

TOP STORIES

- Federal Reserve Slashes Rates to Zero As Part of Wide-Ranging Emergency Plan
- BOJ Increasing Asset Buying Program; Bank of NZ Cutting Rates to 0.25%; Bank of Korea Slashing Rates; Australia's RBA to Inject Liquidity into System Monday
- G7 Considering Emergency Call
- CDC Urges More Action to Combat Coronavirus
- China's February Industrial Data Plunges, Retail Sales Down 20.5%
- NY, LA Among Several States to Close Down Restaurants, Theaters As Country Goes on Lockdown

INDEX FUTURES

Futures	Change	Fair Value
S&P 500	2555.5 (-128.5)	-142.5
Nasdaq	7541 (-359.75)	-439.25
Dow	21798 (-1041)	-1242.6

GLOBAL INDICES

INDEX	CLOSE	CHANGE
FTSE	5048.03	-5.93%
DAX	8582.45	-7.04%
Nikkei	17002.04	-2.46%
Hang Seng	23063.57	-4.03%

ECONOMIC CALENDAR

TIME	INDICATOR	CONSENSUS
8:30	Empire State Mfg.	

FOREX

EUR/USD	1.117 (0.56%)
USD/JPY	105.97 (-1.80%)
USD/CAD	1.391 (0.78%)
GBP/USD	1.227 (-0.04%)

COMMODITY

Oil	29.74 (-6.27%)
Natural Gas	1.785 (-4.5%)
Gold	1474.5 (-2.78%)
Copper	2.376 (-3.57%)

VOLATILITY INDICES

INDEX	SYMBOL	CLOSE
S&P	VIX	57.83 (-23.36%)
Nasdaq	VXN	51.84 (-23.5%)
Oil	OVX	118.48 (-4.03%)
Gold	GVZ	37.4 (24.02%)

MARKET OUTLOOK

Futures are locked limit down again this morning with global markets plunging despite a number of 'shock and awe' measures from central banks across the globe. The SPY is indicating a 10% lower open. Futures reversed Friday's late day ramp quickly on Sunday night as a number of Trump's comments on Friday seem to have been exaggerated. Overall, a couple things seem to be driving the losses today. First, the magnitude with which central banks seem to be hitting the emergency button is unsettling people. The Fed also seems content with what they did and not looking to expand into anything more extreme. Second, a ton of new travel restrictions and bans on gatherings were announced across the globe. Several US cities are shutting down restaurants, etc. for two weeks, which will halt growth for the coming months. Third, European cases continue to spike as they grapple with containment and US cases are likely nowhere near peak. Overall, ugly open expected across the board with even 'safe havens' like gold down 2.5%. VIX is indicating a move back above 70. Bonds are jumping again as yields fall.

Asian markets were down this morning again, although not as bad as Europe or the US. The Nikkei hit a 3-year low despite the BOJ promise to ramp up ETF buying to double their current level. The Nikkei VIX jumped to its highest level since 2011 when they were hit with a massive tsunami. Auto makers getting hit with **Toyota**, **Nissan**, and **Honda** all down around 2.5% to 3.5%.

European markets are in freefall again today with the DAX down over 7% mid-morning. The broader STOXX 60 is down to the lowest level since 2012. France and Spain both under pressure after joining Italy in a national lockdown. French banks plunging with **Natixis** and **SocGen** down 14% each. Spain's financials also down hard with **Santander**, **BBVA**, **Caixabank**, etc. all down between 12% and 16%. Airlines and other travel names getting crushed again – **TUI**, **EasyJet**, **IAG**, **Air France**, etc. Really no place to hide today with several large-caps down at least 2-3%. The best performing names on the Stoxx 50 are **Ahold Delhaize** (+0.55%) and **Danone** (-2.27%). **Airbus** down 17.5% at the bottom.

Finally, turning to **economic data**, the focus was on China where data was weak. Industrial production was down 13.5% vs 1.5% growth forecast. Retail sales down 20.5% vs 0.8% growth forecast. Unemployment at 6.2% vs 5.2% prior. Fixed asset investment down 24.5% vs 2.8% growth forecast. Japan core machinery orders rose 2.9% in January. Italian CPI came in light at 0.3% vs 0.4%.

