

## TOP STORIES

- Eurozone PMI Continues to Weaken, Economy Slows Further in January
- German Manufacturing Slump Casts Cloud Over Europe's Economy
- Chip Stocks Rally After Texas Instruments, Lam Research Results
- Senate to Vote on Two Measures to Open the Government Today

## INDEX FUTURES

Futures	Change	Fair Value
<b>S&amp;P 500</b>	<b>2642.75 (4.5)</b>	<b>4.15</b>
<b>Nasdaq</b>	<b>6697.75 (32.5)</b>	<b>31.49</b>
<b>Dow</b>	<b>24585 (34)</b>	<b>37.38</b>

## GLOBAL INDICES

INDEX	CLOSE	CHANGE
<b>FTSE</b>	<b>6833.82</b>	<b>-0.13%</b>
<b>DAX</b>	<b>11125.54</b>	<b>0.49%</b>
<b>Nikkei</b>	<b>20574.63</b>	<b>-0.09%</b>
<b>Hang Seng</b>	<b>27120.98</b>	<b>0.42%</b>

## ECONOMIC CALENDAR

TIME	INDICATOR	CONSENSUS
<b>8:30</b>	<b>Weekly Claims</b>	<b>218K</b>
<b>9:45</b>	<b>PMI Composite Flash</b>	<b>54.2</b>
<b>10:00</b>	<b>Leading Indicators</b>	<b>-0.1%</b>
<b>10:30</b>	<b>EIA Nat Gas</b>	
<b>11:00</b>	<b>KC Fed Manufacturing</b>	<b>2</b>
<b>11:00</b>	<b>EIA Petroleum</b>	

## FOREX

<b>EUR/USD</b>	<b>1.1349 (-0.30%)</b>
<b>USD/JPY</b>	<b>109.72 (0.12%)</b>
<b>USD/CAD</b>	<b>1.3352 (0.10%)</b>
<b>GBP/USD</b>	<b>1.3016 (-0.39%)</b>

## COMMODITY

<b>Oil</b>	<b>52.45 (-0.32%)</b>
<b>Natural Gas</b>	<b>3.081 (3.39%)</b>
<b>Gold</b>	<b>1278.6 (-0.42%)</b>
<b>Copper</b>	<b>2.6465 (-0.30%)</b>

## VOLATILITY INDICES

INDEX	SYMBOL	CLOSE
<b>S&amp;P</b>	<b>VIX</b>	<b>19.52 (-6.15%)</b>
<b>Nasdaq</b>	<b>VXN</b>	<b>24.5 (-2.08%)</b>
<b>Oil</b>	<b>OVX</b>	<b>37.69 (-1.5%)</b>
<b>Gold</b>	<b>GVZ</b>	<b>10.61 (-1.5%)</b>

## MARKET OUTLOOK

Futures are indicating a modestly higher open for the day with global markets mixed. The US dollar is higher by 30 bps today and back above 96, strong move overnight to the highs for the week. Chip-makers are higher globally after strong results out of **Texas Instruments** and **Lam Research**. We got weak manufacturing data overnight out of Europe, including the first contraction reading in Germany since 2014. Weak data in France as well confirmed a continued slowdown in the region. The ECB is widely expected to keep rates unchanged later today. In Washington, the shutdown drags on without an end in sight. The senate will vote on two different bills today which are both expected to fail.

Asian markets were mixed overnight with the Nikkei ending the day flat. Chips like **Advantest** and **Tokyo Electron** were strong after Texas Instruments quarter. Financials were also strong. **Kabu** jumped 21% after reports that telecom KDDI was considering an investment. Japanese manufacturing PMI came in light in January at 50.0 vs 52.6 in December. The Leading Index slowed to 99.1 in the latest reading, weaker than expected and down from 99.7. **SK Hynix** saw revenues and profits slow in Q4 despite a strong overall 2018.

European markets are mixed this morning with the FTSE again lagging. Eurozone services PMI fell to 50.8 in January, below the 51.5 forecast and 51.2 last month. Manufacturing PMI fell to 50.5, weaker than expected. Composite PMI was also weaker than forecast at 50.7. German manufacturing PMI fell below 50 for the first time since December 2014 coming in at 49.9. Services PMI was strong at 53.1, above estimates. **ST Micro** was higher by 7% after strong earnings, although they guided light in Q1. **AMS, Infineon, and ASML** all rose in sympathy. Pharma company **Novozymes** fell 3% after warning on Middle East sales. Fashion-brand **Tod's** fell 5.6% after a sales update.

