

TOP STORIES

- Senate Passes \$484B Bill for Extra Small Business Financing
- Democrats Pushing Fifth Bill As GOP Balks Citing 'Increasing Deficit'
- ECB Officials to Consider Junk Debt Collateral in Call Today
- CDC Warns of Second Wave of COVID-19 in Fall/Winter
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INDEX FUTURES

Futures	Change	Fair Value
S&P 500	2761.25 (29.25)	33.5
Nasdaq	8520 (88.25)	129
Dow	23160 (231)	253.12

GLOBAL INDICES

INDEX	CLOSE	CHANGE
FTSE	5728.28	1.55%
DAX	10344.02	0.92%
Nikkei	19137.95	-0.75%
Hang Seng	23893.36	0.42%

ECONOMIC CALENDAR

TIME	EVENT
9:00	Housing Index
10:30	EIA Petroleum

FOREX

EUR/USD	1.087 (0.11%)
USD/JPY	107.63 (-0.13%)
USD/CAD	1.414 (-0.46%)
GBP/USD	1.235 (0.44%)

COMMODITY

Oil	11.49 (-0.69%)
Natural Gas	1.814 (-0.38%)
Gold	1721.3 (1.99%)
Copper	2.2515 (0.99%)

VOLATILITY INDICES

INDEX	SYMBOL	CLOSE
S&P	VIX	45.91 (4.75%)
Nasdaq	VXN	46.27 (5.52%)
Oil	OVX	231.62 (2.43%)
Gold	GVZ	30.07 (7.35%)

MARKET OUTLOOK

Futures are indicating a rebound this morning with earnings in both the US and Europe helping lift sentiment. S&P futures traded in a narrow range for much of the night between 2,745 and 2,725 before ramping into the EU open. Overnight VWAP is around 2,745. Up above we have VWAP for the week at 2,785 which will be the first area of interest. As expected, the impact of COVID-19 is making guidance next-to-impossible and some companies are feeling pressure (**MDT** warning early) but more bright spots than not overall. In Washington, Congress passed another round of stimulus measures for small businesses. House Democrats are already pushing forward on a fifth bill that would add even more but Mitch McConnell has been more hesitant citing concerns over the deficit. Elsewhere, WTI is rebounding a bit up 80 bps while Brent remains down slightly. Gold is moving strong today up 2%.

Asian markets were mixed overnight with the Nikkei testing a new two-week low as crude continued to weigh. Sentiment is also cautious ahead of some big earnings reports this week. **Nintendo** higher by 2% with the report that Value Act took a \$1B stake.

European markets higher early as some of the hardest hit areas from coronavirus start to lay out plans to relax shelter orders. Italy is expected to announce plans today. Earnings continue to be a mixed bag. Luxury goods maker **Kering** down 6% after saying sales took a big hit due to COVID-19 and it was too early to say when China would rebound. **Roche** up 1.5% as it affirmed its outlook as demand for testing rises. **Akzo Nobel** up 7.5% after reporting a big boost in Q1 profits. They did warn that the impact of COVID-19 was still not fully baked in. **Heineken** down 1.5% after reporting a 14% drop in beer sales in March. **Ericsson** rallying 5% after reaffirming their guidance. Building materials company **CRH** up 6.5% after SSS were up 3%. They also backed their cash position and expect to be a big beneficiary of stimulus measures. Miner **Antofagasta** up 4% after giving a production update.

Finally, it was a quiet night for **economic data**. South Korean PPI fell to -0.8% vs -0.5% forecast. UK CPI was in line at 1.5%. IHS slashed their forecast for global auto sales seeing a 22% drop Y/Y vs 12% drop prior.

