure Storage (PSTG)	Nvent (NVT)	Five Below (FIVE)
<u>OTM Calls on Offer</u>	<u>OTM Puts on Offer</u>	<u>Elevated IV30</u>
Dow (DOW)	Clovis (CLVS)	Adverum (ADVM)
Ford Motor (F)	Lannett (LCI)	PG&E (PCG)
Yext (YEXT)	US Steel (X)	Overstock (OSTK)
Sonos (SONO)	Ford Motor (F)	Aimmune (AIMT)
Vale SA (VALE)	Marvell (MRVL)	Caleres (CAL)
<u>Positive Net Delta</u>	<u>Negative Net Delta</u>	<u>Option Volume Gainers (%)</u>
Southwestern (SWN)	HP (HPQ)	Iridium (IRDM)
Conagra (CAG)	McDonalds (MCD)	Ollie's Bargain (OLLI)
Microsoft (MSGT)	Uber (UBER)	Focus Financial (FOCS)
BP	Pfizer (PFE)	Fox (FOXA)
Advanced Micro (AMD)	Kellogg (K)	Lockheed (LMT)
<u>Bullish Call Flow</u>	<u>Bearish Put Flow</u>	<u>Large Spread Trades</u>
Callaway (ELY)	Nvent (NVT)	CVGW< 1,000 Sept. \$85/\$75 put spreads
Aecom (ACM)	Universal Insurance (UVE)	BP, 3,500 Oct. \$37 synthetic long spreads
Boston Sci (BSX)	Gilead (GILD)	MET, 5,000 March \$45/\$50 call spreads
US Foods (USFD)	Mallinckrodt (MNK)	HIG, 2,000 March \$60/\$65 call spreads
Axalta (AXTA)	Applied Materials (AMAT)	EW, 1,000 October \$230/\$240 call spreads

Extras

Newmont Mining (NEM) buyer of 3,000 October \$41 calls for \$1.19

Activision (ATVI) with 2,000 February \$50 puts sold to open for \$4.60 in a stock replacement

Progressive (PGR) stock replacement sells 1,500 September \$77.50 puts for \$2.55

TJX Co (TJX) buyer of 1,000 October \$55/\$50 put spreads for \$1.17

Tyson (TSN) spread buys 1,000 April \$95 calls and sells 2,000 of the \$105 calls to open; also seeing the January 2021 \$120/\$130 call spread opening 1000X2000

DR Horton (DHI) buyer of 2,500 November \$50 calls for \$2.45 in a stock replacement

Goldman Sachs (GS) seeing more than 1,800 June 2020 \$180 puts sold to open yesterday in stock replacements for \$9.55 and follows buyers of the January \$215 calls 1250X last week for \$7.20. GS has seen buyers recently in the June \$215 calls as well as the January 2021 \$250 calls for more than \$1M. Shares have pulled back to the 61.8% Fibonacci of the rally in June up to \$220 and looking to clear the 200-day resistance at \$205. GS has a significant VPOC above around \$230. The \$75.5B company trades 8X earnings, 1.4X sales, and 0.96X book with a sizable cash position. GS sees 9.85% and 8% EPS growth with revenues growing in the low-single digits the next two years. GS is coming off a strong quarter with strength in investing and lending. GS is benefiting from a robust M&A market, record NII and strength in equities trading. Analysts have an average target for shares of \$244. Keefe Bruyette upgraded shares to Outperform on 7-26 with a \$260 PT. The firm thinks the economic cycle will be extended following rate cuts from the Federal Reserve and current valuations for the group are attractive as we are not as late cycle as feared. BMO raising their PT to \$273 on 7-17 citing strength in equities. Odeon Capital raising to Buy on 6-20. The firm thinks GS is 'exciting again.' The analyst thinks projections are starting to rise due to the bank's "strong" showing in investment banking and the impact that rising asset values may be having on the asset management business. Also, as the company experiments with a series of new business thrusts, it gives them a lot of optionality in the future. Short interest is 2.2%. Hedge fund ownership rose 6.4% in Q2. Eagle Capital, Balyasny, and AQR all notable holders of stock.

Edwards Lifesciences (EW) buyer yesterday of 1,000 October \$230/\$240 call spreads for \$2.65 and follows buyers recently in the Sept. \$230 calls. EW has bullish calls in the January 250 calls as well as the January 2021 \$210 calls from June which remain in OI. Shares have consolidated in a multi-week range above its rising 20-day MA since earnings with a breakout targeting \$235.50. The \$46.77B company trades 36.8X earnings, 11.8X sales, and 50X cash with mid-teens EPS growth. EW expects 11% sales growth each of the next two years. EW is coming off a strong quarter with growth in TAVR up 16% and showing growing confidence the company will continue to gain share. TAVR is expected to be an \$8B market by 2023 and remains significantly underpenetrated with estimates at just 12% of all transcatheter aortic or mitral procedures. EW has a number of catalysts into year-end including approval of the expanded indications for TAVR in the US for low-risk patients (expected by the end of Sept.) and their annual investor meeting in December where they'll layout their strategic plan. EW will be at the Wells Fargo conference next week. Analysts have an average target for shares of \$218.50. Raymond James raising their PT to \$232 on 7-24 citing increased confidence given a sharp acceleration in TAVR growth and an earlier than expected approval for Low Risk. Jefferies with a \$245 PT noting that TAVR is

again proving the naysayers wrong and with mitral just starting to ramp, there is more to come. Canaccord with a \$285 PT. They think TAVR growth will accelerate into year-end while TMTT growth will help drive the multiple higher. interest is 1%. Hedge Fund ownership rose 5.2% in Q2. Healthcor Management, Bessemer Group, and Merian Global notable holders.

