

## TOP STORIES

- US, China Trade Reps to Talk Thursday
- Mnuchin: Progress Made on Debt Limit Deal, Markets Shouldn't Be Concerned
- In Surprise Move, South Korea Cuts Rates for First Time in Three Years

## INDEX FUTURES

Futures	Change	Fair Value
<b>S&amp;P 500</b>	<b>2983.75 (-1.25)</b>	<b>-4.17</b>
<b>Nasdaq</b>	<b>7873 (-12.5)</b>	<b>-35.76</b>
<b>Dow</b>	<b>27210 (-21)</b>	<b>1.15</b>

## GLOBAL INDICES

INDEX	CLOSE	CHANGE
<b>FTSE</b>	<b>7514.16</b>	<b>-0.28%</b>
<b>DAX</b>	<b>12292.06</b>	<b>-0.40%</b>
<b>Nikkei</b>	<b>21046.24</b>	<b>-1.97%</b>
<b>Hang Seng</b>	<b>28461.66</b>	<b>-0.46%</b>

## ECONOMIC CALENDAR

TIME	INDICATOR	CONSENSUS
<b>8:30</b>	<b>Weekly Claims</b>	<b>220k</b>
<b>8:30</b>	<b>Philadelphia Fed</b>	
<b>10:30</b>	<b>EIA Nat Gas</b>	
<b>2:15</b>	<b>John Williams Speaks</b>	
<b>4:30</b>	<b>Fed Balance Sheet</b>	

## FOREX

<b>EUR/USD</b>	<b>1.1212 (-0.10%)</b>
<b>USD/JPY</b>	<b>107.86 (-0.07%)</b>
<b>USD/CAD</b>	<b>1.3057 (0.08%)</b>
<b>GBP/USD</b>	<b>1.2476 (0.39%)</b>
<b>USD</b>	<b>96.89 (0.04%)</b>

## COMMODITY

<b>Oil</b>	<b>57.22 (0.77%)</b>
<b>Natural Gas</b>	<b>2.331 (1.17%)</b>
<b>Gold</b>	<b>1419.8 (-0.25%)</b>
<b>Copper</b>	<b>2.706 (-0.37%)</b>

## VOLATILITY INDICES

INDEX	SYMBOL	CLOSE
<b>S&amp;P</b>	<b>VIX</b>	<b>13.97 (8.63%)</b>
<b>Nasdaq</b>	<b>VXN</b>	<b>18.00 (8.04%)</b>
<b>Oil</b>	<b>OVX</b>	<b>34.94 (8.98%)</b>
<b>Gold</b>	<b>GVZ</b>	<b>16.02 (11.87%)</b>

## MARKET OUTLOOK

Futures are indicating a modestly lower open this morning as trade and earnings weighed. POTUS continued to complain about lack of agricultural concessions from China and Huawei remains a sticking point according to a WSJ report. The two sides remain engaged but talks have slowed. Treasury Sec. Mnuchin on CNBC this morning said the two will talk on Thursday and said a trip to Beijing would happen later if progress is made. He said the concerns remain around 5G. In addition, Mnuchin downplayed issues around the debt ceiling saying top line issues have been agreed upon.

Asian markets were lower overnight with the Nikkei suffering its worst fall in four months. Japanese exports fell 6.7% in June, worse than the forecast, while imports fell 5.2% which was also far below the expected. South Korea's central bank cut interest rates for the first time in three years, a surprise move. They cited trade war headwinds as the driver. **NOK Corp** fell 6.5% after cutting their outlook. Cinema company **Toho** fell 4.5% after a fire at an animation studio. Auto parts company **Akebono Brake** rose 8% after receiving an investment for a corporate turnaround.

European markets are weak this morning and nearing a 3-week low. Earnings are weighing this morning after **SAP's** poor results citing headwinds from ongoing trade tensions. Shares fell 6%. **Novartis** rose 3% after raising their FY outlook. **Electrolux** rose 2% after saying that price hikes were helping mitigate trade pressures. UK retail sales rose 3.8% in June, a strong month with expectations for a 2.6% rise.