S&P TECHNICALS

Levels: Support 2800/2750; Resistance 2875/2900



1273 Advancing	Declining 6193
16.6%	80.7%
37 New High	New Low 89
29.4%	70.6%
1530 Above SMA50	Below 6143
19.9%	80.1%
1176 Above SMA200	Below 6497
15.3%	84.7%

KEY EVENTS

Earnings After the Close: AA, SAM, BDN, CDE, CNS, CLB, CSX, CVBF, DFS, ECHO, FNF, FR, GL, GGG, HLX, HNI, ICLR, KMI, LRCX, LSTR, LVS, MC, NTGR, ORLY, PHR, PLXS, ROIC, SLM, STX, SLG, SNBR, SUI, AMTD, FTI, TCBI, UMPQ, UFPI, VMI, WRE, XLNX

Tomorrow... Volvo, Unilever, Hermes, Pernod Ricard, Dassault Systems, Credit Suisse, ALLE, ADS, ARCH, BX, GTLS, CTXS, CROX, CTS, DPZ, EWBC, LLY, ENTG, FNB, FAF, FSV, GWW, HRI, HSY, HBAN, IVZ, , HZO, MTRN, ODFL, ORI, PTEN, POOL, PHM, RS, SBNY, TSCO, UNP, UBSI, WSO, WST, WNS

ANALYST ACTION/COMMENTS

Netflix (NFLX) upgraded to Neutral at Wells Fargo

Cerner (CERN) upgraded to Buy at Jefferies

Extended Stay (STAY) upgraded to Buy at Jefferies

Cadence Design (CDNS) upgraded to Buy at BAML

J&J (JNJ) upgraded to Buy at BAML

Snap (SNAP) upgraded to Buy at Oppenheimer

RBC downgrading **VAL, RIG, NE, DO** to Underperform

I Robot (IRBT) downgraded to Sell at JP Morgan

Mercado Libre (MELI) downgraded to Neutral at Susquehanna

VF Corp (VFC) downgraded to Neutral at Piper

Funko (FNKO) downgraded to Neutral at Piper

Zynga (ZNGA) downgraded to Sell at BAML

Weibo (WB) downgraded to Neutral at Barclays

Tesla (TSLA) downgraded to Sell at BAML

Floor & Décor (FND), Home Depot (HD) downgraded to Neutral at Gordon Haskett

ZenDesk (ZEN) downgraded to Neutral at Wedbush

SAP downgraded to Neutral at RBC Capital

Boston Scientific (BSX) downgraded to Neutral at Leerink

Nektar (NKTR) initiated Buy at Benchmark

Iovance (IOVA) initiated Buy at Mizuho

Gossamer (GOSS) initiated Buy at Piper

Cutera (CUTR) initiated Buy at Piper

MEDIA HIGHLIGHTS

NY Eases Elective Surgery Ban – Bloomberg

Chevron (CVX) Effectively Barred From Producing Oil in Venezuela – Bloomberg

SL Green (SLG) in Talks to Sell NYC Real Estate Debt to Kushner, CIM – Bloomberg

Epic Games fundraising at over \$15B valuation - Bloomberg

Asia pivots toward plants for protein as coronavirus stirs meat safety fears (**BYND**) – Reuters

Apple (AAPL) aims to increase iPhone output by 4% through March – Nikkei

Uber (UBER) ridesharing down 80% Y/Y, Uber Eats up 70% during shutdown – The Information

Expedia (EXPE) Nears Deal to Sell Stake to Silver Lake and Apollo – WSJ

Facebook (FB) Takes \$5.7 Billion Stake in India's Jio Platforms – WSJ

Shale Driller **Unit Corp.** Prepares for Bankruptcy – WSJ

Vice Media Lays Out Plan for Layoffs – WSJ

Macy's (M) weighs raising as much as \$5 billion in debt to weather coronavirus crisis – CNBC

