

## TOP STORIES

- ECB Cuts Deposit Rates by 10 bps, Keeps Benchmark Rates Unchanged
- ECB to Resume QE on Nov 1 at €20B/Month
- ECB Introduces Two-Tier System for Reserve Renumeration
- Trump Delays \$250B China Tariff Increase to October 15 from October 1
- IEA Warns OPEC It Faces Huge Oil Surplus in 2020 Adding Pressure for More Cuts
- EU Industrial Production Drops Again in July as Germany Leads Declines

## INDEX FUTURES

Futures	Change	Fair Value
<b>S&amp;P 500</b>	<b>3005.75 (3.75)</b>	<b>4.47</b>
<b>Nasdaq</b>	<b>7917.5 (27.75)</b>	<b>27.92</b>
<b>Dow</b>	<b>27191 (47)</b>	<b>48.96</b>

## GLOBAL INDICES

INDEX	CLOSE	CHANGE
<b>FTSE</b>	<b>7333.6</b>	<b>-0.06%</b>
<b>DAX</b>	<b>12374.81</b>	<b>0.13%</b>
<b>Nikkei</b>	<b>21759.61</b>	<b>0.75%</b>
<b>Hang Seng</b>	<b>27087.63</b>	<b>-0.26%</b>

## ECONOMIC CALENDAR

TIME	INDICATOR	CONSENSUS
8:30	CPI	
8:30	Jobless Claims	
10:30	EIA Nat Gas	

## FOREX

<b>EUR/USD</b>	<b>1.1025 (0.15%)</b>
<b>USD/JPY</b>	<b>107.84 (0.03%)</b>
<b>USD/CAD</b>	<b>1.3184 (-0.05%)</b>
<b>GBP/USD</b>	<b>1.2325 (-0.01%)</b>
<b>USD</b>	<b>98.09 (-0.09%)</b>

## COMMODITY

<b>Oil</b>	<b>55.36 (-0.70%)</b>
<b>Natural Gas</b>	<b>2.527 (-0.98%)</b>
<b>Gold</b>	<b>1510.2 (0.47%)</b>
<b>Copper</b>	<b>2.6575 (1.64%)</b>

## VOLATILITY INDICES

INDEX	SYMBOL	CLOSE
<b>S&amp;P</b>	<b>VIX</b>	<b>14.65 (-3.62%)</b>
<b>Nasdaq</b>	<b>VXN</b>	<b>18.64 (-4.75%)</b>
<b>Oil</b>	<b>OVX</b>	<b>35.21 (4.95%)</b>
<b>Gold</b>	<b>GVZ</b>	<b>14.94 (2.12%)</b>

## MARKET OUTLOOK

Futures are indicating a higher open for the day after President Trump announced a delay to extra tariffs on China goods. The extra 5% imposition on China goods was pushed back from Oct. 1 to Oct. 15 to accommodate a Chinese holiday but helps lift sentiment around overall talks. This follows talks that China will allow companies to resume agricultural purchases earlier this week. On the whole, not a huge moment in the tumultuous talks but giving the S&P the lift it needs overnight above 3,000. The IEA warned that OPEC faces a massive surplus in 2020 if it doesn't act to curb production. The move comes as OPEC cut their demand outlook yesterday. WTI is down around 1%. Metals are bid this morning with silver up 0.72% and platinum up 1.66%. Copper is strong with the China news.

Asian markets were mixed overnight with China lagging. The Nikkei hit a 4-month high with strength in cyclicals and semis behind the trade hopes. It was the eighth straight day of gains. Japanese core machinery orders rose in July by 0.3%, better than the 4.5% drop expected. PPI was weak at -0.9% vs -0.8%. Singapore retail sales were 2.6%, in line with forecasts. Stock leaders included **Fanuc**, **Keyence**, and **Advantest**, the latter up 4%. Financials were flat. Retailer **Zozo** rose 13.5% after **Yahoo Japan** said it aimed to buy 50.1% of its stake. Yahoo shares were higher by 2.5%.

European markets traded in a narrow range early this morning ahead of the ECB. Commodities and luxury goods were standouts early, both with close ties to Asia and trade. Eurozone industrial production was weak down 2% vs a 1.3% drop forecast. German CPI was 1.4%, as expected. **AB InBev** rose 2.5% this morning after announcing they would explore a listing for their Asia unit again. Transportation firm **Alstom** fell a little over 5% after **Bouygues** said it was cutting its stake.

