

TOP STORIES

- Top China Trade Negotiator May Travel to Washington this Month
- U.K. Economy Loses Further Steam as Manufacturing Weakens
- UK PM May Rules Out Brexit Delay
- Yuan Hits 5-Month High, Biggest Weekly Gain Since 2005
- China Plans to Lower 2019 GDP Target
- Fed's Clarida: Central Bank Should be Ready to Adjust Policy if Headwinds to Global Growth Persist

INDEX FUTURES

Futures	Change	Fair Value
S&P 500	2589.5 (-4.50)	-7.64
Nasdaq	6607.75 (-17.5)	-26.19
Dow	23924 (-29)	-52.92

GLOBAL INDICES

INDEX	CLOSE	CHANGE
FTSE	6927.59	-0.22%
DAX	10869.53	-0.48%
Nikkei	20359.7	0.97%
Hang Seng	26667.27	0.55%

ECONOMIC CALENDAR

TIME	INDICATOR	CONSENSUS
8:30	CPI	1.9%
1:00	Baker Hughes Rig Count	
2:00	Treasury Budget	

FOREX

EUR/USD	1.1534 (0.31%)
USD/JPY	108.27 (-0.14%)
USD/CAD	1.3201 (-0.25%)
GBP/USD	1.2821 (0.58%)

COMMODITY

Oil	52.82 (0.44%)
Natural Gas	3.046 (2.59%)
Gold	1292 (0.36%)
Copper	2.6550 (0.66%)

VOLATILITY INDICES

INDEX	SYMBOL	CLOSE
S&P	VIX	19.5 (-2.40%)
Nasdaq	VXN	25.91 (-1.92%)
Oil	OVX	42.99 (-3.09%)
Gold	GVZ	10.95 (-6.33%)

MARKET OUTLOOK

Futures are indicating a lower open to close the week as questions still surround the viability of a trade deal. US and Chinese officials reportedly are working on details of high-level talks in Washington after mid-level talks in Beijing this week. Brexit was in focus earlier with reports that the planned separation from the EU could be delayed beyond its March deadline. The threat of a 'no deal' Brexit is also looming. A spokesperson for May said that a delay was not an option at this point. The dollar was weak again overnight while yields on the 10-year were down modestly to 2.717%. Natural gas is jumping almost 2.5%.

Asian stocks closed the week at a 5-week high with the Nikkei leading up almost 1%. The yuan hit a five-month high after the biggest weekly gain since 2005. Japanese household spending slowed by less than feared in November at 1.1% vs 0.2% expected. Bank lending in the country rose 2.4% which was better than forecast. **Olympus** in focus today up almost 10% after giving Value Act a board seat. **Fast Retailing** was up 6% after affirming its FY outlook.

European markets opened higher this morning but turned weak and now at their lowest of the day. UK industrial production fell in November by 1.5%, worse than the 0.7% drop expected. Manufacturing production fell 1.1%. GDP rose 0.2% M/M with construction output improving. Italian industrial production fell 2.6% in November, much worse than the forecast and the lowest since December 2014. **Altice** and **Iliad** were higher with talks of potential consolidation in the French telecom space.

Humana (HUM) in focus today with an upgrade at Cowen to Outperform, \$372 PT. The firm is positive on growth after HUM lifted their estimates for membership adds to individual MA products. They also see room for additional upside given the company's flexibility to lever up to fund M&A or share buybacks.

S&P TECHNICALS

Levels: Support 2,450/2,500; Resistance 2,750/2,800



4440 Advancing	Declining 2779
59.1%	37.0%
36 New High	New Low 19
65.5%	34.5%
3363 Above SMA50	Below 4143
44.8%	55.2%
1623 Above SMA200	Below 5883
21.6%	78.4%

