

**TOP STORIES**

- China's Yuan Tumbles Below 7 Per Dollar For First Time Since 2008
- China Asks State-Owned Companies to Suspend Imports of US Farm Goods
- Japan, US Targeting September for Trade Deal Resolution
- Hong Kong's Economic Pain Set to Deepen as Protests Intensify
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**INDEX FUTURES**

Futures	Change	Fair Value
<b>S&amp;P 500</b>	<b>2892.75 (-39.75)</b>	<b>-39.65</b>
<b>Nasdaq</b>	<b>7569.5 (-132.75)</b>	<b>-133.3</b>
<b>Dow</b>	<b>26111 (-338)</b>	<b>-333</b>

**GLOBAL INDICES**

INDEX	CLOSE	CHANGE
<b>FTSE</b>	<b>7252.13</b>	<b>-2.09%</b>
<b>DAX</b>	<b>11683.07</b>	<b>-1.60%</b>
<b>Nikkei</b>	<b>20720.29</b>	<b>-1.74%</b>
<b>Hang Seng</b>	<b>26151.32</b>	<b>-2.85%</b>

**ECONOMIC CALENDAR**

TIME	INDICATOR	CONSENSUS
<b>9:45</b>	<b>PMI Services</b>	<b>52.2</b>
<b>10:00</b>	<b>ISM Non-Manufacturing</b>	<b>55.5</b>

**FOREX**

<b>EUR/USD</b>	<b>1.1171 (0.58%)</b>
<b>USD/JPY</b>	<b>106.01 (-0.53%)</b>
<b>USD/CAD</b>	<b>1.323 (0.20%)</b>
<b>GBP/USD</b>	<b>1.2157 (0.02%)</b>
<b>USD</b>	<b>97.49 (-0.37%)</b>

**COMMODITY**

<b>Oil</b>	<b>55.12 (-0.97%)</b>
<b>Natural Gas</b>	<b>2.091 (-1.41%)</b>
<b>Gold</b>	<b>1470.2 (0.87%)</b>
<b>Copper</b>	<b>2.5565 (-0.58%)</b>

**VOLATILITY INDICES**

INDEX	SYMBOL	CLOSE
<b>S&amp;P</b>	<b>VIX</b>	<b>17.61 (-1.45%)</b>
<b>Nasdaq</b>	<b>VXN</b>	<b>21.37 (1.47%)</b>
<b>Oil</b>	<b>OVX</b>	<b>35.56 (-2.39%)</b>
<b>Gold</b>	<b>GVZ</b>	<b>15.0 (-6.31%)</b>

**MARKET OUTLOOK**

Futures are indicating a weak start to the morning with trade tensions escalating. The yuan tumbled to the weakest level in more than 10 years as policymakers in Beijing let it cross the 7-per-dollar mark. Emerging market currencies were volatile overnight over fears that the trade war had accelerated. The yen and gold both seen as safe-haven trades overnight. In other trade news, China has denied reports that it has stopped buying American farm goods. The country says that its companies have committed to buying 14M tons of soybeans while uncompetitive prices have stopped some further buys. The back-and-forth seems aimed at POTUS who reignited tensions last week without notice.

Asian markets kicked off the weak on a down note with the Nikkei hitting 2-month lows. Nerves surrounding the trade war have weighed on sentiment. China Caixin Services PMI came in light at 51.6 vs 52. Hong Kong manufacturing PMI fell again in July to 43.8. Japanese services PMI fell to 51.8, below forecasts. **Kobe Steel** fell 15% to a new seven-year low after cutting their outlook. **Sysmex** fell 12.5% after the medical device maker had a weak quarter. **Yahoo Japan** fell 12.5% after earnings were weak. **Subaru** rose 5% after strong global sales. **Asics** rose 24% after strong earnings.