Open Interest Checks

ENPH – January \$30 calls from 2,219 to 973

HALO – January \$20 puts from 482 to 954

MU – Sept. \$44 puts from 7,982 to 16,683

PI – Oct. \$35 calls from 1,436 to 1,999

WFC – Nov. \$50 calls from 19,705 to 39,749

YUM – Sept. \$115 calls from 4,996 to 6,455

AAP – Dec. \$135 calls from 3,000 to 4,000

WYNN – Dec. \$125 calls from 6,629 to 9,515

HHC – January \$135 calls from 675 to 1,160

EL – March \$175 puts from 2,510 to 4,012

CVGW – Sept. \$85 puts from 2,294 to 3,344

RDFN – Nov. \$18 puts from 7,232 to 8,170

ELY – Sept. \$17 calls from 2,299 to 3,377

Earnings

Ticker	Company	EPS Actual	EPS Estimate	Revs Actual	Revs Estimate	Growth	Notes
AMBA	Ambarella	\$0.21	\$0.02	\$56.41	\$52.00	-9.70%	FY Above
AOBC	American Outdoor	\$0.03	\$0.07	\$123.67	\$126.58	-10.90%	
COO	Cooper	\$3.23	\$3.18	\$679.40	\$687.60	2.90%	FY In Line
DELL	Dell	\$2.15	\$1.49	\$23,370.00	\$23,321.09	1.90%	
MRVL	Marvell	\$0.16	\$0.15	\$656.56	\$650.29	-1.30%	
ULTA	Ulta Beauty	\$2.76	\$2.80	\$1,667.00	\$1,678.50	12.00%	FY Below
WDAY	Workday	\$0.44	\$0.35	\$887.75	\$872.44	32.20%	FY Above
YEXT	Yext	-\$0.11	-\$0.12	\$72.37	\$71.86	31.80%	

AMBA – Beat on EPS and Revenues - "Our confidence in our fiscal year 2020 outlook has increased, despite the geopolitical uncertainty," said Fermi Wang, president and CEO. "Most importantly, we continue to demonstrate strong progress on our strategy to transform from a pure video processing company to an artificial intelligence ("AI") video company. During the second quarter, we commenced mass production CV system-on-a-chip ("SoC") shipments into the automotive market and CV25 became our second CV SoC to generate mass production revenue. We continue to have strong confidence in the three waves of CV revenue we have previously described."

WDAY – Beat on EPS and Revenues - It was a strong quarter, with continued global customer momentum across the Fortune 500 and Global 2,000, as more organizations look to Workday for the ability to plan, execute, and analyze in one system powered by machine learning. In addition, we celebrated one year with Adaptive Insights and continue to make great progress on our integration vision," said Aneel Bhusri, co-founder and CEO, Workday. "As we move into the second half of the year, we are continuing to invest in areas that leverage our strengths and open new opportunities." "We delivered strong Q2 results with subscription revenue up 34%, along with solid operating margins and cash flow," said Robynne Sisco, co-president and chief financial officer, Workday. "Based on our second quarter results, we are raising our fiscal 2020 subscription revenue outlook and now expect subscription revenue of \$3.06 to \$3.07 billion. We expect our third quarter subscription revenue to be between \$783 and \$785 million. We continue to prioritize investing in long-term growth initiatives, while delivering solid operating margins and cash flow over time."

ULTA – Missed on EPS and Revenues, Lowered FY - Comparable sales increased 6.2% compared to an increase of 6.5% in the second quarter of fiscal 2018. The 6.2% comparable sales increase was driven by 5.4% transaction growth and 0.8% growth in average ticket. "The Ulta Beauty team delivered another quarter of solid top-line performance, gross margin expansion, and double-digit earnings growth," said Mary Dillon, Chief Executive Officer. "Looking forward, we have updated our fiscal 2019 outlook to reflect the headwinds we are currently seeing in the US cosmetics market. We remain confident that our guest-centric, differentiated business model will drive continued market share gains and strong returns for our shareholders over the long term."

Earnings Before the Open

Ticker	Company	EPS Actual	EPS Estimate	Revs Actual	Revs Estimate	Growth	Notes
BIG	Big Lots	\$0.53	\$0.40	\$1,252.40	\$1,248.38	2.50%	
CPB	Campbell Soup		\$0.41		\$1,979.72		
JKS	JinkoSolar Holding	\$0.71	\$0.33	\$1,007.00	\$931.74	9.90%	FY Light

JKS – Beat on EPS and Revenues - Kangping Chen, JinkoSolar's CEO, commented, "We continued our strong start of the year by further diversifying our global distribution network and expanding our market share in key overseas markets. Module shipments during the second quarter were 3,386 megawatts, a year-over-year increase of 21.2% and a sequential increase of 11.5%. Our gross margin was 16.5%, up from 12.0% during the same period last year, while non-GAAP net income surged to US\$29.6 million. With the expansion of our mono wafer production capacity and optimization of cost

structure, we are confident that our bottom line will have room to grow during the second half of the year."

BIG – Beat on EPS and Revenues - Bruce Thorn, President and CEO of Big Lots stated, "We are pleased with our performance for the second quarter, which was in line with our sales guidance and ahead on earnings. Going forward, despite the current tariff headwinds, we are confident we will be able to navigate through this environment to deliver a good outcome for 2019. More significantly, I am highly encouraged by the progress we have made over the last 90 days on our strategic transformation. Our existing initiatives are working, and we have important new strategies in progress to drive profitable long-term growth and deliver value to our shareholders."