KEY EVENTS TO WATCH**Economic Data on Monday:** None;**Earnings BMO on Monday:** C, SJR;**Earnings AMC on Monday:** DAL, FRC, INFO, JPM, SNV, UNH, WFC;**Analysts Days:** CEVA;**Conferences:** ICR Conference: CHS, ASNA, RUTH, TLYS, SYI, JILL, ZAGG, TACO, AVP, FIVE, WING, PRY, LOCO, NUS, MED, YETI, TXRH, GPC, ZUMZ, BOOT, DRI, SCVL, GCO, GES, SMRT, KRNT, GSHD, HLF, LULU, PLAY, HZO, CHEF, URBN, NDLS, FOXF, FND, DFRG, BJ, SHAK, TLRD, AEO, CMG, PETQ, PLNT, HBT, HOME, FTCH, DENN, OLLI, DPZ, MOV, CROX, TLR, CHUY, HELE, LE, GIII, CRON, TPB, TUP;**ANALYST ACTION/COMMENTS****Netflix (NFLX)** upgraded to Buy at UBS**S&P Global (SPGI)** upgraded to Overweight at Atlantic**Columbia (COLM)** upgraded to Outperform at Macquarie**Viacom (VIAB)** upgraded to Outperform at Imperial**Boyd Gaming (BYD)** upgraded to Buy at Stifel**Iqvia (IQV)** upgraded to Conviction Buy at Goldman**Texas Roadhouse (TXRH)** upgraded to Buy at Goldman**Humana (HUM)** upgraded to Outperform at Cowen**Ralph Lauren (RL)** upgraded to Neutral at Barclays**Tapestry (TPR)** upgraded to Overweight at Barclays**Churchill Downs (CHDN)** upgraded to Buy at Jefferies**Darden (DRI)** upgraded to Buy at BAML**Yum Brands (YUM)** downgraded to Sell at Goldman**WW (WTW)** downgraded to Neutral at JP Morgan**Starbucks (SBUX)** downgraded to Neutral at Goldman**Gap (GPS)** downgraded to Sell at BarclaysDeutsche Bank downgrading **BLK, EV, IVZ, AMG, LM** to Hold from BuyStephens starting **EA, ATVI, TTWO, GLUU** at Overweight and **ZNGA** at Neutral**P&G (PG)** initiated Outperform at Evercore, \$105 PT**Colgate (CL)** initiated Outperform at Evercore, \$70 PT**MEDIA HIGHLIGHTS****Goldman Sachs (GS)** may be on hook for \$5B in 1MDB scandal - NY Post**Johnson & Johnson (JNJ)** hikes U.S. prices on about two dozen medicines - Reuters

FDA to study vaping addiction among young adults – NBC

General Motors' (GM) Cadillac to launch electric cars in bid to compete with Tesla - Reuters**Apple (AAPL)** to launch three new iPhones in 2019- WSJ; resellers in China cut iPhone prices by 22% - FTIce Cube, partner eyeing move for **Fox's (FOXA)** regional sports networks - NY Post**AT&T (T)** to stop selling location data amid calls for federal probe – WaPo**Foxconn** sees 2018 revenues reach new record – DigitimesChina's **Xiaomi** Places a \$1.5 Billion Bet on AI and Smart Devices – Bloomberg**Amazon (AMZN)** will win advertising dollars away from **Facebook (FB)** amid privacy concerns – Re/Code**Slack** planning to pursue direct listing – WSJChina's **Wanda** files for U.S. IPO of sports unit to raise up to \$500M – Reuters**Amazon's (AMZN)** IMDB plans to introduce streaming channel – WSJ**STOCK SPECIFIC NEWS OF NOTE****Hawaiian Holdings (HA)** reports December traffic up 5.1%**Urban Outfitters (URBN)** announces holiday sales up 5%**Activision Blizzard (ATVI)** says Bungie will assume publishing rights of Destiny franchise**Calvin Klein (PVH)** outlines strategic changes, including digital first approach**Embraer (ERJ), Boeing (BA)** welcome Brazil government's approval of partnershipGartner: Worldwide PC shipments fell 4.3% in Q4 and 1.3% in 2018; IDC: Shipments of PCs totaled just over 68.1M units in Q4, down 3.7% y/y (**HPQ, DELL, INTC**)**PG&E (PCG)** credit rating cut to B2 from Baa3 by Moody's**Infosys (INFY)** board approves \$1.2B buyback**Ollie's Bargain Outlet (OLLI)** holiday sales up 16.6%

