

**TOP STORIES**

- Pelosi, Mnuchin Hope to Reach Deal on Coronavirus Aid Package Today
- Trump Expected to Sign Emergency Declaration Today
- PBOC Pumps \$79B to Banks for Virus-Weakened Economy
- Norway’s Central Bank Announces Surprise Rate Cut
- 

**INDEX FUTURES**

Futures	Change	Fair Value
<b>S&amp;P 500</b>	<b>2563 (107)</b>	<b>94.36</b>
<b>Nasdaq</b>	<b>7557.25 (355.5)</b>	<b>303.25</b>
<b>Dow</b>	<b>21827 (883)</b>	<b>770.3</b>

**GLOBAL INDICES**

INDEX	CLOSE	CHANGE
<b>FTSE</b>	<b>5487.64</b>	<b>4.78%</b>
<b>DAX</b>	<b>9519.81</b>	<b>3.92%</b>
<b>Nikkei</b>	<b>17431.05</b>	<b>-6.08%</b>
<b>Hang Seng</b>	<b>24032.91</b>	<b>-1.14%</b>

**ECONOMIC CALENDAR**

TIME	INDICATOR	CONSENSUS
<b>8:30</b>	<b>Import/Export Prices</b>	
<b>10:00</b>	<b>Consumer Sentiment</b>	

**FOREX**

<b>EUR/USD</b>	<b>1.115 (-0.30%)</b>
<b>USD/JPY</b>	<b>106.38 (1.67%)</b>
<b>USD/CAD</b>	<b>1.382 (-0.77%)</b>
<b>GBP/USD</b>	<b>1.258 (0.03%)</b>

**COMMODITY**

<b>Oil</b>	<b>33.05 (4.92%)</b>
<b>Natural Gas</b>	<b>1.922 (4.40%)</b>
<b>Gold</b>	<b>1587.5 (-0.18%)</b>
<b>Copper</b>	<b>2.5050 (1.31%)</b>

**VOLATILITY INDICES**

INDEX	SYMBOL	CLOSE
<b>S&amp;P</b>	<b>VIX</b>	<b>65.86 (22.19%)</b>
<b>Nasdaq</b>	<b>VXN</b>	<b>60.45 (19.23%)</b>
<b>Oil</b>	<b>OVX</b>	<b>107.82 (2.44%)</b>
<b>Gold</b>	<b>GVZ</b>	<b>30.37 (13.59%)</b>

**MARKET OUTLOOK**

Futures are indicating a strong open for the morning after an historic day of selling on Thursday. A bunch of stimulus measures announced in the last 24 hours including Australia, Sweden, and Japan while the PBOC out early this morning cutting the RRRs for some banks. The US is expected to reach an agreement on an aid package today as well with Nancy Pelosi and Steve Mnuchin reportedly working out final details. In addition, Trump could declare a national disaster which would free up a lot more funding (but he’s so far been non-committal). Elsewhere, South Korea banned short selling. Norway did an emergency rate cut of 50 bps. A lot of risk-on assets seeing a bounce as well with WTI up 5.6%, gasoline up 12.5%, and natural gas up 4.35%. Copper up 1.3%. VIX is still elevated but indicated down under 56. The 10-year yield is back above 0.88%.

Asian markets finished the week lower with Japan down over 6%, the biggest fall since 2013, as the panic over coronavirus continued. Overall, the Nikkei was down 16% on the week and could get worse if the planned Olympic Games are officially delayed in the coming weeks.

European markets are rebounding today after their worst single day ever on Thursday. Financials are bouncing back strong as US yields climb. **Commerzbank** and **HSBC** both up 3% to 5%. Swiss healthcare company **Roche** higher by 5.4% after the FDA gave them an emergency authorization for a faster coronavirus test. **Wirecard** higher by 12% after their auditor found no manipulation in their financial statements. Italy’s Leonardo higher by 12% after earnings. **Ferrari** higher by 5.5%. Airlines like **Air France** rebounding by 15% after drawing down on their credit facility. **BP** and **Shell** both higher by 7.5% as oil rebounds. **Premier Oil** is up 67% after affirming their FY outlook. Miners also strong today with **Anglo American** up 9% and **Glencore** up 8%.

It was a quiet night for **economic data**. South Korea exports fell 1.8%, slightly better than feared. German CPI was in line at 1.7% while WPI was down 0.9%. French CPI was in line.

