

**TOP STORIES**

- McConnell Pushes \$1T Stimulus Bill
- California Orders Lockdown for State's 40 Million Residents
- China Records No New Local Coronavirus Cases for Second Day
- White House May Soon Intervene in Russia, Saudi Oil Price War

**INDEX FUTURES**

Futures	Change	Fair Value
<b>S&amp;P 500</b>	<b>2465.25 (76.25)</b>	<b>68.86</b>
<b>Nasdaq</b>	<b>7615.5 (342)</b>	<b>330.9</b>
<b>Dow</b>	<b>20587 (712)</b>	<b>649.5</b>

**GLOBAL INDICES**

INDEX	CLOSE	CHANGE
<b>FTSE</b>	<b>5278.96</b>	<b>2.47%</b>
<b>DAX</b>	<b>9016.86</b>	<b>4.72%</b>
<b>Nikkei</b>	<b>Closed - Holiday</b>	
<b>Hang Seng</b>	<b>22805.07</b>	<b>5.05%</b>

**ECONOMIC CALENDAR**

Time	Event	Value
10:00	Existing Home Sales	5.5M

**FOREX**

<b>EUR/USD</b>	<b>1.073 (0.35%)</b>
<b>USD/JPY</b>	<b>109.99 (-0.64%)</b>
<b>USD/CAD</b>	<b>1.425 (-1.82%)</b>
<b>GBP/USD</b>	<b>1.178 (2.6%)</b>

**COMMODITY**

<b>Oil</b>	<b>27.17 (7.73%)</b>
<b>Natural Gas</b>	<b>1.677 (1.40%)</b>
<b>Gold</b>	<b>1513.9 (2.33%)</b>
<b>Copper</b>	<b>2.224 (1.75%)</b>

**VOLATILITY INDICES**

INDEX	SYMBOL	CLOSE
<b>S&amp;P</b>	<b>VIX</b>	<b>71.18 (-6.89%)</b>
<b>Nasdaq</b>	<b>VXN</b>	<b>67.06 (-9.65%)</b>
<b>Oil</b>	<b>OVX</b>	<b>173.24 (3.87%)</b>
<b>Gold</b>	<b>GVZ</b>	<b>39.09 (-20.19%)</b>

**MARKET OUTLOOK**

Futures are indicating a strong open for the day and continuation higher from Thursday's rebound. There was an initial dip lower down to around 2340 in the SPX but we've rallied since and overnight VWAP no around 2413.50. Continued optimism around stimulus remains the driver, overall, with congress set to pass a second package of support measures. They also continue to press forward with a massive \$1T plan for "Phase 3" while the Fed continues to exhaust all options to support the market. The Dollar is also paring some recent gains, down around 1%, after jumping around 8% over the last two weeks. 10-year yields are back above 1%. Gold is climbing by 2% while silver rallying nearly 6%. We saw more restrictions in place overnight with California going on full lockdown as containment continues to be a major focus. Elsewhere, oil is continuing its spike today up over 7.5% as the White House hopes to intervene in the Saudi/Russia price war.

Asian markets are rallying to close the week. The MSCI Asia index was up over 4.4% for the day, snapping a seven-day losing streak, but remains on track for its second straight 10%+ weekly loss. South Korean shares led the rebound up 7.5%.

European markets continued their rebound today as hopes for stimulus efforts boost sentiment. Financials getting a boost today with names like **Allianz**, **Prudential**, **ING**, and **Zurich Insurance** all up between 9% and 12%. Travels names are bouncing finally as well. **IHG** higher by 12% after a business update and a number of cost cutting initiatives. **Marks & Spencer** down 5% after warning on the impact to their clothing and homewares business.

Finally, it was a quiet night for **economic data**. China kept their benchmark loan rate unchanged despite the coronavirus impact. A cut was widely expected but the PBOC likely keeps easing policies going forward. German PPI came in light at -0.1% vs 0.2%. Russia kept rates unchanged.