## S&P TECHNICALS

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



3818 Advancing	Declining 3291
50.8%	43.8%
42 New High	New Low 58
42.0%	58.0%
4405 Above SMA50	Below 3099
58.7%	41.3%
1837 Above SMA200	Below 5667
24.5%	75.5%

**KEY EVENTS TO WATCH**

**Earnings After the Close:** ALK, AVT, DFS, ETF, FII, FHB, INTC, ISRG, NSC, RMD, SBUX, SIVB, WAL, WDC;

**Economic Data on Friday:** Durable Goods at 8:30 AM, New Home Sales at 10:00;

**Earnings Friday BMO:** ABBV, APD, CL, DHI, ERIC, HRC, IBK, LEA, NEE;

**ANALYST ACTION/COMMENTS**

**RBI International (QSR)** upgraded to Outperform at BMO

**Incyte (INCY)** upgraded to Buy at Gabelli; upgraded to Buy at William Blair

**P&G (PG)** upgraded to Hold at Berenberg

**Ironwood (IRWD)** upgraded to Neutral at JP Morgan

**Kimberly Clark (KMB)** upgraded to Neutral at MSCO

**Synchrony (SYF)** upgraded to Outperform at Oppenheimer

**TSYS (TSS)** upgraded to Neutral at BAML

**Fiserv (FISV)** upgraded to Outperform at Cowen

**Duluth Holdings (DLTH)** upgraded to Buy at DA Davidson

**Ascendis (ASND)** upgraded to Outperform at Leerink

**Palo Alto (PANW)** upgraded to Outperform at Wedbush

**Southern Co (SO)** upgraded to Neutral at Citi

**Intercept (ICPT)** upgraded to Buy at Needham

**Mondelez (MDLZ)** downgraded to Hold at Berenberg

**Aratana (PETX)** downgraded to Neutral at William Blair

**Weibo (WB)** downgraded to Hold at Jefferies

**Canada Goose (GOOS)** cut to Neutral at Wells Fargo

**Sotheby's (BID)** downgraded to Neutral at Cowen

**Century Link (CTL)** downgraded to Sell at Guggenheim

**HubSpot (HUBS)** downgraded to Neutral at Oppenheimer

**Neurocrine (NBIX)** downgraded to Hold at Needham

**Waters (WAT)** downgraded to Neutral at Baird

**Vale (VALE)** downgraded to Sell at BNP Paribas

**Aerovironment (AVAV)** initiated Buy at William Blair

**Apergy (APY)** initiated Buy at Gabelli, \$44 PT

**MEDIA HIGHLIGHTS**

Ratings giant **Nielsen (NLSN)** wants to sell itself, could fetch \$10B – NY Post

**Restaurant Brands (QSR)** CEO pushing aside M&A talk - BNN Bloomberg

**Boeing (BA)** warns that shutdown will eventually impact business – CNBC

Advocacy groups pushing FTC to force **Facebook (FB)** breakup - WSJ

**Alibaba (BABA)**-backed home improvement chain Easy Home will take retail arm public in \$5.65B deal – Reuters

China blocks **Microsoft's (MSFT)** Bing search engine – FT

**SoftBank's** Vision Fund to make \$100M investment in **Globality** – WSJ

**PG&E (PCG)** says wildfire prevention may cost between \$75B and \$150B – Reuters

**Tencent (TCEHY)**, buyout firms mull offers for **Nexon** stake – Bloomberg

**Intel (INTC), MediaTek, Qualcomm (QCOM)** dominate 5G modem chip supply - DigiTimes

House will look at ties that **Deutsche Bank (DB)** has to President Trump – Reuters