S&P TECHNICALS

Levels: Support 2500/2400; Resistance 3100/3150



KEY EVENTS

Earnings After the Close: APYX, BE, CPRX, COUP, HQY, HUYA, YY, RPAY, TME, TERP, ZTO

Analyst Days: KSS, RAD

Conferences: Roth Conference (SEDG, FIVN, MDLA, BLDP, ALRM, AEIS, RUN, LPSN, LGND, OSIS, SIMO, REGI, AIMT, NOVA, MXL, GLUU, AMRC)

Tomorrow... Industrial Production at 9:15am, Business Inventories at 10am, JOLTs at 10am

Earnings from Volkswagen, Ferguson, Antofagasta, DBI, HDS, LE, MIK

ANALYST ACTION/COMMENTS

AutoZone (AZO) upgraded to Buy at Wedbush

Aspen Tech (AZPN) upgraded to Neutral at JP organ

Aon (AON) upgraded to Buy at JP Morgan

Scotts (SMG) upgraded to Strong Buy at Raymond James

Nordson (NDSN) upgraded to Buy at Wells Fargo

US Bank (USB) upgraded to Buy at Wells Fargo

Las Vegas Sands (LVS) upgraded to Buy at Jefferies

Caterpillar (CAT) upgraded to Buy at Stifel

Global Payments (GPN) upgraded to Buy at Wedbush

Broadcom (AVGO) upgraded to Buy at BMO Capital

Hess Corp (HES) upgraded to Buy at Goldman Sachs

2U (TWOU) upgraded to Buy at BMO Capital

Philips (PSX) upgraded to Buy at MSCO

Altria (MO) upgraded to Buy at MSCO

Avaya (AVYA) upgraded to Buy at MSCO

SkyWest (SKYW) upgraded to Buy at Goldman Sachs

Avnet (AVT), Belden (BDC) upgraded to Buy at Sun Trust

Cirrus (CRUS) upgraded to Buy at Cowen

Teladoc (TDOC) upgraded to Buy at Keybanc

Dollar Tree (DLTR) upgraded to Hold at Loop Capital

Crowd-Strike (CRWD) upgraded to Buy at RBC Capital

Clorox (CLX) upgraded to Buy at JP Morgan

MEDIA HIGHLIGHTS

TSMC (TSM) considering new U.S. plant in response to Trump pressure - Nikkei

Sanofi (SNY) urging Europe to add vaccine manufacturing capacity - FT

Airbus helicopter deals raised concerns in probe - WSJ

Google (GOOGL) accused of GDPR breaches by rival - FT

Big U.S. banks halt stock buybacks – Reuters

American Airlines (AAL) cutting international flights by 75% amid demand collapse – Reuters

Air Liquide seeks coronavirus premium for hand sanitizer unit sale – FT

Bayer Moving Toward Resolving Roundup Litigation – WSJ

Box Office Plunges to Lowest Level in Over Two Decades Amid Coronavirus Pandemic (**AMC, CNK**) – Variety

STOCK SPECIFIC NEWS OF NOTE

Monster Beverage (MNST) new \$500M buyback

Trump says 'will be helping' cruise and airline industries (**AAL, UAL, DAL, CCL, RCL, NCLH**)

Micron (MU) to draw down on revolving credit line

Teladoc (TDOC) sees daily virtual medical visits up 50% in past week amid surge in demand

Penn National (PENN), Boyd (BYD), Wynn (WYNN), MGM, Eldorado (ERI) to temporarily suspend operations

Vail (MTN) to suspend operations

AMC Theaters (AMC) to cut capacity by half to promote social distancing

Starbucks (SBUX), Urban Outfitters (URBN), Under Armour (UAA), Apple (AAPL), Nike (NKE), Lands' End (LE), Lululemon (LULU), Abercrombie & Fitch (ANF), Columbia (COLM) to close stores temporarily

US Bank (USB), Citi (C) halts buyback program

United Airlines (UAL) says March revenue will be \$1.5B lower than last March

Aurinia Pharmaceuticals (AUPH) submits rolling NDA to FDA for voclosporin

Viad (VVI) cuts Q1 guidance, withdraws FY20 guidance

Mosaic (MOS) February sales down 27% Y/Y

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PRE-MARKET MOVERS**Moving Higher:****Moving Lower:** PUK -25%, FCAU -22%**INSIDER TRADING (Form 4 Filings)****Buying:** CUB, SKYW, KALA, HAIN, PLNT, EPD, FOSL, FTDR, IHRT, HE, OMF, DS, AAT, OSW**Selling:** DXCM, RNG, SPLK, JAZZ, NEM, EVBG, DOCU, SHW, ICE, HLX, AMT, BL**POTENTIAL SYMPATHY TRADES****OPTION HIGHLIGHTS (Prior Day)**

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 generate \$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 (3rd 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.

