

## TOP STORIES

- UK PM May Faces Major Government Defeat in Brexit Vote
- China's Credit Growth Accelerates, Signaling Stimulus at Work
- Oil Halts Drop Near \$51 on Stockpile Optimism and Equity Rebound
- JP Morgan Misses Profit Expectations for the First Time in 15 Quarters
- DOJ Reverses Obama-Era Decision on Online Gambling, says All Forms Illegal

## INDEX FUTURES

Futures	Change	Fair Value
<b>S&amp;P 500</b>	<b>2582.5 (2)</b>	<b>-0.41</b>
<b>Nasdaq</b>	<b>6564.75 (19.75)</b>	<b>12.71</b>
<b>Dow</b>	<b>23889 (22)</b>	<b>9.16</b>

## GLOBAL INDICES

INDEX	CLOSE	CHANGE
<b>FTSE</b>	<b>6862.37</b>	<b>0.11%</b>
<b>DAX</b>	<b>10847.17</b>	<b>-0.08%</b>
<b>Nikkei</b>	<b>20555.29</b>	<b>0.96%</b>
<b>Hang Seng</b>	<b>26830.29</b>	<b>2.02%</b>

## ECONOMIC CALENDAR

TIME	INDICATOR	CONSENSUS
<b>8:30</b>	<b>PPI-FD</b>	<b>0.0%</b>
<b>8:30</b>	<b>Empire State Manufacturing</b>	<b>12.0</b>
<b>11:30</b>	<b>Neel Kashkari Speaks</b>	
<b>1:00</b>	<b>Robert Kaplan Speaks</b>	
<b>1:00</b>	<b>Esther George Speaks</b>	

## FOREX

<b>EUR/USD</b>	<b>1.1416 (-0.51%)</b>
<b>USD/JPY</b>	<b>108.37 (0.19%)</b>
<b>USD/CAD</b>	<b>1.3268 (-0.12%)</b>
<b>GBP/USD</b>	<b>1.285 (-0.10%)</b>

## COMMODITY

<b>Oil</b>	<b>51.14 (1.25%)</b>
<b>Natural Gas</b>	<b>3.541 (-1.39%)</b>
<b>Gold</b>	<b>1290.90 (-0.03%)</b>
<b>Copper</b>	<b>2.6415 (0.25%)</b>

## VOLATILITY INDICES

INDEX	SYMBOL	CLOSE
<b>S&amp;P</b>	<b>VIX</b>	<b>19.07 (4.84%)</b>
<b>Nasdaq</b>	<b>VXN</b>	<b>25.74 (3.87%)</b>
<b>Oil</b>	<b>OVX</b>	<b>40.8 (-0.44%)</b>
<b>Gold</b>	<b>GVZ</b>	<b>11.06 (0.55%)</b>

## MARKET OUTLOOK

Futures are indicating a modestly higher open for the morning although well off the overnight highs around 2,600. The major indices all took a dive around 7 AM to trade back near flat on the morning. China unveiled more stimulus overnight announcing larger scale tax cuts as their economy slows. China's Li Keqiang and the NRDC said the government was looking to establish an environment where it could meet its goals and would continue implementing favorable policies.

The Brexit vote will be in focus today. A final result is not expected until 3:30 but may start to see some info coming in earlier. PM May has urged lawmakers to review her deal again before the vote, one which she is largely expected to lose. This likely leads to a delay in the March deadline.

Asian markets were all largely higher overnight with risk-on assets seeing a bid among the China news. The Nikkei closed near a 1-month high. **Nintendo** was higher by 4.5% after the Barron's article suggesting Apple buy them. Japanese machine tool orders fell 18.3% in the latest reading, down from a 17% drop prior. Chinese new loans rose in December to more than \$1T. Outstanding loan growth was 13.5%, higher than the 13.2% expected.

European markets all opened higher but have faded since and now unchanged on the day. The DAX has moved negative. The ECB has asked Italian banks to set aside additional funds to cover impaired loans. Banks like **Banco BPM** are down over 4%. Gambling names **William Hill** and **Paddy Power** were down over 2% each after the US DOJ stated that all online gambling is now illegal. Eurozone trade balance rose to 19B in November, up significantly from expectations. German GDP came in at 1.5%, as expected. Spanish inflation was 1.2%, no changes from the prior readings. French CPI was 1.6%.

