

TOP STORIES

- EU Leaders Struggle to Agree on Economic Response to Coronavirus
- China to Ramp Up Stimulus Efforts but Won't Be As Aggressive as Fed
- WH Preparing Plan to Re-Open Economy Based on Aggressive Testing
- Senate Planning Additional \$250B for PPP

INDEX FUTURES

Futures	Change	Fair Value
S&P 500	2652 (10)	1.59
Nasdaq	8053 (41)	12.95
Dow	22577 (86)	33.5

GLOBAL INDICES

INDEX	CLOSE	CHANGE
FTSE	5616.19	-1.55%
DAX	10255.57	-0.98%
Nikkei	19353.24	2.13%
Hang Seng	23970.37	-1.17%

ECONOMIC CALENDAR

10:30	EIA Petroleum	
2:00	FOMC Minutes	

FOREX

EUR/USD	1.088 (-0.11%)
USD/JPY	108.78 (0.07%)
USD/CAD	1.401 (0.11%)
GBP/USD	1.235 (0.07%)

COMMODITY

Oil	24.49 (3.65%)
Natural Gas	1.881 (1.57%)
Gold	1687.7 (0.24%)
Copper	2.252 (-0.90%)

VOLATILITY INDICES

INDEX	SYMBOL	CLOSE
S&P	VIX	45.60 (0.80%)
Nasdaq	VXN	45.00 (4.82%)
Oil	OVX	138.97 (-3.62%)
Gold	GVZ	33.64 (-5.93%)

MARKET OUTLOOK

Futures are indicating a modestly higher open for the morning with the S&P pulling back to VWAP from the Friday low around 2635.5 and basing. Nasdaq and Russell futures doing the same. News flow was rather quiet with the focus remaining on coronavirus updates and OPEC. The former continues to be mixed while the White House continues to evaluate proposals on re-opening the economy. EU finance ministers ended their meeting on Tuesday without an agreement on the ESM although they're likely close and sign a deal on Thursday when they gather again. OPEC remains a headline-driven situation as they look for ways to cut 10M+ barrels of production. Crude is up 3%. Elsewhere, a quiet morning with the dollar up 27 bps and silver/platinum/copper all paring back a bit.

Asian markets were mixed with China down modestly. The Nikkei finished higher for the third straight session as PM Abe officially declared a national emergency. Rails a big outperformer with **Tobu, Odakyu,** and **Japan Railway** all higher by 5%. Airlines also bouncing back with **ANA** up 8%.

European markets are down a bit this morning, definitely a laggard globally, as coronavirus cases deepen a bit in the region. EU finance ministers also failed to agree on a rescue package. Spain and France saw death tolls rise again. Retailer **Tesco** down 4% after saying it would take a \$1.1B hit due to COVID. Swedish lockmaker **Assa Abloy** down 4.5% after a steep slide in earnings. Auto insurance firm **Direct Line** down 6.5% after withdrawing their dividend. Online fashion house **ASOS** up 30% after shoring up their balance sheet. **Ahold Delhaize** down 1% after a guidance update, strong sales due to pantry loading. Swiss fragrance and flavors company **Givaudan** down 2% despite a good quarter. **Heineken** down 2% after withdrawing guidance. **Deutsche Post** down 3% after pulling guidance. Travel giant **TUI** up 3.5% after agreeing to a bridge loan with the German government. **Aviva** down 7.5% after pulling their dividend.

It was a pretty quiet morning for **economic data**. Japanese machinery orders were down 2.4% in February, better than the 2.9% drop expected. France's central bank said that GDP likely contracted 6% in Q1. Australia's outlook was cut to negative by S&P. Taiwan exports were down 0.6% vs down 2.2% expected. The FT reporting that NY's luxury apartment market is under strain due to COVID.

