

TOP STORIES

- IMF Lowers 2019 Global Growth Forecast
- US, China Trade Talks Make Little Progress on IP Theft
- Trump, Kim February summit likely to take place in Vietnam
- German Investor Confidence Improves in Rare Signal of Rebound
- China Annual Economic Growth Rate Is Slowest Since 1990
- UK PM May Not Ruling Out a Brexit Delay

INDEX FUTURES

Futures	Change	Fair Value
S&P 500	2651.25 (-20.25)	-19.36
Nasdaq	6729.5 (-63.25)	-64.61
Dow	24511 (-176)	-167.35

GLOBAL INDICES

INDEX	CLOSE	CHANGE
FTSE	6928.57	-0.60%
DAX	11067.59	-0.62%
Nikkei	20622.91	-0.47%
Hang Seng	27005.45	-0.70%

ECONOMIC CALENDAR

TIME	INDICATOR	CONSENSUS
8:55	Redbook	
10:00	Existing Home Sales	5.24M

FOREX

EUR/USD	1.1355 (-0.08%)
USD/JPY	109.44 (-0.20%)
USD/CAD	1.3328 (0.29%)
GBP/USD	1.2896 (0.05%)

COMMODITY

Oil	52.81 (-1.84%)
Natural Gas	3.248 (-6.72%)
Gold	1282.7 (0.01%)
Copper	2.672 (-1.73%)

VOLATILITY INDICES

INDEX	SYMBOL	CLOSE
S&P	VIX	17.80 (-1.44%)
Nasdaq	VXN	21.89 (-6.21%)
Oil	OVX	35.63 (-3.78%)
Gold	GVZ	11.12 (2.02%)

MARKET OUTLOOK

Futures are indicating a lower open to kick-off the Holiday shortened week as concerns about global growth are spooking investors. The IMF lowered its global growth forecasts on Monday on the back of US/China trade tariffs. The fund now projects 3.5% growth worldwide in 2019 and 3.6% in 2020. Oil is down almost 2% with the cautious commentary from the IMF as well. Trade tensions with China also took another hit overnight after the US formally requested extradition for Huawei's CFO who was arrested in Canada late last year.

Asian markets fell overnight amid concerns about global growth. The Nikkei was down around 50 bps after hitting a 1-month high on Monday. Names exposed to China were notable laggards. **Panasonic** was down almost 3% after reports that Tesla had signed an agreement with a rival battery maker. Air conditioning maker **Totech** jumped 10% after raising estimates. South Korean GDP came in stronger than expected at 3.1% vs 2.8% for Q4. This is the best print since November 2017. The Bank of Japan's Core CPI was 0.4%, as expected.

European markets were weak this morning after the IMF's report sent Asia and oil lower. Swiss bank **UBS** is down almost 5% after weak earnings which are also weighing. **Deutsche Bank** and **SocGen** are both down around 2%. **Hugo Boss** was higher by 5.5% after raising their outlook. **Remy Cointreau** was lower by 1% despite a strong report. **EasyJet** rose 3.5% after earnings. Eurozone economic sentiment fell in the latest reading to -20.9, down from the forecast of -20.1. German economic conditions improved in January more than expected. In the UK, unemployment fell to 4.0%, better than the 4.1% predicted.

Palo Alto (PANW) in focus today after two upgrades this morning from BMO and UBS to Outperform. UBS has a \$250 PT citing its discounted valuation despite some key overhangs dissipating. The firm's field work suggests stable/better demand trends which should help drive product growth above the mid-single digit growth expected.

S&P TECHNICALS

Levels: Support 2,600/2,575; Resistance 2,700/2,750



5331 Advancing	Declining 1865
71.0%	24.8%
66 New High	New Low 34
66.0%	34.0%
5045 Above SMA50	Below 2460
67.2%	32.8%
1925 Above SMA200	Below 5580
25.6%	74.4%

KEY EVENTS TO WATCH

Conferences: William Blair Veterinary Expo (IDXX, PDCO, PETQ, PETX, TRUP, ZTS);

Earnings After the Close: COF, CNMD, IBM, IBKR, LRN, NAVI, AMTD, ZION;

Economic Data Wed: FHFA Housing Price Index at 9:00 AM, Richmond Fed at 10:00;

Earnings Before the Open: AAL, AEP, AVX, BMY, DLX, FCX, GWW, HBAN, ISCA, JBLU, MKC, RCI, STM, TAL, TXT, UNP, WBS;