AFTER HOURS MOVERS**Gainers:****Losers:****MARKET SENTIMENT / INTERNALS**

INDICATOR	READING	SIGNAL
CBOE Equity Put/Call Ratio	0.63	Rising – Cautious
VIX Curve	Backwardation	Fear
CNN Fear & Greed Index	5	Extreme Fear
NYMO	-71	Oversold
McClellan Summation	-780	Below 8-EMA – Fear
Lipper Fund Flows	-\$4.6B	Continued Outflows
Univ. of Michigan Consumer Sentiment	95.9 (March 2020)	-2.5% Y/Y
Cumulative A/D	192571	Below 40-MA
VIX:VXV	1.20	Backwardation
NAAIM Exposure Index	16.59	Multi-Year Lows
AII Sentiment	51.3% Bears	Extreme

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

Nothing Scheduled

SECONDARY MONITOR

TRADE

WEEKLY TECHNICAL BREAKOUT

LLY:



Eli Lilly (LLY) one of the few names to hold up well over the last two weeks and near a small range breakout above \$142.50 that targets \$165. LLY pulled back to the 50% retracement of the late 2019 rally and bouncing with MACD and RSI both reset and ready to run.

FUNDAMENTAL TRADE OF THE WEEK

Stock: FCN Consulting (FCN)

Price: \$120

Valuation: Undervalued

Analysis: FCN is a \$4.7B provider of management services that focus on advising companies regarding corporate restructuring, bankruptcy, and M&A. FCN has been growing into newer verticals as well like public affairs, cyber disputes, and business transformation which could all see an uptick with the recent market disruptions. FCN has long been a strong beat-and-raise name.

IDEAS

WEEKLY TECHNICAL BREAKDOWN

VEEV:



Veeva (VEEV) weekly nearing a multi-week breakdown under \$137 with a series of lower highs forming. A move lower targets \$110 and a low volume node below. RSI is nearing a breakdown and MACD also weak and back around zero.

PAIR TRADE OF THE WEEK

Industry: Chemicals

Long/Short: Long Ecolab (ECL); Short 3M Co (MMM)

Analysis: ECL one of the few large-cap names outside of biotech likely to benefit from COVID-19 practices as demand for sanitizers and stations increases. MMM has seen a boost from N95 respirators but not an impactful part of their mix while demand across the rest of their businesses weakens.

SMALL CAP TRADE OF THE WEEK

Stamps.com (STMP) coming off a great quarter and pulling back to fill the gap where its stabilizing recently. The \$2.11B company has announced a number of new contracts and their new partnership with UPS will kick in this quarter and gives them a nice foothold into e-commerce.

Analyst Ratings

Occidental (OXY) downgraded to Sell at Jefferies

Matador (MTDR) downgraded to Neutral at BMO

ET, PAA, CLR, FANG, PBF, OXY downgraded at MSCO

American (AAL) downgraded to Neutral at Goldman

Domtar (UFS) downgraded to Sell at BAML

Apache (APA) downgraded to Neutral at Susquehanna

AMC Entertainment (AMC) downgraded to Neutral at Benchmark

WWE downgraded to Hold at Benchmark

HP Enterprise (HPE) downgraded to Sell at Citi

Infinera (INFN) downgraded to Sell at Citi

Exxon (XOM) downgraded to Sell at RBC Capital

GoPro (GPRO) downgraded to Sell at Citi

News Continued

Stock-Specific

Instagram (FB) to Roll Out IGTV Advertising in Challenge to YouTube – Bloomberg

Impossible Foods raises about \$500 million in new funding – Reuters

JD.com (JD) hires banks for a Hong Kong listing as early as mid-year – Reuters

Few U.S. shale firms can withstand prolonged oil price war – Reuters

Jack Dorsey's Push to Clean Up **Twitter (TWTR)** Stalls, Researchers Say – WSJ

General Macro

US investors brace for ratings downgrades as turmoil deepens – FT

Ray Dalio caught wrongfooted with big losses at Bridgewater fund – FT

Coronavirus/ Central Bank Response

Government official: Coronavirus vaccine trial starts Monday (**MRNA**) – AP

Bank of Japan Rolls Out Measures to Blunt Coronavirus Impact - WSJ

White House Health Aide Warns ‘Spike’ in Virus Cases Coming – Bloomberg

RBNZ Slashes Rates in Emergency Move to Support Economy – Bloomberg

Goldman Sachs Predicts U.S. GDP to Shrink 5% in Second Quarter - Bloomberg

Bank of Korea Slashes Rate in Emergency Move After Fed Cut – Bloomberg

Australia's central bank pumps extra liquidity into banking system – Reuters

White House Seeks Financial Crisis-Era Powers to Buttress Economy – NYT

U.S. Weighs Tariff Relief but Some Fear China Will Take Advantage – NYT

Extras

Cisco (CSCO) buyers of 3,000 April \$37.50 calls for \$1.15 to \$1.20 into the close