**Hydro One, Avista** agree to terminate merger after failing to receive regulatory approval – Reuters

**Ancor** delaying closing of **Bemis (BMS)** deal due to government shutdown – Reuters

**STOCK SPECIFIC NEWS OF NOTE**

**PTC** CFO Andrew Miller to retire in FY19

**Advaxis' (ADX)** phase 3 AIM2CERV study put on partial hold by FDA

**Vertex (VRTX)** terminates COO, interim CFO Ian Smith for violating code of conduct

**Avalara (AVLR)** acquires Compli, expands into alcoholic beverage compliance

**Henry Schein (HSIC)** will no longer be key supplier to VCA and Pet Partners

**iQIYI (IQ), Ctrip (CTRP)** expand strategic cooperation in shared membership

**Bombardier** to acquire Global 7500 aircraft wing program from **Triumph Group (TGI)**

**PRE-MARKET MOVERS**

**Moving Higher:** XLNX 11%, STM 9.7%, LRCX 6.5%, TAL 6%, LUV 3.9%, MU 3.2%

**Moving Lower:** URGN -9%, GOOS -3.3%

**INSIDER TRADING (Form 4 Filings)**

**Buying:** KIN, HEI, MRTX, IFF

**Selling:** AMT, PLXS, ZNGA, WD, UNH, BLUE, WK, SITE, HSY, TDOC, ADP, UTHR, BEAT

**INSTITUTIONAL MONEY FLOW**

**Buying:** MRK, FB, QCOM, BIIB, AMGN, ULTA, SLB, BABA, AMAT, BLUE, SWKS

**Selling:** AAPL, AMZN, MSFT, NVDA, CSCO, IBM, TSM, GOOG, CMG, FISV, C, COTY, PAYX

**OPTION HIGHLIGHTS (Prior Day)**

**TreeHouse (THS)** shares rallying recently ahead of 2-14 earnings but sizable bearish open interest including 13,000 May \$55 puts bought in late November, 10,000 of the \$50 puts, and today 2,500 February \$60 calls being sold to open from \$2.25 to \$2.20. Shares are up almost 45% from the October lows and running into channel resistance around \$60. A move back under the 13- and 20-EMA targets a re-test of \$50 with the lower-end back near \$45. THS traded as high as \$100 back in 2016 and recent bounce back to the 38.2% Fibonacci of the drop. The \$3.31B packaged goods company trades 22.6X earnings, 0.55X sales, and 48.5X cash. THS expects positive EPS growth over the next two years as they focus on operational efficiencies but seeing sales fall 3.5% in FY19 and 1% in FY20. The company has struggled with margins as a drop in volumes more than offset modest price hikes last quarter and inflation expected to be an issue again this quarter. THS has been weighed down by their \$2.7B deal for Ralcorp in 2016 and continues to offload assets while re-organizing. In November, reports indicated they were shopping their trail mix business but expected to sell for far less than the \$860M they paid for the company in 2014. Analysts have an average target for shares of \$51 with 2 buy ratings and 10 hold ratings. Short interest is 17% and jumping sharply since October when it was 9%. Short interest on a percentage-basis is near its highest levels in ten years. CS with a \$50 PT and Neutral rating, cautious on the long-term visibility as THS lacks pricing power to fully offset the incoming wave of costs. They also think FY19 will come in at the low-end. BMO cautious on 12/12 noting that they are skeptical that THS can sustain consistent growth at a time when execution is most important. Institutional ownership fell 14.25% last quarter.

**AFTER HOURS MOVERS**

**Gainers:** XLNX 9.2%, AZPN 7.7%, URI 5.4%, TER 4%, LRCX 4%, KLAC 3.2%, AMAT 2.2%, WDC 1.7%

**Losers:** PTC -6%, CTXS -6%, LVS -3%

**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**

MGM, WYNN, MLCO – on LVS earnings

AMAT, KLAC, ICHR – on LRCX earnings

EDU – on TAL earnings

UAL, DAL, ALK, SAVE – on JBLU/LUV 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
<b>Stock</b>	<b>37.35X</b>	<b>7.5X</b>	<b>6.6X</b>	<b>23.4X</b>	<b>31.8X</b>
<b>Industry Avg.</b>	<b>43.9X</b>	<b>4.5X</b>	<b>4.3X</b>	<b>27X</b>	<b>38.8X</b>

**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

Accuray (ARRAY)	Amdocs (DOX)	Accuray (ARRAY)
Restaurant Brands (QSR)	Amicus (FOLD)	Immunomedics (IMMU)
Avalara (AVLR)	Accuray (ARRAY)	Overstock (OSTK)
Tellurian (TELL)	Dycom (DY)	Groupon (GRPN)
Amicus (FOLD)	PDF Solutions (PDFS)	Solar Edge (SEDG)
Varian (VAR)	Church * Dwight (CHD)	Amdocs (DOX)

### Lowest Put/Call Ratio

### Highest Put/Call Ratio

### Implied Volatility Decliner

Savara (SVRA)	PDF Solutions (PDFS)	JC Penney (JCP)
Movado (MOV)	Ralph Lauren (RL)	Xcel (XEL)
Himax (HIMX)	Boot Barn (BOOT)	K12 (LRN)
Dentsply (XRAY)	Jack in the Box (JACK)	Synchrony (SYF)
Wingstop (WING)	DXC Tech (DXC)	PG&E (PCG)
Callon (CPE)	Seattle Genetics (SGEN)	P&G (PG)

### OTM Calls on Offer

### OTM Puts on Offer

### Elevated IV30

Accuray (ARRAY)	Morgan Stanley (MS)	Macrogenics (MGNX)
Avalara (AVLR)	Jetblue (JBLU)	Evolus (EVLS)
Tellurian (TELL)	Morgan Stanley (MS)	Solid Bio (SLDB)
Varian (VAR)	Eli Lilly (LLY)	Nuvecra (NVTR)
Air Products (APD)	US Steel (X)	Overstock (OSTK)

### Positive Net Delta

### Negative Net Delta

### Option Volume Gainers (%)

P&G (PG)	Las Vegas Sands (LVS)	Amdocs (DOX)
Anadarko (APC)	Bank of America (BAC)	Amicus (FOLD)
PG&E (PCG)	Applied Materials (AMAT)	Accuray (ARRAY)
GE	Microsoft (MSFT)	Restaurant Brands (QSR)
DowDuPont (DWDP)	Citi (C)	Avalara (AVLR)

