

TOP STORIES

- Global Coronavirus Death Toll Tops 75,000 as Lockdowns Tighten
- Fed Prepares to Finance New Small-Business Payroll Loans
- Japan Preparing \$1T Stimulus Package
- Yellen: Second-Quarter GDP Could Decline by 30%, Unemployment Already at 12-13%
- Russia, Saudi Arabia Nearing Oil Deal Ahead of Friday's Meeting
- Samsung Q1 Preliminary Results Come in Ahead of Expectations

INDEX FUTURES

Futures	Change	Fair Value
S&P 500	2735 (90.5)	82.32
Nasdaq	8288.75 (259)	220.09
Dow	23369 (881)	811.01

GLOBAL INDICES

INDEX	CLOSE	CHANGE
FTSE	5737.84	2.78%
DAX	10466.51	3.88%
Nikkei	18950.18	2.01%
Hang Seng	24253.29	2.12%

ECONOMIC CALENDAR

TIME	EVENT	VALUE
8:55	Redbook	
10:00	JOLTS	6.638M

FOREX

EUR/USD	1.087 (0.77%)
USD/JPY	109.06 (-0.13%)
USD/CAD	1.402 (-0.63%)
GBP/USD	1.228 (0.47%)

COMMODITY

Oil	26.95 (3.34%)
Natural Gas	1.794 (3.64%)
Gold	1707.7 (0.82%)
Copper	2.304 (3.90%)

VOLATILITY INDICES

INDEX	SYMBOL	CLOSE
S&P	VIX	44.43 (-5.06%)
Nasdaq	VXN	41.85 (-6.73%)
Oil	OVX	132.36 (-6.53%)
Gold	GVZ	34.71 (8.98%)

MARKET OUTLOOK

Futures indicating another strong open, adding to gains from Monday, as optimism continues around a slowing/peaking coronavirus in the US and Europe. We've seen incrementally 'better' news from NY, Italy, and others over the last 48 hours while the depth and duration of the spread remains a major question (is a V-shaped recovery or L-shaped). Further, additional stimulus packages out with Japan set to unveil a near \$1T plan while the Fed continues to be accommodative. Elsewhere, WTI is up 3% as we continue to see signs that a deal in some form will be reached on Friday by OPEC+. Silver up 2.7% while gold up a little less than 1%.

Asian markets were strong across the board today with the Nikkei rising to 1-week highs. PM Abe expected to announce a massive, near \$1T stimulus today. Semi's strong all day with **Tokyo Electron** up 5.5% and **Advantest** up 12.7% after **Samsung's** positive commentary. Some of the 'stay at home' plays like **V-Cube** pulling back about 7%.

European markets also strong again this morning for a second straight day. The Stoxx 600 hit its highest level in a month with Spain and Italy, two laggard markets, both up over 3%. France's **Thales** up 4% after cutting their dividend. **Lufthansa** up 8% after reports they plan to ground more of their fleet. **Cineworld** up 36% after announcing talks with lenders for liquidity. **Infineon** surging 7.5% after they got final approvals for their Cypress deal. **Hugo Boss** up 8% despite suspending its dividend. Chemicals company **Brenntag** higher by 5% after suspending their dividend. Luxury goods makers **LVMH** and **Kering** both higher by 2.5% to 5% after affirming their liquidity positions without government aid. Retailer **WH Smith** up 5% after shoring up their balance sheet. Emergency home repairs and improvement company **HomeServe** up 8.5% after a strong guide.

Finally, a busy night for **economic data**. Japanese household spending jumped in February by 0.8%, better than forecast. The RBA kept rates unchanged, as expected. German industrial production rose 0.3% vs forecasts for a 0.9% loss. Swiss unemployment rose to 2.9% vs 2.8%. UK housing prices slumped in March. Italian retail sales up 5.7% in February vs 1.5% in January. NFIB SBA optimism in the US fell to 96.4 vs 104.5. China FX reserves were slightly below at \$3.06T vs \$3.09T.

