

**TOP STORIES**

- Trump Yields No Ground in State of the Union, Presses for Immigration Reform
- German Factory Orders Unexpectedly Fall Amid Soft Foreign Demand
- Weekly Mortgage Applications Fall 2.5% Despite Drop in Rates

**INDEX FUTURES**

Futures	Change	Fair Value
<b>S&amp;P 500</b>	<b>2728.5 (-3)</b>	<b>-7.95</b>
<b>Nasdaq</b>	<b>7003.5 (-4.5)</b>	<b>-21.77</b>
<b>Dow</b>	<b>25291 (-33)</b>	<b>-68.52</b>

**GLOBAL INDICES**

INDEX	CLOSE	CHANGE
<b>FTSE</b>	<b>7178.64</b>	<b>0.02%</b>
<b>DAX</b>	<b>11311.86</b>	<b>-0.49%</b>
<b>Nikkei</b>	<b>20874.06</b>	<b>0.14%</b>
<b>Hang Seng</b>	<b>Closed - Holiday</b>	

**ECONOMIC CALENDAR**

TIME	INDICATOR	CONSENSUS
<b>8:30</b>	<b>International Trade</b>	<b>-\$53.7B</b>
<b>8:30</b>	<b>Productivity and Costs</b>	
<b>10:30</b>	<b>EIA Petroleum Status</b>	
<b>6:05</b>	<b>Randal Quarles Speaks</b>	
<b>7:00</b>	<b>Jerome Powell Speaks</b>	

**FOREX**

<b>EUR/USD</b>	<b>1.1384 (-0.25%)</b>
<b>USD/JPY</b>	<b>109.74 (-0.20%)</b>
<b>USD/CAD</b>	<b>1.3207 (0.63%)</b>
<b>GBP/USD</b>	<b>1.2949 (0.05%)</b>

**COMMODITY**

<b>Oil</b>	<b>53.2 (-0.86%)</b>
<b>Natural Gas</b>	<b>2.693 (1.16%)</b>
<b>Gold</b>	<b>1316.3 (-0.22%)</b>
<b>Copper</b>	<b>2.823 (0.21%)</b>

**VOLATILITY INDICES**

INDEX	SYMBOL	CLOSE
<b>S&amp;P</b>	<b>VIX</b>	<b>15.53 (-1.27%)</b>
<b>Nasdaq</b>	<b>VXN</b>	<b>19.20 (-2.44%)</b>
<b>Oil</b>	<b>OVX</b>	<b>34.53 (2.46%)</b>
<b>Gold</b>	<b>GVZ</b>	<b>10.12 (0.10%)</b>

**MARKET OUTLOOK**

Futures are indicating a lower open for the morning with the dollar extending gains for the fifth straight session. Yields on the 10-year have rebounded from overnight lows while oil is down across the board. Iron ore is jumping again after Vale declared force majeure on some contracts.

The State of the Union was the focus last night with the President calling for bipartisanship but offering no leeway in talks across several issues from immigration to foreign policy. POTUS used the opportunity to slam Democrats on a number of issues and proposed several ambitious policy goals from lowering drug prices to enacting paid family leave. He talked about trade with China calling for structural change on the latter's part, likely a major sticking point for Xi. Trump also called again for a widespread infrastructure plan but no details on how big or how a deal would be paid for were given.

It was another quiet session in Asia this morning with the Nikkei closing modestly higher. There was pretty much no reaction to Trump's SOTU from the markets. **Toyota** fell modestly after cutting their outlook. **Shiseido**, Japan's largest cosmetics maker, jumped 4.6% after Estee Lauder's earnings. **Suzuki Motor** fell 4% after earnings. China, Hong Kong, and South Korea remain closed for the Lunar New Year.

European markets are mixed this morning with the DAX weak while the FTSE is barely holding onto its early gains. Financials are weighing overall with **BNP Paribas's** weak earnings. **Daimler** fell over 2% after warning about trade headwinds and costs from EV cars. **Credit Suisse** was modestly lower after earnings. **Nordea** fell 1.5% after profits fell despite cost-cutting efforts. **Dassault Systems** jumped 8.8% after strong earnings. **CRH** rose 3.3% on reports of an activist. German factory orders fell 1.6% in December, worse than the 0.3% rise expected and down from a 0.2% decline in November.