STOCK SPECIFIC NEWS OF NOTE

Quest (DGX) begins antibody testing for COVID-19

Heineken says beer volumes fell 2.1% in quarter due to COVID-19 impact

Lyft (LYFT) withdraws guidance

Medtronic (MDT) sees 'significant' short-term impact from delayed procedures

United Airlines (UAL) 39.25M share Spot Secondary priced at \$26.50

Gamestop (GME) says SSS for nine-week period ended April 4 down 23%

Quotient (QTNT) reports 'positive performance data' on SARS-CoV-2 antibody test

Casper Sleep (CSPR) to wind down European operations, cut 21% of global workforce

Delta (DAL) making significant capacity reductions for the June quarter; sees expenses down 50%

Alkermes' (ALKS) candidate ALKS 4230 shows anti-tumor efficacy in publication

PRE-MARKET MOVERS

Moving Higher: STM 6%, ERIC 4.7%, PFE 4.6%

Moving Lower: BUD -5%, UAL -3%

INSIDER TRADING (Form 4 Filings)

Buying: MS, SPWR, SIEB, SCHE

Selling: PG, COST, CRM, ZM, SNAP, REGN, ILMN, WORK, BSX, PODD, SNPS, ATRC, STML

POTENTIAL SYMPATHY TRADES

VMC, MLM, EXP – on CRH earnings, commentary

BUD, TAP – on Heineken weak volumes

BAX, BSX, ABT, SYK, EW – on MDT negative comments on elective surgery

OPTION HIGHLIGHTS (Prior Day)

Bank of Nova Scotia (BNS) trading 6X average put volume today with buyers of 500 September \$40 puts for \$6 offer and follows 2300 September \$35 puts bought last week for \$3, unusual size for the name. BNS is also a top-10 weighting in the **Canadian ETF (EWC)** which had 10,000 June \$22 puts bought yesterday. Shares are down sharply from February and rebounded only to the 38.2% Fibonacci where they have faded and now consolidating in a small bear flag under the 8-EMA. Longer-term, shares broke a major uptrend from the 2009 lows and a move under recent lows at \$32.50 has room back to \$25. The \$48.5B financial trades 7.56X earnings, 1X book, and 5.6X FCF with a 6.6% yield. They are expecting 7% contraction in EPS this year and 6.8% revenue growth, although estimates cut over the last three months. BNS faces headwinds given the macro challenges from coronavirus as well as a low-rate environment which will pressure ROE. But, they also face specific headwinds from housing exposure -- mortgage deferrals expected to hit 1M by May -- and from energy. According to Bloomberg data, Canada's six largest lenders had near \$60B in energy loans on their books and BNS is the largest, writing more loans for the sector 2019 than any other bank. Analysts have an average target for shares of \$72. BAML downgrading to Neutral on 3-13 given heightened concerns over a recovery in rates and housing which could jeopardize capital return. BAML estimates a 40% cut in EPS and 500 bp cut in ROE for the group over average in a recession scenario which they now expect in Canada given negative GDP growth in Q2 and Q3 expected. Short interest is minimal. Hedge fund ownership fell 5.8% in Q4.

AFTER HOURS MOVERS

Gainers: SNAP 20.5%, TER 10.5%, USNA 9.5%

Losers: IBKR -4.5%

MARKET SENTIMENT / INTERNALS

INDICATOR	READING	SIGNAL
CBOE Equity Put/Call Ratio	0.72	High – but Flattening
VIX Curve	Contango	Fear
CNN Fear & Greed Index	44	Fear
NYMO	67	High
McClellan Summation	-401.8	Above 8-EMA
Lipper Fund Flows	\$5B	3 Weeks of Inflows
Univ. of Michigan Consumer Sentiment	71 (April Prelim)	-27%
Cumulative A/D	Elevated	Fear
VIX:VXV	0.98	Elevated
NAAIM Exposure Index	28.71	Extreme Low
AAII Sentiment	42.7% Bears	Extreme Bears

SMART MONEY (13g/13d Filings)

IPO MONITOR

Nothing Scheduled

SECONDARY MONITOR

United Airlines (UAL) 39.25M share Spot Secondary priced at \$26.50

Grocery Outlet (GO) holders increase stock offering to 12.5M shares from 10M shares

TRADE

WEEKLY TECHNICAL BREAKOUT

NVCR:



Novocure (NVCR) shares near a base breakout over \$72.50/\$75 and move into a low-volume gap from late February that targets back to \$90. Shares are also near a move above the 200-MA while RSI and MACD both in strong trends.