S&P TECHNICALS

Levels: Support 2400/2500; Resistance 2625/2700



6657 Advancing	Declining 863
86.6%	11.2%
17 New High	New Low 62
21.5%	78.5%

KEY EVENTS**Earnings After the Close:** LEVI, SGH**Analyst Days:** JCP**Tomorrow...** Crude Inventories at 10:30am, FOMC Minutes at 2:00pm; **Earnings Before the Open:** RPM**ANALYST ACTION/COMMENTS****Hologic (HOLX)** upgraded to Buy at Wells Fargo**SeaSpine (SPNE)** upgraded to Neutral at Wells Fargo**American Tower (AMT), SBA Comm (SBAC)** upgraded to Buy at Wells Fargo**Voya Financial (VOYA)** upgraded to Neutral at JPM**Masco (MAS), Lowes (LOW)** upgraded to Buy at Loop Capital**Mohawk (MHK)** upgraded to Neutral at RBC Capital**Constellation (STZ)** upgraded to Buy at UBS**Varonis (VRNS)** upgraded to Buy at JMP**Life Storage (LSI), Extra Space (EXR)** upgraded to Buy at Citi**Wayfair (W)** upgraded to Buy at BAML**Freeport (FCX)** upgraded to Neutral at CSFB**Fastenal (FAST)** downgraded to Sell at JP Morgan**Dana (DAN)** downgraded to Neutral at Barclays**MSG Networks (MSGN)** cut to Neutral at Imperial**Twilio (TWLO)** downgraded to Neutral at Rosenblatt**Beacon Roofing (BECN)** downgraded to Sell at RBCScotiabank downgrades **GMS, XEC, CPE** to Neutral and **SM, CDEV, CHK, QEP** to Sell**Houghton Mifflin (HMHC)** cut to Neutral at BMO**Realty Income (O)** downgraded to Neutral at Citi**SL Green (SLG)** downgraded to Neutral at Citi**Shopify (SHOP)** downgraded to Neutral at Raymond James**Grainger (GWW)** downgraded to Sell at Gordon HaskettCiti downgrades **HLT** to Neutral and **PK, PEB, PLYA** to Sell**MEDIA HIGHLIGHTS**

OPEC+ to agree on output reduction if U.S. joins – Reuters

Russia is ready for substantial oil output cuts – Reuters

Credit Markets Show Signs of Stabilizing After Historic Fed Intervention – WSJ

China leans on auto subsidies to jump-start post-virus economy – Nikkei

U.S. chipmaking industry pushes back on proposed export rule changes (**SMH**) – ReutersTrump has financial interest in Plaquenil maker **Sanofi (SNY)** - NY Times**NYSE (ICE)** plans review of circuit-breaker system following March's drops – FTPrivate equity angles for piece of stimulus windfall (**BX, KKR, APO, CG**) – WaPoDomestic travel in the US, Australia and Southeast Asia could resume by June (**DAL, UAL, AAL**) – CNBC**Town Sports (CLUB)** Drops **Flywheel** Deal – Bloomberg**FTI Consulting (FCN)** considering deal for consultancy firm **Delta Partners** – Bloomberg**Hair Cuttery** Expects to Miss Payroll on Tuesday – WSJ**STOCK SPECIFIC NEWS OF NOTE****NSTG, HI, FLS, PEN, ZBH, MATX, BLKB, GPC, CYH, ALC, GBX, RRD, TCMD** withdraws FY guidance**IAC Interactive (IAC)** CEO expects 'new' IAC to have in excess of \$2.3B cash and no debt**Beazer Homes (BZH)** reports preliminary Q2 net new orders up 3.9%**Global Payments (GPN)** sees Q1 revenue up slightly**Regeneron (REGN)** says **Sanofi (SNY)** to have sole Praluent responsibility outside U.S.**Silver Lake, Sixth Street Partners** invest \$1B in **Airbnb****3M (MMM)**, White House confirm plan to import 166.5M respirators over next 3 months**GoDaddy (GDDY)** acquires Neustar's Registry business**Kraft (KHC)** now sees Q1 sales up 3%**Infineon** expects to close **Cypress (CY)** deal within days**Nio (NIO)** March deliveries up 116.8% M/M