ANALYST ACTION/COMMENTS

Under Armour (UA) upgraded to Conviction Buy at Goldman Sachs, \$28 PT

Intercontinental (ICE) upgraded to Buy at Citi

Palo Alto (PANW) upgraded to Outperform at BMO, UBS

Cable One (CABO) upgraded to Overweight at Keybank

Technip (FTI) upgraded to Neutral at BNP Paribas

Middleby (MIDD) upgraded to Outperform at Baird

BJs Wholesale (BJ) upgraded to Outperform at Wells Fargo

Cars.com (CARS) upgraded to Buy at BTIG

Synovus (SNV) upgraded to Overweight at Piper

Nike (NKE) upgraded to Outperform at Cowen

AB InBev (BUD) upgraded to Top Pick at RBC Capital

Fiserv (FISV) upgraded to Outperform at William Blair

Gap (GPS) downgraded to Sell at Goldman

State Street (STT) downgraded to Neutral at Goldman

US Steel (X) downgraded to Hold at Jefferies

Fortinet (FTNT) downgraded to Neutral at BMO

Altria (MO) downgraded to Sell at MSCO

Embraer (ERJ) downgraded to Neutral at CSFB

PVH Corp (PVH) downgraded to Neutral at Cowen

Tiffany (TIF) downgraded to Neutral at Goldman Sachs

Crispr (CRSP) downgraded to Sell at Citi

Take-Two (TTWO) initiated Buy at Deutsche Bank, **Activision (ATVI), EA** started at Hold

MEDIA HIGHLIGHTS

Electronic Arts (EA), Activision (ATVI) struggling to survive a Fortnite World - Barron's

Rising demand benefiting **Illumina (ILMN), Thermo Fisher (TMO)** - Barron's

Amazon (AMZN) taking advantage of consumers' online shopping habits - NY Times

Toyota, Panasonic to launch EV battery joint venture in 2020 – Reuters

Nintendo (NTDOY) investors starting to feel optimistic again - Bloomberg

Linde (LIN) to launch \$6B share buyback scheme – Reuters

Watchmaker **Patek Philippe** May Be Coming Up for Sale, Could Fetch \$10B – Bloomberg

Takeda (TAK) Mulls Sale of \$3B in Emerging-Market Assets in Deleveraging Effort – Bloomberg

Just Eat CEO Exits With Threat From **Uber, Deliveroo** Growing – Bloomberg

Billionaire Mike Ashley Bids for Embattled Music Retailer **HMV** – Bloomberg

ABB (ABB) Planning More Deals to Expand in Robotics, CEO says – Bloomberg

Baring, CVC Among Suitors for **Godiva's** Asia Unit, Could Fetch \$1.5B – Bloomberg

Apollo Nears Deal to Acquire U.K. Packaging Company **RPC Group** for More Than \$3.8B – WSJ

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STOCK SPECIFIC NEWS OF NOTE

FDA approves **Samsung Bioepis, Merck (MRK)** biosimilar to Roche's Herceptin

Chubb (CB) sees Q4 net catastrophe loss approximately \$585M pre-tax, \$505M after tax

Prologis (PLD), Ivanhoe Cambridge form \$880M joint venture in Brazil

AbbVie (ABBV) Phase 3 study of ibrutinib did not meet primary endpoint

Alnylam (ALNY), Israel's Medison partner to commercialize Onpattro, RNAi portfolio

Conagra (CAG) exploring alternatives for Italian-based frozen pasta business

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PRE-MARKET MOVERS

Moving Higher: MDWD 36%, RYAA 8.8%

Moving Lower: UBS -5%, MO -2.6%, FCX -2.5%

INSIDER TRADING (Form 4 Filings)

Buying: GTT, RILY

Selling: HEAR, TSLA, EDIT, EXEL, SWKS, ARWR, KALU, SIX, TNET, ALEX, AZO, FISV

INSTITUTIONAL MONEY FLOW

Buying: NFLX, BIIB, CELG, CHTR, INCY, SBAC, EQIX, DAL, NUAN, CXO, MKC, PSA, PHM

Selling: AAPL, AMZN, JNJ, BABA, HD, MCD, LMT, BAC, FDC, IBM, MO, CVS, V

OPTION HIGHLIGHTS (Prior Day)

A10 Networks (ATEN) with 2,500 August \$7.50 puts sold to open down to \$1.10 from \$1.30, shares near a break out of a multi-month base. ATEN also has 2,100 February \$2.50 and 3,090 February \$5 ITM calls sitting in open interest and 3,500 February \$7.50 short puts. ATEN shares cleared a 2 year downtrend last week and weekly MACD now bullish with RSI breaking above 50. The \$470M maker of software and hardware solutions in networking trades 2X Sales, 3.8X Cash and has a 4.6% FCF yield. ATEN sees growth accelerating in late 2019 into 2020. It is positioning for the 5G theme and sees security as an important aspect and sees its TAM growing to \$2B by 2022. Analysts have an average target of \$9 with short interest very low at 2.5% of the float. DA Davidson raised shares to Buy on 12/10 seeing the company positioned for growth and added visibility after appointing new CFO, CMO, and Global Sales VP. The company is positioned for 5G deployment with reduced network latency and converged firewall solution services.