Chubb (CB) buyers of 1,275 March \$125 puts for \$10.24 as some \$145 puts roll down

Tempur Sealy (TPX) buyer of 1,000 April \$55 calls for \$4.60

Sportsman Warehouse (SPWH) with 4,250 July \$5 calls bought \$0.87 as the \$7.50 calls roll back

Main Street Capital (MAIN) with 1,200 April \$22.50 puts bought in the afternoon from \$1.40 to \$1.90

Adobe Systems (ADBE) with 400 January \$330 puts sold to open for \$67, stock replacement

Pinterest (PINS) the March \$14 calls with 3,000 bought up to \$1.00

Broadcom (AVGO) with 500 July \$230 puts sold to open for \$43.70, stock replacement

Morgan Stanley (MS) with 2,000 June \$31 puts sold to open for \$3.80

Ollie's Bargain Outlet (OLLI) late day sellers of 10,000 March \$37.50 puts from \$1.40 to \$1.15

OsaSure (OSUR) late day ramp in volume and 2,650 March \$7.50 calls bought up to \$1.10

T Rowe Price (TROW) on Friday an opening seller of 1,250 October \$75 puts from \$9.60 to \$8.50. TROW had 1265 April \$115 calls bought on 3-10 for \$7.10 as the \$130 calls adjusted back, while the April \$120 calls in OI over 1200X as well. Shares bounced last week right at monthly cloud support and also holding trend support from the 2016 lows. The longer-term channel higher targets \$150. The \$29.14B company trades 11.78X earnings, 3.54X book and 16.4X cash with a 3.35% yield. TROW expects 4% EPS growth and 4% revenue growth in FY21. TROW held an analyst day in February where they laid out long-term plans to grow AUM as they expand distribution within the US broker-dealer channel, the DCIO segment, and Asian/European markets. The company has seen most of their recent flows from Asia which should remain strong. In 2020, the company plans to launch ESG products, sustainable products, and multi-asset capabilities to help drive inflows. The firm has a decent cash

balance and could pursue M&A to expand internationally. Analysts have an average target for shares of \$126. BMO with a \$115 PT citing positive net flows and strong investment performance. CSFB has a \$151 PT and Outperform rating. They think the company's very strong investment performance (84% of mutual fund AuM rated 5/4 stars by Morningstar) and recent investments across product/ geography/ vehicle/ technology will continue to help the firm expand its market share and support positive organic growth in the 1-2% range. Short interest is 2.3% and flat over the last year. Hedge fund ownership was flat in Q4.

Earnings Preview

Williams-Sonoma (WSM) will report earnings on Wednesday after the Close with the Street looking for \$2.05 and \$1.82B. The FY is guided to \$4.74/\$5.87B, a 3.5% increase Y/Y. Shares have closed mixed over the last six with an average closing move around 9%. Skew is slightly bullish with a 25-delta p/c at 0.8% vs 5.6%. The \$4.2B company trades 9.16X earnings and 0.71X sales with a 4.23% yield. WSM sees accelerating EPS growth with the topline around 2.5% to 3% growth annually. WSM has been focusing on improving margins while a big investment cycle seems to be starting to inflect positively for the company. The company continues to show strong comps from WSM and the West Elm business which was 14.1% in Q3 driven by a strong domestic housing market. Analysts have an average target for shares of \$69. OpCo upgrading to Outperform in January noting that the worst now appears behind the company as operating margins seem to have at least stabilized. The firm also thinks strengthening in the domestic housing market implies an even better demand backdrop. Argus with a \$80 PT noting that the company has upside from West Elm which recently had a successful launch of new products. They also think WSM has unique merchandise and excellent tools for analyzing e-commerce and developing marketing plans. BAML out on 3-13 noting that WSM remains a stock to stay away from in case of a recession given less potential for market share gains, limited earnings growth, and ongoing investments in the business. Its also a name tied closely to housing. Short interest is 9% and down from as high as 25% in June. Hedge fund ownership fell 2.2% in Q4. Maverick Capital, Armistice Capital, and Junto Capital notable buyers. On Friday, a buyer of 1,000 August \$40 calls for \$9.60.