### Bullish Call Flow

### Bearish Put Flow

### Large Spread Trades

Walmart (WMT)	First Solar (FSLR)	JACK, 1,000 March \$80/\$70 put spreads
Bristol Myers (BMY)	Danaher (DHR)	TPR, 1,500 February \$37/\$40.50 call spreads
Alexion (ALXN)	Workday (WDAY)	TELL, 5,000 April \$10/\$15 call spreads
Caesars (CZR)	Colgate (CL)	SGEN, 500 March \$70/\$55 put spreads
Wayfair (W)	MasTec (MTZ)	INTC, 5,000 April/July \$52.5 call calendar spreads

### Media/Stock Specific News

BlueMountain Capital urges **PG&E (PCG)** shareholders to replace board

**ArQule (ARQL)** partner Basilea enters collaboration with **Roche**

**Platform Specialty (PAH)** receives regulatory approval for Arysta sale

**IAG** does not intend to make offer for **Norwegian Air Shuttle ASA**, to sell stake

### Extras

**Wal-Mart (WMT)** afternoon buys of 2,000 February \$98 calls to open \$2 to \$2.10

**Canopy Growth (CGC)** afternoon buys of 2,500 Feb. 8<sup>th</sup> (W) \$44 puts \$3.20 to \$3.30 to open

**IntelSat (I)** afternoon buyer of 2,500 September \$16 OTM puts \$3.70 to \$3.80

**New Age Beverages (NBEV)** with afternoon buys of 2,650 February \$5 ITM calls to open near \$1.65

### Earnings

Ticker	Company	EPS Actual	EPS Estimate	Revs Actual	Revs Estimate	Y/Y Growth	Notes
ADTN	ADTRAN	-\$0.12	-\$0.03	\$140.10	\$134.85	10.8%	
AZPN	Aspen Tech	\$0.92	\$0.63	\$140.42	\$122.04	33.10%	
BGG	Briggs & Stratton	\$0.20	\$0.25	\$505.50	\$461.71	13.30%	Cuts FY
CP	Canadian Pacific	\$4.55	\$4.25	\$2,006.00	\$1,934.20	17.10%	
CTXS	Citrix Systems	\$1.67	\$1.59	\$802.00	\$791.27	3.10%	FY, Q1 Below
CNS	Cohen & Steers	\$0.56	\$0.59	\$93.90	\$93.84	-5.60%	
CMRE	Costamare	\$0.12	\$0.10	\$103.90	\$97.39	6.20%	
CCI	Crown Castle	\$1.36	\$1.37	\$1,419.00	\$1,398.06	14.60%	FY Below
FFIV	F5 Networks	\$2.70	\$2.53	\$543.80	\$547.39	3.90%	Q2 Light
F	Ford Motor	\$0.30	\$0.30	\$38,700.00	\$36,833.70	0.50%	
HXL	Hexcel	\$0.82	\$0.80	\$561.00	\$558.55	9.60%	FY In Line Q3 Above, \$5B buyback authorized
LRCX	Lam Research	\$3.87	\$3.68	\$2,522.70	\$2,495.70	-2.20%	
LVS	Las Vegas Sands	\$0.77	\$0.85	\$3,475.00	\$3,523.30	2.50%	
NXGN	NextGen	\$0.18	\$0.15	\$130.90	\$131.02	-0.60%	Raises FY
PTC	PTC	\$0.56	\$0.41	\$334.96	\$324.70	9.10%	FY Below
RJF	Raymond James	\$1.79	\$1.73	\$1,931.00	\$1,917.44	11.90%	

SLM	Sallie Mae	\$0.31	\$0.27	\$382.87	\$367.40	23.80%	FY Above
SLG	SL Green Realty	\$1.61	\$1.60	\$317.04	\$255.12	-12.30%	
STL	Sterling Bancorp	\$0.52	\$0.50	\$265.35	\$266.32	2.90%	
TER	Teradyne	\$0.63	\$0.50	\$520.0	\$494.17	8.6%	
TXN	Texas Instruments	\$1.27	\$1.24	\$3,717.00	\$3,750.23	-0.90%	Q1 In Line
URI	United Rentals	\$4.85	\$4.88	\$2,306.00	\$2,217.76	20.00%	Affirms FY
VAR	Varian Medical	\$1.06	\$1.07	\$741.00	\$717.83	9.20%	Affirms FY
XLNX	Xilinx	\$0.92	\$0.86	\$800.00	\$770.65	33.60%	FY, Q4 Above

**AZPN – Beat on EPS and Revenues** – We had our strongest quarterly APM performance to date, reflecting our ability to convert our pipeline into customer wins. We also saw solid demand in our core industries and increasing demand in the global economy industries for our APM suite. The growing adoption of APM reinforces our confidence in the ability to capitalize on this substantial market opportunity. We believe the success of the APM suite, the continued strength of our MSC suite and positive momentum in our Engineering suite position us to achieve our strategic objectives.