FUNDAMENTAL TRADE OF THE WEEK

Stock: Scotts Miracle Gro (SMG)

Price: \$117.50

Valuation: Undervalued

Analysis: SMG is a \$6.3B provider of lawn and garden products as well as a business for hydroponics which has exploded due to the cannabis business. SMG has rebounded back near 52-week highs and actually up around 11% on the year. The company should see less of an impact from COVID-19 as many of their outlets remain open as essential businesses and more people are likely to focus on their home / invest in their property as the urge to go out will be limited this Summer even with the shelter in place subsiding.

IDEAS

WEEKLY TECHNICAL BREAKDOWN

AAL:



American Air (AAL) shares are basing in a bear flag just above new lows and failing to rally with the rest of the market recently, despite some 'junk' names getting a bit lift. A move under \$10 has room down to \$6 with earnings this week a potential catalyst.

PAIR TRADE OF THE WEEK

Industry: Home Goods

Long/Short: Long **Target (TGT)**, Short **Bed Bath & Beyond (BBBY)**

Analysis: TGT in a position of strength within the group as they're seeing higher sales during COVID-19 while their variety of pick-up options including online and Shipt give them a leg up. BBBY continues to face major headwinds in their online business where they're losing the pricing war with Amazon and others.

SMALL CAP TRADE OF THE WEEK

Seneca Foods (SENEA) is a \$335M company which focuses on packaging canned, frozen, and bottled produce. They do a lot of regional and National brands like Green Giant, Aunt Nellies, and Green Valley as well as private label goods like snack chips. The company likely benefits from a quarter of pantry-loading with end-markets like grocery, dollar stores, and club stores. SENEA has seen a lot of insider buying over the last twelve months, albeit smaller in size.

News Continued

Biogen (BIIB) sees completing U.S. filing for Alzheimer's drug aducanumab in Q3

Arista (ANET) Delivers Cognitive WiFi for Collaboration, Video and Chat Applications

Danaher (DHR) unit Beckman Coulter announces May launch of COVID-19 serology test

Negative Oil Prices Pose Headache for Futures Giant **CME Group (CME)** – WSJ

Video game industry sees best March sales since 2008 (**TTWO, ATVI, EA**) – NY Post

Extras

Gilead (GILD) the November \$80/90 call spread bought 2,000X late for \$3.46

Intercontinental (ICE) with 1000 January \$80 puts bought \$8.10 to open in late trade