PRE-MARKET MOVERS

Moving Higher: TLRV 6%, TAK 5%, BUD 3.4%

Moving Lower: ATHM -12%, WTW -7%, ATVI -6.5%, PCG -4.5%, ALV -3%

INSIDER TRADING (Form 4 Filings)

Buying: LNDC, GEF, DISH, LJPC, HIG

Selling: MIME, APRN, FDS, VMW, ACIA, UTHR, CVS, BSX, TDOC, CRSP, EOG, TOL

INSTITUTIONAL MONEY FLOW

Buying: MO, ET, HRB, LOW, JD, ULTA, F, TIF, WBT, M, ABT, HLF, PODD, FLEX, NXPI

Selling: DWDP, DOCU, LMT, JPM, BABA, PM, SBUX, LIN, MU, COST, MGM, HES

OPTION HIGHLIGHTS (Prior Day)

Chegg (CHGG) trading over 5.5X average volume today with 2,000 February \$35 calls bought up to \$1.20. Today's action follows buyers in the April \$35 calls yesterday over 1,200X and name which has over 1,850 of the January \$30 calls in open interest which could adjust over the next week. Shares are showing notable relative strength hitting new highs this week and out of a multi-week range which targets \$40. The \$3.71B company trades 10.5X EV/sales and 8X cash with 25% and 32% EPS growth expected over the next two years. CHGG is targeting 22.5% revenue growth in both FY19 and FY20 as it invests in expanding content and adding new modalities like video. CHGG is a leader in direct-to-student learning with 80% brand recognition among college students and an expanding offering for secondary education. The company saw 45% subscriber growth last quarter and has a growing, high-margin services model which is growing 35%. CHGG sees as massive opportunity to disrupt the education industry, a \$1T market, and tutoring alone a potential \$5-\$7B opportunity. Analysts have an average target for shares of \$27 with 7 buy ratings and 4 hold ratings. Short interest is 10.8% but down from over 23% in late 2017 and near multi-year lows. First Analysis upgrading to Outperform in October with a \$30 PT. Craig Hallum positive in October after the company unveiled a data-breach noting that sentiment among the base remained strong and existing customers were more concerned with access than security risks. Institutional ownership fell 25% last quarter. Riverbridge a buyer of 1.1M shares.

AFTER HOURS MOVERS

Gainers: ERJ 7%, PVH 5.9%, SNX 4.8%, NFLX 2%

Losers: ATVI -6.5%, URBN -2.5%, PCG -2.3%

MARKET SENTIMENT / INTERNALS

INDICATOR	READING	SIGNAL
CBOE Equity Put/Call Ratio	0.71	Elevated
CBOE Index Put/Call Ratio	1.21	Neutral
CBOE Skew Index	111.44	Significant Low
VIX Curve	Backwardation	Fear
CNN Fear & Greed Index	18	Extreme Fear
NYMO	72.82	Extreme High
NYSE Highs/Lows	21	Neutral
McClellan Summation	-919.55	Bullish 8-EMA Crossover
Univ. of Michigan Consumer Sentiment	97.5 (December)	1.7%+

SMART MONEY (13g/13d Filings)