**BGG – Missed EPS and Revenues Above, Cutting FY** – Robust sales in the second quarter, across both residential and commercial lines, enabled us to recapture much of the sales shortfall from earlier in the year and demonstrated the continued favorable momentum of our strategy to grow commercial sales. We achieved higher sales despite significant headwinds from difficult weather-related market conditions in Europe and Australia and lower sales of aftermarket service parts from lower throughput at our distribution center hub. We are also pleased by the engine placement achieved for the upcoming lawn and garden season, and are encouraged by the enthusiasm surrounding new brand launches. Equally encouraging, activity remains high in commercial lines. With a broader range of innovative products and stronger distribution, we are serving more commercial applications than ever before. Business activity across all commercial lines – turf and landscape, engines, and job site – remains high, as professionals increasingly turn to Briggs for power to make them more productive on the job. **The market headwinds caused by the drought conditions in Australia and Europe as well as the Sears bankruptcy have resulted in a decrease to our fiscal 2019 outlook, but we expect much of these headwinds to ease by next season.** Despite these near-term issues, the continued strong growth in commercial and high placement in residential demonstrate that our strategy has us on the right path to deliver long-term growth in sales and profitability as well as greater business diversification.

**CP – Beat on EPS and Revenues** – We set records across many lines of business in 2018, including Canadian grain, potash and domestic intermodal. CP continues to focus on a disciplined approach to sustainable, profitable growth - a plan rooted in the foundations of precision scheduled railroading. This approach in 2018 enabled CP to deliver its highest-ever revenues, lowest-ever yearly operating ratio and a 13th consecutive year leading Class 1 railways with the lowest train accident frequency.

**HXL – Beat on EPS and Revenues** – We finished 2018 strongly, as we delivered record sales, earnings and free cash flow. Our markets continue to strengthen in all areas, as underscored by full year sales and adjusted diluted EPS increases of 11% and 14% respectively, reflecting our continued focus on innovation and execution. Importantly, our team delivered productivity and efficiency improvements across the business, which mitigated some of the unexpected headwinds we encountered throughout the

year. **Commercial Aerospace** sales of \$385.4 million increased 6.7% (7.1% in constant currency) for the quarter compared to the fourth quarter of 2017. New generation narrowbody and widebody commercial aircraft programs continued to strengthen with particularly strong growth from the Airbus A320neo and Boeing 737 MAX where the Company benefited from both increased build rates and higher shipset content. As previously reported at the end of the second and third quarters, the Company was impacted by headwinds related to acrylonitrile prices, wind energy resin prices and tariffs.

**LVS – Missed on EPS and Revenues** – We are pleased to have delivered strong financial results in the quarter, led by record mass revenues and continued growth in every market segment in Macao. Our Integrated Resort property portfolio in Macao delivered adjusted property EBITDA of \$786 million, an increase of 7.7% compared to the fourth quarter of 2017. At Marina Bay Sands in Singapore, our hotel, retail, convention and mass gaming segments all exhibited growth, contributing to \$362 million of adjusted property EBITDA for the quarter. We also continued to invest in growth initiatives in each of our markets. We remain confident in the future opportunity in Macao and are progressing with our investments in the Four Seasons Tower Suites Macao, St. Regis Tower Suites Macao and The Londoner Macao. We believe our market-leading interconnected Integrated Resort portfolio in Macao, including the additional destination retail, luxurious hotel suite offerings and world class entertainment attractions created by these investments, will provide an ideal platform for growth in Macao in the years ahead."

**TXN – Beat on EPS and Missed on Revenues, Q1 In Line** – Revenue decreased 1 percent from the same quarter a year ago as demand for our products continued to slow across most markets. In our core businesses, Analog revenue grew 4 percent and Embedded Processing declined 12 percent from the same quarter a year ago.

**URI – Missed on EPS and Beat on Revenues** – We delivered strong fourth quarter results, including broad volume growth and rental rate improvement, in a year that leveraged our numerous competitive advantages. Our integration of major acquisitions expanded our service offering, and we gained traction from investments in fleet and technology. For the full year, we grew pro forma rental revenue by 10.5%, improved our adjusted EBITDA margin, and increased ROIC to a record 11%. Our momentum in the quarter gave us a strong start to 2019, when we expect to once again outpace the industry. By reaffirming our guidance, we're underscoring our confidence in the cycle and our differentiation in the marketplace. Customer feedback, as well as key internal and external indicators, continue to point to healthy end-market activity. We remain focused on balancing growth, margins, returns and free cash flow to maximize shareholder value.

**XLNX – Beat on EPS and Revenues, FY Above** – During the third fiscal quarter, we delivered revenues of \$800 million, representing 34% year over year growth. Based on the guidance we are providing for the fiscal fourth quarter, we expect to exceed \$3 billion in annual revenues for the first time in our history. **Data Center and Test, Measurement & Emulation (TME)** revenues grew 14% year over year driven primarily by the Data Center business (ex-Cryptocurrency) and TME business, which both experienced double digit growth during the quarter. Xilinx continued its strong design win momentum in Data Center across multiple applications including big data acceleration, machine learning inference, video transcoding, network acceleration and storage controllers. **Communications** revenues increased 41% year over year, driven by strength in the Wireless Communications business. Wireless Communications benefitted from 5G deployment in South Korea and preparation for 5G deployment in both China and North America as well as ongoing LTE upgrades. Xilinx continued engagement



momentum with several leading **automotive** customers during the quarter with the goal of enabling their roadmap toward automated driving. During the Xilinx Developer Forum in Frankfurt, Daimler showcased its AI solution in the new Mercedes GLE Sport Utility Vehicle that is powered by Xilinx machine learning algorithms and MPSoCs. In addition, ZF Friedrichshafen AG, a global leader and Tier-1 automotive supplier, recently announced a strategic collaboration in which Xilinx technology will power their highly-advanced AI based automotive control unit to enable automated driving applications.