## S&P TECHNICALS

**Levels:** Support 2,500/2,450; Resistance 2,600/2,750



2131 Advancing	Declining 5057
28.4%	67.3%
39 New High	New Low 34
53.4%	46.6%
3061 Above SMA50	Below 4444
40.8%	59.2%
1589 Above SMA200	Below 5916
21.2%	78.8%

**KEY EVENTS TO WATCH****Earnings After the Close:** FULT, PNFP, UAL;**Analyst Days:** AGI;**Conferences:** ICR Conference, Needham Growth, Deutsche Bank Auto, Wolfe Auto Conference;**Economic Data on Wednesday:** Retail Sales at 8:30 AM, Import/Export Prices at 8:30, Business Inventories at 10:00, Housing Market Index at 10:00, EIA Petroleum at 10:30;**ANALYST ACTION/COMMENTS****Mednax (MD)** upgraded to Buy at Citi**Infosys (INFY)** upgraded to Overweight at MSCO**Pro Petro (PUMP)** upgraded to Overweight at Barclays**Ferrari (RACE)** upgraded to Neutral at Bernstein**Viacom (VIAB)** upgraded to Buy at Pivotal, \$36 PT**Canadian National (CNI)** upgraded to Outperform at CSFB**Citi (C)** upgraded to Outperform at BMO**Incyte (INCY)** upgraded to Conviction Buy at Goldman**Medtronic (MDT)** upgraded to Buy at BTIG, \$100 PT**DocuSign (DOCU)** upgraded to Overweight at MSCO**Rapid 7 (RPD)** upgraded to Buy at BTIG, \$42 PT**Akamai (AKAM)** upgraded to Overweight at MSCO**Genpact (G)** upgraded to Overweight at MSCO**Helmerich & Payne (HP)** upgraded to Overweight at JP Morgan, \$63 PT**Grainger (GWW)** upgraded to Outperform at Macquarie**Newmont (NEM)** upgraded to Buy at Canaccord**New Relic (NEWR)** upgraded to Overweight at MSCO**FTS Int'l (FTSI)** downgraded to Neutral at Barclays**RPC (RES)** downgraded to Sell at Barclays**Albemarle (ALB)** downgraded to Neutral at Nomura**Autodesk (ADSK), Atlassian (TEAM), VMware (VMW)** downgraded to Neutral at MSCO**Yext (YEXT), Zscaler (ZS)** downgraded to Sell at MSCO**StoneCo (STNE)** initiated Buy at BAML, \$26 PT**MEDIA HIGHLIGHTS**DOJ may allow **Disney (DIS)** to spin-off of Fox's regional sports networks – NYP**NBCUniversal (CMCSA)** set to launch standalone streaming service in 2020 – The Verge**Intel (INTC)** looking to fill vacant CEO role before Jan. 24 earnings – Bloomberg**Keurig Dr Pepper's (KDP)** Becht resigns, says 'ready to slow down the pace' – WSJ**Airbus** exerting pressure on part suppliers to reduce cost for A220 – ReutersGerman court dismisses **Qualcomm (QCOM)** patent suit against **Apple (AAPL)** – ReutersAlaska regulators investigate **BP** wells at Prudhoe Bay after leak – Reuters**Take-Two Interactive (TTWO)**, **NBA** sign licensing deal of up to \$1.1B – WSJ**Starbucks (SBUX)**, **Nike (NKE)** could be next to warn on China sales after Apple – WSJ**STOCK SPECIFIC NEWS OF NOTE****Aimmune (AIMT)** says FDA review of BLA delayed by government shutdown**BeiGene (BGNE)** receives FDA breakthrough therapy designation for zanubrutinib**Dave & Busters (PLAY)** raises FY EBITDA, SSS outlook**Micron (MU)** to acquire **Intel's (INTC)** interest in IM Flash Technologies joint venture**Merck (MRK)** says keytruda met primary endpoint in KEYNOTE-181 trial**Array BioPharma (ARRY)** announces updated safety, efficacy data from BEACON CRC trialFDA approves **Exelixis' (EXEL)** cabozantinib in Hepatocellular Carcinoma**Dana (DAN)** announces acquisition of SME Group**Tilray (TLRY)** and ABG sign revenue sharing agreement**Boston Scientific (BSX)**, **Edwards Lifesciences (EW)** agree to global litigation settlement**Cars.com (CARS)** reports 11% increase in traffic gains Y/Y**Sherwin Williams (SHW)** cuts FY Outlook**Dana (DAN)** FY18 outlook above forecasts, FY19 in line