PRE-MARKET MOVERS

Moving Higher: CCL 19%, RCL 17.5%, NCLH 17%, KSS 13%, JACK 12.5%, M 10.7%

Moving Lower:

INSIDER TRADING (Form 4 Filings)

Buying: PLCE, KSS, GIII

Selling: MORN, CTXS, KOD, SMAR, ACIA, MRNA

POTENTIAL SYMPATHY TRADES

MU, TSM – on SMIC outlook

KBH, TOL – on BZH, DHI deliveries

OPTION HIGHLIGHTS (Prior Day)

United Parcel (UPS) bullish spread today sells the May \$85 puts to buy the October \$105/\$125 call spread 1,000X for a small net debit. UPS has seen nearly 3,000 June \$95 calls bought to open into recent weakness, more than \$1.5M in premium, while the January \$80 calls bought for \$1.1M on 3/10 and the May \$95 calls active with buyers last week. UPS also has a number of notable short puts in OI in October down to the \$80 strike. Shares have pulled back to the 2016 lows and key breakout spot from 2013 around \$87.50/\$90 where it has based for the last six weeks. UPS with a positive RSI divergence into the recent re-test of that low and a move above has two small gaps to focus on including one back to the February VPOC at \$103.50 and another to \$117.50 from early 2020. The \$79.87B company trades 11X FY21 EPS estimates and 0.82X FY21 sales. UPS will undoubtedly take down estimates and report an ugly number later this month with so much of their growth dependent on B2B volumes but likely a bigger buffer than others due to higher B2C shipments and e-commerce ramp from both existing and new entrants into the space. They also benefit from AMZN's recent demand surge with the e-commerce leader around 20% of UPS overall volumes. The company has exposure to Europe and Asia as well, the latter already seeing a rebound in volumes with peer DHL noting two weeks ago they're back to near full capacity. UPS is well-capitalized with \$5.2B in cash on hand and a revolver of \$4.5B that they have yet to draw on. They could also halt their dividend (~4% yield) and buyback (\$1B) to give themselves more liquidity flexibility. Analysts have an average target for shares of \$120. Stifel upgrading to Buy on 3-10 as one of the names most interesting names in the group due to its "healthy" cash generation, steadier earnings and cash flow profile than peers. Short interest is 1.6%. Hedge fund ownership fell 4% in Q4. Twin Tree Management a buyer of call options while Boston Partners and Clearbridge notable holders.

AFTER HOURS MOVERS

Gainers:

Losers: VRNS -6%, CHNG -4%

MARKET SENTIMENT / INTERNALS

INDICATOR	READING	SIGNAL
CBOE Equity Put/Call Ratio	0.73	Elevated but Flattening
VIX Curve	Backwardation	Fear
CNN Fear & Greed Index	21	Extreme Fear
NYMO	-13.6	Off the Highs
McClellan Summation	-1038.34	Above 8-EMA
Lipper Fund Flows	\$3.9B	First Inflows Since Feb
Univ. of Michigan Consumer Sentiment	89.1 (March Final)	-9.5%
Cumulative A/D	Below 8-EMA	Not Supportive
VIX:VXV		
NAAIM Exposure Index	23.67	Very Low
AAII Sentiment	49.7% Bears	Above Long Term Average

SMART MONEY (13g/13d Filings)

Pershing boosts stake in **BRK.B** by 39%, **LOW** by 46%; re-established 10% position in **SBUX**

IPO MONITOR

Next week... **Keros Therapeutics (KROS)**, pricing 5M shares at \$14-\$16; Clinical-stage biopharmaceutical company developing treatments for patients suffering from hematological and musculoskeletal disorders

SECONDARY MONITOR

TRADE

WEEKLY TECHNICAL BREAKOUT

PETS:



Petmed Express (PETS) shares holding up very well relative to the overall market and nearing a weekly flag breakout over 29.50 to new 1-year highs. A move higher targets \$37 but lots of room up to the next big VPOC around \$44. On the daily, shares holding the rising 8-EMA.