### Earnings Preview

**Starbucks (SBUX)** will report earnings tonight after the close with the Street looking for \$0.65 on \$6.49B in sales, a 7% increase Y/Y. Next quarter is guided to \$0.57 and \$6.28B while the FY is \$2.65 and \$26.12B. SBUX shares have closed higher the last two reports but mixed overall through the last six quarters with an average closing move of 4.7%. The \$81.88B fast casual coffee operator trades 22X earnings, 3.3X sales, and 10X FCF with a 2.16% yield. The company is expanding menu offerings in both food and beverage while expanding delivery in an attempt to bolster SSS where expectations have come down over the last year. The focus this quarter will be on China where they have made expansion a significant priority in recent years. SBUX plans to grow their base to 6,000 stores by 2023 but recent slowdown in the country, as expressed by Apple and other peers, may hit their near-term results. They also face local competition from Luckin Coffee which has nearly 2,000 locations and a leader in tech with mobile payments and delivery through a Tencent partnership. Analysts have an average target for shares of \$66 with 13 buy ratings, 12 hold ratings, and 2 sell ratings. Goldman downgraded shares to Neutral recently noting that its valuation has gotten ahead of its comp trajectory and gift cards and digital trends could be points of caution in fiscal Q1. The firm also has "incremental concerns" regarding the China macro environment and the company's comp trajectory in that region. Short interest is 3.4%, elevated from the long-term average but down from 2018's peak near 6.5%.

Date	Description	Volume	Open.Int	Price	%Change	Delta	Impl Vo	Prob.ITM	Premium Paid
1/23/2019	SBUX 100 15 FEB 19 65 PUT	3,554	2,344	\$1.36	-24.02%	-0.38	29.13%	40.65%	\$483,344
1/23/2019	SBUX 100 15 MAR 19 65 PUT	2,558	472	\$1.77	-25.00%	-0.39	24.26%	42.87%	\$452,766
1/23/2019	SBUX 100 15 FEB 19 66 PUT	2,034	46	\$1.78	-24.58%	-0.47	28.03%	50.31%	\$362,052
1/22/2019	SBUX 100 17 JAN 20 65 PUT	2,521	572	\$5.35	-6.79%	-0.43	22.43%	52.51%	\$1,361,340
1/22/2019	SBUX 100 18 APR 19 65 CALL	2,064	3,812	\$3.37	34.80%	0.57	22.32%	53.36%	\$695,568
1/22/2019	SBUX 100 21 JUN 19 67.5 CALL	1,532	1,446	\$2.80	24.44%	0.44	21.68%	39.09%	\$435,088
1/22/2019	SBUX 100 15 MAR 19 65 CALL	1,125	4,477	\$2.88	46.19%	0.59	23.10%	55.91%	\$326,250
1/18/2019	SBUX 100 (Weeklys) 1 FEB 19 64 PUT	1,187	294	\$1.30	-7.80%	-0.47	26.47%	48.81%	\$154,310
1/16/2019	SBUX 100 (Weeklys) 1 FEB 19 61 CALL	1,828	8	\$3.95	35.74%	0.78	34.11%	75.49%	\$740,340
1/14/2019	SBUX 100 15 FEB 19 60 CALL	10,111	1,408	\$4.75	3.71%	0.77	29.85%	74.94%	\$4,903,835
1/8/2019	SBUX 100 15 MAR 19 60 PUT	10,096	2,753	\$1.51	5.59%	-0.3	27.43%	34.14%	\$1,524,496
1/8/2019	SBUX 100 15 MAR 19 67.5 CALL	10,211	322	\$1.06	-8.62%	0.28	23.43%	24.93%	\$1,082,366
1/4/2019	SBUX 100 18 JAN 19 61 CALL	1,842	111	\$3.10	44.19%	0	#ERROR!	0.00%	\$571,020
1/3/2019	SBUX 100 15 FEB 19 62.5 CALL	1,186	998	\$2.25	-33.82%	0.475	29.51%	43.57%	\$266,850
1/3/2019	SBUX 100 15 MAR 19 57.5 PUT	1,036	91	\$1.40	40.00%	-0.268	30.00%	31.53%	\$145,040
12/31/2018	SBUX 100 18 APR 19 65 CALL	1,073	2,060	\$3.30	16.61%	0.5	24.98%	45.18%	\$359,455
12/27/2018	SBUX 100 15 MAR 19 60 PUT	2,409	21	\$2.24	0.90%	-0.32	29.90%	37.38%	\$539,616
12/27/2018	SBUX 100 15 MAR 19 65 CALL	2,153	90	\$2.34	8.84%	0.44	26.51%	39.38%	\$503,802
12/17/2018	SBUX 100 15 FEB 19 65 CALL	2,001	545	\$2.63	-12.33%	0.49	26.36%	45.36%	\$526,263
12/10/2018	SBUX 100 21 JUN 19 65 PUT	1,634	203	\$4.25	12.43%	-0.45	23.50%	51.93%	\$694,450
12/7/2018	SBUX 100 15 JAN 21 60 CALL	492	77	\$12.60	2.44%	0.66	29.22%	51.35%	\$619,920



