

TOP STORIES

- Majority of House Members Support Impeachment Inquiry
- House Could Vote on Articles of Impeachment As Soon As October
- Spy Chief to Be Grilled by Democrats Over Whistleblower Claim
- Trump on China Deal: We Are Getting Close
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INDEX FUTURES

Futures	Change	Fair Value
S&P 500	2990.5 (4.25)	4.48
Nasdaq	7824.25 (4)	0.71
Dow	27006 (48)	56.29

GLOBAL INDICES

INDEX	CLOSE	CHANGE
FTSE	7364.36	1.02%
DAX	12288.45	0.44%
Nikkei	22048.24	0.13%
Hang Seng	26041.93	0.37%

ECONOMIC CALENDAR

TIME	INDICATOR	CONSENSUS
8:30	GDP	2.0%
8:30	Int'l Trade	-\$73.4B
8:30	Jobless Claims	211K
10:00	Pending Home Sales	
10:30	EIA Nat Gas	

FOREX

EUR/USD	1.0934 (-0.06%)
USD/JPY	107.59 (-0.16%)
USD/CAD	1.3244 (-0.17%)
GBP/USD	1.2345 (-0.03%)
USD	98.68 (0.02%)

COMMODITY

Oil	56.40 (-0.16%)
Natural Gas	2.53 (1.12%)
Gold	1516 (0.25%)
Copper	2.6125 (0.02%)

VOLATILITY INDICES

INDEX	SYMBOL	CLOSE
S&P	VIX	15.74 (-7.68%)
Nasdaq	VXN	19.06 (-6.80%)
Oil	OVX	38.50 (-0.80%)
Gold	GVZ	15.64 (-9.18%)

MARKET OUTLOOK

Futures are indicating a higher open for the morning with trade optimism helping hold back concerns over a potential impeachment vote in the US. POTUS told reporters last night that a deal with China could arrive 'sooner than expected.' China has made some concessions this week (buying soybeans and pork) but talks in October remain the focus. Meanwhile, the US and Japan are reportedly close to a deal which will reduce some tariffs and open up markets to US agricultural products. In Europe, the WTO is set to authorize the US to impose nearly \$8B of tariffs on EU goods due to illegal aid to Airbus. The EU will almost certainly retaliate in some form. Elsewhere in Washington, the whistleblower complaint against Trump has been declassified and will be released today. Acting DNI Joseph Maguire will talk to the House Intelligence Committee as well. It's a rather quiet overnight. Gasoline notable weak down 1.2%. Silver is fading a bit again. Nat Gas rising 1.5%.

Asian markets are higher this morning with trade optimism boosting sentiment. China small-caps fell ahead of the Golden Week holiday. The Nikkei edged higher as the US and Japan near a trade deal. South Korean consumer confidence rose in September to 96.9 vs 90 expected. This is the highest in three months. Singapore industrial production fell 8% in August, far worse than the 0.7% drop forecast. This was the second worst month since 2016. Autos were strong after the head of Japan's car industry said trade talks would avoid tariffs. **Toyota** rose 1.1%. Iron and steel were the best performing groups.

European markets are strong early and holding onto gains so far at mid-day. Eurozone money supply grew 5.7% in August, higher than the 5.1% growth forecast. German consumer climate surveys showed more optimism than expected for October. Semiconductors were strong with **ASML** leading up 1.6%. **Imperial Brands** down 10% after cutting their outlook due to the regulatory backlash on vaping. **British American Tobacco** also fell 2%. **Pearson** fell 16.7% after warning its FY outlook would come in at the low-end. Supermarket **Colruyt** rose 5% after raising their outlook.

S&P TECHNICALS

Levels: Support 2,825/2,800; Resistance 3,020/3,060



4472 Advancing	Declining 2925
57.1%	37.3%
100 New High	New Low 133
42.9%	57.1%
4606 Above SMA50	Below 3143
59.4%	40.6%
4423 Above SMA200	Below 3326
57.1%	42.9%