**S&P TECHNICALS**

**Levels:** Support 2865/2800; Resistance 3100/3150



<b>390 Advancing</b>	<b>Declining 7230</b>
<b>5.1%</b>	<b>93.9%</b>
<b>84 New High</b>	<b>New Low 5266</b>
<b>1.6%</b>	<b>98.4%</b>
<b>340 Above SMA50</b>	<b>Below 7360</b>
<b>4.4%</b>	<b>95.6%</b>
<b>620 Above SMA200</b>	<b>Below 7080</b>
<b>8.1%</b>	<b>91.9%</b>

**KEY EVENTS**

**Economic Data of Note:** China Economic Data for February (Sunday), RBA Minutes, EU Construction Output, German ZEW, US Retail Sales, US Industrial Production, US Housing Starts, FOMC Decision, BOJ Decision, SNB Rate Decision, Existing Home Sales

**Earnings on Watch:** FDX, ACN, and LEN

**Analyst Meetings:** KSS, AXP, MCK, SQ, HSY

**Conferences:** Citi Communications, OpCo Healthcare

**ANALYST ACTION/COMMENTS**

**Valvoline (VVV)** upgraded to Buy at Goldman Sachs

**Kraft (KHC)** upgraded to Neutral at Goldman Sachs

**H&R Block (HRB)** upgraded to Neutral at BTIG

**Domtar (UFS)** upgraded to Buy at BMO Capital

**Adobe (ADBE)** upgraded to Buy at JP Morgan

**Dolby (DLB)** upgraded to Buy at JP Morgan

**NextEra Partners (NEP)** raised to Buy at Raymond James

**MarketAxess (MKTX)** upgraded to Buy at Raymond James

**Apple (AAPL)** upgraded to Buy at Wells Fargo

**Morgan Stanley (MS)** upgraded to Buy at Goldman

**Citrix (CTXS)** upgraded to Buy at William Blair

**Fastenal (FAST)** upgraded to Buy at Baird

**Incyte (INCY)** upgraded to Buy at BAML

**Barrick (GOLD)** upgraded to Buy at UBS

**Dollar General (DG)** upgraded to Neutral at Evercore

**AMD** upgraded to Buy at Northland

**Teradyne (TER)** upgraded to Buy at Northland

**Campbell Soup (CPB)** Downgraded to Sell at Goldman

**Waste Connections (WCN), Waste Management (WM)** downgraded to Neutral at Goldman

**Helmerich Payne (HP)** downgraded to Neutral at Piper

**JetBlue (JBLU), United Airlines (UAL)** downgraded to Neutral at UBS

**Foot Locker (FL), PVH (PVH), Lululemon (LULU), Ralph Lauren (RL), Nike (NKE), Tapestry (TPR), Capri (CPRI)** downgraded to Hold at Deutsche Bank

**MEDIA HIGHLIGHTS**

Eurozone will flex budget rules to fight coronavirus – FT

Broadway Going Dark Could Mean Losses Above \$100 Million – WSJ

Russia Takes Aim at U.S. Shale Oil Producers – WSJ

Investment-Grade Bonds Could Turn to Junk Amid Global Rout - WSJ

**Amazon.com (AMZN)** to buy Lord & Taylor building for \$1.5B - NY Post

**Apple (AAPL)** seals multiyear licensing deals with major music labels – FT

**Disney (DIS)** to close theme parks in Florida and Paris amid COVID-19 – Bloomberg

**Apple (AAPL)** Reopens All 42 China Stores After Virus Closures – Bloomberg

**Airbnb's** Loss Nearly Doubles in Fourth Quarter, Before Virus – Bloomberg

Disinfectant Manufacturers Scramble to Meet Explosive Demand (CLX) – Bloomberg

Pentagon may reconsider awarding JEDI contract to **Microsoft (MSFT)** - NY Times

**Sinclair Oil** weighs offers for company sale – Reuters

KPMG audit finds no manipulation in **Wirecard's** financial statements – Reuters

**Apple (AAPL)** still looks to ship 90 million AirPods in 2020 – Digitimes

Global System-Wide Risks to Distress Memory Industry (**MU, STX, WDC**) – DRAMeXchange

**STOCK SPECIFIC NEWS OF NOTE**

**World Wrestling (WWE)** pulls Q1, FY guidance

**Extended Stay (STAY)** pulls Q1 guidance

**Playa Hotels & Resorts (PLYA)** withdraws 2020 outlook

**Oracle (ORCL)** raises buyback authorization by \$15B

NCAA cancels Division I men's and women's 2020 basketball tournaments (**CMCSA, DIS, FOX, VIAC**)