**Intel (INTC)** will report earnings tonight after the close with the Street looking for \$1.22 on \$19.01B in sales, a 11.5% increase. Next quarter is guided to \$1.01 and \$17.37B while the FY is for \$4.53 and \$71.2B. Shares have closed higher four of the last six quarters, although some weakness in recent reports. The average closing move is 5.2% with a max move of 10.6%. The \$219B semi leader trades 10.5X earnings, 3.17X sales, and 16.6X cash with a 2.5% yield. The company introduced their 9<sup>th</sup> gen core processors during the quarter and their Xeon processors on 10nm which will be a tailwind for data center revenues. They're also more diversified than some peers with exposure to automotive, IoT, AI, machine learning and memory but recent warnings on memory pricing and auto R&D could weigh. Their modem business with Apple is expected to be soft. The group has been in focus this quarter with weakness in the macro outlook and growing inventories. INTC has yet to name a permanent CEO which will guide the company into its next stage as pressure from peers AMD and Nvidia ramps. Analysts have an average target for shares of \$55 with 20 buy ratings, 11 hold ratings, and 6 sell ratings. UBS previewed the quarter on 1/22 cutting estimates as they believe INTC's 10% market share target for its EPYC server processors appears challenged. They expect the company's Xeon Scalable market share to stabilize in the second half of the year as the performance specs on next-gen Xeon platform appear to be ahead of AMD in segments where both companies compete. UBS also thinks INTC will be more aggressive with pricing in the 2H. Evercore has a \$50 PT for shares. On 1/14 they noted that while the competitive landscape is "clearly worsening," the pull-in of the 10nm technology node, new CEO announcements and further portfolio actions under the "astute" leadership of Bob Swan are likely positive catalysts. Citi has a \$54 PT and added shares to their Positive Catalyst List on 1/11. Recent channel checks indicate order rates from the personal computer end market "remain solid," driven by shortages of PC microprocessors. The shortages began in Q3 of 2018 and Intel beat its Q3 revenue guidance by over a billion dollars. Short interest is 1.5%, up from 1.2% in November. Short interest has fallen from 3.2% in late December 2017. Institutional ownership rose 5.3%.