Biohaven (BHVN) closed strong with 2500 May \$45 calls bought near \$2 to open

Disney (DIS) with 8000 May \$104 straddles opening with a bearish bias

Baidu (BIDU) buyer of 600 September \$95 calls \$15.50 in a stock replacement

BioMarin (BMRN) opening sale 800 January \$75 puts for \$6.90

Fiserv (FISV) with 875 June \$100 calls bought \$4.10 to open

Facebook (FB) with 5500 September \$120 puts bought to open \$3.85 to \$3.95

Sprouts Farmers Market (SFM) with 3,500 September \$20 calls bought yesterday for \$2.70 up to \$2.95 to open and follows 1,750 May \$20 calls bought on 4/17 and sellers of the Sept. \$20 puts recently. SFM also had buyers of over 4,500 June \$22.50 calls in late December which remain in OI. SFM has been a relative strength name since mid-February and testing new 2020 highs yesterday. The 8- and 20-EMA have been supportive on the recent run higher and a sustained move above \$20.75 and out of a weekly base targets \$25 and multi-year VPOC. The \$2.37B company trades 14.94X earnings, 0.42X sales, and 13.75X FCF. They see mid-single digit EPS growth and low-double digit sales growth in FY21 and FY22. Net Debt/EBITDA is 2.9X and they've been working on reducing their leverage over the last year from 4.7X. SFM is in the middle of a turnaround after appointing a new CEO in June 2019 who has shifted focus towards more competitive pricing and marketing to a smaller, but more loyal base. Prior to COVID-19, the early has been flat-to-low growth in traffic but higher margins and better ticket size. Now, they're also likely benefitting from a surge in traffic due to pantry loading. SFM is also shifting strategy towards less square footage and more small- stores which allows them to target more densely populated areas in both new and existing markets, simplify their supply chain, and lower costs. Analysts have an average target for shares of \$21. Oppenheimer upgrading to Outperform on 4-21 citing the recent grocery boom, potential ongoing benefits from increased at home food consumption, and likely adverse impacts from a U.S. recession. BMO upgraded to Neutral on 3-18 while Gordon Haskett upgrading to Buy on 3-16 citing the heightened consumer stock up activity. Short interest is 5.5%, down from 11% in December. Hedge fund ownership rose 4.65% in Q4. Insiders active in the name over the last two years including a more than \$2M buy from a director in late 2018 at \$22.83.

Earnings Review

Ticker	Stock	EPS Actual	EPS Est.	Revs Actual	Revs Est.	Growth	Notes
CP	Canadian Pacific	\$4.42	\$4.07	\$2,040.0	\$1,961.92	15.4%	
CSL	Carlisle Cos	\$1.09	\$1.01	\$1,030.00	\$1,040.17	-3.90%	
CMG	Chipotle Mexican Grill	\$3.08	\$2.66	\$1,410.77	\$1,399.95	7.80%	
CB	Chubb	\$2.68	\$2.58	\$7,332.00	\$7,143.20	8.90%	
IBKR	Interactive Brokers	\$0.69	\$0.68	\$532.00	\$582.39	-4.70%	
NFLX	Netflix	\$1.57	\$1.64	\$5,767.69	\$5,746.09	27.60%	FY Above
SNAP	Snap	-\$0.08	-\$0.08	\$462.50	\$420.01	44.40%	
TER	Teradyne	\$1.00	\$0.87	\$704.36	\$678.01	42.6%	FY Above
TXN	Texas Instruments	\$1.14	\$0.99	\$3,329.00	\$3,144.64	-7.40%	FY In Line
USNA	USANA	\$1.23	\$0.57	\$266.62	\$220.40	-2.3%	FY Above

NFLX – Missed on EPS and Beat on Revs, Global Adds Beat at +15.7M - Despite paid net additions that were higher than forecast, revenue was in-line with our guidance due to the appreciation in the US dollar vs. other currencies. There are three primary effects on our financial performance from the crisis. First, our membership growth has temporarily accelerated due to home confinement. Second, our international revenue will be less than previously forecast due to the dollar rising sharply. Third, due to the production shutdown, some cash spending on content will be delayed, improving our free cash flow, and some title releases will be delayed, typically by a quarter...During the first two months of Q1, our membership growth was similar to the prior two years, including in UCAN. Then, with lockdown orders in many countries starting in March, many more households joined Netflix to enjoy entertainment. This timing of paid membership additions also affected our Q1'20 global streaming ARPU; this was the primary driver of the sequential decline in streaming ARPU as the revenue impact from these additions late in the quarter will be mostly felt in Q2'20 and beyond. **Looking at Net Adds Going Forward...** Hopefully, progress against the virus will allow governments to lift the home confinement soon. As that happens, we expect viewing and growth to decline. Our internal forecast and guidance is for 7.5 million global paid net additions in Q2. Given the uncertainty on home confinement timing, this is mostly guesswork. The actual Q2 numbers could end up well below or well above that, depending on many factors including when people can go back to their social lives in various countries and how much people take a break from television after the lockdown. Some of the lockdown growth will turn out to be pull-forward from the multi-year organic growth trend, resulting in slower growth after the lockdown is lifted country-by-country. Intuitively, the person who didn't join Netflix during the entire confinement is not likely to join soon after the confinement. Plus, last year we had new seasons of Money Heist and Stranger Things in Q3, which were not planned for this year's Q3. Therefore, we currently guess that Q3'20 and Q4'20 will have lower net additions than last year due to these effects