**Treehouse (THS)** in focus today with an upgrade from BMO to Buy, \$65 PT. The firm thinks the Snacks business divestiture removes the "final hurdle" in their transition into a smaller but better-managed "operating" company.

## S&P TECHNICALS

**Levels:** Support 3,000, 2985; Resistance 3,150/3225



2421 Advancing	Declining 4788
31.5%	62.4%
232 New High	New Low 148
61.1%	38.9%
4798 Above SMA50	Below 2793
63.2%	36.8%
4487 Above SMA200	Below 3104
59.1%	40.9%

**KEY EVENTS TO WATCH**

**Earnings After the Close:** OZK, COF, CHWY, CRWD, ETFC, ISRG, MRTN, MSFT, RECN, SKX

**Tomorrow...** Consumer Sentiment at 10:30 AM, James Bullard Speaks at 11:15, Eric Rosengren Speaks at 4:15.

**Earnings BMO:** AXP, ALV, BLK, CFG, CLF, GNTX, KSU, MAN, RF, SLB, STT, SYF; **Analyst Days:** SCHW (Summer Business Update)

**ANALYST ACTION/COMMENTS**

**Apple (AAPL)** upgraded to Outperform at Raymond James

**BNY Mellon (BK)** upgraded to Hold at Keefe Bruyette

**Power Integrations (POWI)** upgraded to Buy at Stifel

**PriceSmart (PSMT)** raised to Sector Outperform at Scotia

**Skyworks (SWKS)** raised to Outperform at Raymond James

**TreeHouse Foods (THS)** upgraded to Outperform at BMO

**U.S. Bancorp (USB)** upgraded to Neutral at BAML

**Advanced Micro (AMD)** downgraded to Neutral at Mizuho

**Air Products (APD)** cut to Hold at Bernstein

**Allegheny Tech (ATI)** downgraded to Neutral at Longbow

**Arconic (ARNC)** downgraded to Neutral at Longbow

**BrightView (BV)** downgraded to Neutral at JP Morgan

**Comerica (CMA)** downgraded to In-line at Evercore ISI

**Eagle Materials (EXP)** downgraded to Hold at Jefferies

**Exxon (XOM)** cut to Sector Perform at RBC Capital

**MGM Resorts (MGM)** downgraded to Equal-Weight at Morgan Stanley

**Qualcomm (QCOM)** cut to Equal Weight at Barclays

**Skyworks (SWKS)** downgraded to Equal Weight at Barclays

**Texas Capital (TCBI)** downgraded to Hold at SunTrust

**The Trade Desk (TTD)** downgraded to Hold at Jefferies

**U.S. Concrete (USCR)** downgraded to Hold at Stifel

**Ingevity (NGVT)** started at Outperform at BMO Capital

**Sonim (SONM)** initiated with a Buy at B. Riley FBR

Deutsche Bank starting **STRO, ZYME, KURA, DCPH, BPMC** at Buy, **MRTX** at Hold

**MEDIA HIGHLIGHTS**

U.S freight rail declines indicate economic weakness (**CSX, UNP, NSC, KSU**) - FT

Trump looking into Pentagon's cloud-computing contract (**ORCL, MSFT, AMZN**) - Bloomberg

**Netflix (NFLX)** to launch lower-priced mobile-only plan in India - Reuters

NYC apartment sales are declining following new rent control laws (**ESRT, SLG**). Bloomberg

DRAM contract prices remain under pressure – Digitimes

**TSMC (TSM)** expects 18% revenue increase in Q3 - Digitimes

**Renault's** Senard Plays Down Potential for **Nissan, Fiat (FAU)** Mergers – Bloomberg

**Volvo** Profit Tumbles as Trade Spat Takes Toll – Bloomberg

**Asos** Cuts Guidance as Problems Persist – Bloomberg

Nevada senator vows to turn up heat on **Subway Restaurants** – NY Post

**General Atlantic** nears acquisition of beauty brand **Morphe** – Reuters

Trump's tariffs trip up the all-American RV industry (**WGO, THO, CWH**) – Reuters