## S&P TECHNICALS

**Levels:** Support 2,825/2,800; Resistance 3,000/3,060



5475 Advancing	Declining 1816
71.0%	23.6%
206 New High	New Low 31
86.9%	13.1%
4800 Above SMA50	Below 2820
63.0%	37.0%
4613 Above SMA200	Below 3007
60.5%	39.5%

**KEY EVENTS TODAY****Earnings After the Close:** AVGO, UEPS, ORCL**Analyst Days:** AJG, GPS, CRL, MA, ANSS, USB**Conferences:** Morgan Stanley Laguna Conference (R, WBT, FTAI, IRBT, MMM, SNDR, BA, WERN, KSU, KNX, ZBRA, MAXR, IR, AL, UNP, CP, ALLE, ETN, VNESDB.SE, VNE, HON, CMI, ARNC, NVT, CACI, TEN, LEA, CNI, RTN, CSX, AA, URI, GT, UTX, LDOS, MTZ, SWK, USX, GDI, GTES, ROK, HRI, PSN, HUBB, GE, RBC, KMT, FTV, LSTR, FLOW, XYL, AXL, UAL, FCX, PRIM, REVG, FLS)**Tomorrow...** Retail Sales at 8:30 AM, Import/Export Prices at 8:30, Business Inventories at 10:00, Consumer Sentiment at 10:00**ANALYST ACTION/COMMENTS****PayPal (PYPL)** upgraded to Buy at Canaccord**Blueprint (BPMC)** upgraded to Outperform at RayJay**Q2 Holdings (QTWO)** upgraded to Buy at Canaccord**Ben Franklin (BEN)** upgraded to Neutral at JP Morgan**Kaman (KAMN)** upgraded to Overweight at Keybank**Analog Devices (ADI)** upgraded to Overweight at Barclays**Voya (VOYA)** upgraded to Conviction Buy at Goldman**Ecopetrol (EC)** upgraded to Buy at HSBC**IQIYI (IQ)** upgraded to Neutral at Bernstein**Embraer (ERJ)** upgraded to Buy at UBS**Seattle Genetics (SGEN)** upgraded to Outperform at OpCo**Activision (ATVI)** upgraded to Buy at Nomura**AbbVie (ABBV)** upgraded to Buy at UBS**Park Hotels (PK)** upgraded to Outperform at Evercore**Varian (VAR)** upgraded to Neutral at Evercore**C&J Energy (CJ)** upgraded to Outperform at Wells Fargo**Square (SQ)** downgraded to Hold at Canaccord**MSC Industrial (MSM)** downgraded to Neutral at RayJay**Invesco (IVZ)** downgraded to Neutral at JP Morgan**Helmerich & Payne (HP), Nabors (NBR)** downgraded to Sell at JP Morgan**Hershey (HSY)** downgraded to Neutral at Bernstein**MEDIA HIGHLIGHTS****Uber (UBER)** CLO says company not subject to CA gig-worker bill - NY Times**Yelp (YELP)** may be target in **Groupon's (GRPN)** large acquisition plans - WSJ**BP Plc (BP)** plans to sell some oil projects to meet climate targets - Bloomberg**AB InBev (BUD)** looks to raise \$5B from revived float of Budweiser Asia - Reuters**Waymo (GOOGL)** exploring deploying Waymo Driver in trucking industry – Reuters**Yahoo Japan** bids for control of Zozo for \$3.7B – ReutersFrance says that **Facebook's (FB)** Libra currency will not be allowed in Europe. Reuters**STOCK SPECIFIC NEWS OF NOTE****Tailored Brands (TLRD)** to suspend quarterly cash dividend, redeploy capital**Oracle (ORCL)** increases share repurchase authorization by \$15B; CEO Mark Hurd to take a leave of absence for health related reasons**CryoLife (CRY)** signs distribution agreement and purchase option with Endospan**AT&T (T)** provides Q3, FY20 outlook**Alamo (ALG)** to acquire Morbark for approximately \$352M**Ansys (ANSS)** to acquire **Livermore Software Technology** for \$775M**Nutrien (NTR)** announces temporary shutdowns at potash mines during Q4**Genentech** says satralizumab 'significantly' reduced relapse risk in second study**Vertex (VRTX)** announces new access agreement with Scotland for Orkambi, Symkevi**Stratasys (SSYS)** to increase ownership in Xaar 3D to 45% with purchase option**Tocagen (TOCA)** says Toca 5 Phase 3 clinical trial missed primary endpoint**British Tobacco (BTI)** to cut around 2,300 roles globally