European markets are weak again this morning with the China worries weighing. Eurozone services PMI fell to 53.2 in July, slightly worse than forecast. Composite PMI came in without surprises at 51.5. UK services PMI came in strong at 51.4 vs 50.4. Germany was weak today at 54.5. Italian and French data came in strong. Eurozone investor confidence fell in August to -13.7 vs -6.9 expected. Retailer **Metro** fell 6% after some M&A headlines. **Linde** higher by 2% after raising their outlook again. **Lufthansa** the only other name on the DAX in the green.

**S&P TECHNICALS**

**Levels:** Support 2,900/2,850; Resistance 2,975/3,000



2185 Advancing	Declining 5033
28.5%	65.6%
248 New High	New Low 399
38.3%	61.7%
3415 Above SMA50	Below 4169
45.0%	55.0%
4042 Above SMA200	Below 3542
53.3%	46.7%

**KEY EVENTS TO WATCH**

**Earnings After the Close:** XLRN, AEIS, ATSG, AEL, AWR, APU, ANSS, APLE, AVID, CAR, AXNX, BKH, BHF, BKD, BWXT, CBT, CZR, CDEV, CBPO, XEC, COHU, CYH, CLR, CXW, CSOD, DRH, DIOD, PLOW, DEI, DCO, EVBG, EVER, FRTA, FBM, FRPT, GPRE, HIIQ, HLIO, HPR, PODD, IPAR, IFF, IVC, ITRI, KMT, KRG, KLAC, RAMP, MAR, DOOR, MIME, MTSC, MWA, NCM, NPTN, LASR, OFIX, OTTR, OUT, PRMW, O, RBC, RYI, SHAK, SWAV, STE, STRL, SNCR, TCMD, TTWO, THC, UGI, VECO, WWD, WPX

**Tomorrow...** JOLTS at 10:00 AM, James Bullard Speaks at 1:05. **International Earnings:** Rolls Royce, InterContinental Hotels. **Earnings BMO:** ADNT, ACM, AES, AYR, AGN, ALNY, ARMK, BHC, BDX, TECH, BKI, APRN, BMCH, CJ, CAMT, CRCM, CHK, CHH, CWEN, CFX, DF, DISCA, DUK, EPC, ERI, EMR, ENDP, ENR, EXPD, FIS, GCI, GSKY, HAE, HSIC, NSIT, IPI, JCOM, JLL, LCII, LGIH, LPX, MNK, MOS, EYE, OCN, OXFD, PEGI, PAYS, PPL, REGN, SAGE, SEAS, SERV, SSTK, TGNA, TLRA, TEN, TDGUSFD, VG, WBT, WLK, ZTS

**ANALYST ACTION/COMMENTS**

**AB In Bev (BUD)** upgraded to Hold at Jefferies

**Telephone & Data (TDS)** upgraded to Neutral at JP Morgan

**US Cellular (USM)** upgraded to Neutral at JP Morgan

**Target (TGT)** upgraded to Buy at Deutsche Bank

**CF Industries (CF)** upgraded to Neutral at BAML

**First Horizon (FHN)** upgraded to Buy at UBS

**PBF Energy (PBF)** upgraded to Neutral at Goldman

**Owens Illinois (OI)** upgraded to Neutral at Goldman

**Williams (WMB)** downgraded to Neutral at Bernstein

**CDW** downgraded to Sell at JP Morgan

**Mercer (MERC)** downgraded to Neutral at RBC

**Prudential (PRU)** downgraded to Hold at Citi

**Fortive (FTV)** downgraded to Hold at Gordon Haskett

**Dollar Tree (DLTR)** downgraded to Hold at Deutsche Bank

**Ball (BLL)** downgraded to Neutral at Wells Fargo

**TTM Tech (TTMI)** downgraded to Neutral at JP Morgan

**Apollo (APO), Ares Capital (ARES), Blackstone (BX)** started Buy at Barclays, **Carlyle (CG), KKR** started Neutral

**Alphatec (ATEC)** initiated Overweight at Piper

**MEDIA HIGHLIGHTS**

Retail Reckoning Only Beginning (**WMT, AMZN, DKS, BBBY**) – Barrons

Barrons also positive on **HPQ, XLU, D, GE, CVS**; cautious **UA, AAPL**

**CBS (CBS), Viacom (VIAB)** reach deal to select management team for merged company - WSJ

**HSBC** says CEO John Flint stepping down – Reuters

Drug resistant infections from pork and other foods are increasing (**TSN, HRL, SAFM**) - NY Times