**PRE-MARKET MOVERS**

**Moving Higher:** TLRY 4.9%, CGC 2.8%, TME 2.6%, STM 2.1%, SNAP 1.4%

**Moving Lower:** PCG -7%, TOT -2.2%

**INSIDER TRADING (Form 4 Filings)**

**Buying:** LNDC

**Selling:** HUBS, HDS, ANET, WIFI, BHVN, OMCL, CIEN, MRVL, MRVL, STE, GOOG

**INSTITUTIONAL MONEY FLOW**

**Buying:** AAPL, JNJ, V, ET, XOM, DIS, INTC, MRK, CVX, LLY, T, PFE, GOOG, KO

**Selling:** WFC, BKNG, XOP, KHC, WCG, TRCO, STZ, AIG, NFX, VIAB, TAK, OKTA, CMCSA

**OPTION HIGHLIGHTS (Prior Day)**

First Data (FDC) with over 3,800 Jan. 2021 \$18 calls being bought today from \$3.30 to \$3.60 as shares trade red-to-green from early weakness. FDC has 40,000 March \$17 calls in open interest from recent buyers and 3,000 March \$17 puts sold to open on 1/4 seeing limited downside. The April \$16, March \$18, \$19, and \$20 calls have also seeing upside buys while 14,000 April \$20 calls remain in open interest. Shares are down from around \$26/share in September but basing around March/April support with a positive RSI divergence into the recent lows in December. A move above \$17.50 has room back to a gap at \$19.50 from Oct. earnings which stretches back to \$21.50. The \$16.44B company trades 10.9X earnings, 1.6X sales, and 8.25X FCF with mid-double digit growth. FDC sees 3% revenue growth this year and 6% in FY20. FDC's been shuffling their portfolio recently divesting some non-core businesses late in 2018 and cutting debt by nearly \$1.4B on the year. Their Clover Station for small businesses continues to gain market share as they add new services. The company outlined a number of initiatives to improve their JV channel early in 2018 and starting to see strong digital enrollment last quarter from their partners. Analysts have an average target for shares of \$25 with 21 buy ratings and 5 hold ratings. Keybank with a \$22 PT citing a low valuation with upside drivers from improving North American GBS growth and deleveraging which can expand the multiple. Wedbush positive recently noting that the company remains well positioned to capitalize on strength in merchant/financial processing. Stephens downgraded shares on 1/3 expecting the company to miss FY19 guidance but says fears of a long-term slowdown or structural flaw are misplaced. Institutional ownership rose 18% last quarter. Lone Pine is the top holder with 21M shares while Melvin Capital has 11M shares. Short interest is 3%. In 2017, the CEO bought \$420K in stock at \$16.82, right around current levels.

**AFTER HOURS MOVERS**

**Gainers:** ARRY 8.4%, PLAY 6%, EXEL 5%

**Losers:** ALNY -4%, STML -4%, ENR -2%

**MARKET SENTIMENT / INTERNALS**

INDICATOR	READING	SIGNAL
CBOE Equity Put/Call Ratio	0.70	Declining
CBOE Index Put/Call Ratio	1.31	Elevated
CBOE Skew Index	119.09	Multi-Year Lows
VIX Curve	Contango	Normal
CNN Fear & Greed Index	30	Fear
NYMO	107.19	Multi-Year Highs
NYSE Highs/Lows	38.79	Multi-Month Highs
McClellan Summation	-371.51	Above 8-EMA
Univ. of Michigan Consumer Sentiment	97.5 (December)	1.7%+