**Disney (DIS)** to close California parks for two weeks

**Wynn Resorts (WYNN)** to temporarily cancel all large entertainment gatherings

**SoftBank** to buy back up to 7% of its shares

**PRE-MARKET MOVERS**

**Moving Higher:** NCLH 15%, CCL 14.8%, RCL 13%

**Moving Lower:** INO -23%

**INSIDER TRADING (Form 4 Filings)**

**Buying:** LYV, HFC, RRC, SPWR, BG, EHC, KMI, VST, COOP

**Selling:** LM, XYL, JWN, MORN, KR, VGR, PEN, CDLX, SWCH, EA, MPWR, WORK, TRHC

**POTENTIAL SYMPATHY TRADES**

**OPTION HIGHLIGHTS (Prior Day)**

Cigna (CI) with another 1,475 October \$210 calls bought today from \$11 up to \$12.80 and looking to add to 1,000 bought recently. CI has seen a lot of near-term put buying with concerns over Bernie Sanders and Elizabeth Warren and general anxiety over Medicare for All, but those headwinds abating recently. Longer-term bull flow remains in open interest including over 5,000 January \$170 calls and 6,675 January \$175 calls from last year. Shares are also below an area where a director, Eric Foss, bought \$2M in stock in December at \$195. CI shares are right back around the 61.8% Fibonacci of the rally in late 2019 while also right at the VWAP from the 2019 lows. A move back above \$180/\$185 has room back to the 1-year value area high at \$195 and then \$205 which was a VPOC from January. The \$71.6B managed care company trades 9X earnings, 0.47X sales, and 8.5X FCF, one of the better balance sheets in the space with a lot of cash and optionality going forward. They see mid-teens EPS growth this year and growing in FY23 and recently taking revenue guidance up seeing 6% annual in each of the next two. CI seems to have finally turned the corner with the Express Scripts acquisition with near 200M customers while retaining a number of major large employer contracts that were considered vulnerable. Analysts have an average target for shares of \$245. Deutsche Bank positive on 2-18 while BMO raising their PT to \$252 on 2-10 citing a strong outlook and balance sheet that gives them flexibility into 2020. The firm also notes that CI has at least \$7B in deployable capital to accelerate growth. Sun Trust with a \$280 PT as they think CI will benefit from attractive medical and drug cost trends. Short interest is 1.2%. Hedge fund ownership rose 2.5% in Q4 with buys from Viking Global, Farallon Capital, and Orbimed. In addition to the buy noted above, CI has also seen insiders active in early 2019 at \$155 and \$163, the former a \$5M purchase from the CEO.

**AFTER HOURS MOVERS**

**Gainers:** UBS 6%, KKR 5.8%

**Losers:** ZUO -22%, WORK -19%, MGM -11.5%, ETFC -9%, PENN -9%, AVGO -8.5%, BJ -8.5%

**MARKET SENTIMENT / INTERNALS**

INDICATOR	READING	SIGNAL
CBOE Equity Put/Call Ratio	0.58	Rising – Cautious
VIX Curve	Backwardation	Fear
CNN Fear & Greed Index	6	“Extreme Fear”
NYMO	-93.2	Oversold
McClellan Summation	-248.34	Below 8-EMA – Cautious
Lipper Fund Flows	-\$20B	Extreme
Univ. of Michigan Consumer Sentiment	101.0 (February)	+7.7%
Cumulative A/D	Multi-Month Low	Neg. Divergence
VIX:VXV	1.18	Extreme Backwardation
NAAIM Exposure Index	29.03	Extreme Low
AAII Sentiment	Bulls +8.3%	Above Long-Term Averages

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

Carl Icahn increases stake in **Hertz (HTZ)** to 38.9%

**IPO MONITOR**

**IMARA (IMRA)** issuing 4.5M shares at \$16-\$18; Clinical-stage biopharmaceutical company developing therapeutics to treat patients suffering from rare inherited genetic disorders