**S&P TECHNICALS**

**Levels:** Support 2400/2300; Resistance 3100/3150



**KEY EVENTS**

**Economic Data Next Week:** Flash PMIs, BOE Meeting, China Industrial Profits

**Earnings of Note:** MU, NKE, PAYX, WGO, FDS, KBH, LULU, SIG

**Analyst Meetings:** SQ

**ANALYST ACTION/COMMENTS**

**Lam Research (LRCX)** upgraded to Buy at Mizuho

**Boeing (BA)** upgraded to Hold at Nord/LB

**Sanderson Farms (SAFM), Tyson (TSN)** upgraded to Buy at JP Morgan

**Oracle (ORCL)** upgraded to Buy at JP Morgan

**Enphase (ENPH)** upgraded to Neutral at Raymond James

**Gilead (GILD)** upgraded to Buy at Piper

**Discover Financial (DFS), Capital One (COF)** upgraded to Buy at Nomura

**Cardinal (CAH)** upgraded to Buy at BAML

**BHP Group (BHP)** upgraded to Hold at Liberum

**Aflac (AFL)** upgraded to Neutral at RBC

**Old Dominion (ODFL)** upgraded to Hold at Stifel

**Uber (UBER)** upgraded to Buy at Wells Fargo

**Dollar Tree (DLTR)** upgraded to Buy at Keybank

**Lululemon (LULU)** upgraded to Buy at Citi

**Ulta Beauty (ULTA)** upgraded to Buy at Citi, \$205 PT

**IDEX (IEX)** upgraded to Buy at Seaport

**Liberty Global (LBTYA)** upgraded to Neutral at Redburn

**Ross Stores (ROST)** upgraded to Buy at Citi

**Perrigo (PRGO)** upgraded to Buy at Leerink

**United Health (UNH)** upgraded to Buy at Deutsche Bank

**Pepsi (PEP), Constellation (STZ), Kraft (KHC), Coors (TAP)** upgraded to Buy at Guggenheim

**Nike (NKE)** upgraded to Buy at BAML

**Prudential (PRU), Unum (UNM), Lincoln (LNC), Reinsurance Group (RGA)** downgraded to Neutral at RBC

**VF Corp (VFC)** downgraded to Neutral at BAML

**MEDIA HIGHLIGHTS**

Putin Won't Submit to What Is Seen as Saudi Oil-Price Blackmail – Bloomberg

Texas Weighs Curtailing Oil Production for First Time in Decades – WSJ

Mnuchin Calls for U.S. to Buy as Much as \$20 Billion in Oil – Bloomberg

'Quad witching' may spell some relief to stocks – Reuters

**Intel (INTC)** maintains 90% on-time delivery of its products worldwide - Bloomberg

**Apollo (APO)** buys chunk of **United Airlines (UAL)** loan - Bloomberg

**Hertz (HTZ), Avis (CAR), Enterprise** request federal aid from U.S. - Bloomberg

**Apple's (AAPL)** supply chain being disrupted even as China recovers - Bloomberg

**SoftBank** seeks to raise \$10B to support Vision Fund portfolio - Bloomberg

**Amazon (AMZN)** looking at buying four Fairway supermarkets - NY Post

**Occidental (OXY)** Plans to Name Former CEO Chazen as New Chairman – WSJ

**Deutsche Bank (DB)** warns it may be 'materially' affected by virus impact – Reuters

Carl Icahn Says Believe Shares Of **Delek (DK)** Are Undervalued, Seeks Deal with **CVI** – Reuters

**Holiday Inn**-owner cuts spending as demand hits record lows – Reuters

**STOCK SPECIFIC NEWS OF NOTE**

**Masimo (MASI)** to acquire TNI medical AG

**Acadia (ACHC)** suspends sale process of UK unit

**Marks & Spencer, Maersk, ADNT, YELP, RMAX, DIN, KSS, TXRH, SYY** pulls FY guidance

**Tesla (TSLA)** to suspend production in Fremont

**Mylan (MYL)** restarts production of hydrochloroquine sulfate tablets as COVID-19 treatment

**PRE-MARKET MOVERS**

**Moving Higher:** BUD 17%

**Moving Lower:**

**INSIDER TRADING (Form 4 Filings)**

**Buying:** DBI, CIM, XOM, OKE, BKI, CNK, CB, EBIX, PARR, MIDD, NS, ACAD, KOD, ALXN

**Selling:** TROW, IONS, NEE, MDLA, ZS, PEN, SNAP, NNTX, LKQ, CL, TLND, MRNA, CL, FIVN, DT, WDAY, ROP

**POTENTIAL SYMPATHY TRADES**

MYL, TEVA – on hydrochloroquine production news

ARMK, UNF – on CTAS earnings

**OPTION HIGHLIGHTS (Prior Day)**

**McDonald's (MCD)** with 3500 January \$140 calls bought \$24.50 to \$25.50 to open this morning, size LEAPS similar to MGM/JPM yesterday. MCD has over 18,000 April \$160 short puts in OI, key level to reclaim above, while also some short puts at higher strikes up to \$175. Shares are back at a key breakout spot from early 2017 as well as the 50% retracement of the bull run from the 2003 lows. MCD may be uniquely positioned to thrive during the short-term shift to a delivery/to-go model during the COVID-19 closures for three key reasons. First, they get around 70% of current revenue from drive-thru already so it's a channel that's familiar to their base. The company has also focused on more value options amid menu changes which historically has driven traffic. Second, MCD recently completed a major tech renovation which included more than 11,000 digital drive-thru boards which not only makes the process more efficient but also has driven a higher average check over the last year as customers focus on add-ons and upgrades. And, finally, MCD was an early-adopter to delivery with third-party services as they're available across Uber Eats and more. The COVID-19 situation continues to linger on long-term outlook, however, and MCD said they will reevaluate in time. The \$113.25B company trades 14.87X earnings and 5.37X sales with a 3.65% yield. Analysts have an average target for shares of \$226. Stephens positive on 3-11 noting that breakfast checks remain positive despite new competition in the timeframe from Wendy's. Short interest is 1.2% and up from around 0.9% in November. Hedge fund ownership rose 1.68% in Q4. MCD has seen some size insider buying November with new CEO buying \$500k at \$193.81 and over \$700k bought cumulatively between 3-4 others.