Moderna (MRNA) reports 'positive' Phase 1 results from study of mRNA-1944

**US Bank (USB)** lowers long-term ROA, ROE targets; sees challenging rate environment

**PRE-MARKET MOVERS**

**Moving Higher:** ADVM 7.7%, ATVI 2.5%

**Moving Lower:** ACB -9%, OLED -4%

**INSIDER TRADING (Form 4 Filings)**

**Buying:** PGNX, RARE, CTLT, COMM, HOME, PRU

**Selling:** TPX, LOGM, TECD, SAM, PH, INTU, AOS

**POTENTIAL SYMPATHY TRADES**

CRM, IBM, CSCO, SAP – on ORCL earnings

**OPTION HIGHLIGHTS (Prior Day)**

**McKesson (MCK)** with buyers this morning of 1,000 October 11<sup>th</sup> (W) \$146 calls up to \$5.10 and then 1,900 November \$155 calls bought up to \$4.90 to open, sizable trades in the name. Shares are setting up in a nice bull flag under 2019 highs at \$150 with a breakout targeting \$165 with MACD crossing over bullish today and RSI back above 60, ready to run. MCK held weekly cloud support on the recent pullback and working out of a downtrend from the 2015 highs. The \$26.85B company trades 9.2X earnings, 0.12X sales, and 6.2X FCF with a 1.15% yield. MCK sees accelerating EPS growth, up 7.75% and 10.75%, while revenues growth 3.5% to 4% the next two years. MCK is coming off strong quarter and raising their outlook behind contributions from their largest national pharma customers and their spec. business. They also monetized part of their stake in Change Healthcare (CHNG) which recently IPO'd and still own 58.5% of their JV. MCK has held up well recently after proposing to settle opioid claims as JNJ's recent verdict in OK a bit of a relief given the actual claims vs what state's are seeking. Analysts have an average target for shares of \$150 with 3 buy ratings and 8 hold. Cleveland Research positive in August noting that MCK likely won a major spec. pharma account from Cardinal (CAH) for over \$1B in annualized sales. JP Morgan starting at Overweight on 7-22 with a \$164 PT. The firm thinks MCK's core U.S. pharma distribution business appear to be stabilizing, while many of the prior company-specific headwinds have now cycled and they should benefit from ongoing cost management efforts. Short interest is 3.1%. Hedge Fund ownership fell 11.8% in Q2. Glenview, Vulcan Value, and Baupost notable top holders.

**AFTER HOURS MOVERS**

**Gainers:** ARDX 6%

**Losers:** TLRD -26.5%, ACB -10.5%, OXM -8.5%

**MARKET SENTIMENT / INTERNALS**

INDICATOR	READING	SIGNAL
CBOE Equity Put/Call Ratio	0.668	Elevated – Cautious
CBOE Index Put/Call Ratio	1.197	Rising – Cautious
CBOE Skew Index	118.87	Low
VIX Curve	Contango	Normal
CNN Fear & Greed Index	35	Fear
NYMO	46.16	Elevated
NYSE New Highs – New Lows	59	Neutral
McClellan Summation	456.45	Above 8-EMA
Univ. of Michigan Consumer Sentiment	89.8 (August Final)	-6.7% Y/Y

**SMART MONEY (13g/13d Filings)**

ValueAct discloses 5.2% active stake in **LKQ**

Carl Icahn increases active stake to 30.10% in **Hertz (HTZ)**

**IPO MONITOR**

**Cloudflare (NET)** issuing 35M shares at \$10-\$12; Cloud platform that delivers range of network services

**Smile Direct (SDC)** issuing 58.5M shares at \$19-\$22; Direct-to-consumer medtech platform for oral care

Other biotech IPOs including **STSA, SWTX, TXG**

**SECONDARY MONITOR**

**Smile Direct (SDC)** prices at high-end of range, \$23

# TRADE

## WEEKLY TECHNICAL BREAKOUT

**TPX:**



**Tempur Sealy (TPX)** shares are forming a bullish wedge back to the 50-day MA and cloud support with a breakout over \$77.50 targeting \$82.50 and then over \$90. MACD is back around zero and curling higher while RSI has reset back around 50, optimal spot to run.