**SECONDARY MONITOR**



## Extras

**AbbVie (ABBV)** late trade opens 1000 January 2022 \$90 calls for \$9.90

**Signet (SIG)** with 2,250 April \$14 puts bought up to \$3.00 as the \$19 puts adjust down

**TI (TXN)** late buyer 1000 March \$104 calls to open \$3.60

**Gilead (GILD)** trade opened 4000 March \$69 calls for \$3.30, adjusting back \$75 calls

**Nextera Energy Partner (NEP)** into a brutal down move with 1200 October \$50 calls opening for \$2.80

**Electronic Arts (EA)** with 600 September \$90 calls opening \$13.45 as the \$110 calls adjust

**Sono's (SONO)** with 5000 July \$10 calls opening late \$0.80 to \$0.90

**Euronet (EEFT)** with 1000 August \$130 calls opening for \$4.60

**Apple (AAPL)** size lots accumulating 10,000 September \$280 calls on the day \$23 to \$26

**Tenet Health (THC)** with 10,000 January 2022 \$25 calls bought late on 3/12 for \$5.10 and shares closing the day strong despite the market rolling over. THC has 6,000 January \$25 and 5,000 January \$30 calls in OI from size buys. Shares are back near the low-end of value from the 5-year range as well as multi-month support from 2019. The \$2.18B company trades 5.8X earnings, 0.12X sales, and 3.8X FCF. They're looking at mid-teens EPS growth low-single digit revenue growth. THC has been a deleveraging story over the last year as they divest assets and focus on cash flows. Patient volumes remain strong while margins increased nearly 5% in Q4 while growth in their ambulatory business remains strong. In January, they finished a strategic review and plan to spin off their Conifer business in a tax-free process in 2021. THC is one of many hospitals in focus with COVID-19 and on 3/11 they spoke at an investor conference on the topic. The company has been prepared for weeks for the spread of the virus for weeks and has a strong system in place. They also have an adequate supply on masks and gowns and redistributing within its system to where most needed, avoiding a crunch. THC has also had questions about elective procedures getting canceled and noted that they most likely see those rescheduled, so more of a push back than a loss. They're also set up to repurpose capacity should more get deferred. Analysts have an average target for shares of \$34. RBC upgrading to Outperform on 3/11 with a \$39 PT. The firm thinks the turnaround has shown strong progress as they improve operational performance and reduce leverage. THC also trades at a sizable discount to peers. JP Morgan upgrading to Neutral in late February as tailwinds seem to be building for Tenet's ambulatory segment. CSFB has a \$43 PT and Outperform rating. They note that THC doesn't have any significant debt maturities until April 2022 and with their pending Memphis asset sale they can generation \$300M of cash flow for the year. Short interest is 7.7% but declining since November when it was 12.5%. Hedge fund ownership fell 10.8% in Q4, Glenview adding more to their position (3<sup>rd</sup> largest) and now over 19.5M shares. Insiders have been active into weakness including a \$271k buy from the CEO on 3/2 at \$27.11.

**Mirati Therapeutics (MRTX)** with buyer yesterday for 1,000 September \$85 calls for \$13 and follows 2,000 April \$95 calls bought earlier in the week for \$3.10. MRTX still has 5,000 May \$120 calls in OI from a buyer back on 12/18. Shares are back at a high-volume node from 2019 at \$72.50 and the low-end of a gap that has room back to \$100 on a turnaround. MRTX is also right back at the 61.8% Fibonacci of the run from the 2018 low. The \$3.18B biotech trades 7.65X cash a number of early-stage programs in play over the next 18 months. MRTX focuses on cancer treatments with their KRAS G12C inhibitor the main focus. KRAS inhibitors are considered the "holy grail" of cancer treatments as they can stop



development of KRAS mutations which are the driver of growth for deadly cancer cells. MRTX's treatment, MRTX849, is an oral treatment that keeps the KRAS molecule inactive and thus prevents tumor growth. They see the KRAS G12C+ market as a significant opportunity given the patient population in NSCLC, colorectal, and pancreatic indications. MRTX estimates the TAM at \$7B in commercial potential through the US and EU. The company will next have a data update in the 2H of 2020 in solid tumors. Competitor Amgen (AMGN) will also have data for AMG 510 sometime in 2020. Analysts have an average target for shares of \$115. JP Morgan upgrading to Neutral yesterday while HCW with a \$134 PT. BMO with a \$128 PT. They think MRTX849 "now stands in its own right" after prior external validation of anti-G12C mechanism by competitor AMG-510. As such, he increased his probability-of-success assumptions to 70% and 40% in non-small-cell lung carcinoma and colorectal cancer respectively, from 60% and 30% previously. Short interest is 12.4% but down from around 17.5% in early 2019. Hedge fund ownership fell 3.5% in Q4. Boxer Capital, Sands Capital, and Perceptive are top holders. On 1/10, Boxer Capital bought \$4.875M in stock on the open market at \$97.50.