AFTER HOURS MOVERS

Gainers:

Losers:

MARKET SENTIMENT / INTERNALS

INDICATOR	READING	SIGNAL
CBOE Equity Put/Call Ratio	0.70	Flattening
CBOE Index Put/Call Ratio	0.99	Low
CBOE Skew Index	131.19	Multi-Month High
VIX Curve	Contango	Neutral
CNN Fear & Greed Index	51	Neutral
NYMO	104.79	High
NYSE Highs/Lows	58.96	Four Month High
McClellan Summation	77.25	Above 8-EMA
Univ. of Michigan Consumer Sentiment	90.7 (January)	-7.7%

SMART MONEY (13g/13d Filings)

POTENTIAL SYMPATHY TRADES

TAL – on EDU earnings

SLB, BHGE, WFT, NOV – on HAL earnings

CS, BCS, DB, HSBC – on UBS earnings

IPO /SECONDARY MONITOR

Fortress Energy (NFE) issuing 22.2M shares at \$17-\$19; Gas-to-power company seeking to use "stranded" natural gas

TRADE

WEEKLY TECHNICAL BREAKOUT

YUM:



Yum Brands (YUM) shares are consolidating in a bull flag under \$94 and recent highs with a multi-week range breakout targeting \$102. RSI is moving back above 50 and MACD is crossing over bullish, ready to run.

FUNDAMENTAL TRADE OF THE WEEK

Stock: Paycom (PAYC)

Price: \$136.25

Valuation: Undervalued

Key Ratios:

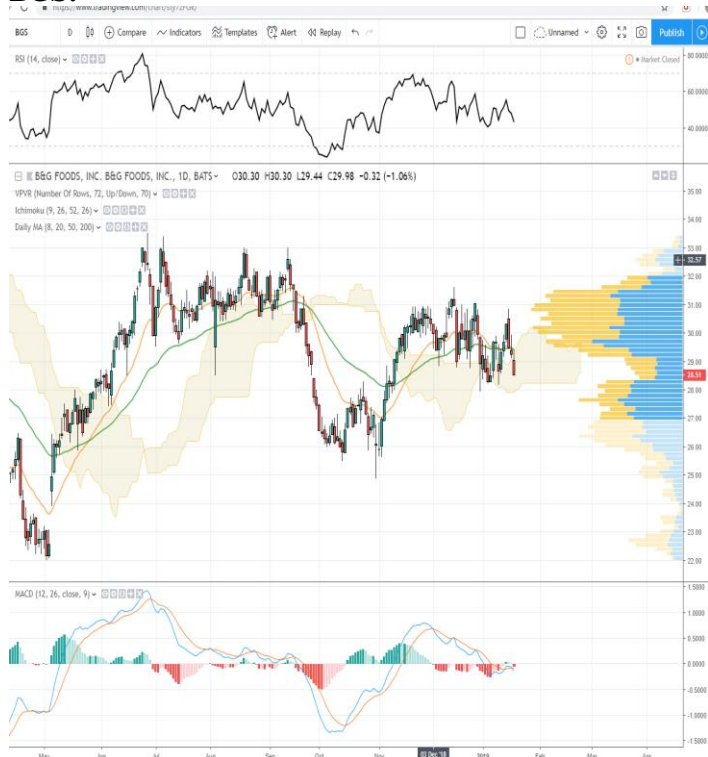
	Fwd. PE	P/S	P/B	EV / EBITDA	P/FCF
Stock	37.35X	7.5X	6.6X	23.4X	31.8X
Industry Avg.	43.9X	4.5X	4.3X	27X	38.8X

Analysis: PAYC is a \$7.7B software company which trades 13.5X EV/sales and 55X FCF with 20% EPS growth. The company is growing revenues at 24.2% and 20.8% over the next two years as they work towards \$1B. PAYC has drivers in 2019 as they target customers with 5,000 employees, up from the smaller businesses they've been working with.

IDEAS

WEEKLY TECHNICAL BREAKDOWN

BGS:



B&G Foods (BGS) shares are nearing support of a multi-week range and closed weak on Friday with support below at \$28. A breakdown targets recent support around \$26 and a low-volume gap fill. MACD and RSI look vulnerable to an extended run to \$22.5.