**Electrolux** sees lower hit from raw materials, trade tariffs in 2019 – Reuters

**SAP** says big margin gains to wait till 2020 – Reuters

Investors Hunger for Munis, but Issuance Is Rare - WSJ

**STOCK SPECIFIC NEWS OF NOTE**

**8x8 (EGHT)** to buy Wavecell for \$125M in cash and stock

**Amarin (AMRN)** announces \$400M secondary offering

**Genuine Parts (GPC)** to acquire Todd Group

**General Dynamics (GS), Serco Group** awarded piece of \$2.45B Navy contract

**Liberty Global (LBTYA)** sale of certain EU operations to Vodafone approved by EC

**Qualcomm (QCOM)** fined €242M by EU for engaging in 'predatory pricing'

**Bristol-Myers (BMY), Bayer** and **Ono Pharmaceutical** announce clinical collaboration

**Wayfair (W)** COO, CTO to retire

**PRE-MARKET MOVERS**

**Moving Higher:** EBAY 5.4%, NVS 5%, BTI 4.3%, ASML 2.4%, ERIC 1.4%

**Moving Lower:** NFLX -11.6%, AMRN -7.5%, SAP -6%, URI -5.7%, TEVA -1.7%

**INSIDER TRADING (Form 4 Filings)**

**Buying:** OPK

**Selling:** CVGW, NG, F, RETA, RMD, RARX, PGTI, KR, ARES, MU, ZNGA, SQ, ALK, OKTA

**POTENTIAL SYMPATHY TRADES**

ARNC, KALU, FCX – on AA earnings

FTV, TMO, ROP, WAT, A – on DHR earnings

SHW, APD, AXTA – on PPG earnings

**OPTION HIGHLIGHTS (Prior Day)**

ConAgra (CAG) with buyer of 3,000 January \$29 calls today for \$2.30 as some September \$30 calls adjust and follows buyers of the December \$29 and \$32 calls recently. CAG has also seen September \$24 put sales and has 3,800 January \$28 calls and 2,900 January \$30 calls in OI from earlier in the year. CAG shares are flagging on the weekly under \$31 and looking to clear a downtrend above \$29.50 in the near-term. Shares have a measured move up to \$36 and filling the low-volume gap from November and back to a big VPOC. The \$14B company trades 12.25X earnings, 1.5X sales, and 48.5X cash with a 3% yield and high-single digit EPS growth next year and moving up to 11.5% in 2022. CAG sees 2% revenue growth. CAG is coming off a messy quarter with the divestiture of their Wesson Oil business, Canadian Del Monte business, and some facility sales making comps tough. They continue to see strength in grocery and snacks while integration of the Pinnacle deal remains on track. CAG is expected to continue their focus on higher-impact areas with a number of new product launches into the 2H including frozen meals where they see considerable opportunity. Analysts have an average target for shares of \$35.75. Stifel positive on 6-28 expecting a marked improvement in the second half, particularly behind the Pinnacle business. BAML positive on 6-28 seeing recent headwinds as temporary and addressable by management as innovation and synergies still provide a strong upside draw. Short interest is 4.8% and up from around 2.5% in early 2019. Hedge Fund ownership fell 18.25% last quarter. Jana Partners remains a top holder with 14.9M shares and adding 1.4M more in Q1, their largest position at 35% weighting. Clearfield, Alyeska, and Schonfeld Strategic all notable holders as well. Insiders have been active this year with a \$668K open market buy from a Director on 7-2 at \$26.73 while buyers earlier this

**AFTER HOURS MOVERS**

**Gainers:** EBAY 6%, FHN 5%, GEO 3.4%

**Losers:** NFLX -12%, AMRN -8%, URI -6%, SM -5%, CCK -4.4%, AA -3%

**MARKET SENTIMENT / INTERNALS**

INDICATOR	READING	SIGNAL
CBOE Equity Put/Call Ratio	0.649	Moving Lower – Positive
CBOE Index Put/Call Ratio	1.15	Neutral
CBOE Skew Index	123.65	Rising
VIX Curve	Contango	Normal
CNN Fear & Greed Index	64	Greed
NYMO	18.96	Neutral
NYSE New Highs	476	Strong
McClellan Summation	781.93	Above 8-EMA
Univ. of Michigan Consumer Sentiment	98.2 (June Final)	Flat Y/Y