KEY EVENTS**Earnings After the Close:** CAMP, MU, UEPS, PRGS, MTN**Analyst Days:** BPR, GPK, SPNE, BAM, GWRE**Conferences:** Wells Fargo Beauty Forum**Tomorrow...** Durable Goods at 8:30 AM, Personal Income at 8:30, Randal Quarles Speak at 8:30, Consumer Sentiment at 10:00, Patrick Harker Speak at 12:00**ANALYST ACTION/COMMENTS****Equitrans (ETRN)** upgraded to Buy at UBS**Trade Desk (TTD)** upgraded to Neutral at Nomura**Whirlpool (WHR)** upgraded to Overweight at JP Morgan**Veeva (VEEV)** upgraded to Outperform at Raymond James**Square (SQ)** upgraded to Outperform at Wells Fargo**AbbVie (ABBV)** upgraded to Buy at Citi**Boston Beer (SAM)** upgraded to Outperform at BMO**Cenovus (CVE)** upgraded to Buy at Goldman**Grupo Financiero (GGAL)** upgraded to Neutral at Scotia**Hologic (HOLX)** upgraded to Buy at BAML**Bruker (BRKR)** upgraded to Buy at BAML**Perkin Elmer (PKI)** upgraded to Buy at BAML**Personalis (PSNL)** upgraded to Buy at BAML**Advanced Energy (AEIS)** upgraded to Buy at DA Davidson**HD Supply (HDS)** downgraded to Neutral at William Blair**Beacon (BECN)** downgraded to Sell at JP Morgan**Macerich (MAC)** downgraded to Neutral at BMO**Myriad Genetics (MYGN)** downgraded to Sell at BAML**Timken (TKR)** downgraded to Sell at BAML**Herc (HRI)** downgraded to Neutral at BAML**Exact Sciences (EXAS)** initiated Outperform at Oppenheimer, \$130 PT**Rocket Pharma (RCKT)** initiated Overweight at Piper**Everi (EVRI)** initiated Outperform at Macquarie**Celanese (CE)** initiated Sell at BAML**MEDIA HIGHLIGHTS****WillScot** bid in 'mid-to-high \$30 per share range' for **Mobile Mini (MINI)** - Reuters**AB InBev (BUD)** CEO not seeing big impact from trade dispute - Bloomberg**WeWork (WE)** to try and sell three businesses to cut costs, Information**Peloton (PTON)** prices IPO at \$29 / share, top of \$26-\$29 target range – Reuters**Boeing (BA)** to testify at Senate safety hearing – ReutersDOJ to probe **Facebook (FB)** after push from AG Barr – Bloomberg**SoftBank (SFTBY)** could pump extra \$1B into **WeWork (WE)** after delayed IPO – FT**Wells Fargo (WFC)** interim CEO and former GC may get role permanently - FTUAW, **GM** make progress on labor deal – Reuters**Lululemon (LULU)** to close seven more stores in its Iivvva kids business – CNBC**United Micro (UMC)** 2020 revenues could increase by at least 10% - Digitimes**Takeda (TAK)** near deal to sell EM, W. Europe drug assets for more than \$4B – Bloomberg**PG&E (PCG)** noteholders aim to invest \$29.2 bln into the company – WSJHouse passes cannabis banking bill but getting Senate OK still looks tricky (**ACB, CGC, TLRV**) – WSJ**STOCK SPECIFIC NEWS OF NOTE****Lattice (LSCC), Synopsys (SNPS)** renew partnership on FPGA synthesis tools**Enanta's (ENTA)** Phase 2a study of EDP-305 achieved primary endpoint**SS&C (SSNC)** to acquire Algorithmics assets from **IBM****BAE Systems** awarded \$2.68B Navy contract**Ericsson (ERIC)** estimates \$1B in costs to resolve SEC, DOJ investigations**McDonald's (MCD)** tests new **Beyond Meat (BYND)** plant-based burger in Canada**Centene (CNC), WellCare (WCG)** says **Anthem (ANTM)** to acquire Missouri and Nebraska Medicaid plans

PRE-MARKET MOVERS

Moving Higher: BYND 13.4%

Moving Lower: PSO -16.8%, MT -2.6%

INSIDER TRADING (Form 4 Filings)

Buying: RUN, SOHO, VBIV

Selling: MLHR, LH, SCS, MORN, RH, ARWR, HPE, TWLO, MYOK, CHGG, HIG, VMC, TTD

POTENTIAL SYMPATHY TRADES

SCHL, CHGG – on PSO warning

INFY, WIT, CTSB, G – on ACN earnings

OPTION HIGHLIGHTS (Prior Day)