**Fiat Chrysler (FCAU)** execs are open to restarting M&A talks with **Renault** - FT

**JPMorgan (JPM)** positioned to lead **WeWork (WE)** IPO after debt offering – Reuters

**Huawei** is testing its own operating system for its smartphones (**GOOG**) - Reuters

US new tariffs on Chinese imports may dim **TSMC (TSM), Intel (INTC)** prospects – Digitimes

**Amazon (AMZN)** Is Squeezing Sellers That Offer Better Prices on **Walmart (WMT)** – Bloomberg

**Just Eat, Takeaway.com** to Combine – Bloomberg

**Univision** heads for auction with few suitors (**TV**) – NY Post

**STOCK SPECIFIC NEWS OF NOTE**

**Wells Fargo (WFC)** estimates possible legal reserve shortfall of \$3.9B

**Pfizer (PFE), GlycoMimetics (GLYC)** Phase 3 rivipansel study did not meet primary, key secondary endpoints

**KKR (KKR)** to acquire majority stake in German fintech heidelpay from AnaCap

**Fox Corp (FOXA)** to acquire Credible Labs

**Berkshire Hathaway (BRK/B)** Q2 In Line with Estimates, Cash Hits Record \$122B

**ON Semiconductor (ON)** Missed Q2 Revenues Estimates, Sees Q3 Below

Over 25 Killed in Two Mass Shootings in US (**AOBC, RGR**)

**KKR** bid for Axel Springer wins shareholder approval

IPPS Final Rates Remain Unchanged for Diagnosis-Related Group Following Proposed 27% Cut Earlier this Year (+vs **ABMD**)

**PRE-MARKET MOVERS**

**Moving Higher:** VXX 6.9%

**Moving Lower:** JD -4.5%, LVS -4%, NVDA -3.7%, TWLO -3.7%

**INSIDER TRADING (Form 4 Filings)**

**Buying:** DXC, ABBV, ESPR, RE, SAVE, AGYS, BMY, GRA, ARCH, FIX, TSLA, LGND, TRN, ABBV, AAN

**Selling:** SBUX, PRO, CHGG, KKR, VMC, MYGN, PSMT, FIVN, MDT, EA, ECL

**POTENTIAL SYMPATHY TRADES**

**APD** – on LIN results

**ABMD** – higher on final IPPS rates

**OPTION HIGHLIGHTS (Prior Day)**

**Signet Jewelers (SIG)** with 3,900 ITM September \$19 puts bought today for \$3.00 to \$3.10 and name which has drawn buyers in the September \$17 puts yesterday and the October \$17 puts recently. SIG has 11,000 January \$20 calls in OI as well but potential hedge against a short position which has adjusted with the decline in shares. SIG shares are in a bear flag and rejected at the declining 50-day MA this week. A move under \$16.50 targets \$14 but long-term weakness has room back to single digits. The \$920M company trades 5.69X earnings, 0.15X sales, and 1.65X FCF but plagued with a leveraged balance sheet and legal overhangs from the CFPB earlier this year. SIG sees limited growth in FY20, 1.5%, while sales remaining flat over the next two years. Short interest is 23.3% and jumping recently from around 11.5% in March. SIG has exposure to the next round of tariffs which could go into effect on 9-1 and warned in early June that while the first two tranches didn't have much impact, the next two would. SIG has 30% exposure to China merchandise spend and would need to move pricing and potentially supply-chain to compensate. The impact of tariffs would come at a difficult time for SIG which is undergoing a massive cost savings plan as they look to reignite traffic and sales momentum while putting several legal and headline issues behind them. Analysts have an average target for share of \$28.50 but 6 hold ratings and 1 sell rating, no buys. BAML lowering their Pt in June to \$20 while Nomura with a \$21 PT citing concerns about management's ability to return to sales growth. Hedge Fund ownership rose 56.5% in Q1. AQR, DE Shaw, and Maverick Capital all notable buyers.