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

**IPO MONITOR**

**Afya (AFYA)** issuing 13.7M shares at \$16-\$18; Medical education company based in Brazil

**Health Catalyst (HCAT)** issuing 6M shares at \$20-\$23; Provider of data and analytics technology to healthcare organizations

**Medallia (MDLA)** issuing 14.5M shares at \$16-\$18; Developer of enterprise software that captures experience data from signal fields emitted by customers and employees

**Sunnova Energy (NOVA)** issuing 17.7M shares at \$16-\$18; Residential solar and energy story service provider

**Phresia (PHR)** issuing 7.8M shares at \$15-\$17; Developer of technology platform that enables healthcare providers to optimize efficiency and profitability

**SECONDARY MONITOR**

# TRADE

## WEEKLY TECHNICAL BREAKOUT

CB:



**Chubb (CB)** shares are consolidating in a narrow bull flag under \$152 and above the 21-day MA. A move higher target \$160 while the longer-term range breakout has a target of \$185. MACD is nearing a bull flag and RSI is in a healthy trend above 50.

## FUNDAMENTAL TRADE OF THE WEEK

**Stock:** Darden (DRI)

**Price:** \$124.75

**Valuation:** Undervalued

**Key Ratios:**

	Fwd. PE	P/S	P/B	EV / EBITDA	P/FCF
<b>Stock</b>	<b>95X</b>	<b>16.4X</b>	<b>20.2X</b>	<b>35X</b>	<b>38.5X</b>
<b>Industry Avg.</b>	--	<b>8.7X</b>	<b>10.3X</b>	<b>51.1X</b>	<b>75X</b>

**Analysis:** DRI is a \$15.4B company which trades 18X earnings and 1.8X sales with standout comps across their brands of restaurants Olive Garden and Longhorn. DRI has better margins than peers and using data/AI to help build better customer loyalty and insights. DRI has a strong cash position and could be a logical buyer in the market to expand their portfolio.

# IDEAS

## WEEKLY TECHNICAL BREAKDOWN

TAP:



**Molson Coors (TAP)** shares are consolidating in a multi-week bear flag above \$53.25. A breakout targets \$48 while longer-term a big 10-point range lower. MACD had a bearish crossover on Friday and RSI is back under 40, weakening trend.

## PAIR TRADE OF THE WEEK

**Industry:** Coffee

**Long/Short:** Long **Luckin Coffee (LK)**, Short **Dunkin Brands (DNKN)**

**Analysis:** LK is an exciting, emerging brand in China where coffee is growing in popularity and the company set to take advantage with their low-cost, technology-driven, high traffic model. DNKN trades at a premium value despite slowing traffic and SSS.

## SMALL CAP TRADE OF THE WEEK

**Callaway (ELY)** is a \$1.7B maker of golf clubs and accessories. Shares trade at 15.4X earnings, 1.26X sales, and 21.5X cash with a small yield and double-digit growth. They have a large stake in TopGolf, a massively popular new recreational concept which may seek an IPO this year. In January, the company bought Jack Wolfskin, a premium apparel brand in the EU, which expands their push into active lifestyle products.