FUNDAMENTAL TRADE OF THE WEEK

Stock: Old Dominion (ODFL)

Price: \$122.50

Valuation: Undervalued

Analysis: ODFL is a \$14.85B LTL operator in the US with regional and inter-regional services. They have a strong balance sheet with limited debt and strong cash flows while trading at a reasonable multiple given mid-to-high single digit growth. Trucking data has held up reasonably well during the COVID-19 crisis and during the crisis, trucking and logistics supply chain services will be in demand.

IDEAS

WEEKLY TECHNICAL BREAKDOWN

CAKE:



Cheesecake Factory (CAKE) shares near a breakdown under \$15.50 and recent lows with a measured move down to \$10. RSI has rebounded back around 35 but plenty of pressure downward if it breaks support. CAKE has formed a big volume range over the last month.

PAIR TRADE OF THE WEEK

Industry: Stay at Home Fitness

Long/Short: Long Peloton (PTON), Short Planet Fitness (PLNT)

Analysis: PTON continues to hold up well in the near-term with more buyers getting pulled forward due to the SaH orders. They also likely see longer-term tailwinds as the 'new normal' will turn some people away from traditional gyms. PLNT is highly leveraged given some of their tax-sharing liabilities as well with owners while many franchisees also likely in trouble.

SMALL CAP TRADE OF THE WEEK

Novavax (NVAX) shares showing relative strength lately and the \$714M biotech is one of many promising names working towards a COVID-19 vaccine. The company also recently had very strong Phase 3 data for their NanoFlu and could become a new SoC in seasonal influenza.

News Continued

Oil Search to raise up to \$706 mln, cut costs to tackle low prices – Reuters

Toshiba should sell stake in ex-chip unit at IPO, says HK activist fund in letter – Reuters

PG&E's (PCG) Settlement With California Fire Victims Is Fraying – WSJ

SMIC sees revenues drop in 2019, expects Q1 up 10% and FY20 up 11-19% (**MU, TSM**) - Digitimes

Taiwan Bans Government Use of **Zoom (ZM)** Over Cybersecurity Concerns – Bloomberg

Samsung looks to lower SSD inventory levels -DigiTimes

SoftBank's Son sees 15 companies in Vision Fund going bankrupt – Forbes

D.R. Horton (DHI) reports Q2 homes closed increased 8% in Q1

AT&T (T) announces \$5.5B term-loan agreement with 12 banks; believes exposure to near-term equipment shortages is 'limited'

Exxon Mobil (XOM) cutting FY20 CapEx by 30%, cash OpEx by 15%

Earnings

Ticker	Stock	EPS Actual	EPS Est.	Revs Actual	Revs Est.	Growth	Notes
ANGO	AngioDynamics	-\$0.01	-\$0.03	\$69.80	\$68.55	-19.10%	
GBX	Greenbrier	\$0.46	\$0.26	\$623.90	\$780.64	-5.30%	
LNN	Lindsay Corp	\$0.51	\$0.47	\$113.80	\$113.93	4.20%	

VRNS – Sees Q1 Below - We had a strong start to 2020, but with the spread of the global COVID-19 pandemic, our customers' immediate focus turned to employee safety, just as ours did, which caused many to defer purchasing decisions at the end of the quarter," said Yaki Faitelson, Varonis CEO. "Crises like this one create optimal conditions for cybercrime, and we continue to be highly engaged with all of our customers and prospects who recognize that they are especially vulnerable with a largely remote workforce. In these ever-changing times, we believe the power of our platform has never been stronger and the need for our solution has never been greater. Our sales reps are conducting an unprecedented number of virtual customer risk assessments with more focus on protecting their data as well as detecting unusual remote activity, and we are excited about the pipeline we are building for the remainder of 2020 and beyond.