### Earnings

Ticker	Company	EPS Actual	EPS Estimate	Revs Actual	Revs Estimate	Growth	Notes
ADBE	Adobe	\$2.27	\$2.24	\$3,091.00	\$3,051.08	18.80%	FY In Line
AVGO	Broadcom	\$5.25	\$5.36	\$5,858.00	\$5,994.96	1.20%	FY Below
CAL	Caleres	\$0.34	\$0.40	\$698.95	\$698.18	-3.00%	FY Below
DOCU	DocuSign	\$0.12	\$0.05	\$274.90	\$266.48	37.60%	FY Above
GPS	Gap	\$0.58	\$0.41	\$4,700.00	\$4,557.28	1.70%	FY Above
MDLA	Medallia	\$0.00	-\$0.03	\$110.10	\$101.48	27.40%	
ORCL	Oracle	\$0.97	\$0.96	\$9,796.00	\$9,754.89	1.90%	
WORK	Slack	-\$0.04	-\$0.07	\$181.90	\$174.24	49.10%	FY In Line
ULTA	Ulta Beauty	\$3.89	\$3.73	\$2,306.00	\$2,293.49	8.50%	FY Below
ZUMZ	Zumiez	\$1.48	\$1.36	\$328.80	\$325.99	7.90%	
ZUO	Zuora	-\$0.09	-\$0.10	\$70.39	\$71.93	11.10%	FY In Line

**GPS – Beat on EPS and Revs** - Comparable sales by brand for the fourth quarter were as follows: Old Navy Global: flat versus flat last year; Gap Global: negative 5% versus negative 5% last year; Banana Republic Global: flat versus negative 1% last year; Athleta: positive 2% versus positive 7% last year. Included in the fourth quarter reported results was an impairment charge of \$296 million related to the store assets and operating lease assets of the company's flagship stores. As a result of the company's specialty fleet rationalization efforts, the company reassessed its operating strategy for flagships, given their declining importance as marketing and brand awareness tools. Specifically, in the fourth quarter, the company began to explore options to exit or sublease certain flagship locations, including the Gap and Old Navy Times Square locations. The majority of the impairment charge related to the operating lease assets of the Times Square locations, due to the negative contribution of the individual stores, length of the leases, and the significant decline in the market rents. There were also significant costs incurred in

the quarter related to the recently cancelled Old Navy separation, including the disposal of capital assets with no alternative future use and certain obligations under noncancelable contracts.

**AVGO – Missed on EPS and Revs, Pulling Guidance** - "Our first fiscal quarter results were in line with our expectations, with our networking, storage and broadband businesses together growing nicely year over year," said Hock Tan, President and CEO of Broadcom. "The fundamental semiconductor backdrop has been improving, and we did not see any material impact on our businesses due to COVID-19 in our first quarter. However, visibility in our global markets is lacking and demand uncertainty is intensifying. As a result, we believe it prudent to withdraw our annual guidance until visibility returns to pre COVID-19 levels."

**WORK – Beat on EPS and Revs** - "We continue to see significant momentum in our enterprise business and finished the year with 70 customers spending more than \$1 million annually on Slack, up 79% year-over-year," said Stewart Butterfield, Chief Executive Officer and Co-Founder at Slack. "As the shift from email to channel-based messaging platforms continues, the largest companies around the world are choosing to standardize on Slack because of our enterprise-grade scalability, security, open platform, ease-of-use and innovative roadmap.

**ADBE – Beat on EPS and Revs** - "We are fortunate that the company's revenue and earnings are relatively predictable as a result of our move to a subscription-based business model. We have seen little to no impact on Adobe.com for Creative Cloud and Document Cloud demand thus far and will continue to acquire and engage customers digitally. In my conversations with business leaders across the globe, it is evident that investments in digital will continue to be critical but dealing with the implications of COVID-19 is the immediate priority. As a result, we expect some enterprises will delay bookings, postpone services implementation and reduce expenses. We will be using Adobe digital solutions to mitigate impact and to engage with our customers. While the situation is concerning and there is tremendous uncertainty, the long-term fundamentals of our business remain undiminished. Adobe is at the center of three massive market opportunities across creativity, digital documents and customer experience management which will fuel growth in the near and long term. Businesses must transform to deliver a personalized digital relationship with every customer. "

#### Earnings Before the Open

Ticker	Company	EPS Actual	EPS Estimate	Revs Actual	Revs Estimate	Growth	Notes
BKE	Buckle	\$0.96	\$0.87	\$271.00	\$270.27	2.50%	
GOGO	Gogo	-\$0.28	-\$0.56	\$221.30	\$206.53	1.90%	
HHR	HeadHunter Group	\$9.04	\$11.57	\$2,066.60	\$2,088.83	22.80%	FY Below
JBL	Jabil		\$0.67		\$6,194.19		
JKS	JinkoSolar Holding	\$1.40	\$1.45	\$1,368.70	\$1,338.75	22.20%	FY Below
OSTK	<a href="http://Overstock.com">Overstock.com</a>		-\$0.47		\$356.66		