## DAILY OPTIONS REPORT

<u>Unusual Call Activity</u>	<u>Unusual Put Activity</u>	<u>Implied Volatility Riser</u>
Varian Medical (VAR)	Stericycle (SRCL)	GTT Comms (GTT)
Iqvia (IQV)	Cintas (CTAS)	USA Tech (USAT)
Trinity (TRN)	Varian Medical (VAR)	Dillards (DDS)
Sun Run (RUN)	Adient (ADNT)	Tellurian (TELL)
Big Lots (BIG)	Nu Skin (NUS)	Gamestop (GME)
Blue Apron (APRN)	Red Fin (RDFN)	Lattice Semi (LSCC)
<u>Lowest Put/Call Ratio</u>	<u>Highest Put/Call Ratio</u>	<u>Implied Volatility Decliner</u>
Gold Fields (GFI)	Community Health (CYH)	Cintas (CTAS)
Aaron's (AAN)	Stericycle (SRCL)	Bank of NY (BK)
Party City (PRTY)	Avaya (AVYA)	Omnicom (OMC)
Uniti (UNIT)	Schneider (SNDR)	ASML
Lattice Semi (LSCC)	Boyd Gaming (BYD)	Cronos (CRON)
Nasdaq (NDAQ)	Goodyear (GT)	Rave Restaurant (RAVE)
<u>OTM Calls on Offer</u>	<u>OTM Puts on Offer</u>	<u>Elevated IV30</u>
Halliburton (HAL)	Concho (CXO)	Intra-Cellular (ITCI)
USA Tech (USAT)	Qudian (QD)	GlycoMimetics (GLYC)
Nio (NIO)	Tesla (TSLA)	Deciphera (DCPH)
L Brands (LB)	Netflix (NFLX)	Puma Bio (PBYI)
Cronos (CRON)	Beyond Meat (BYND)	Retrophin (RTRX)
<u>Positive Net Delta</u>	<u>Negative Net Delta</u>	<u>Option Volume Gainers (%)</u>
Applied Materials (AMAT)	JP Morgan (JPM)	Stericycle (SRCL)
Silver (SLV)	Nokia (NOK)	Cintas (CTAS)
Bank of America (BAC)	Disney (DIS)	Varian Medical (VAR)
Kraft (KHC)	Citi (C)	Big Lots (BIG)
Nvidia (NVDA)	Tesla (TSLA)	Blue Apron (APRN)
<u>Bullish Call Flow</u>	<u>Bearish Put Flow</u>	<u>Large Spread Trades</u>
Rio Tinto (RIO)	Marathon (MRO)	YETI, 1,000 August \$30/\$25 put spreads
Exxon (XOM)	Int'l Paper (IP)	BYND, January 2021 \$170/\$200 call spread trading 1,000X
Live Nation (LYV)	KKR	TRV, 1250 August \$150/\$140 put spreads
Amgen (AMGN)	Bausch Health (BHC)	ITW< 500 August \$150/\$140 put spreads
8x8 (EGHT)	Comerica (CMA)	ADNT, 2,295 August \$20/\$16 put spreads

## Extras

**Symantec (SYMC)** buyer of 10,000 August \$23 calls for \$1.20, spread vs the \$26 calls sold for \$0.20

**Adobe (ADBE)** buyer of 1,000 August \$310 straddles

**Lam Research (LRCX)** spread sells 650 August 30<sup>th</sup> (W) \$175 puts to buy the \$195/\$220 call spread

**Tyson (TSN)** buyers late for 1800 August \$80 calls for \$2.15 to \$2.30

**Jumia (JMIA)** buyer of the February \$20/\$15 put spread 1,000X2,000 for a net credit

**Expedia (EXPE)** late buyers of 600 July 26<sup>th</sup> (W) \$137 puts for \$4.90 to \$5

**Leggett (LEG)** more buyers late for 4,700 August \$40 puts up to \$1.80, spot where 8500 bought recently

**Acadia (ACAD)** another 10,000 September \$25/\$20 put spreads bought

**Gold Miners (GDX)** buyers of 4,000 November \$26 calls \$2.25 to \$2.45

**Gold (GLD)** buyer of the June 2020 \$135/\$170 call spread 8,000X16,000 for \$4.34

**Nasdaq (QQQ)** buyer of 5,000 October \$191/\$176 put spread for \$3.30

**Biotech (XBI)** spread sells 10,000 September \$93/\$75 strangles for \$1.65 and buys the August 30<sup>th</sup> (W) \$83 puts for \$1.85

**Wheaton Precious Metals (WPM)** strong run today up over 6% and this afternoon seeing 2,500 January \$30 puts bought to open \$4.75 to \$4.80