**AFTER HOURS MOVERS**

**Gainers:**

**Losers:**

**MARKET SENTIMENT / INTERNALS**

INDICATOR	READING	SIGNAL
CBOE Equity Put/Call Ratio	0.643	Rising – Cautious
CBOE Index Put/Call Ratio	1.13	Neutral
CBOE Skew Index	117.07	Sharp Drop
VIX Curve	Backwardation	Fear
CNN Fear & Greed Index	36	Fear
NYMO	-41.16	Near an Extreme
NYSE New Highs – New Lows	-105	Near an Extreme
McClellan Summation	658.04	Below 8-EMA
Univ. of Michigan Consumer Sentiment	98.4 (July)	+0.5% Y/Y

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

**IPO MONITOR**

**AMTD International (HKIB)** issuing 20.8M shares at \$8-\$8.50; Hong Kong headquartered financial institution

**SECONDARY MONITOR**

# TRADE

## WEEKLY TECHNICAL BREAKOUT

VMC:



**Vulcan Materials (VMC)** showing relative strength last week holding up near 52-week highs and above its rising 50-day MA. A breakout over the \$140 resistance targets a move up to \$147.50. RSI is holding up well while MACD is near a bullish crossover.

## FUNDAMENTAL TRADE OF THE WEEK

**Stock:** Madison Square Garden (MSG)

**Price:** \$289.5

**Valuation:** Undervalued

**Key Ratios:**

	Fwd. PE	P/S	P/B	EV / EBITDA	P/FCF
<b>Stock</b>	<b>163X</b>	<b>4.1X</b>	<b>2.6X</b>	<b>33.1X</b>	<b>100X</b>
<b>Industry Avg.</b>	<b>23.6X</b>	<b>2.5X</b>	<b>2.8X</b>	<b>12.6X</b>	<b>28.3X</b>

**Analysis:** MSG is a \$6.88B company which focuses on both live sports and entertainment. They own two professional sports franchises in NY but also promote, present, and produce events for boxing, college basketball, hockey, MMA, eSports and more. MSG has been exploring splitting their two businesses which would allow for more aggressive growth plans like adding music venues.

# IDEAS

## WEEKLY TECHNICAL BREAKDOWN

BIDU:



**Baidu (BIDU)** shares are consolidating in a bear flag near new 1-year lows with a breakdown under \$106 targeting \$91. MACD is back near zero and rolling over while RSI is crossing back under 40.

## PAIR TRADE OF THE WEEK

**Industry:** Casinos

**Long/Short:** Long **Melco (MLCO)**, Short **Las Vegas Sands (LVS)**

**Analysis:** MLCO is coming off a strong quarter driven by mass market gains and tailwinds from higher visitation from the mainland. They're renovating properties and adding non-gaming revenue at a quick pace. LVS was a laggard in Macau and growth likely not until 2020/2021 when they add expansions.

## SMALL CAP TRADE OF THE WEEK

**Natera (NTRA)** is a \$1.95B company which focuses on diagnostics including preconception and prenatal genetic testing. NTRA reports this week, 8/7, and strong history closing higher four of the last five. NTRA has a 3,000 patient study ongoing to evaluate their Prospera test for kidney transplanted rejection, a potential to add their transplant portfolio.