**S&P TECHNICALS**

**Levels:** Support 2,700/2,650; Resistance 2,750/2,800



4605 Advancing	Declining 2562
61.4%	34.1%
165 New High	New Low 31
84.2%	15.8%
6034 Above SMA50	Below 1462
80.5%	19.5%
2776 Above SMA200	Below 4720
37.0%	63.0%

**KEY EVENTS TO WATCH**

**Earnings After the Close:** AOSL, UHAL, AEL, AINV, AHL, BLKB, CCMP, CDAY, CMG, CINF, CUZ, CCK, CSGS, CUB, ECHO, FEYE, FLT, FLO, FORM, FTNT, GPRO, HQY, ICHR, IRBT, KNL, LNC, MTCH, MTRX, MET, MC, NOV, NTGR, NEWR, NTR, NXPI, OSUR, ORLY, PCTY, PAHC, PSDO, PRU, RYN, RGLD, SONO, TRMB, TTMI, VVV, WERN, ZNGA;

**Analyst Days:** CEMI, AVRO;

**Economic Data on Thursday:** Jobless Claims at 8:30 AM, EIA Natural Gas at 10:30, Fed Balance Sheet at 4:30;

**Earnings Thursday BMO:** ADNT, WMS, ADS, ANDX, BCE, ARW, BV, BR, CAH, CDW, CNHI, CEIX, COR, DTE, DNKN, EPC, EIGI, EQT, FCAU, FDC, GT, GRUB, HAIN, ICE, K, LH, LCII, MAC, MPC, MLM, MAS, MMS, MD, ODFL, PTEN, PENN, PAG, PBH, PRLB, SPGI, SNY, SEE, SNA, SPB, TPR, TKR, TGI, TWTR, TSN, VIRT, VSTO, GRA, WLTW, WWE, YUM;

**ANALYST ACTION/COMMENTS**

**Church & Dwight (CHD)** upgraded to Neutral at Goldman

**BP** upgraded to Buy at DZ Bank

**Michael's (MIK)** upgraded to Buy at Loop Capital, \$17 PT

**Snap (SNAP)** upgraded to Neutral at Raymond James

**Venator (VNTR)** upgraded to Buy at UBS

**Norwegian Cruise (NCLH)** raised to Overweight at MSCO

**NY Community Bank (NYCB)** upgraded to Buy at UBS

**Vodafone (VOD)** upgraded to Buy at BAML

**Axos Financial (AX)** upgraded to Buy at Compass Point

**Generac (GNRC)** downgraded to Neutral at William Blair

**LVMH** downgraded to Hold at Jefferies

**Gartner (IT)** downgraded to Neutral at BMO Capital

**Estee Lauder (EL)** downgraded to Hold at Berenberg

**Domtar (UFS)** downgraded to Neutral at RBC Capital

**Vanda Pharma (VNDA)** downgraded to Neutral at Cantor

**Vishay (VSH)** downgraded to Neutral at BAML

**Paypal (PYPL)** downgraded to Neutral at Guggenheim

**Marathon Petroleum (MPC)** initiated Buy at Macquarie

Piper bullish on **Sarepta Therapeutics (SRPT)** ahead of LGMD data, \$200 PT

**MEDIA HIGHLIGHTS**

**Vale (VALE)** Declares Force Majeure for Iron Ore – Reuters

N.Y. State Senate names **Amazon (AMZN)** critic to board that could block deal - NYT