**YPF SA (YPF)** afternoon buyer of 3,000 January \$17/\$9 put spreads for \$1.35, stock tied

**Cloudera (CLDR)** afternoon buyers of 4,500 January 2021 \$5 calls today for \$1.80 to \$1.85

**Wynn (WYNN)** seeing 5,000 December \$145 calls open this afternoon for \$9

**Nvidia (NVDA)** shares setting up well in a weekly bull wedge under \$180 after forming a higher low in May and drawing a number of bullish trades recently including buyers in the August 30<sup>th</sup> (W) and August 9<sup>th</sup> (W) calls yesterday. The August \$145 calls bought 2,000X on 7-16 in a synthetic while the June 2020 \$240 calls and August \$145 short puts also active in the last week. The January \$130 calls were bought for \$3.7M on 6-17. Shares have room up to \$190 in the near-term with a move out of this range targeting \$255. Shares were on a big run from 2015 to 2018 before peaking and pulling back to the 50% level. The \$99.5B company trades 23.89X earnings, 9.27X sales, and 49X FCF with a small yield. They see 32.9% and 15.3% EPS growth over the next two years with revenues growing 20% and 16.6%. NVDA is coming off a strong quarter with a return to growth in gaming and growing in AI. Hyperscale remains slow but not as bad as previously expected. Analyst have an average target for shares of \$195. Cascend raising to Buy on 7-11 with a \$190 PT. The firm cites strength in Inference, hyperscale Cloud providers coming back for AI systems and NVDA holding share in the face of a strong Navi AMD GPU release. Piper with a \$200 PT on 7-12 after recent gaming surveys. The firm thinks relatively new technologies of ray tracing and video game streaming "garnered strong interest," as both are still in the very early ages of commercialization. They also cited higher GPU spending. Wedbush starting at Outperform on 6-27 with a \$184 PT. The firm thinks inventories of gaming GPUs have largely normalized. Similarly, the more modest deterioration in datacenter GPUs last quarter, as well as an outlook for improved second half of the year server builds, lead them to believe a return to more normal datacenter GPU sales growth is

likely. Short interest is 1.6% and recently hitting its lowest levels since 2012. Institutional ownership rose 2%. Vulcan Value, Viking Global, Holocene, Fisher Asset Management, Coatue, and Avalon Advisors notable holders.

### Earnings

Ticker	Company	EPS Actual	EPS Estimate	Revs Actual	Revs Estimate	Growth	Notes
ADTN	ADTRAN		\$0.08		\$155.89		
AA	Alcoa	-\$0.01	-\$0.02	\$2,711.00	\$2,772.22	-24.30%	
CNS	Cohen & Steers	\$0.62	\$0.63	\$101.80	\$102.17	7.80%	
CCK	Crown	\$1.46	\$1.47	\$3,035.00	\$3,037.22	-0.40%	FY Light
CCI	Crown Castle	\$1.44	\$1.39	\$1,478.00	\$1,423.39	11.10%	FY Above
EBAY	eBay	\$0.68	\$0.62	\$2,687.00	\$2,673.28	1.80%	Raises FY
IBM	IBM	\$3.17	\$3.08	\$19,200.00	\$19,200.67	-4.00%	
KMI	Kinder Morgan	\$0.23	\$0.24	\$3,214.00	\$3,593.13	-6.20%	
LLNW	Limelight Networks	-\$0.03	-\$0.02	\$45.90	\$46.40	-8.60%	FY Below
NFLX	Netflix	\$0.60	\$0.55	\$4,923.00	\$4,934.49	26.00%	FY In Line
PLXS	Plexus	\$0.81	\$0.81	\$799.64	\$783.30	10.10%	FY Below
SLG	SL Green Realty	\$1.82	\$1.74	\$244.96	\$241.61	2.70%	
URI	United Rentals	\$4.74	\$4.51	\$2,290.00	\$2,270.15	21.10%	

**AA – Beat on EPS and Missed on Revenues** – In the second quarter, our Aluminum segment rebounded despite weaker metal prices, and we reported a solid cash balance, even after sizeable cash outlays," said President and Chief Executive Officer Roy Harvey. "We also maintained strong operational performance across all of our businesses. the Company expects improvements primarily from lower alumina costs. For full-year 2019, Alcoa continues to project a global aluminum deficit, ranging between 1.0 million and 1.4 million metric tons, down from last quarter's estimate of a deficit between 1.5 million and 1.9 million metric tons. Global aluminum demand growth for 2019 is estimated to range between 1.25 percent and 2.25 percent, down from 2 percent to 3 percent in the previous quarter, driven by lower demand in both China and the world ex-China due to trade tensions and macroeconomic headwinds. Even so, aluminum inventories, measured in days of consumption, continue to decline and are expected by year's end to reach levels not seen in more than a decade, since before the Global Financial Crisis