Dick's Sporting Goods (DKS) after 1000 March \$41 calls opened yesterday is seeing another 3000 bought today \$3.20 to \$3.40 with shares moving out of a daily bull flag that targets a move to \$47.50. DKS is also in a longer weekly channel up pattern showing room up to \$45. DKS also has seen 1000 January \$33 calls and 2500 of the January \$37 calls bought that remain in OI. The \$3.45B sporting goods retailer trades 11X Earnings, 20.1X FCF and 5.8X EBITDA with a 2.85% dividend yield. DKS sees just 2.7% topline growth this year and 1.8% next year with 3-5% EPS growth. Analysts have an average target of \$37 and short interest at 35% of the float continues to rise, up 15% Q/Q, and at a five year high. Wells Fargo downgraded shares to Perform with a \$39 target on 9-16 seeing a less favorable risk/reward after catching a strong outperformance on comp inflection. Cleveland Research was out positive on 9-18 noting Q3 comps were trending stronger than estimates. SIG raised its target to \$41 in August after last quarter's beat as initiatives bear fruit and subsiding headwinds from the pullback in the hunting category. DKS eCommerce sales jumped 21% last quarter. Hedge Fund ownership rose 5.75% in Q2 filings.

AFTER HOURS MOVERS

Gainers: WSC 4%, AIR 3%

Losers: PIR -13%, ENTA -10%, PLYM -7%, SIG -4%

MARKET SENTIMENT / INTERNALS

INDICATOR	READING	SIGNAL
CBOE Equity Put/Call Ratio	0.671	Rising – Cautious
CBOE Index Put/Call Ratio	1.21	Elevated – Cautious
CBOE Skew Index	117.50	Low
VIX Curve	Contango	Normal
CNN Fear & Greed Index	58	Greed
NYMO	6.44	Neutral
NYSE New Highs – New Lows	40	Neutral
McClellan Summation	782.03	Above 8-EMA
Univ. of Michigan Consumer Sentiment	89.8 (August)	Weakening

SMART MONEY (13g/13d Filings)

IPO MONITOR

Endeavor (EDR) issuing 19.4M shares at \$30-\$32; Global entertainment, sports, and content company

Oportun Financial (OPRT) issuing 6.3M shares at \$15-\$17; Provider of financial services focusing on consumers with no credit or limited credit history

Peloton (PTON) issuing 40M shares at \$26-\$29; Provider of an inter-active fitness platform using equipment and live-streaming content

SECONDARY MONITOR

Palomar (PLMR) 5.25M secondary priced \$36.50

Forestar (FOR) 5.25M secondary priced \$17.50

Plymouth (PLYM) 3M secondary priced \$18

TRADE

WEEKLY TECHNICAL BREAKOUT

ANSS:



Ansys (ANSS) shares are consolidating in a multi-week range under \$220 with a breakout targeting \$235. RSI and MACD are both working higher with room to expand. ANSS has shown relative strength recently.

FUNDAMENTAL TRADE OF THE WEEK

Stock: J&J Snack Foods (JJSF)

Price: \$191.65

Valuation: Undervalued

Key Ratios:

	Fwd. PE	P/S	P/B	EV / EBITDA	P/FCF
Stock	35X	3X	4.5X	19.5X	45X
Industry Avg.	50X	1.8X	3.2X	19.8X	25.2X

Analysis: The \$3.62B company trades 35X earnings, 3X sales, and 18.4X cash with a 1% yield. JJSF operates under a number of brands with a focus on pretzels like Auntie Annie's and Mr. Twister. They have a dessert and frozen juice brands like Luigi's, Whole Fruit, ICEE, and Sour Patch Kids. JJSF is seeing better sales and improved margins as they focus on costs and better efficiencies in manufacturing.

IDEAS

WEEKLY TECHNICAL BREAKDOWN

AXP:



American Express (AXP) shares are back near support at \$116 after multiple weeks unable to press past the declining 20- and 50-MA. AXP has room under the 200-MA to \$110 and a big VPOC while RSI and MACD both weaken with room yet for extension lower.

PAIR TRADE OF THE WEEK

Industry: Packaging

Long/Short: Long **Graphic Packaging (GPK)**, Short **Berry (BERY)**

Analysis: GPK is a \$4.18B company which is seeing better volumes and margins as their pricing initiatives move positive in Q2. BERY is a \$5B packaging company which trades cheap at 9.4X earnings and 7.5X FCF but weighed down by weakness in their Engineered Materials business and a debt-heavy balance sheet after a string of deals.