POTENTIAL SYMPATHY TRADES

IPO /SECONDARY MONITOR

Nothing Scheduled

DAILY OPTIONS REPORT

<u>Unusual Call Activity</u>	<u>Unusual Put Activity</u>	<u>Implied Volatility Riser</u>
Colfax (CFX)	Domtar (UFS)	Novavax (NVAX)
Domtar (UFS)	Clearway (CWEN)	Zynga (ZNGA)
ADTRAN (ADTN)	Treehouse (THS)	Fossil (FOSL)
Bed Bath (BBBY)	Ligand (LGND)	Ligand (LGND)
Aldeyra (ALDX)	Embraer (ERJ)	Aphria (APHA)
FLIR Systems (FLIR)	Jefferies (JEF)	Canopy (CGC)
<u>Lowest Put/Call Ratio</u>	<u>Highest Put/Call Ratio</u>	<u>Implied Volatility Decliner</u>
Affirmed (AFMD)	Elanco (ELAN)	Bed Bath (BBBY)
Outfront (OUT)	Jefferies (JEF)	Pricesmart (PSMT)
ADTRAN (ADTN)	Wisdom Tree (WETF)	Chesapeake (CHK)
FLIR Systems (FLIR)	Treehouse (THS)	Mattel (MAT)
Quanta (PWR)	Mastec (MTZ)	Weatherford (WFT)
Stemline (STML)	PTC (PTC)	Barnes and Noble (BKS)
<u>OTM Calls on Offer</u>	<u>OTM Puts on Offer</u>	<u>Biggest IV30 Moves in Past Week</u>
Rio Tinto (RIO)	Aercap (AER)	La Jolla (LJPC)
McDermott (MDR)	GrubHub (GRUB)	PG&E (PCG)
Dell Tech (DELL)	Ligand (LGND)	Lexicon (LXX)
Encana (ECA)	Ford Motor (F)	Irobot (IRBT)
Groupon (GRPN)	Abercrombie (ANF)	Yelp (YELP)
<u>Positive Net Delta</u>	<u>Negative Net Delta</u>	<u>Option Volume Gainers (%)</u>
GE	Apple (AAPL)	Domtar (UFS)
NetScout (NTCT)	AT&T (T)	Clearway (CWEN)
Rio Tinto (RIO)	American Air (AAL)	Treehouse (THS)
Netflix (NFLX)	Microsoft (MSFT)	Colfax (CFX)
Amarin (AMRN)	DSW	ADTRAN (ADTN)
<u>Bullish Call Flow</u>	<u>Bearish Put Flow</u>	<u>Large Spread Trades</u>
Electronic Arts (EA)	United (UAL)	IBB, 5,000 February \$107/\$100 put spreads
Rio Tinto (RIO)	Twilio (TWLO)	LULU, 2,000 Jan. 2019 \$128/\$119 put spreads
Takeda (TAK)	Century Link (CTL)	SGMS, Jan. 2020 \$25/\$50 call spread bought 5,000X
Moody's (MCO)	Ligand (LGND)	BMY, 5,000 Jan. 2020 \$50/\$40 bull risk reversals
Bunge (BG)	AT&T (T)	IMMU, January 25th (W) \$19/\$22/\$25 call butterfly

Extras

Spotify (SPOT) late day sweep buyer of 1800 Feb. 1st (W) \$130 calls \$3.40 to \$4

Energizer (ENR) late day buyer of 2,000 August \$40 puts to open \$1.95, tied to stock

Clovis (CLVS) late day adjustment buys 4,150 Jan \$25 calls at \$1.60, rolling out 3,150 of the \$20 calls closing for \$5

Amarin (AMRN) June IV rose this afternoon with 7,000 June \$20 calls \$3.40 to \$3.75 opening after M&A chatter earlier in the session

Valero (VLO) afternoon buys of 1,800 February \$80 calls \$2.05 to \$2.10, similar to MPC/PSX February calls this week

American Tower (AMT) with 1,000 Jan. 2020 \$175 calls sold to open for \$7.60

Burlington (BURL) with 1,000 February \$165 calls sold to open late day for \$7.20 bid

Hess (HES) block of 1,500 Jan. 2020 \$65 calls opens for \$3.79

Manitowoc (MTW) with 3,000 March \$17 calls opening \$1.025 right into the closing bell

Earnings

Ticker	Company	EPS Actual	EPS Forecast	Rev Actual	Rev Forecast	YY Growth	Notes
SNX	Synnex	\$3.65	\$3.25	\$5,622.00	\$5,542.10	5.80%	Raising FY
APHA	Aphria	\$0.22	-\$0.04	\$21.67	\$27.48	154.9%	

SNX – Beat on EPS and Revenues - "Our record results continued in the fourth quarter as a result of strong demand in Technology Solutions and outstanding performance from Concentrix," said Dennis Polk, President and Chief Executive Officer, SYNEX Corporation. Technology Solutions: Revenue was \$4.7 billion, down 2.7% from the prior fiscal year fourth quarter. Concentrix: Revenue was \$972 million, up 82.0% from the prior fiscal year fourth quarter as a result of the Convergys acquisition on October 5th.