**CCK – Missed on EPS and Revenues** – While the second half of 2019 is expected to be somewhat better than the same period in 2018, European Food will not fully recover shortfalls experienced in the first half. In Transit Packaging, the company is now expecting that second half performance will trail the prior year based on recent market sentiment.

**EBAY – Beat on EPS and Revenues** – eBay grew active buyers by 4% across its platforms, for a total of 182 million global active buyers. Underlying total eBay performance, the Marketplace platforms delivered \$2.2 billion of revenue and \$21.5 billion of GMV. Marketplace revenue growth was 1% on an

as-reported basis and 3% on a FX-Neutral basis, and GMV was down 5% on an as-reported basis and down 1% on a FX-Neutral basis. StubHub platforms drove revenue of \$264 million, up 7% on both an as-reported and FX-Neutral basis, and GMV of \$1.1 billion, up 5% on an as-reported basis and up 6% on a FX-Neutral basis. Classifieds platforms delivered revenue of \$271 million, up 5% on an as-reported basis and up 12% on a FX-Neutral basis. The PayPal integration for all enrolled U.S. sellers is complete and the offering in Germany is on track to be live by the end of 2019, pending regulatory approval. First-party advertising continued its impressive growth trajectory. In the second quarter, over 940,000 sellers leveraged first-party advertising to promote over 250 million listings, resulting in \$89 million of revenue, a year-over-year growth rate of over 130%

**NFLX – Beat on EPS and Missed on Revenues** – "Paid membership grew by 2.7M, less than the 5.5M in Q2 a year ago and our 5.0M forecast...Our missed forecast was across all regions, but slightly more so in regions with price increases. We don't believe competition was a factor since there wasn't a material change in the competitive landscape during Q2, and competitive intensity and our penetration is varied across regions (while our over-forecast was in every region). Rather, we think Q2's content slate drove less growth in paid net adds than we anticipated. Additionally, Q1 was so large for us (9.6m net adds), there may have been more pull-forward effect than we realized. In prior quarters with over-forecasts, we've found that the underlying long-term growth was not affected and staying focused on the fundamentals of our business served us well. Q3 has started with Stranger Things season 3, and the first two weeks of Q3 are strong. While our US paid membership was essentially flat in Q2, we expect it to return to more typical growth in Q3, and are seeing that in these early weeks of Q3. We forecast Q3 global paid net adds of 7.0M, up vs. 6.1M in Q3'18, with 0.8M in the US and 6.2M internationally. Our internal forecast still currently calls for annual global paid net adds to be up year over year. There's no change to our 13% operating margin target for FY19, up 300 basis points year over year."

**IBM – Beat on EPS with Revenues In Line** - "In the second quarter, we continued to grow in the high-value areas of the business, led by a strong performance across our Cloud and Cognitive Software segment," said Ginni Rometty, IBM chairman, president and chief executive officer. "With the completion of our acquisition of Red Hat, we will provide the only true open hybrid multicloud platform in the industry, strengthening our leadership position and uniquely helping clients succeed in chapter 2 of their digital reinventions."

### Earnings

Ticker	Company	EPS Actual	EPS Estimate	Revs Actual	Revs Estimate	Growth	Notes
ADS	Alliance Data	\$3.83	\$3.95	\$1,348.00	\$1,360.68	-3.50%	
ALLY	Ally Financial	\$0.97	\$0.89	\$1,552.00	\$1,531.95	-2.90%	
BBT	BB&T Corp	\$1.12	\$1.08	\$3,042.00	\$3,007.69	5.70%	
BX	Blackstone	\$0.57	\$0.51	\$1,486.81	\$1,149.55	-43.50%	
GTLS	Chart Industries	\$0.68	\$0.60	\$309.60	\$322.35	11.40%	
DHR	Danaher	\$1.19	\$1.16	\$5,156.60	\$5,087.07	3.50%	FY Light
DOV	Dover	\$1.56	\$1.53	\$1,881.00	\$1,860.04	4.60%	
GATX	GATX		\$1.32		\$355.00		