Date	Description	Volume	Open_Int	Price	%Change	Delta	Impl Vo	Prob.ITM	Premium Paic	Symbol
1/23/2019	INTC 100 19 JUL 19 52.5 CALL	10,816	1,215	\$1.86	-9.27%	0.33	27.48%	27.12%	\$2,011,776	.INTC190719C52.5
1/23/2019	INTC 100 18 APR 19 52.5 CALL	10,865	11,568	\$0.89	-11.00%	0.25	27.28%	21.05%	\$966,985	.INTC190418C52.5
1/23/2019	INTC 100 (Weeklys) 1 FEB 19 47 PUT	4,627	915	\$1.20	20.00%	-0.42	48.44%	44.92%	\$555,240	.INTC190201P47
1/23/2019	INTC 100 15 FEB 19 51 CALL	5,730	87	\$0.45	-19.64%	0.21	31.65%	18.87%	\$257,850	.INTC190215C51
1/22/2019	INTC 100 15 MAR 19 50 CALL	3,057	7,092	\$1.48	-9.76%	0.41	28.74%	36.99%	\$452,436	.INTC190315C50
1/22/2019	INTC 100 15 FEB 19 47.5 CALL	1,680	0	\$2.00	N/A	0.55	35.45%	51.86%	\$336,000	.INTC190215C47.5
1/18/2019	INTC 100 15 MAR 19 52.5 CALL	20,224	3,244	\$0.81	15.71%	0.28	25.27%	24.43%	\$1,617,920	.INTC190315C52.5
1/18/2019	INTC 100 19 JUL 19 47 PUT	3,021	344	\$2.80	-12.50%	-0.38	27.74%	45.66%	\$845,880	.INTC190719P47
1/18/2019	INTC 100 15 MAR 19 50 CALL	3,013	4,036	\$1.77	8.59%	0.46	27.00%	42.24%	\$533,301	.INTC190315C50
1/16/2019	INTC 100 15 FEB 19 48 PUT	3,320	2,932	\$1.86	13.41%	-0.47	35.34%	51.09%	\$640,760	.INTC190215P48
1/10/2019	INTC 100 21 JUN 19 37 CALL	625	259	\$11.35	9.24%	0.86	37.14%	81.67%	\$709,375	.INTC190621C37
1/3/2019	INTC 100 18 JAN 19 46.5 CALL	2,231	848	\$0.89	-43.67%	0.383	35.90%	35.51%	\$198,559	.INTC190118C46.5
12/31/2018	INTC 100 15 MAR 19 49 PUT	1,860	12	\$3.95	-3.19%	-0.58	32.79%	64.00%	\$744,000	.INTC190315P49
12/27/2018	INTC 100 (Weeklys) 25 JAN 19 45 PUT	1,000	151	\$2.10	11.70%	-0.45	42.84%	49.50%	\$210,000	.INTC190125P45
12/26/2018	INTC 100 17 JAN 20 50 CALL	5,489	14,915	\$4.08	14.93%	0.45	31.67%	33.85%	\$2,239,512	.INTC200117C50
12/26/2018	INTC 100 15 FEB 19 46 CALL	3,736	582	\$2.80	55.56%	0.54	39.73%	48.03%	\$1,072,232	.INTC190215C46
12/19/2018	INTC 100 21 JUN 19 50 CALL	4,794	16,836	\$2.35	-26.10%	0.374	30.86%	29.77%	\$1,126,590	.INTC190621C50
12/19/2018	INTC 100 15 FEB 19 42 PUT	4,000	506	\$0.87	-1.14%	-0.206	38.31%	25.40%	\$348,000	.INTC190215P42
12/14/2018	INTC 100 18 APR 19 48 PUT	4,050	1,710	\$3.30	1.54%	-0.45	30.24%	52.93%	\$1,356,750	.INTC190418P48
12/10/2018	INTC 100 15 JAN 21 43 PUT	4,500	1,659	\$5.65	2.73%	-0.33	29.30%	50.94%	\$2,632,500	.INTC210115P43
12/10/2018	INTC 100 18 APR 19 35 PUT	2,000	625	\$0.52	4.00%	-10.00%	40.57%	15.03%	\$120,000	.INTC190418P35
12/4/2018	INTC 100 18 APR 19 48 PUT	1,506	715	\$3.15	30.17%	-0.46	28.80%	52.90%	\$496,980	.INTC190418P48
12/3/2018	INTC 100 15 FEB 19 50 CALL	17,963	3,135	\$2.65	19.37%	0.53	29.54%	47.48%	\$4,760,195	.INTC190215C50

### Earnings Before the Open

Ticker	Company	EPS Actual	EPS Estimate	Revs Actual	Revs Estimate	Y/Y Growth	Notes
AAL	American Airlines	\$1.04	\$1.01	\$10,938.0	\$10,937.07	3.1%	
AEP	American Electric	\$0.72	\$0.71	\$3,800.00	\$3,970.95	0.00%	
AIT	Applied Industrial	\$0.99	\$1.06	\$840.00	\$855.94	25.90%	Lowers FY
AVX	AVX Corp		\$0.35		\$457.00		
BANC	Banc of California	\$0.13	\$0.23	\$73.50	\$76.00	-7.80%	
BMJ	Bristol-Myers	\$0.94	\$0.85	\$5,973.00	\$5,948.78	9.60%	Affirms FY
DLX	Deluxe		\$1.47		\$522.60		
FCX	Freeport-McMoRan		\$0.19		\$3,857.56		
GWW	Grainger		\$3.60		\$2,806.82		
ISCA	Int'l Speedway		\$0.69		\$199.82		
JBLU	JetBlue Airways	\$0.50	\$0.43	\$1,968.00	\$1,948.98	11.90%	
MMYT	MakeMyTrip	-\$0.14	-\$0.18	\$179.90	\$165.51	18.80%	
MKC	McCormick	\$1.67	\$1.70	\$1,499.20	\$1,552.07	0.60%	FY Below
VIVO	Meridian Bioscience		\$0.17		\$51.50		
NVR	NVR		\$49.62		\$1,967.30		

ORI	Old Republic		\$0.44		\$1,574.00		
RCI	Rogers Comms	\$1.13	\$1.08	\$3,938.00	\$3,871.02	5.50%	FY In Line
LUV	Southwest Air	\$1.17	\$1.08	\$5,704.00	\$5,675.76	8.50%	
STM	STMicroelectronics	\$0.46	\$0.41	\$2,648.00	\$2,607.54		FY Light
TAL	TAL Education	\$0.24	\$0.10	\$585.99	\$573.90	35.20%	Q4 In Line
TXT	Textron	\$1.15	\$0.98	\$3,750.00	\$3,986.50	-6.60%	FY Above
UNP	Union Pacific		\$2.06		\$5,727.12		
WBS	Webster Financial		\$0.98		\$305.55		