SNAP – EPS In Line, Beat on Revs - Daily Active Users increased 20% year-over-year to 229 million. Total daily time spent by Snapchatters watching Discover content increased by over 35% year-over-year

in Q1 2020. Total daily time spent by Snapchatters watching Shows more than doubled compared to Q1 2019. Over 75% of our daily active users engage with augmented reality every day on average. We have doubled the amount of money committed via upfronts from advertisers in 2020 vs. 2019. Direct response advertising has nearly doubled as a share of our revenue over the past two years, and represents more than half of our total revenue.

CMG – Beat on EPS and Revs - Comparable restaurant sales increased 3.3% with a 1.4% decrease in transactions including a 1.3% leap day benefit. Digital sales grew 80.8% and accounted for 26.3% of sales for the quarter. Investing in digital over the last several years has allowed us to quickly pivot our business with Q1 digital sales reaching our highest ever quarterly level of \$372 million. Our strong brand, business model and balance sheet give us the confidence to not only weather this downturn but continue to judiciously invest in key areas so that when we come out the other side, we will emerge even stronger. After our dining rooms closed to help control the spread of COVID-19, Chipotle moved swiftly by driving further investments towards digital and delivery designed to reduce friction while increasing convenient access. This included reprioritizing marketing efforts by offering free delivery from March 15 to at least early May, shifting media spend from live sports to more online and streaming platforms, and announcing a national delivery partnership with Uber Eats. As a result, digital sales for the month of March grew 102.6% year over year and represented 37.6% of sales.

Earnings Before the Open

Ticker	Stock	EPS Actual	EPS Est.	Revs Actual	Revs Est.	Growth	Notes
APH	Amphenol		\$0.74		\$1,832.82		
T	AT&T	\$0.89	\$0.87	\$42,779.00	\$44,750.33	-4.60%	
BKR	Baker Hughes	\$0.11	\$0.11	\$5,425.00	\$5,618.86	-3.40%	
BIIB	Biogen	\$9.14	\$7.69	\$3,534.00	\$3,407.76	1.30%	
DAL	Delta Air Lines	-\$0.51	-\$0.82	\$8,592.00	\$9,333.26	-18.00%	
ERIC	Ericsson	\$0.65	\$0.80	\$49,800.00	\$53,029.34	1.80%	
IPG	Interpublic	\$0.11	\$0.09	\$1,970.00	\$1,911.23	-1.70%	
KMB	Kimberly-Clark		\$1.96		\$4,843.53		
KNX	Knight-Swift		\$0.35		\$1,090.77		
LAD	Lithia Motors	\$2.01	\$1.96	\$2,803.80	\$2,924.73	-1.60%	
NDAQ	NASDAQ	\$1.50	\$1.45	\$701.00	\$692.43	10.60%	
NEE	NextEra Energy		\$1.91		\$4,876.87		
DGX	Quest Diagnostics	\$0.94	\$0.88	\$1,822.00	\$1,756.57	-3.60%	
STM	STMicroelectronics	\$0.21	\$0.21	\$2,231.00	\$2,253.32	7.50%	FY Above
TDY	Teledyne Tech	\$2.17	\$2.10	\$784.60	\$785.00	5.30%	FY Above
TMO	Thermo Fisher	\$2.94	\$2.83	\$6,230.00	\$6,178.86	1.70%	

WWW	Wolverine	\$0.28	\$0.20	\$439.30	\$469.81	-16.10%	
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