S&P TECHNICALS

Levels: Support 2400/2500; Resistance 2625/2700



KEY EVENTS**Earnings After the Close:** PSMT**Other:** March Sales update from COSTTomorrow... Core PPI at 8:30am, Weekly Claims at 8:30am, PPI at 8:30am, Michigan Consumer Sentiment at 10:00am, WASDE at 12:00pm; **Earnings Before the Open:** CONN**ANALYST ACTION/COMMENTS****Fidelity National (FNF)** upgraded to Buy at Keefe**Stewart (STC)** upgraded to Neutral at Keefe**CSX** upgraded to Buy at Goldman, \$75 PT**Mueller Water (MWA)** upgraded to Neutral at Goldman**Criteo (CRTO)** upgraded to Buy at Societe General**Fox Corp (FOXA)** upgraded to Hold at Societe General**Dentsply (XRAY)** upgraded to Buy at Baird**Nuvasive (NUVA)** upgraded to Buy at Baird**ANGI Homeservices (ANGI)** upgraded to Buy at Citi**Omega Health (OHI)** upgraded to Buy at Scotiabank**Twitter (TWTR)** upgraded to Neutral at Bernstein**Genuine Parts (GPC)** upgraded to Buy at BAML**Molina (MOH)** upgraded to Buy at BAML**Disney (DIS)** downgraded to Neutral at Wells Fargo**Wayfair (W)** downgraded to Sell at JP Morgan**Extra Space (EXR)** downgraded to Sell at Raymond James**Schwab (SCHW), Ameritrade (AMTD)** downgraded to Neutral at Keefe**Xylem (XYL)** downgraded to Sell at Goldman**Alcon (ALC)** downgraded to Neutral at Baird**AMC Theaters (AMC)** downgraded to Sell at Loop Capital**Alliance Data (ADS)** downgraded to Sell at Wells Fargo**Western Union (WU)** downgraded to Sell at Wells Fargo**AutoZone (AZO)** downgraded to Neutral at BAML**Old Dominion (ODFL)** downgraded to Sell at BAML**Thor (THO), Camping World (CWH)** downgraded to Neutral a Northcoast**MEDIA HIGHLIGHTS**

Nearly a Third of U.S. Renters Didn't Pay April Rent - WSJ

FHFA chief says **Fannie (FNMA), Freddie (FMCC)** won't likely aid mortgage companies - WSJ**Amazon (AMZN)** to Suspend Delivery Service That Competes With **UPS, FedEx (FDX)** – WSJ**Pinterest (PINS)** Becomes an Unlikely Social Climber - WSJ**Boeing (BA)** finds two new software issues with 737 MAX computer - CNBC**EasyJet** founder wants to axe \$5.5B **Airbus** order - Reuters**HSBC** Reports Potential Money Laundering Breaches – FTApple Partner **Foxconn** to Start Making Ventilators in U.S. with **Medtronic (MDT)** – Bloomberg**Airbnb** in Talks to Raise More Debt – Bloomberg ; **WYNN, NCR** deals a sign of yet more risk returning to bond market – ReutersEgg prices crack records thanks to coronavirus panic shopping (**CALM**) – NY Post**Intel (INTC)** to launch new-gen desktop processors at end of April – Digitimes**Zoom (ZM)** sued for overstating, not disclosing privacy, security flaws – Reuters**STOCK SPECIFIC NEWS OF NOTE****GPI, LEVI** suspending buybacks**PINS, AVID, IIN, LEVI** withdraws FY guidance**Sage Therapeutics (SAGE)** announces restructuring with estimated cost savings of \$170M**PTC Therapeutics (PTCT)** awarded extension for review of risdiplam by FDA**TAL Education (TAL)** says employee conspired with vendors to wrongly inflate 'Light Class' sales**Finjan (FNJN)** wins patent trial against **Juniper (JNPR)****New York Mortgage (NYMT)** 'made significant progress in strengthening liquidity'**Idera (IDRA)** jumps 30% after announcing private placement to fund melanoma study**Integra (IART)** sees Q1 below Street (\$352-\$354 vs \$367.3)**GNMK, PINS, PRGO** see Q1 Above Street

PRE-MARKET MOVERS

Moving Higher: NLY 23.5%, NVAX 10%

Moving Lower: ZM -4%, W -3.5%

INSIDER TRADING (Form 4 Filings)

Buying: CCL, GIII, KSS, PLCE

Selling: NEOG, PETS, KOD, SMAR, POWI, ACIA, MRNA, MORN, CTXS

POTENTIAL SYMPATHY TRADES

EDU, GSX, WB, GDS, IQ, HUYA – all lower due to TAL’s admission

OPTION HIGHLIGHTS (Prior Day)

Next-Era Energy (NEE) with buyers of 1,265 May \$260 calls today from \$5.00 to \$6.00 and name popular with put sales recently including 2,000 April \$250 puts sold back on 2/25 that are a bit underwater. NEE also has seen buyers in the September calls, although smaller size remains in OI. Shares are back above the 200-MA today after dipping down to the 50% retracement of the big bull trend from the 2016 lows around \$190. Shares also held a high-volume node from 2018 around \$180. A move above \$250 in the near-term puts new 52-week highs back in play above \$280 and a measured run up to \$300. The \$117B utility trades 3X book and 23X FY21 earnings with a 2.4% yield. They generate about \$8B in cash flows last year and their debt position, while rising recently due to some deals, is primarily longer-maturity and manageable. They sold \$1.1B in 5-year notes through their Florida Power and Light business on 3-26 as well. NEE is a leader in renewable energy generation with wind and solar in focus. They’ve been one of the most consistent names in the space while also pursuing a number of bolt-on M&A deals to expand their footprint. Analysts have an average target for shares of \$245. BMO starting at Outperform in February. Short interest is 1.4%. Hedge fund ownership fell 2.65% in Q4. Insiders active in March in the name with two different directors buying stock. On 3/11 and 3/12 one bought \$450k at \$212.50 to \$243 while another bought \$880k at \$220. On 4-3, media reports speculated the company was working with advisors on a bid for Evergy (EVRG).