KHC – Sees Q1 Sales Up 3% vs Down LSD% - The Company's growth has accelerated in the wake of very strong consumer demand for its products and trusted brands, despite significant declines in Foodservice-related sales around the world. Net sales are now expected to increase approximately 3 percent and Organic Net Sales are expected to increase approximately 6 percent. The difference between expected net sales and Organic Net Sales is primarily attributable to prior year divestitures and

currency impacts. This compares to previous expectations for a low single-digit rate of decline in Organic Net Sales versus the prior year

Extras

Home Depot (HD) spread sold 1000 September \$135 puts to buy the \$205/\$225 call spreads at net \$0.16 debit

Microchip Tech (MCHP) buyer of 1000 April \$75 calls to open for \$1.88

3M (MMM) stock replacement sold 1000 October \$130 puts to open \$12.65

Carvana (CVNA) opening sale of 1000 May \$65 puts for \$15.65

Croc's (CROX) buyer 900 June \$19 calls to open \$2.20

Disney (DIS) buy-write sold 7,630 May \$110 calls for \$2.59

Amazon (AMZN) with 2000 July \$1900 calls opening in the afternoon as some of the 6000 \$1800 calls adjusted higher

Discovery (DISCA) buyer yesterday of 3,000 July \$20 puts for \$2.50, a more than \$800k buy, and comes with some April \$22.50 and \$25 puts adjusting down. DISCA recently had 2,850 October \$17.50 puts for more than \$675k that remain in OI. DISCA with a weak bounce yesterday unable to reclaim the 20-MA with much of the market making the same move. A move under recent support and bear flag lows at \$18.25 has a measured move to \$14. Longer-term, DISCA sits right at multi-year support at \$16. The \$9.86B company trades 5X FY20 estimates and 0.9X sales with a significant amount of debt – around \$15.4B and doubled since 2017 when they acquired Scripps Networks. They have a \$2.5B credit facility to draw on. DISCA was the international distributor for the Olympics this Summer and the delay pushes back a potential recovery in international operations to 2021 while also leading them to lower EBITDA by around \$200M on the shift. DISCA's pay-tv networks include TLC, HGTV, and Food Network to Travel Channel, OWN, Animal Planet, DIY, and more. The company has also been assembling sports programming like the rights to GolfTV and Eurosport, both likely to see advertising impacted heavily by the lack of live sports. DISCA is also playing catch-up in the streaming world with a series of DTC products rolling out in 2020, but developing and expanding those products will weigh on profitability in 2020. Analysts have an average target for shares of \$31.50. MKM cutting estimates on 3-31 but noting it remains an "attractive" free cash flow play since its networks - particularly Food Network and HGTV - have a good propensity to hold up well during the more difficult economic periods. Barrington with a \$34 PT noting that while they view Q4 as mixed, the analyst continues to like the company from a longer-term point of view. Short interest is 4.4%. Hedge fund ownership fell 1.65% in Q4. In November, a director bought \$4.5M in stock at \$28 while John Malone bought \$75M at \$28.

Biotech Event

Amicus (FOLD) with a key catalyst upcoming with Genzyme/Sanofi expected to present Phase 3 data for their Pompe treatment NeoGAA sometime this month. The disease is caused by an enzyme deficiency that leads to toxic build-up in the tissue. This, in turn, leads to muscular weakness including potential heart failure. It is present in both infants in the first year of life or in a slower, more mild form

throughout childhood. SNY's trial, COMET, looks at whether their drug avalglucosidase alfa is more effective than the current SoC, Lumizyme. The outcome of this trial is significant for FOLD as it would increase competitive pressure on AT-GAA, their own Pompe treatment. Analysts see the event being +40%/-20% situation. FOLD has shown mid-stage data that had continued improvement in walking ability, strength, and breathing after two years with five of six patients in a Phase 2 study with some motor improvement. The two important things to watch in SNY's results will be the 6-minute walk test and forced vital capacity (FVC). In the former, analysts are looking at whether SNY can deliver better than 63m improvement from AT-GAA. In FVC, a simple test of lung capacity, they're looking for a 4.6M benefit. The odds are that NeoGAA shows some benefit given how Phase 2 data looked but whether its better than FOLD will be an important marker for the latter. FOLD has 10,000 January \$12 calls in OI from a buyer on 1/31.