## DAILY OPTIONS REPORT

<u>Unusual Call Activity</u>	<u>Unusual Put Activity</u>	<u>Implied Volatility Riser</u>
Gold Fields (GFI)	Post Holdings (POST)	Acorda (ACOR)
Dean Foods (DF)	Enesco Rowan (VAL)	Global Eagle (ENT)
Commscope (COMM)	United Natural (UNFI)	Virnet (VHC)
Inspire Medical (INSP)	American Axle (AXL)	Blue Apron (APRN)
Intersect (XENT)	ZTO Express (ZTO)	Dean Foods (DF)
Aphria (APHA)	Gardner Denver (GDI)	GlycoMimetics (GLYC)
<u>Lowest Put/Call Ratio</u>	<u>Highest Put/Call Ratio</u>	<u>Implied Volatility Decliner</u>
Skyline (SKY)	Ardmore (ASC)	Navigant (NCI)
Liberty (LBTYA)	Nvent (NVT)	Go Pro (GPRO)
Gannett (GCI)	Tech Data (TECD)	Floor & Décor (FND)
Dean Foods (DF)	Post Holdings (POST)	Cardtronics (CATM)
McEwen (MUX)	Fortune Brands (FBHS)	Newell (NWL)
Gray Television (GTN)	American Axle (AXL)	SVMK
<u>OTM Calls on Offer</u>	<u>OTM Puts on Offer</u>	<u>Elevated IV30</u>
GlycoMimetics (GLYC)	Office Depot (ODP)	Athenex (ATNX)
WPX Energy (WPX)	ON Semi (ON)	Deciphera (DCPH)
Cemex (CX)	HP (HPQ)	Beyond Meat (BYND)
Liberty (LBTYA)	Teva Pharma (TEVA)	Uniqure (QURE)
Vale SA (VALE)	Pure Storage (PSTG)	Health Insurance Innv. (HIIQ)
<u>Positive Net Delta</u>	<u>Negative Net Delta</u>	<u>Option Volume Gainers (%)</u>
McDermott (MDR)	Cisco (CSCO)	American Axle (AXL)
Aphria (APHA)	AT&T (T)	ZTO Express (ZTO)
Vale SA (VALE)	Apple (AAPL)	Gardner Denver (GDI)
Century Link (CTL)	Snap (SNAP)	Intersect (XENT)
Zynga (ZNGA)	Microsoft (MSFT)	Aphria (APHA)
<u>Bullish Call Flow</u>	<u>Bearish Put Flow</u>	<u>Large Spread Trades</u>
Commscope (COMM)	Lumentum (LITE)	PXD, 5000 August \$128/\$134 call spreads
Iovance (IOVA)	Corning (GLW)	HAL, 4,200 January 2021 \$30/\$17.50 bull risk reversals
Conoco (COP)	United Natural (UNFI)	SQ, 11,500 December \$60/\$50 put spreads
TransDigm (TDG)	Match (MTCH)	C, August \$69/\$72.50 call spread bought 10,000X20,000
Ansys (ANSS)	Cardtronics (CATM)	TDG, 500 August \$480/\$500 call spreads

### Stock Specific News

NAND Flash Contract Price Decline Shrinks in 3Q, Wafer Prices to Grow Against the Trend – Digitimes

Elliott calls for break-up and bigger buyback at Germany's **Scout24** – Reuters

**Roche** says test showed Tecentriq helped bladder cancer – Reuters

U.S. Banks Are Cashing In on Persian Gulf Debt – WSJ

**Delek US (DK)** acquires 15% interest in Wink to Webster Pipeline

**MarketAxess (MKTX)** reports July total monthly trading volume \$178.9B

**Universal Display (OLED), Merck KGaA** announce OLED technology collaboration

**Allakos (ALLK)** says AK002 met all primary, secondary endpoints in Phase 2 study

**Cars.com (CARS)** completes strategic review, will remain independent public company

### Extras

**Service Now (NOW)** with 2,700 November \$280 calls bought for \$16.95/\$17 as some \$290 calls roll back in strikes from yesterday. The September \$270/\$290 call spread bought 950X1900