Trade group seeks tariffs on building products - WSJ

**Uber** explores deal to acquire rival **Careem** amid Middle East push – WSJ

**SoftBank** sells **Nvidia (NVDA)** stake and hints at more unloading to come – Nikkei

**Credit Suisse (CS)** Warns Higher Tax to Hit Results After U.S. Changes – Bloomberg

Brewer **Carlsberg** sees lower growth ahead with China as bright spot – CNBC

**Aphria (APHA)** rejects **Green Growth's** hostile takeover bid – Reuters

EU air passenger and freight growth slows in 2018 – Reuters

**TomTom** sees licensing sales growth from **Microsoft (MSFT)** deal – Reuters

Flip the Script: Drugmakers Blame Middlemen for Price Increases – WSJ

**Tesla (TSLA)** cuts Model 3 prices again – Bloomberg

Banks face tougher stress test this year – Bloomberg

**STOCK SPECIFIC NEWS OF NOTE**

**Shutterfly (SFLY)** CEO North to step down

**Amicus (FOLD)** announces results from Phase 1/2 Pompe disease study

**Skyworks (SWKS)** announces \$2B stock buyback

**3M (MMM)** boosts quarterly dividend 6%

**Suncor (SU)** announces additional \$2B

European Commission blocks **Siemens, Alstom** deal

**Spotify (SPOT)** acquires two companies in podcast sector, Gimlet Media and Anchor

**MacroGenics (MGNX)** reports 'positive' results from Phase 3 SOPHIA study of margetuximab

**Axsome Therapeutics (AXSM)** reaches agreement under SPA for MOMENTUM Phase 3 trial

**Hyster-Yale (HY)** selects **Dana (DAN)** as supplier of drive and motion products

**PRE-MARKET MOVERS**

**Moving Higher:** MGNX 125%, SNAP 24.3%, AMRS 9.9%, TWTR 2%, BP 1.1%

**Moving Lower:** ATVI -4%, VALE -1.7%

**INSIDER TRADING (Form 4 Filings)**

**Buying:** ABT, ETFC, BIIB

**Selling:** KEX, KEM, XYL, KEM, WWD, WY, MORN, ARRY, SRPT, AERI, EXEL, PFE, FB, BLK, SIVB

**INSTITUTIONAL MONEY FLOW**

**Buying:** ITUB, MO, PFE, ALXN, BSX, C, VALE, CVS, REGN, PEP, SIVB, SNA, COUP

**Selling:** GOOGL, EL, GE, NKE, BKNG, LIN, TSLA, GOOG, ILMN, MMM, BP, NVDA, LOXO

**OPTION HIGHLIGHTS (Prior Day)**

Kraft Heinz (KHC) block of 1,500 Jan. 2021 \$40 puts opens \$3.55 after sizable March put accumulation recently in both the \$50, \$47.50, and \$45 puts. The former seeing size buys with over 21,500 adding since 1/30. KHC has a lot of call open interest from November/December as well although most under water or positions which have adjusted down throughout the downtrend. Shares are back at the 13-week EMA, daily cloud resistance, and downtrend resistance from the 2018 highs after bouncing. A move under the 20-EMA at \$47 and recent range targets a re-test of the recent lows. The \$58B company trades 12.93X earnings, 2.2X sales, and 42.4X cash with a 5.25% yield. KHC sees 2.5% to 4% EPS growth through the next two years with little to no revenue growth after taking down estimates over the last year. The company has been facing headwinds from FX, higher promotional activity which is pressuring margins, and growing trends in private label from Costco and Kroger. Analysts have an average target for shares of \$65 with 10 buy ratings, 4 hold ratings, and 4 sell ratings. Credit Suisse out cautious on 1/8 noting that recent Nielsen scans showing flat sales for December and concerns over the overall product mix. They note that volumes are likely up 3% but due to a 2.5% decline in prices, especially in areas like cheese. Higher volumes without better pricing is expected to cause distribution and logistics cost overruns. Deutsche Bank out warning today on the name citing lack of visibility on profits and margin pressures due to higher promotional activity tracked. Their checks also show a greater loss of shelf space in their largest categories and management's efforts to turn around the balance will take time. Short interest is 1.6%. Institutional ownership jumped 59.47% among hedge funds but down slightly overall. Citadel, Wellington, Element Capital, and Levin Capital adding to their positions. 3G and Berkshire remain top holders.

**AFTER HOURS MOVERS**

**Gainers:** SNAP 21.9%, ZEN 11%, VIAV 10%, PAYC 8%, SWKS 5.3%, MCHP 4%, SPOT 1.8%

**Losers:** ARLO -21%, EA -17.5%, TCS -16%, SFLY -6%

**MARKET SENTIMENT / INTERNALS**

INDICATOR	READING	SIGNAL
CBOE Equity Put/Call Ratio	0.69	Declining
CBOE Index Put/Call Ratio	1.73	Highest Since 9/3
CBOE Skew Index	126.03	Low but off of extremes
VIX Curve	Contango	Normal
CNN Fear & Greed Index	61	Greed
NYMO	72.16	Elevated
NYSE Highs/Lows	72.46	Highest Since September
McClellan Summation	670.23	Above 8-EMA
Univ. of Michigan Consumer Sentiment	91.2 (January)	-4.7% Y/Y

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

**POTENTIAL SYMPATHY TRADES**

**ATVI, GME** – on EA/TTWO guidance weakness

**NFLX, CBS, DISCA, VIAB, SEAS, CCL, RCL** – on DIS earnings, especially strength in parks and cruise

**ADBE, ADSK, SAP, CRM** – on Dassault Systems strong earnings

**IPO /SECONDARY MONITOR**

**Alector (ALEC) issuing 9.3M shares at \$18-\$20;** Clinical stage biopharma focused on immuno-oncology for treatment of neuro-degeneration

**Gossamer Bio (GOSS) issuing 14.4M shares at \$16;** Clinical stage biopharma focused on developing therapeutics for immunology, inflammation and oncology

**Harpoon Therapeutics (HARP) issuing 5.4M shares at \$13-\$15;** Clinical stage immunotherapy company developing T cell "engagers" to treat cancer patients

# TRADE

## WEEKLY TECHNICAL BREAKOUT

ABT:



**Abbott Labs (ABT)** shares are consolidating in a big weekly bull flag under \$73.50 with a breakout measuring out to \$80. RSI on the weekly is back above 50 and MACD with a bullish crossover starting last week.