## FUNDAMENTAL TRADE OF THE WEEK

**Stock:** Albany International (AIN)

**Price:** \$82

**Valuation:** Undervalued

**Key Ratios:**

	Fwd. PE	P/S	P/B	EV / EBITDA	P/FCF
<b>Stock</b>	<b>21X</b>	<b>2.6X</b>	<b>4.1X</b>	<b>12.8X</b>	<b>22.1X</b>
<b>Industry Avg.</b>	<b>22.6X</b>	<b>1.2X</b>	<b>2.1X</b>	<b>16.5X</b>	<b>44.8X</b>

**Analysis:** AIN is a \$2.66B textile and materials company which focuses on machine clothing, specifically felts for use in paper manufacturing processing, and composites used in the aerospace industry. Shares trade cheap at 21X earnings and 2.6X sales with mid-teens EPS growth and sales growth of 7-8%. The paper machine business has been a strong FCF generator for the company while aerospace is a small, but emerging, business unit.

# IDEAS

## WEEKLY TECHNICAL BREAKDOWN

**VEEV:**



**Veeva Systems (VEEV)** shares are forming a series of lower highs since July and back near key support at \$155. A breakdown targets \$140 and a gap fill from the June earnings. Cloud support is just below last week's range while a volume gap sits under to the measured target as well.

## PAIR TRADE OF THE WEEK

**Industry:** Pork / Swine Flu

**Long/Short:** Long **Tyson (TSN)**, Short **Hormel (HRL)**

**Analysis:** TSN is a \$31B producer of meat products which trades 12.5X earnings and 0.75X sales. They expect a sales boost from ASF as customers turn to chicken/beef while prices for pork will rise. HRL is a \$22.72B company which trades 25X earnings and 2.4X sales. ASF is expected to lead to higher input costs for their key products like SPAM.

## SMALL CAP TRADE OF THE WEEK

**Alamo Group (ALG)** is a \$1.34B farm and machinery company which focuses on hydraulically-powered and tractor mounted equipment like mowers and snow removal equipment. They operate in industrial and agricultural segments and use a network of more than 6,000 dealers. Shares trade 15.28X earnings, 1.27X sales, and 27.8X cash with a small yield.

## DAILY OPTIONS REPORT

### Unusual Call Activity

### Unusual Put Activity

### Implied Volatility Riser

Viavi (VIAV)

Baker Hughes (BHGE)

Tailored Brands (TLRD)

Acadia (ACHC)

Agios (AGIO)

T2 (TTOO)

National Vision (EYE)

Ligand (LGND)

Lexicon (LXRX)

Kirby (KEX)

Chart Industries (GTLS)

Viavi Solutions (VIAV)

Immunogen (IMGN)

Finisar (FNSR)

Dean Foods (DF)

VF Corp (VFC)

Omnicom (OMC)

Amyris (AMRS)

### Lowest Put/Call Ratio

### Highest Put/Call Ratio

### Implied Volatility Decliner

Opko (OPK)

Stewart (STC)

Aimmune (AIMT)

ImmunoGen (IMGN)

Finisar (FNSR)

Mallinckrodt (MNK)

MBIA (MBI)

Veeco Instruments (VECO)

Tocagen (TOCA)

Sanofi (SNY)

True Car (TRUE)

RH (RH)

Wyndham (WYND)

Omnicom (OMC)

PagerDuty (PD)

Hilton Grand (HGV)

Agios (AGIO)

Luckin (LK)

### OTM Calls on Offer

### OTM Puts on Offer

### Elevated IV30

Biohaven (BHVN)

Vipshop (VIPS)

Xeris (XERS)

Zillow (Z)

Denbury (DNR)

Adverum (ADVM)

Medicine Co (MDCO)

Lannet (LCI)

PG&E (PCG)

Morgan Stanley (MS)

McDermott (MDR)

Atara Bio (ATRA)

Mylan (MYL)

Nio (NIO)

Gossamer (GOSS)

### Positive Net Delta

### Negative Net Delta

### Option Volume Gainers (%)

Apple (AAPL)

Square (SQ)

Chart Industries (GTLS)

Freeport (FCX)

Liberty (LBTYA)

Finisar (FNSR)

Tesla (TSLA)

Apache (APA)

Omnicom (OMC)

Johnson Controls (JCI)

Cisco (CSCO)

Immunogen (IMGN)

Kraft (KHC)

Lumber Liquidators (LL)

VF Corp (VFC)

### Bullish Call Flow

### Bearish Put Flow

### Large Spread Trades

Netflix (NFLX)

Credit Suisse (CS)