AFTER HOURS MOVERS

Gainers: GNMK 30%, NLY 24.5%, PINS 13%

Losers: TAL -18%, GSX -11%, EDU -6%, WB -4.5%, GDS -4%, IQ -3.5%, HUYA -3.5%

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)

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.

Extras

Disney (DIS) opening sale 1000 May 1st (W) \$100 puts \$4.90 into the close

Wells Fargo (WFC) block of 15,000 October \$35 calls opened for \$1.78

Bank of America (BAC) block of 24,000 December \$27 calls sold to open \$1.41

Amazon (AMZN) with 1000 May \$2030 calls bought \$87.10 to open as the \$1900 calls adjusted higher

Alnylam (ALNY) buyer 450 June \$100 puts \$5.40 to \$5.50

Alliance Data (ADS) buyer 475 June \$40 puts \$7.90 to \$8.60

LAM Research (LRCX) with 500 September \$190 puts opening \$11.80 to \$12.10

Kansas City Southern (KSU) with 700 September \$120 puts opening \$9.20 to \$10

Seattle Genetics (SGEN) with 300 June \$100 synthetic long positions opening as April calls adjusted

Salesforce (CRM) buyer 420 November \$150 puts to open \$19.50 to \$20.90

Invitae (NVTA) with 1500 June 2022 \$40 calls opening near \$2

Gaming and Leisure Properties (GLPI) with 1595 July \$25 puts sold to open near \$4.50

Corning (GLW) with 3,000 November \$22 calls bought yesterday around \$2 and follows 2,500 August \$22 calls and 1,200 January 2022 \$25 calls bought recently. GLW had a more than \$900K buy in the January \$20 calls on 3/10. Shares are right at major trend support from the 2008 and 2012 lows as well as a high-volume node from the 2010-2014 consolidation. GLW has been forming a small base under \$22 with a low-volume node above that targets \$24 and then ultimately back up to \$28. The \$15.67B company trades 10.3X earnings and 1.36X sales with a 4.5% yield and a Current Ratio of 2.1. They have around \$2.5B in cash and a total Debt/Capital of 37%. GLW's near-term is clouded by uncertainty around production delays in consumer mobile for the 2H but a largely well-known story and they've got a well balanced portfolio with content across Samsung, Sony, Realme, and Huawei which have all resumed production near capacity. Meanwhile, their Life Sciences business could see a uptick due to COVID-19 for materials like PCR consumables, storage plates, tubes and storage, and virus production hyperflasks. GLW also recently announced a partnership with Qualcomm (QCOM) for 5G mmWave infrastructure platforms for enterprises, giving them more long-term optionality for growth. Analysts have an average target for shares of \$31. MSCO downgrading to Neutral in January as they saw most of their demand-driven catalysts around mid-year while auto and life sciences are further out from material commitments. BAML with a Buy for shares, \$34 PT, seeing a number of longer-term themes to benefit from including 5G and hyperscaler cloud spending. Short interest is 3.3%. Hedge fund ownership rose 4.3% in Q4. Masters Capital a buyer of call options while Levin Capital a buyer of stock.

Earnings

Ticker	Stock	EPS Actual	EPS Est.	Revs Actual	Revs Est.	Growth	Notes
LEVI	Levi Strauss	\$0.40	\$0.35	\$1,506.00	\$1,461.30	4.90%	
SGH	SMART Global	\$0.52	\$0.50	\$272.00	\$268.71	-10.60%	FY Affirmed

MSM	MSC Industrial	\$1.00	\$1.00	\$786.10	\$792.26	-4.50%	
RPM	RPM Inc	\$0.23	\$0.21	\$1,174.00	\$1,173.34	2.90%	

LEVI – Beat on EPS and Revs - CFO Harmit Singh states: "Significant gross margin expansion, lower inventory and higher earnings all contributed to strong financial performance in the first quarter of 2020. In the short term we are reducing costs and capital spend while managing inventory and gross margins. We've built a healthy balance sheet that provides us significant liquidity to both weather the storm in the near term and emerge from this stronger, with our long-term growth algorithm intact."