## FUNDAMENTAL TRADE OF THE WEEK

**Stock:** United Rentals (URI)

**Price:** \$126

**Valuation:** Undervalued

**Key Ratios:**

	Fwd. PE	P/S	P/B	EV / EBITDA	P/FCF
<b>Stock</b>	<b>9.6X</b>	<b>1.3X</b>	<b>3X</b>	<b>5.6X</b>	<b>18.8X</b>
<b>Industry Avg.</b>	<b>7.8X</b>	<b>0.9X</b>	<b>1.6X</b>	<b>5.0X</b>	<b>--</b>

**Analysis:** URI is a \$10.18B rental and leasing company which trades cheap at 6X earnings and 1.27X sales. The company has been active in M&A recently as they consolidate a fragmented industry and benefitting from better equipment rental trends vs construction spend. URI is coming off a strong quarter with margin improvement, 18% growth in revenue, and record ROIC.

# IDEAS

## WEEKLY TECHNICAL BREAKDOWN

LB:



**L Brands (LB)** shares are consolidating in a weekly bear flag under the 8-week EMA and nearing a trend break which targets the recent lows. A move under \$24 has room to \$20. MACD on the daily is back at zero and rolling over, RSI also weakening back at 50.

## PAIR TRADE OF THE WEEK

**Industry:** Outdoor Activities

**Long/Short:** Long Yeti (YETI) Short Camping World (CWH)

**Analysis:** YETI is a \$1.43B growing young company which has seen a nearly 5X rise in sales since 2015. They have long-term drivers from product and International expansion. CWH is a \$1.24B company but debt-heavy balance sheet after building through M&A and faces headwinds from higher RV inventories.

## SMALL CAP TRADE OF THE WEEK

**PAM Transport (PTSI)** is a \$297M trucking logistics company which focuses on irregular route OTR trucking. PTSI trades 12.79X earnings, 0.56X sales, and 10.2X cash with 30% EPS growth. PTSI has a number of contracts expiring in late 2018/2019 at older rates which they expect to re-sign above to help battle rising costs.

## DAILY OPTIONS REPORT

<u>Unusual Call Activity</u>	<u>Unusual Put Activity</u>	<u>Implied Volatility Riser</u>
Dycom (DY)	Sientra (SIEN)	Amyris (AMRS)
Summit Materials (SUM)	Cerner (CERN)	Novavax (NVAX)
Evolus (EOLS)	Myriad Genetics (MYGN)	Myriad Genetics (MYNG)
Cars.com (CARS)	Novavax (NVAX)	Upwork (UPWK)
Paycom (PAYC)	Church & Dwight (CHD)	Insys (INSY)
Cimpress (CMPR)	Core Labs (CLB)	Fossil (FOSL)
<u>Lowest Put/Call Ratio</u>	<u>Highest Put/Call Ratio</u>	<u>Implied Volatility Decliner</u>
Covanta (CVA)	Chuy's (CHUY)	Pitney Bowes (PBI)
Element Solutions (ESI)	Regis (RGS)	Control 4 (CTRL)
Digimarc (DMRC)	Polaris (PII)	Array (ARRY)
Grace (GRA)	Univar (UNVR)	Catalent (CTLT)
Adtran (ADTN)	Noble (NBL)	Lumentum (LITE)
Halozyme (HALO)	Alliance Data (ADS)	Zuora (ZUO)
<u>OTM Calls on Offer</u>	<u>OTM Puts on Offer</u>	<u>Elevated IV30</u>
Novavax (NVAX)	Petmed (PETS)	Macrogenics (MGNX)
Summit (SUM)	SM Energy (SM)	Intercept (ICPT)
Cerner (CERN)	Ford Motor (F)	Solid Bio (SLDB)
Signet (SIG)	Snap (SNAP)	Ascendis (ASND)
Wynn Resorts (WYNN)	Vale SA (VALE)	Tocagen (TOCA)
<u>Positive Net Delta</u>	<u>Negative Net Delta</u>	<u>Option Volume Gainers (%)</u>
Intel (INTC)	Zayo (ZAYO)	Sientra (SIEN)
Bank of America (BAC)	Kinder Morgan (KMI)	Cerner (CERN)
General Electric (GE)	Wells Fargo (WFC)	Myriad Genetics (MYGN)
Vale SA (VALE)	Cars.com (CARS)	Dycom (DY)
ON Semi (ON)	Allstate (ALL)	Summit Materials (SUM)
<u>Bullish Call Flow</u>	<u>Bearish Put Flow</u>	<u>Large Spread Trades</u>
Duke Energy (DUK)	CME Group (CME)	SFLY, March \$45/\$37.50 put spread 2,000X
Lululemon (LULU)	NCR Corp (NCR)	YUM, 1,250 Jan. 2020 \$100/\$97.5 strangles sold
Electronic Arts (EA)	Myriad Genetics (MYGN)	PLCE, March \$85/\$75 put spread being bought 1,000X2,000
Supernus (SUPN)	Shutterfly (SFLY)	WP, 1,000 January 2020 \$95/\$115 call spreads
Cars.com (CARS)	Univar (UNVR)	GILD, 1,000 April \$67.5/\$80 call spreads