**AFTER HOURS MOVERS**

**Gainers:** CRWD 18%, MYL 17%, TEVA 13%

**Losers:** TSLA -8%, OLLI -7.5%

**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.

## Extras

**Veeva (VEEV)** with 1000 September \$170 calls bought to open at \$13.50 into the close

**Dish (DISH)** with 4000 April \$25 calls opening \$1.20 to \$1.35 into the close

**Land-Star (LSTR)** spread sold 1500 April \$110 calls to buy the \$95/\$85 put spreads

**CarMax (KMX)** with 1200 July \$30 puts opening \$3.20 to \$3.50, levered balance sheet a concern

**Netflix (NFLX)** with 5000 January \$450 calls sold to open in the afternoon \$25.15 down to \$22.50

**Facebook (FB)** buyer 1000 September \$170 calls to open \$17.15 to \$18.20

**Amazon (AMZN)** opening seller of 900 April 3<sup>rd</sup> (W) \$1830 puts for \$65. AMZN far OTM September \$3000 calls with 1000X opening \$8 to \$8.50.

**Navistar (NAV)** buyers of another 2,000 October \$20 calls for \$3.50 and follows 6,000 bought on Wednesday into weakness. NAV has also seen some small buyers in the July \$18 calls around \$5.00 this week. Shares have dropped back to multi-year lows from \$37.50/\$38 where they gapped to in February on news that VW was looking to buy their remaining share in the company. VW made a \$2.9B bid for the company as they look to compete with Daimler and Volvo in the heavy-truck market. The offer was ~\$35/share. NAV is in the middle of an efficiency push as they undergo a multi-year product refresh under pressure from activist Carl Icahn and MHR Fund Management. Shares fell over the last week over concerns about the deal going through while also a miscommunication regarding whether VW had pulled the deal but management clarified they had not. The \$1.99B company trades 5.85X earnings, 0.2X sales, and 2.88X FCF. They see mid-teens EPS growth and 3% revenue growth in 2021. Analysts have an average target for shares of \$33.50. Baird was out positive on 3-17 noting this is a "great opportunity" to get back involved. The firm notes that VW CFO Frank Witter said that the company has "not pulled the deal," but that the company will watch the liquidity situation and development and the prioritization of all activities. BMO with a \$35 PT on 3-10. They think management is doing an "excellent job" in getting the company "back on track" and its partnership with Traton SE should accelerate its recovery. Short interest is 2.1% and multi-year lows. Hedge fund ownership rose 2.9% in Q4. Icahn owns 16.72M shares while MHR has 16.22M shares. In December 2018, a director bought stock at \$26.69. VW bought stock in 2017 around \$29/\$30.

## Earnings

Ticker	Stock	EPS Actual	EPS Est.	Revs Actual	Revs Est.	Growth	Notes
CTAS	Cintas	\$2.16	\$2.03	\$1,810.65	\$1,802.57	7.60%	
CRWD	CrowdStrike	-\$0.02	-\$0.08	\$152.10	\$137.80	88.90%	FY Above
OLLI	Ollie's Bargain Outlet	\$0.74	\$0.76	\$422.43	\$439.08	7.20%	
SCHL	Scholastic Corp	-\$0.34	-\$0.64	\$373.30	\$342.10	3.70%	

**CRWD – Beat on EPS and Revs** - "CrowdStrike delivered a record-setting fourth quarter to conclude an exceptional fiscal year. With ARR reaching \$600 million, we continued to see broad strength in multiple areas of the business during the quarter, including 90% year-over-year subscription revenue growth, record net new ARR and an acceleration in net new customers. Throughout this past year, we continued

to execute on the increasing demand we see in the market and the Security Cloud vision we pioneered. Looking into fiscal 2021 and beyond, the powerful combination of our cloud-native platform and frictionless go-to-market positions us well as the fundamental endpoint platform for the future," said George Kurtz, CrowdStrike's co-founder and chief executive officer.

**OLLI – Missed on EPS and Revs** - Q4 comparable store sales decreased 4.9% from a 5.4% increase in the prior year. John Swygert, president and CEO, stated, "In response to the coronavirus outbreak, our first priority is to ensure the safety of our team members and our customers. Currently, our stores remain open and our teams are working hard to serve our customers. As consumer buying behavior has shifted towards essential products, we are leveraging the agility of our buying team to hone in on these categories and to offer great deals. With the uncertainty in the environment, we have seen increased sales pressure in recent days, and, as such, we will not be providing fiscal 2020 guidance at this time. We are in a strong financial position, with no debt, and will continue to respond to ongoing changes in the environment by maintaining cost controls and managing our cash. We remain confident in the long-term fundamentals of our business model and, once we emerge from this crisis, we expect to once again deliver on our long-term growth algorithm."

#### Earnings Before the Open

Ticker	Stock	EPS Actual	EPS Est.	Revs Actual	Revs Est.	Growth	Notes
HIBB	Hibbett Sporting	\$0.51	\$0.61	\$313.00	\$303.63	2.30%	
TIF	Tiffany & Co	\$1.66	\$1.75	\$1,357.80	\$1,357.46	2.80%	