SMALL CAP TRADE OF THE WEEK

AMAG Pharma (AMAG) is a \$442M biotech which trades 1.69X cash with limited debt. AMAG focuses on therapies for maternal and women's health as well as anemia management. AMAG has seen a lot of insider buying recently with Armistice Capital and Camber Capital both adding around \$7.50 to \$8. Activist Caligan has also nominated several directors to the board. They have an AdCom for Makena for preterm birth due in Q4.

DAILY OPTIONS REPORT

Unusual Call Activity

Unusual Put Activity

Implied Volatility Riser

Vereit (VER)

Boingo (WIFI)

Coherus (CHRS)

MSG Networks (MSGN)

Factset (FDS)

Premier (PINC)

Coherus (CHRS)

Avon Products (AVP)

McDermott (MDR)

Synnex (SNX)

Vulcan Materials (VMC)

Altaba (AABA)

Nucor (NUE)

Cognizant (CTSH)

Slack (WORK)

ADT (ADT)

Berry (BERY)

ConAgra (CAG)

Lowest Put/Call Ratio

Highest Put/Call Ratio

Implied Volatility Decliner

AerCap (AER)

Boingo (WIFI)

Synnex (SNX)

Switch (SWCH)

Assured Guaranty (AGO)

Nike (NKE)

HIS Markit (INFO)

Gossamer (GOSS)

Clovis (CLVS)

Scorpio (STNG)

Zayo (ZAYO)

Tailored Brands (TLRD)

Plantronics (PLT)

Elanco (ELAN)

Zynga (ZNGA)

Zuora (ZUO)

Premier (PINC)

Best Buy (BBY)

OTM Calls on Offer

OTM Puts on Offer

Elevated IV30

Tanger Factor (SKT)

ConAgra (CAG)

Gossamer (GOSS)

Alcoa (AA)

Avon (AVP)

PG&E PCG)

Lattice (LSCC)

Ford Motor (F)

Overstock (OSTK)

Berry Global (BERY)

Medicine Co (MDCO)

Solid Bio (SLDB)

Uber (UBER)

Micron (MU)

Lannett (LCI)

Positive Net Delta

Negative Net Delta

Option Volume Gainers (%)

Microsoft (MSFT)

Snap (SNAP)

Vulcan Materials (VMC)

Uber (UBER)

Nio (NIO)

Cognizant (CTSH)

Advanced Micro (AMD)

Bank of America (BAC)

Berry (BERY)

JD.com (JD)

Dropbox (DBX)

Nucor (NUE)

Apple (AAPL)

Altria (MO)

ADT (ADT)

Bullish Call Flow

Bearish Put Flow

Large Spread Trades

Analog Devices (ADI)

Pinterest (PINS)

WWE, January 2020 \$75/\$90 call spread with the \$50 short puts

Ebay (EBAY)

Grand Canyon (LOPE)

MDCO, January \$60/\$70 call ratio 5000X10,000

HD Supply (HDS)

HubSpot (HUBS)

MTCH, Oct \$55 short puts with \$70/\$80 call spread 4000X8000

Adobe (ADBE)

Scientific Games (SGMS)

PLT, November \$35/\$50 call spreads 500X

P&G (PG)

Semis (SMH)

Stock Specific News

Clients scrambling for **TSMC (TSM)** capacity – Digitimes

After Shingles Standout, **Glaxo (GSK)** Hunts for the Next Big Vaccines – Bloomberg

Pearson Plunges After Warning on U.S. University Slowdown – Bloomberg

Imperial Brands Drops as Vaping Crisis Wipes Out Profit Growth – Bloomberg

Apple (AAPL) supplier **Japan Display** loses rescue funds from Chinese group – Nikkei

Louis Dreyfus expands food business in China with **Luckin (LK)** juice venture – Reuters

Baidu (BIDU) to sell nearly third of **Ctrip (CTRP)** stake for \$1B – Reuters

Swiss competition authority OKs **Sunrise** plan to buy **Liberty Global's (LBTYA)** UPC – Reuters

IAC Spins a Compelling Prospect – WSJ

US slaps penalties on a handful of Chinese tanker firms for carrying Iranian crude – Bloomberg