KR, 2000 January \$24/\$29 call spreads

Vistra (VST)

Tanger Factor (SKT)

AMRN, 1,000 Oct 25th (W) / Nov. \$13 put calendar spreads

Six Flags (SIX)

Tesla (TSLA)

STLD, October \$28/\$26 put spread 2,000X4,000

Starbucks (SBUX)

Guardant (GH)

WDC, 5000 January 2021 \$90/\$40 strangles sold

Kirkland (KL)

DocuSign (DOCU)

EGHT, 500 February \$25/\$20 bull risk reversals

### Analyst Actions

**Deere (DE), Caterpillar (CAT)** downgraded to Neutral at Wells Fargo

**Adient (ADNT), Lear (LEA)** downgraded to Neutral at UBS; **Visteon (VC)** downgraded to Sell

**Universal Display (OLED)** downgraded to Negative at Susquehanna

**Fiserv (FISV)** initiated Buy at Canaccord

**Carvana (CVNA)** initiated Buy at Needham, \$105 PT

**Bausch Health (BHC)** initiated Buy at Guggenheim, \$30 PT

**Coupa (COUP)** initiated Buy at Canaccord, \$171 PT

**Alexion (ALXN)** initiated Buy at BMO Capital, \$149 PT

**Uniqure (QURE)** initiated Buy at Mizuho, \$67 PT

**Horizon Pharma (HZNP)** initiated Buy at Guggenheim, \$36 PT

Deutsche Bank starting **CVS, ANTM, CI, CNC, MOH, EHTH, HQY, TDOC** at Buy; **UNH, MCK, ABC, CAH, HUM** at Neutral; and **WBA, DPLO** at Sell

### Stock Specific News

**Ligand Pharma (LGND)** Board approves new \$500M buyback

**Adverum Biotech (ADVM)** presents positive 24-week clinical data in wet AMD

Iron Ore Glory Days Seen Numbered as China Demand Rolls Over – Bloomberg

**Purdue** Nears Opioid Settlement – Bloomberg

**Walmart (WMT)** rolls out unlimited grocery delivery subscription – NY Post

Where's the fake beef? Not at **Kraft Heinz (KHC)**, investors worry – Reuters

Britain's **Morrisons** sees better second half after first dip in sales since 2016 – Reuters

Activist investor AOC opposes **Sunrise** takeover of **Swiss UPC (LBTYA)** – Reuters

**Boeing (BA)** Warns That Trade War Raises New Risk for 787 Dreamliner – Bloomberg

Loot boxes should be banned for kids, say UK MPs (**EA, ATVI, TTWO**) – Tech Crunch