GPC	Genuine Parts		\$1.65		\$4,995.34		
HON	Honeywell	\$2.10	\$2.08	\$9,243.00	\$9,373.11	-15.30%	
IIIN	InSteel Industries	\$0.11	\$0.30	\$126.30	\$128.38	-0.30%	
MTB	M&T Bank	\$3.37	\$3.68		\$1,526.78		
MS	Morgan Stanley	\$1.23	\$1.16	\$10,244.00	\$10,021.29	-3.40%	
NVS	Novartis AG	\$1.34	\$1.21	\$11,764.00	\$11,453.78	3.70%	
NUE	Nucor		\$1.26		\$5,998.70		
PM	Philip Morris International	\$1.46	\$1.33	\$7,699.00	\$7,424.79	-0.30%	
POOL	Pool	\$3.22	\$3.23	\$1,121.30	\$1,157.84	6.00%	
PPG	PPG Industries	\$1.85	\$1.83	\$4,024.00	\$4,095.62	-2.60%	FY Light
SASR	Sandy Spring Banc	\$0.79	\$0.76	\$82.74	\$82.39	5.10%	
SAP	SAP SE	\$1.09	\$1.11	\$6,656.00	\$6,708.53	11.00%	
SBNY	Signature Bank	\$2.83	\$2.70		\$333.08		
SNA	Snap-On	\$3.22	\$3.21	\$951.30	\$959.33	-0.30%	
SON	Sonoco Products	\$0.95	\$0.97	\$1,359.70	\$1,415.24	-0.50%	
STI	SunTrust Banks	\$1.48	\$1.45	\$2,560.00	\$2,389.76	10.50%	
TSM	Taiwan Semi	\$2.57	\$2.55	\$240,999.00	\$236,651.65	3.30%	
UNP	Union Pacific		\$2.14		\$5,623.68		
UNH	UnitedHealth	\$3.60	\$3.46	\$60,595.00	\$60,587.45	8.00%	
WSO	Watsco		\$2.53		\$1,394.67		
WBS	Webster Financial	\$1.05	\$1.04	\$317.60	\$312.36	8.20%	
WNS	WNS	\$0.72	\$0.61	\$214.60	\$207.51	7.40%	

### IPO Focus

**Sunnova Energy (NOVA)** is expected to begin trading this week offering 17.6M shares at \$16-\$18, raising \$300M. The Houston-based company designs and installs solar panels and will be the first residential solar IPO since 2015. It will join Sun Run (RUN) and Vivint (VSLR) as well as Tesla's (TSLA) Solar City subsidiary on the market. NOVA uses a dealer model which gives them low overhead, a scalable platform, and better local relationships. The company's partnerships with dealers also helps customer origination and retention. Under their framework, NOVA owns the long-term service relationships on 25-year contracts with the individual projects. This gives them not only a predictable and scalable model but one which is high-margin. NOVA has a number of drivers going forward to take advantage of and grow. The TAM for residential solar is significantly underpenetrated. According to the company there are just 2.2M installed systems in the US vs 84M total single-family homes (3% penetration). By 2024, they see 5.4M homes installed, a 16% CAGR. NOVA expects to gain more market

share by expanding geographically. They have more than 50% concentration in New Jersey and California right now with 14% in Puerto Rico as well. They also see a significant driver from storage solutions business which is giving customers a lesser reliance on net-metering and ability to store excess energy during daylight hours. NOVA also sees ability for customers to sell power back to the regional grid at high time-of-use rates. Storage deployment is around 0.7 GWh right now but expected to expand to 10.3 GWh by 2024. NOVA has had two years of positive EBITDA, up 76% last year with 32% Y/Y customer growth. The company is cash flow positive as of 2018. Their loan principle and interest revenue is small at around \$14M but up 133% in 2018.