## Headlines / Stock Specific News

**Cognizant (CTSH)** appoints Brian Humphries as CEO, president Rajeev Mehta stepping down

**Codexis (CDXS)** announces enzyme supply agreement with Kyorin Pharmaceutical

**Vanda (VNDA)** files complaint against FDA seeking to lift clinical hold on study

## Extras

**Emerging Markets (EEM)** with 100,000 June \$44 calls bought as March positions started to adjust

**Oil & Gas (XOP)** with 20,000 March \$31 calls opening with buys

**TransDigm (TDG)** with 1,240 March \$440 calls sold to open \$3.50 to \$3.40 into strength

**Mongo-DB (MDB)** with 500 May \$120 calls bought to open \$3 to \$3.20 late, stock at \$97, hit new highs today

**Bunge (BG)** with 1,250 Jan. 2020 \$52.5 puts sold to open \$5.20, adjusting out of February \$60 short puts that opened on 12/19

**Uniti (UNIT)** late buys of 2,900 August \$17.5 puts to open \$1.95 to \$2.05

## Earnings

Ticker	Company	EPS Actual	EPS Estimate	Revs Actual	Revs Estimate	Y/Y Growth	Notes
ALL	Allstate	\$1.24	\$1.24	\$8,707.00	\$8,663.50	6.20%	
DOX	Amdocs	\$0.98	\$0.99	\$1,012.00	\$1,008.88	3.50%	Affirms FY
APU	AmeriGas Partners	\$0.35	\$1.15	\$820.21	\$745.96	4.20%	
APC	Anadarko Petroleum	\$0.38	\$0.62	\$3,349.00	\$3,474.70	14.30%	
ARLO	Arlo Technologies	-\$0.33	-\$0.35	\$129.30	\$128.58	3.60%	
ASH	Ashland	\$0.14	\$0.12	\$576.00	\$585.78	-0.90%	FY In Line
ATO	Atmos Energy	\$1.38	\$1.30	\$877.78	\$969.71	-1.30%	FY In Line
BE	Bloom Energy	-\$0.12	-\$0.18	\$213.60	\$206.92	73.20%	
BOOT	Boot Barn Holdings	\$0.66	\$0.66	\$254.00	\$254.55	13.00%	Raises FY
BRKS	Brooks Automation	\$0.17	\$0.13	\$179.37	\$174.46	25.80%	Q2 Below
CERN	Cerner	\$0.63	\$0.63	\$1,365.66	\$1,391.57	3.90%	FY Below
CB	Chubb	\$2.02	\$2.00	\$6,768.00	\$6,798.43	4.20%	
TCS	Container Store	\$0.07	\$0.12	\$221.60	\$230.55	-0.60%	
DLR	Digital Realty Trust	\$1.54	\$1.66	\$778.30	\$789.59	6.40%	Affirms FY