PAIR TRADE OF THE WEEK

Industry: Auto Dealers

Long/Short: Long **Lithia (LAD)**, Short **CarMax (KMX)**

Analysis: LAD is a \$1.93B company which trades 8.4X earnings and 0.17X sales. The company is seeing better trends in used vehicle sales while their Shift investment is a low-risk entry into an exciting vertical. KMX faces tough comps in 2019 while heightened spending over the next 1-2 years will weigh on near-term margins.

SMALL CAP TRADE OF THE WEEK

USANA Health (USNA) is a \$2.8B provider of personal care, nutritional, and dietary products. Shares trade 20.3X earnings, 2.4X sales, and 8.7X cash with double-digit growth. USNA is coming off a strong quarter with sales momentum gaining both in the US and International.

DAILY OPTIONS REPORT

Unusual Call Activity

Unusual Put Activity

Implied Volatility Riser

Santander (SC)

Tyme Tech (TYME)

Overstock (OSTK)

Host Hotels (HST)

Graphic Packaging (GPK)

Weatherford (WFT)

Liberty (LBTYA)

Adient (ADNT)

Northern Oil (NOG)

Novo Nordisk (NVO)

PG&E (PCG)

Tesla (TSLA)

Ring Central (RNG)

Sientra (SIEN)

Applied Opto (AAOI)

II-VI (IIVI)

Teradyne (TER)

PG&E (PCG)

Lowest Put/Call Ratio

Highest Put/Call Ratio

Implied Volatility Decliner

Luminex (LMNX)

A10 Networks (ATEN)

Immunomedics (IMMU)

True Car (TRUE)

Graphic Packaging (GPK)

Sprint (S)

Louisiana Pacific (LPX)

Redfin (RDFN)

GoPro (GPRO)

Sealed Air (SEE)

Jack in Box (JACK)

Bank OZK (OZK)

Switch (SWCH)

DISH Network (DISH)

Netflix (NFLX)

Solaris (SOI)

Foot Locker (FL)

VF Corp (VFC)

OTM Calls on Offer

OTM Puts on Offer

Elevated IV30

Gilead (GILD)

Hess Corp (HES)

Evolus (EOLS)

CF Industries (CF)

Coca Cola (KO)

Macrogenics (MGNX)

Bristol Myers (BMY)

Symantec (SYMC)

Ascendis (ASND)

Marathon (MRO)

Fitbit (FIT)

Overstock (OSTK)

JD.com (JD)

Altaba (AABA)

Natural Health (NHTC)

Positive Net Delta

Negative Net Delta

Option Volume Gainers (%)

JD.com (JD)

Gilead (GILD)

Tyme Tech (TYME)

General Motors (GM)

Macy's (M)

Graphic Packaging (GPK)

Apple (AAPL)

Tesla (TSLA)

Adient (ADNT)

Wynn Resorts (WYNN)

Bank of America (BAC)

Santander (SC)

Citi (C)

Colgate (CL)

Host Hotels (HST)

Bullish Call Flow

Bearish Put Flow

Large Spread Trades

Salesforce (CRM)

Tractor Supply (TSCO)

IWM, 14,500 March 1st (W)
\$144/\$134 put spreads

Columbia (COLM)

Apple (AAPL)

JACK, 1,000 March \$80/\$70 put
spreads

Intel (INTC)

Sleep Number (SNBR)

BABY, 2,500 February \$37.5/\$32.5
strangles sold to open

Anadarko (APC)

Intercontinental (ICE)

JD, 25,000 March \$25/\$29 call
spreads

Nike (NKE)

Dynavax (DVAX)

IIVI, 3,000 July \$45/\$25 strangles
vs Feb. \$30 put sales

News and Media

Activist Elliott exploring taking stake in **Dixons Carphone** - Sky News

Thor (THO) takeover target Hymer suspends managers after accounting flaws – Reuters

Private equity firms circling **Nestle's** skin health business – Reuters

France considers bill amendment to target **Huawei** – Reuters

MasterCard (MA) fined EUR570M by EU over cross-border barriers

Boston Scientific (BSX) announces Vici stent meets primary endpoint in VIRTUS trial

Express (EXPR) CEO David Kornberg departs

Apple (AAPL) 'likely' to drop LCD displays in 2020 iPhone lineup – WSJ

Foxconn misses job-creation quota for tax credits in Wisconsin – WSJ

Credit Suisse (CS) CEO seeing improvement in market conditions – Reuters

Server DRAM contract prices to fall larger-than-expected – Digitimes

Syngenta CEO Targets Seeds as Top M&A Priority – Bloomberg

TomTom Sells Telematics Unit to Bridgestone for \$1B – Bloomberg

Truckers See Momentum Slowing Heading Into 2019 – WSJ

Barron's additionally positive on **NEM, GG, GOLD, CI, CSCO**; cautious on **EA, ATVI**