**Halliburton (HAL)** late buyers of 3,950 September \$20 calls for \$1.78 to \$1.81

**McDermott (MDR)** with 5,000 November \$5 synthetic long spreads opening for \$0.50

**Wynn (WYNN)** buyer of 1,250 August \$125 calls for \$2.75 to \$2.82 this afternoon, earnings 8-6

**Schwab (SCHW)** with 3,000 August 23<sup>rd</sup> (W) \$41/\$40 bull risk reversals bought into the close

**Pure Storage (PSTG)** with 2,000 November \$15 calls bought for \$0.95 to \$0.97

**Kroger (KR)** IV spiking late with 14,350 September \$23 puts bought to open around \$1.75

**Dell (DELL)** seeing 5,500 August \$52.50 puts bought on 7-24 close today and roll down to open 13,000 August \$50 puts for \$0.90

**Uniqure (QURE)** late day sale of 1,000 September \$45 puts for \$1.70 to \$1.65

**Shell (RDS/A)** with 2,200 January 2021 \$55 calls bought for \$5.90

**Amazon (AMZN)** the November \$1,900/\$2,000 call spread bought 1,000X for \$36

**Tyson (TSN)** with 1,500 August 9<sup>th</sup> (W) \$81/\$77 bull risk reversals opening for \$0.95 for earnings

**Russell 2000 (IWM)** the September 6<sup>th</sup> (W) \$152/\$148 put spread opening 25,000X for \$1.20

**Nasdaq (QQQ)** buyer of the September \$183/\$167 put spread 20,000X for \$2.50

**Biotech (XBI)** the October \$80 puts bought 4,000X for \$2.88, rolling out of some August puts

### Earnings

Ticker	Company	EPS Actual	EPS Estimate	Revs Actual	Revs Estimate	Growth	Notes
AMRX	Amneal	\$0.09	\$0.12	\$404.60	\$420.12	-12.50%	FY Below
ATRO	Astronics	\$0.20	\$0.37	\$189.10	\$188.80	-9.30%	FY Below
ATH	Athene Holding	\$1.95	\$1.81	\$1,161.00	\$1,281.32	21.20%	
BCC	Boise Cascade	\$0.71	\$0.48	\$1,230.10	\$1,273.33	-12.60%	
CARS	<a href="http://Cars.com">Cars.com</a>		\$0.43		\$160.18		
CYOU	<a href="http://Changyou.com">Changyou.com</a>	\$0.27	\$0.49	\$118.71	\$111.92	5.20%	
DK	Delek US Holdings	\$1.17	\$0.81	\$2,480.30	\$2,315.44	-5.90%	
DO	Diamond Offshore	-\$0.99	-\$0.88	\$216.70	\$228.46	-7.20%	
JEC	Jacobs	\$1.40	\$1.24	\$3,169.60	\$3,097.40	8.00%	FY Above
KMPR	Kemper	\$1.38	\$1.33	\$1,275.40	\$1,200.00	71.90%	
KOS	Kosmos Energy	\$0.05	\$0.06	\$395.93	\$391.29	83.80%	
ON	ON Semiconductor	\$0.42	\$0.41	\$1,347.70	\$1,379.00	-7.40%	FY Below
SPNS	Sapiens Int'l	\$0.19	\$0.17	\$79.53	\$78.62	10.20%	FY In Line
SOGO	Sogou	\$0.07	\$0.06	\$303.62	\$304.00	0.70%	FY Below
SOHU	<a href="http://Sohu.com">Sohu.com</a>	-\$1.27	-\$1.15	\$474.76	\$480.38	-2.30%	FY In Line
TA	TravelCenters	\$0.15	\$0.90	\$1,597.40	\$1,574.95	-1.70%	
TSN	Tyson Foods		\$1.47		\$10,954.24		
UNVR	Univar	\$0.42	\$0.44	\$2,584.60	\$2,825.96	8.90%	
WEC	WEC Energy Group	\$0.74	\$0.70	\$1,590.20	\$1,651.15	-4.90%	FY In Line