EA	Electronic Arts	\$0.86	\$0.66	\$1,609.00	\$1,752.46	-18.40%	FY Revs Below
GNW	Genworth Financial	-\$0.58	\$0.26	\$2,013.00	\$2,114.00	19.40%	
HCSG	Healthcare Services	\$0.42	\$0.37	\$496.41	\$507.45	-0.60%	
HCLP	Hi-Crush Partners	-\$0.08	-\$0.06	\$162.20	\$145.45	-24.20%	
HIW	Highwoods Prop	\$0.86	\$0.86	\$1,851.40	\$176.79	952.50%	
JKHY	Jack Henry	\$0.88	\$0.85	\$386.28	\$380.40	8.10%	
MTSI	M/A-COM Tech	\$0.20	\$0.20	\$150.69	\$153.14	15.10%	Q2 Below
MANH	Manhattan Assoc	\$0.46	\$0.37	\$144.37	\$139.19	0.20%	
MXL	MaxLinear	\$0.20	\$0.19	\$87.63	\$87.00	-22.90%	Q1 Below
MDU	MDU Resources	\$0.39	\$0.42	\$1,209.90	\$1,200.00	3.80%	
MCHP	Microchip	\$1.66	\$1.57	\$1,416.00	\$1,396.51	42.50%	Q4 Below
MODN	Model N	\$0.03	\$0.01	\$35.08	\$34.21	-10.20%	FY In Line
MYGN	Myriad Genetics	\$0.38	\$0.39	\$216.80	\$217.69	15.40%	FY In Line
NANO	Nanometrics	\$0.49	\$0.39	\$77.00	\$72.65	-1.50%	Q1 Below
NBIX	Neurocrine Biosci	\$0.19	\$0.19	\$131.49	\$132.32	39.10%	
OI	Owens-Illinois	\$0.61	\$0.62	\$1,600.00	\$1,679.80	-5.90%	FY Above
PAYC	Paycom Software	\$0.61	\$0.56	\$150.33	\$144.10	31.80%	FY Above
PAA	Plains All American	\$0.80	\$0.70	\$8,786.00	\$9,917.92	15.50%	
PAGP	Plains GP	\$1.12	\$0.48	\$8,786.00	\$10,516.87	15.50%	
PLT	Plantronics	\$1.36	\$1.22	\$530.60	\$507.87	134.30%	Q4 Above
POWL	Powell Inds	-\$0.23	-\$0.01	\$109.35	\$108.20	21.30%	
SCSC	ScanSource	\$0.99	\$0.97	\$1,046.02	\$1,052.07	1.30%	Q3 In Line
SFLY	Shutterfly	\$5.19	\$5.13	\$949.97	\$951.60	60.00%	
SWKS	Skyworks	\$1.83	\$1.83	\$972.00	\$974.70	-7.60%	Q2 Below
SNAP	Snap	-\$0.04	-\$0.08	\$389.82	\$378.90	36.40%	Q1 In Line
SAVE	Spirit Airlines	\$1.38	\$1.38	\$862.80	\$861.65	29.50%	
DATA	Tableau Software	-\$0.03	-\$0.08	\$275.70	\$271.62	10.50%	Affirms FY
TENB	Tenable	-\$0.12	-\$0.14	\$75.22	\$72.59	39.00%	
TMK	Torchmark	\$1.56	\$1.56	\$1,065.00	\$1,087.97	0.80%	
UGI	UGI Corp	\$0.81	\$1.11	\$2,200.20	\$2,207.00	3.50%	
UNM	Unum Group	\$1.30	\$1.31	\$2,922.20	\$2,910.85	3.30%	
USNA	USANA	\$1.32	\$1.29	\$299.02	\$305.79	9.50%	
VREX	Varex Imaging	\$0.26	\$0.25	\$185.70	\$176.73	5.40%	Affirms FY
VRTX	Vertex Pharma	\$1.30	\$1.06	\$870.11	\$818.29	33.50%	

VIAV	Viavi	\$0.22	\$0.16	\$298.40	\$280.93	47.90%	
VOYA	Voya Financial	\$1.40	\$1.22		\$2,070.93		
DIS	Walt Disney	\$1.84	\$1.57	\$15,303.00	\$15,202.58	-0.30%	
ZEN	Zendesk	\$0.10	\$0.03	\$172.25	\$165.56	41.30%	FY Above

**CB – Beat on EPS and Missed on Revenues** - Chubb performed well in a quarter marked by elevated natural catastrophe losses, on the one hand, and stronger premium revenue growth, improved commercial P&C pricing globally and record net investment income, on the other. Core operating income was \$935 million compared with \$1.5 billion prior year, which included a one-time tax benefit and lighter CAT activity. Our P&C combined ratio of 93.1% included 8.5 points of pre-tax CAT losses. P&C net premiums written in the quarter grew nearly 6% in constant dollars, driven by our growth initiatives and improved pricing in the U.S., London and a number of other markets around the world. In North America, commercial P&C premiums grew about 5%, while in our international operations premiums were up 8% in constant dollars. Globally, this was our best quarter of the year - and for some of our businesses the best in several years - in terms of the pace and broad-based nature of price change and improved underwriting conditions. Benefiting from higher reinvestment rates and our strong cash flow, adjusted pre-tax net investment income in the quarter was \$903 million, up about 3.5%, and contributed to investment income of \$3.6 billion for the year - both records.

**BOOT – EPS In Line and Revenues In Line, Raising Guidance;** Our strong results in the third quarter reflect the continued strength across the country and in nearly all major product categories. Our strong merchandising initiatives, segmented marketing, and solid store operations drove double-digit growth in e-commerce and high single-digit growth in retail stores while expanding our consolidated merchandise margin 120 basis points. Our same store sales trend through the first five weeks of the fourth quarter is in line with our third quarter performance and we continue to hold true to our full-price selling model. Notably, our Texas stores also continue to perform better than company average.

**EA – Beat on EPS and Missed on Revenues** - "The video game industry continues to grow through a year of intense competition and transformational change," said CEO Andrew Wilson. "Q3 was a difficult quarter for Electronic Arts and we did not perform to our expectations. We are now applying the strengths of our company to sharpen our execution and focus on delivering great new games and long-term live services for our players. We're very excited about Apex Legends, the upcoming launch of Anthem, and a deep line-up of new experiences that we'll bring to our global communities next fiscal year."