President Trump considering executive order to restrict China telecoms (**LITE, FNSR**) – Bloomberg

FDA has threatened to pull e-cigarettes if companies do not stop marketing to teens (**MO, BTI, PM**) – NY Post

Extras

Qualcomm (QCOM) buyer of 10,000 March \$55 calls \$2.80 rolls out of February calls

Caterpillar (CAT) late day buyer of 2,000 March \$145 calls \$3.05 offer in a stock replacement

Ubiquiti (UBNT) with 1,000 February \$105 puts opening \$6.80 to \$7.50 in late day trading

Clorox (CLX) with 1,025 Feb. 8th (W) \$152.5 puts opening \$3 to \$3.50, earnings 2-4

Service-Now (NOW) with 1,200 Jan. 2020 \$210/\$175 bull risk reversals opening for small debits

Navistar (NAV) with 1,500 March 1st (W) \$30 calls opening \$3.125 as Jan. \$25 calls roll out and up

PayPal (PYPL) afternoon buyer of 1,500 July \$85 puts to open \$4.63

Ring Central (RNG) trade closes 1,000 February \$90 calls and bought 1,500 February \$95 calls at \$2.90 against 1,000 February \$100 calls and 2,000 of the \$105 calls

Twitter (TWTR) afternoon buys of 1,780 ITM Feb 8th (W) \$32 calls to open \$2.95 for earnings 2-7

Trip Advisor (TRIP) with 8,000 February \$60 calls opening \$3.15 as Jan. \$50 calls closed 4,000X at \$9

Santander (SC) with the February \$20/\$16 bull risk reversals opening 13,500X at \$0.35 debit

Cabot Oil & Gas (COG) with 3,500 April \$28 calls bought \$0.75 to open

Halliburton (HAL) buy of 3,350 Feb. 8th (W) \$33 puts at \$1.60 to open into strength ahead of earnings

Dick's Sporting (DKS) unusual 3,000 Feb. \$37 calls bought \$0.30 to \$0.40 to open

Zayo (ZAYO) opening sale of 2,500 February \$27.50 puts to open \$1.70 just before the closing bell

Clovis (CLVS) with 1,000 February \$27 calls bought \$1.40 to \$1.50 to open into the close

Tencent Music (TME) strong day and 4,000 February \$13 calls bought \$1.65 to \$1.68 to open

Luminex (LMNX) IV rose late with 1,500 February \$30 calls opening \$0.50 to \$0.60

Graphic Packaging (GPK) late afternoon buyer of 1,500 March \$12.5 puts to open \$0.88

Canadian Pacific (CP) spread bought 2,500 March \$220 OTM calls to open \$0.65 as \$230 calls adjusted back

Generac (GNRC) late action bought 835 Jan. 2020 \$50 puts to open \$4.20

Earnings

Ticker	Company	EPS Actual	EPS Estimate	Revs Actual	Revs Estimate	Y/Y Growth	Notes
ATI	Allegheny Tech	\$0.30	\$0.34	\$1,037.90	\$991.88	14.10%	
GATX	GATX		\$0.74		\$348.64		
HAL	Halliburton	\$0.41	\$0.37	\$5,936.00	\$5,868.86	-0.10%	
HMST	HomeStreet		\$0.36		\$103.04		
JNJ	Johnson & Johnson	\$1.97	\$1.95	\$20,394.00	\$20,267.28	1.00%	FY In Line
LOGI	Logitech Intl SA	\$0.79	\$0.54	\$864.39	\$854.11	6.40%	Raises FY19
MBFI	MB Financial	\$0.77	\$0.76		\$241.43		
EDU	New Oriental Education	\$0.14	\$0.06	\$597.07	\$578.50	27.80%	
ONB	Old National Bancorp	\$0.32	\$0.36		\$193.26		
PETS	PetMed Express		\$0.48		\$64.22		
PLD	Prologis		\$0.79		\$661.64		
SWK	Stanley Black & Decker	\$2.11	\$2.10	\$3,634.70	\$3,618.10	4.90%	FY Below
STLD	Steel Dynamics	\$1.31	\$1.24	\$2,903.89	\$2,925.05	24.30%	
TRV	Travelers	\$2.13	\$2.23	\$6,945.00	\$6,922.41	4.80%	
UBS	UBS AG	\$1.27			\$7,018.81		