Zogenix (ZGNX) resubmits NDA for FINTEPLA for treatment of Dravet syndrome

Becton Dickinson (BDX) CEO Vincent Forlenza to retire

FibroGen (FGEN) announces initiation of Phase 2 clinical trial of roxadustat

Marinus Pharmaceuticals (MRNS) says ganaxolone meets primary endpoint in Phase 2 study

Graphic Packaging (GPK) raises FY outlook

Extras

Marathon (MRO) buyers of 6,000 October \$13 calls for \$0.30

IntelSat (I) now with 2000 November \$26 calls opening late \$2.50 offer

Elanco (ELAN) afternoon seller of 4000 October \$26 puts to open \$0.50 to \$0.55

Uber (UBER) also with 1500 December \$31 calls bought \$3 to \$3.10 on a day large March bull risk reversals opened

Anaplan (PLAN) with 1500 December \$48 puts opening \$5.10 into the close

Armstrong Worldwide (AWI) shares basing in a narrow range since late July and putting in a small reversal candle yesterday off of support. AWI has 3,150 November \$100 calls in OI from a buyer in June

around \$4.10, a more than \$1.29M trade. These calls are marked around \$2 now and the only notable open interest in the name. AWI is basing nicely above the 20-week EMA and move above \$100 has room out to \$110 and extension of the strong trend from late 2018. The \$4.68B company trades 18.5X earnings, 4.5X sales, and 19.3X cash with double-digit growth. AWI is seeing strength in their Architectural Specialties business after the deal for ACGI in March and guiding to 15% growth in volumes for the year, above expectations. They are entering the second year of restructuring following the separation of their Flooring business and also divesting their EMEA and Pacific Rim businesses. AWI sees drivers going forward from AUV improvement in Mineral Fibers, share gains in AS including possible M&A, and advancements of their digitalization initiative. Analysts have an average target for shares of \$93 with 4 buy ratings, 3 hold, and 1 sell. BAML raising their PO to \$110 on 7-31 citing solid execution, dominant mineral fiber market share and meaningful growth opportunities in Architectural Specialties. They also see a lot of valuation upside still following the spin of Armstrong Flooring in 2016. Deutsche Bank starting coverage at Buy with a \$107 PT on 6-24 and Sun Trust with a \$109 PT citing group leading margins and room for multiple expansion as growth accelerates. Short interest is 3.1%. Hedge Fund ownership fell 25%. Carlson Capital, Cipher Capital, and Tudor notable holders.

Earnings

Ticker	Company	EPS Actual	EPS Estimate	Revs Actual	Revs Estimate	Growth	Notes
AIR	AAR Corp	\$0.57	\$0.51	\$541.50	\$495.03	16.10%	
FUL	H.B. Fuller	\$0.86	\$0.90	\$725.38	\$749.18	-5.80%	
KBH	KB Home	\$0.73	\$0.66	\$1,160.80	\$1,179.24	-5.30%	

KBH – Beat on EPS and Missed on Revenues - CEO Jeffrey Mezger states: "We are extremely pleased with the strength of our third quarter results, led by a 24% rise in net orders, with double-digit increases in each of our four regions. Our net order growth was driven by both significant community count expansion and a higher absorption rate, a key operational metric where we have long been an industry leader. Notably, during the quarter, we achieved a community absorption pace of 4.3 net orders per month, surpassing last year's robust performance, while at the same time increasing prices in about 90% of our communities. With year-over-year growth in both revenues and gross profit margin anticipated for our fourth quarter, we are on track for a strong finish to 2019, the third year of our Returns-Focused Growth Plan. As a result of the successful execution of this Plan, we have meaningfully increased our scale and profitability, and generated substantial operating cash flow that we have used to reinvest in our business and reduce our debt, two core components of our Plan. We expect to continue to grow our community count in 2020, and, together with our solid pace and \$2.3B backlog, we believe we are well positioned for an excellent start to the new year.

Earnings Before the Open

	Company	EPS Actual	EPS Estimate	Revs Actual	Revs Estimate	Growth	Notes
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ACN	Accenture	\$1.74	\$1.71	\$11,056.70	\$11,065.69	5.30%	FY Light
ATU	Actuant		\$0.18		\$168.57		
CAG	Conagra	\$0.43	\$0.38	\$2,390.70	\$2,477.81	30.3%	
FDS	FactSet	\$2.61	\$2.46	\$364.28	\$362.39	5.30%	FY Light
RAD	Rite Aid	\$0.12	\$0.08	\$5,366.30	\$5,406.69	-1.00%	