**Blackstone (BX)** Raises Largest Ever Real-Estate Fund at \$20.5 Billion – WSJ

**Tapestry (TPR)** announces strategic alliance with Alibaba's Tmall

**Viavi (VIAV)** authorizes \$200M stock buyback, raising guidance

**XPO Logistics (XPO)** wins contract to optimize supply chain for JD Sport's GO Outdoors

### Extras

**Trimble (TRMB)** late trade buying 1000 November \$40 calls to open \$1.35 to \$1.37

**Fleetcor (FLT)** buyers of 1700 November \$290 calls for \$12.40 to \$13.20 into the recent dip off of 52-week highs

**Fiat Chrysler (FCAU)** IV jumped late day with 3500 September \$13.50 calls opening \$0.45/\$0.50

**Realty Income (O)** with 1275 October \$72.5 calls opening \$2.20 to \$2.30 offers

**TI (TXN)** block of 1500 June 2020 \$125 puts sold to open \$10.45 late afternoon

**Wix (WIX)** sweep buys 1500 January \$160 calls \$2.70 offer

**Nordstrom (JWN)** closed strong with 2450 April \$40 calls opening \$2.55 as October \$32.5 adjusted

**Microsoft (MSFT)** late day buyer of 10,000 Sep. 27<sup>th</sup> (W) \$137/\$141 call spreads

**Zynga (ZNGA)** shares basing above the 200-EMA over the last month and bullish flow accumulating over the last two weeks including 10,000 January \$5 puts sold to open yesterday. ZNGA has also seeing 6,000 Oct. 25<sup>th</sup> (W) \$6 calls bought last Friday while the October and November \$6 calls also bought to open, the former with 45,000X. The December \$5 calls with over 10,000 in OI from buyers in early September. The longer-dated January, March, and January 2021 calls also have size in OI. A move above \$5.89 targets the 52-week highs at \$6.50 and then longer-term run higher to \$7.50/\$8. The \$5.18B company trades 21.4X earnings, 4.92X sales, and 24.25X FCF. They see 11.5% and then 14.25% EPS growth with revenues up 15-20% the next two years. ZNGA is seeing better mobile user pay bookings, up 83%, and raising FY guidance ahead of some key game launches. They also saw their highest mobile ad revenue for Q2, up 28%, especially around names like Words with Friends. Analysts have an average target for shares of \$6.85 with 11 buy ratings, 2 hold and 1 sell. Baird positive on 8-29 with the analyst upbeat on prospects to generate solid growth and improving margins over time, with management highlighting good visibility into bookings despite certain timing of new title launches. Wedbush adding to their Best Ideas list on 8-27 as it thinks that key titles "Empires & Puzzles" and "Merge Dragons!," along with three new releases later this year, have the potential to drive significant upside to the Street's expectations through 2021. Cowen out last week noting that recent checks showed Merge Magic having strong early results in some key markets. They expect a launch by year-end. Short interest is 8.3% and rising recently. Hedge Fund ownership rose 15% in Q2. Cadian Capital, Contour Asset Management, and Black and White Capital notable holders.

## Earnings

Ticker	Company	EPS Actual	EPS Estimate	Revs Actual	Revs Estimate	Growth	Notes
ORCL	Oracle	\$0.81	\$0.81	\$9,220.00	\$9,286.30	0.20%	FY Light
OXM	Oxford Industries	\$1.84	\$1.86	\$302.00	\$306.98	-0.20%	
TLRD	Tailored Brands	\$0.82	\$0.79	\$789.50	\$788.98	-4.10%	FY Below
DLTH	Duluth Trading		\$0.11		\$127.33		
KR	Kroger		\$0.41		\$28,335.36		

**ORCL – EPS In Line and Sales Below** - "Non-GAAP earnings per share grew 14% in USD and 16% in constant currency," said Oracle CEO, Safra Catz. "As our low margin hardware businesses continue to get smaller, while our higher margin cloud business continues to get bigger, we expect Oracle's operating margins, earnings per share and free cash flow all to grow. We're off to a good start in FY20, and we expect this to be our 3rd consecutive year of double-digit non-GAAP earnings per share growth." "Our cloud ERP businesses, including both Fusion ERP and NetSuite ERP, grew 33% in Q1," said Oracle CEO, Mark Hurd. "We now have over 6,500 Fusion ERP customers and over 18,000 NetSuite ERP customers. This continued strong growth has solidified our number one market leader position in cloud ERP worldwide, and our number one position in the overall applications business in North America." "Autonomy is the defining attribute of a Generation 2 Cloud," said Oracle CTO, Larry Ellison. "Next week at our OpenWorld conference, we will announce more Autonomous Cloud Services to complement the Oracle Autonomous Database. The Autonomous Database is the most successful new product in Oracle's history. We added more than 500 new Autonomous Database cloud customers in Q1, and we expect to more than double that in Q2."

## Small-Cap Focus

**Alamo Group (ALG)** an interesting small-cap which traded to new highs yesterday and out of a big range which measures out to \$160+. ALG designs and manufactures tractor-mounted mowers, cutters, and plows for everything from lawn care and maintenance to snow blowers, street sweepers, rock removal, and excavators. They operate in two main divisions: Industrial and Agricultural and have seen steady sales growth over the last decade, hitting \$1B in net sales last year. They continue to see upside drivers to organic growth from better cross-selling opportunities, new geographies, especially Int'l, and better pricing. ALG's industrial-side end-users are state and local governments with contractors the second largest grouping. They have longer-term tailwinds from growing municipal budgets and demand for infrastructure maintenance. On the agricultural side, they're focused on farmers and ranchers. The company has been building through M&A with a focus on niche markets like rail mounted snow removal. Last night, the company announced a \$352M deal for Morbark, a leading manufacturer of equipment and aftermarket parts for forestry, tree maintenance, biomass, land management and recycling markets. Morbark had \$225.5M in sales in 2018. They've completed 25 deals since 2000. Shares trade 15.65X earnings, 1.3X sales, and 28.5X cash with a small yield. They see 16% EPS growth and 9.6% sales growth next year. Short interest is 2.3%. Hedge Fund ownership rose 3.25% in Q2. Analysts have an average target of \$128 for shares but limited coverage.