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

JANA Partners lowers stake in **Jack in the Box (JACK)** to 3.4% from 6.0%

**POTENTIAL SYMPATHY TRADES**

**HUM, ANTM, CNC, CI, WCG, MOH** – on UNH earnings

**UAL, AAL, LUV, JBLU, ALK** – on DAL earnings

**BAC, GS, MS** – on JPM earnings miss

**PENN, BYD, SGMS, WYNN, MGM, LVS** – on DOJ Wire Act ruling

**IPO /SECONDARY MONITOR**

Nothing Scheduled



## DAILY OPTIONS REPORT

<u>Unusual Call Activity</u>	<u>Unusual Put Activity</u>	<u>Implied Volatility Riser</u>
Delphi (DLPH)	Textron (TXT)	PG&E (PCG)
Lloyds (LYG)	Freshpet (FRPT)	Genworth (GNW)
Groupon (GRPN)	Grainger (GWW)	Rite Aid (RAD)
Lexicon (LXRX)	Encana (ECA)	New Age (NBEV)
Rowan Co (RDC)	Verint (VRNT)	Canopy Growth (CGC)
Keycorp (KEY)	Seattle Genetics (SGEN)	Twilio (TWLO)
<u>Lowest Put/Call Ratio</u>	<u>Highest Put/Call Ratio</u>	<u>Implied Volatility Decliner</u>
Allscripts (MDRX)	Verint (VRNT)	Fox (FOXA)
Tilly's (TLYS)	Omnicom (OMC)	QEP Resources (QEP)
Keysight (KEYS)	Geo Group (GEO)	Boot Barn (BOOT)
EQT Corp (EQT)	Jacobs (JEC)	Tilray (TLRY)
Trinity (TRN)	Freshpet (FRPT)	Five Below (FIVE)
Mirati (MRTX)	GNC Holdings (GNC)	Overstock (OSTK)
<u>OTM Calls on Offer</u>	<u>OTM Puts on Offer</u>	<u>Biggest IV30 Moves in Past Week</u>
EQT Corp (EQT)	GEO Group (GEO)	PG&E (PCG)
Mastercard (MA)	Realogy (RLGY)	Immunogen (IMGN)
ServiceNow (NOW)	Textron (TXT)	Macrogenics (MGNX)
Devon Energy (DVN)	Macy's (M)	Intevac (IVAC)
Tempur Sealy (TPX)	Coca Cola (KO)	Yelp (YELP)
<u>Positive Net Delta</u>	<u>Negative Net Delta</u>	<u>Option Volume Gainers (%)</u>
Bank of America (BAC)	Encana (ECA)	Textron (TXT)
Citi (C)	Macy's (M)	Freshpet (FRPT)
Facebook (FB)	Tesla (TSLA)	Grainger (GWW)
Canopy Growth (CGC)	General Motors (GM)	Delphi (DLPH)
Wells Fargo (WFC)	Comcast (CMCSA)	Lloyds (LYG)
<u>Bullish Call Flow</u>	<u>Bearish Put Flow</u>	<u>Large Spread Trades</u>
Qualcomm (QCOM)	Texas Instruments (TXN)	TSCO, February \$90/\$95 call spread being bought 1,500X3,000
Colgate (CL)	Cheniere (LNG)	CL, Feb. 22nd (W) \$64/\$60 bull risk reversal opening 2,900X
Biogen (BIIB)	Campbells (CPB)	GLNG, Jan. 2021 \$37.5/\$15 bull risk reversals
Fed-Ex (FDX)	Omnicom (OMC)	OZK, August \$25/\$17.50 put spread being bought 700X1,400
Mirati (MRTX)	Jabil (JBL)	SGEN, 1,500 March \$65/\$50 put spreads



### Additional Media / Stock Specific News

NAND flash chipmakers slowing down capacity expansion, will remain in oversupply – Digitimes

Memory chipmaker Nanya slashes capex to offset trade war damage – Nikkei

Norway probes **Tidal** for inflating streaming numbers – NYP

**Natus Medical (BABY)** announces new organizational structure, exits two businesses

**Walmart (WMT)** Expected to Leave **CVS Caremark (CVS)** Pharmacy Networks Amid Dispute - WSJ

### Extras

**Valero (VLO)** late trade buys 1,750 June \$70 puts to open \$3.20 offer

**Ingersoll Rand (IR)** calls active late with February \$92.5/\$95 call spreads active 1,675X

**Steel Dynamics (STLD)** buyer of 1,000 February \$34 puts to open \$1.95 to \$2.05

### Earnings

Ticker	Company	EPS Actual	EPS Estimate	Revs Actual	Revs Estimate	Y/Y Growth	Notes
DAL	Delta Air Lines	\$1.30	\$1.26	\$10,742.00	\$10,714.56	5.00%	FY In Line, Q1 Flat
FRC	First Republic Bank		\$1.22		\$812.10		
INFO	IHS Markit	\$0.57	\$0.55	\$1,067.80	\$1,077.72	13.00%	Affirms FY
JPM	JPMorgan Chase	\$1.98	\$2.19	\$26,100.00	\$26,687.63	8.10%	
SNV	Synovus	\$0.92	\$0.93	\$365.90	\$370.64	7.90%	
UNH	UnitedHealth	\$3.28	\$3.22	\$58,417.00	\$58,011.31	12.20%	Affirms FY
WFC	Wells Fargo		\$1.18		\$21,802.70		