**MCHP – Beat on EPS and Revenues** - After reducing the inventory in the Microsemi distribution channel in the September 2018 quarter, Microsemi distribution inventory remained at a stable 2.6 months in the December 2018 quarter. We believe that at the current levels distributors are holding the amount of inventory needed to support end-market demand and that the inventory levels are in line with the levels maintained by our distributors for our historical business." Since closing the Microsemi acquisition, we have removed sell-in revenue incentives and sales discounts from the Microsemi business and have realized significant operating expense synergies. As a result of these actions, we achieved record non-GAAP operating profit percentage for the Microsemi business. The accretion run rate from the Microsemi



transaction already exceeds the 75 cents per share annualized run rate which was our initial guidance for one year after the acquisition date."

**OI – Missed on EPS and Revenues** - Throughout 2018, Europe's focus on the top line – sales mix management and premium products – and the benefits of Total System Cost efforts drove higher profits and strong margin expansion. Over the course of the year, the Americas team responded to several unplanned headwinds and the stronger U.S. dollar by growing sales volume outside the U.S., and reducing structural costs across the region. Asia Pacific completed its 2018 asset advancement program and exited the year with a strong margin, as expected. Given favorable market trends, ascribable growth opportunities, and continued structural cost reductions, the Company expects higher earnings and cash flow generation in 2019, consistent with our Investor Day commitments

**SWKS – EPS In Line and Revenues Light** - "Despite macro weakness across our global mobile business, Skyworks delivered solid financial results driven by content gains, an expanding footprint in broad markets and our strong business model," said Liam K. Griffin, president and chief executive officer of Skyworks. "During the quarter, we generated more than \$500 million in cash flow from operations and exited the quarter with over \$1 billion in cash. Looking ahead, we are leveraging our demonstrated technology leadership, trusted customer partnerships and innovative Sky5™ portfolio to capitalize on compelling 5G, IoT and automotive opportunities. We are enabling revolutionary applications and executing towards our vision of Connecting Everyone and Everything, All the Time."

**DIS – Beat on EPS and Revenues** - After a solid first quarter, with diluted EPS of \$1.86, we look forward to the transformative year ahead, including the successful completion of our 21st Century Fox acquisition and the launch of our Disney+ streaming service. Building a robust direct-to-consumer business is our top priority, and we continue to invest in exceptional content and innovative technology to drive our success in this space. **Media Networks** revenues for the quarter increased 7% to \$5.9B and segment operating income increased 7% to \$1.3B. Cable Networks revenues for the quarter increased 4% to \$4.0B and operating income decreased 6% to \$743M. Lower operating income was due to a decrease at ESPN and Freeform, partially offset by an increase at the Disney Channels. The decrease at ESPN was due to higher programming costs, partially offset by affiliate revenue growth and an increase in advertising revenue. The increase in programming costs was due to contractual rate increases for key sports programming and a shift in the mix of College Football Playoff games. **Parks, Experiences, & Consumer Products** revenues for the quarter increased 5% to \$6.8B and segment operating income increased 10% to \$2.2B. Operating income growth for the quarter was due to an increase at our domestic theme parks and resorts, partially offset by a decrease from licensing activities. "Operating income growth at our domestic theme parks and resorts was due to increased guest spending and higher occupied room nights. Guest spending growth was due to higher average ticket prices, an increase in food, beverage and merchandise spending and higher average hotel room rates. Operating income at our international parks and resorts was down modestly compared to the prior-year quarter as lower results at Shanghai Disney Resort and Disneyland Paris were largely offset by an increase at Hong Kong Disneyland Resort," Disney said. **Studio Entertainment** revenues for the quarter decreased 27% to \$1.8B and segment operating income decreased 63% to \$309M. Lower operating income was due to a decrease in theatrical distribution results, partially offset by growth in TV/SVOD distribution. "The decrease in theatrical distribution results was due to the strong performance of Star Wars: The Last Jedi and Thor: Ragnarok in the prior-year quarter compared to Mary Poppins Returns and The Nutcracker

and the Four Realms in the current year. Other significant releases included Ralph Breaks the Internet in the current quarter, while the prior-year quarter included Coco," the company said.

**MTSI – EPS In Line and Revenues Light** - Our second quarter outlook reflects the confluence of macroeconomic and trade-related cross currents that are impacting all three of our target end markets and multiple geographies. At the same time, we're faced with a number of variable investments that we plan to follow-through in support of critical customers and program ramps for the second half of the calendar year.

**MYGN – Missed on EPS and Revenues** - "This quarter we saw a return to revenue growth for our hereditary cancer business, an acceleration in our prenatal testing and continued profitability improvements driven by the Elevate 2020 program," said Mark C. Capone, president and CEO, Myriad Genetics. "Importantly, in the last month, we announced two pivotal events with the publication of the GeneSight GUIDED study and the launch of our expanded Women's Health sales team, which have the potential to drive transformational growth and long-term shareholder value."

**VOYA – Beat on EPS** - We demonstrated continued momentum across our businesses with Retirement Full Service recurring deposits for 2018 increasing 10% compared with 2017; \$694 million of positive Institutional net flows in Investment Management in the fourth quarter of 2018; and a 5% increase in Employee Benefits annualized in-force premiums compared with the fourth quarter of 2017.

### Earnings

Ticker	Company	EPS Actual	EPS Estimate	Revs Actual	Revs Estimate	Y/Y Growth	Notes
FOXA	21st Century Fox		\$0.32		\$8,473.05		
ASC	Ardmore Shipping		-\$0.24		\$30.45		
ABG	Asbury Automotive	\$2.20	\$2.06	\$1,784.20	\$1,731.30	6.80%	SSS +4%
ATKR	Atkore International	\$0.74	\$0.70	\$452.03	\$449.53	9.00%	
BSX	Boston Scientific	\$0.39	\$0.36	\$2,561.00	\$2,565.67	6.40%	FY In Line
BCO	Brinks		\$1.01		\$925.06		
BIP	Brookfield Infrastructure	\$0.82	\$0.78	\$1,428.00	\$870.84	45.10%	
CSTE	Caesarstone	\$0.20	\$0.19	\$142.88	\$141.16	-3.60%	
CPRI	Capri Holdings	\$1.76	\$1.58	\$1,438.00	\$1,459.21	-0.10%	FY Below
CG	Carlyle Group	-\$0.15	-\$0.33		\$113.10		
CTSH	Cognizant Tech	\$1.13	\$1.06	\$4,130.00	\$4,113.99	7.90%	FY Light
CMI	Cummins		\$3.81		\$6,082.70		
ELAN	Elanco Animal Health	\$0.29	\$0.27	\$799.30	\$804.07	6.00%	FY In Line
LLY	Eli Lilly	\$1.33	\$1.33	\$6,438.60	\$6,279.87	4.50%	Cuts FY View
FDC	First Data	\$0.38	\$0.37	\$2,193.00	\$2,194.08	2.90%	FY In Line

FSV	FirstService		\$0.62		\$481.54		
GM	General Motors		\$1.21		\$36,310.34		
GWR	Genesee & Wyoming	\$1.00	\$0.89	\$575.60	\$570.71	0.70%	
HUM	Humana	\$2.65	\$2.53	\$14,168.00	\$14,036.26	7.40%	FY In Line
ICL	Israel Chemicals	\$0.10	\$0.09	\$1,410.00	\$1,365.00	3.60%	
JEC	Jacobs	\$1.14	\$1.05	\$3,083.79	\$3,906.59	72.90%	Raises FY
KFRC	Kforce		\$0.57		\$352.21		
MBUU	Malibu Boats	\$0.86	\$0.74	\$165.80	\$149.82	44.90%	
MDP	Meredith		\$1.29		\$859.28		
NYT	New York Times		\$0.30		\$479.57		
NJR	NJ Resources	\$0.61	\$0.70	\$811.77	\$712.00	15.10%	
BTU	Peabody Energy		\$0.68		\$1,393.38		
PFGC	Performance Food	\$0.46	\$0.40	\$4,615.70	\$4,500.08	7.10%	FY In Line
RDWR	Radware	\$0.24	\$0.17	\$63.82	\$63.28	9.20%	
REGN	Regeneron Pharma	\$6.84	\$5.60	\$1,928.00	\$1,728.75	21.90%	
ST	Sensata Tech	\$0.95	\$0.99	\$847.90	\$866.27	0.90%	Q1 Below
SR	Spire	\$1.30	\$1.30	\$602.00	\$602.54	7.20%	
SPOT	Spotify	\$0.36	-\$0.23	\$1,495.00	\$1,500.85	30.10%	FY In Line
SUM	Summit Materials	-\$0.16	\$0.09	\$491.00	\$459.58	0.20%	
TTWO	Take-Two	\$1.57	\$0.52	\$1,568.57	\$1,498.02	139.90%	Q4, FY Below
TZOO	Travelzoo		\$0.07		\$27.70		
TRVG	trivago	\$0.03	\$0.02	\$166.80	\$166.23	-10.20%	
WD	Walker & Dunlop	\$1.44	\$1.37	\$214.93	\$204.20	3.70%	