

TOP STORIES

- Global Stocks Mixed Ahead of Key No-Deal Brexit Vote in UK
- Japan's Machinery Orders Fall at Fastest Pace in Four Months
- US/China Talks Fade as USTR Lighthizer says Unclear if Gaps Can Be Closed
- Hong Kong Latest to Ground Boeing 737
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INDEX FUTURES

Futures	Change	Fair Value
S&P 500	2801 (3.75)	4.48
Nasdaq	7243.75 (9.5)	12.47
Dow	25593 (4)	15.34

GLOBAL INDICES

INDEX	CLOSE	CHANGE
FTSE	7153.54	0.03%
DAX	11512.33	-0.10%
Nikkei	21290.24	-0.99%
Hang Seng	28807.45	-0.39%

ECONOMIC CALENDAR

TIME	INDICATOR	CONSENSUS
8:30	Durable Goods	-0.8%
8:30	PPI-FD	0.2%
10:00	Construction Spending	0.3%
10:30	EIA Petroleum Status	

FOREX

EUR/USD	1.1294 (0.07%)
USD/JPY	111.33 (-0.02%)
USD/CAD	1.3357 (0.04%)
GBP/USD	1.3147 (0.57%)
USD	96.32 (-0.60%)

COMMODITY

Oil	57.42 (0.97%)
Natural Gas	2.775 (-0.32%)
Gold	1308.7 (0.82%)
Copper	2.931 (0.09%)

VOLATILITY INDICES

INDEX	SYMBOL	CLOSE
S&P	VIX	13.77 (-3.91%)
Nasdaq	VXN	15.76 (-3.67%)
Oil	OVX	28.56 (-2.12%)
Gold	GVZ	10.08 (-0.98%)

MARKET OUTLOOK

Futures are indicating a modestly higher open for the morning. There's some optimism in Europe that Parliament today will reject a no-deal Brexit scenario and instead move to vote on a potential delay. The vote will take place today at 3PM. The EU is not ready to grant an extension, however, without 'credible justification.' Boeing's woes continue with Hong Kong becoming the latest to ground their 737 MAX. The US has yet to make that call. Jeff Gundlach was critical of POTUS yesterday for growth in the US debt burden. He thinks the deficit may hit 13% of GDP in the next downturn. Gundlach also forecasts stocks to fall below the December this year and the dollar will drop.

Asian markets finished the morning lower across the board today. The Nikkei fell almost 1% after weak data. Japanese core machinery orders fell 5.4% in January, far worse than expected, while down 2.9% Y/Y. PPI was slightly hot at 0.8% in February vs forecasts of 0.7%. Financials lagged after the weaker US inflation number.

European markets are mixed in early trading. The FTSE is up slightly amid hopes Britain will reject a no-deal Brexit. The Pound took back some of its losses. Eurozone industrial production slowed less than expected in January falling 1.1% vs a 2.1% drop expected. Spanish inflation rose 1.1% which was in line with expectations. Hydropower company **Verbund** fell 6.5% after weak earnings. **Wirecard** fell another 4% today amid their accounting scandal. **Adidas** fell 3% after saying that supply chain issues will impact sales growth in 1H, especially North America.

Roku (ROKU) in focus today after being cut to Sell at Loop Capital. The firm thinks the excessive valuation is corroborated by increased insider selling and fails to see a meaningful catalyst to drive shares higher from here. They think ROKU is facing substantial competition which makes it hard to justify the valuation vs peers like Netflix (NFLX).

S&P TECHNICALS

Levels: Support 2,725/2,700; Resistance 2,800/2,820



4291 Advancing	Declining 2885
56.7%	38.1%
292 New High	New Low 46
86.4%	13.6%
5634 Above SMA50	Below 1920
74.6%	25.4%
3458 Above SMA200	Below 4096
45.8%	54.2%

KEY EVENTS TO WATCH

Earnings After the Close: APYX, CLDR, DOMO, KINS, MDB, SFS, TLRD;

Analyst Days: AXP, NPO, WMGI, CY;

Conferences: Deutsche Bank TMT, Cowen Healthcare, Barclays Healthcare, William Blair Tech; Gabelli Chemicals;

Economic Data on Thursday: BOJ Announcement, Jobless Claims at 8:30 AM, Import/Export Prices at 8:30, New Home Sales at 10:00, EIA Nat Gas at 10:30;

Earnings Thursday BMO: ERJ, GCO, HUD, SND;

ANALYST ACTION/COMMENTS

Carnival (CCL) upgraded to Buy at Goldman

Axis Capital (AXS) raised to Outperform at Keefe Bruyette

Sanderson Farms (SAFM) raised to Neutral at JP Morgan

Esperion (ESPR) upgraded to Neutral at JP Morgan

Broadridge (BR) raised to Outperform at Raymond James

Momo (MOMO) upgraded to Overweight at MSCO

Santander (SAN) upgraded to Overweight at MSCO

Hercules Capital (HTGC) downgraded to Hold at Compass Point, Keefe Bruyette

Credit Suisse (CS) downgraded to Neutral at JP Morgan

Amphastar (AMPH) downgraded to Neutral at Piper

Roku (ROKU) downgraded to Sell at Loop Capital

American Outdoor Brands (AOBC) downgraded to Neutral at Wedbush

Comerica (CMA) downgraded to Neutral at Wedbush

CVS Health (CVS) initiated Outperform at Bernstein

Cheniere (LNG) initiated Outperform at Evercore ISI

Solaris Oilfield (SOI) initiated Buy at B Riley

Deutsche Bank initiating **LII, IR** at Neutral

Guardant Health (GH) price target raised to \$85 from \$42 at JPMorgan

Coupa Software (COUP) continues on path to \$1B in sales, says Cantor

Overstock.com (OSTK) 'compelling' on mispriced assets, says DA Davidson

MEDIA HIGHLIGHTS

Trump moves forward with changes to expand U.S. ethanol market – Bloomberg

CBS Corp (CBS) buys 50% of Pop network not owned from **Lionsgate (LGF/B)** – WSJ

Ford (F) Chairman says company looking to strike lithium partnership (**ALB, SQM, LTHM**) – Reuters

Baxter (BAX) in advanced talks to buy **Akorn (AKRX)** - Intereconomia

Kraft Heinz (KHC) considering sale of Breakstone's brand, valued around \$400M - CNBC

Tesla (TSLA) fires half of its global recruiting team - Electrek

Mexico clears **Disney (DIS), Fox (FOXA)** deal, subject to certain conditions - Reuters

Navy, partners 'under cyber siege' by Chinese hackers - WSJ

Spotify (SPOT) files antitrust complaint against **Apple (AAPL)** in Europe - Reuters

Starbucks (SBUX) struggles to keep up with Luckin on delivery in China - WSJ

Uber (UBER) has hired IPO underwriters - Reuters

Amazon's (AMZN) ad business is expected to increase 50% this year (**GOOG, FB**). NY Post

Nestle to Pick **Advent, KKR, EQT** for Skin-Health Unit Bid – Bloomberg

STOCK SPECIFIC NEWS OF NOTE

Bridgepoint Education (BPI) acquires Fullstack Academy

Celgene (CELG) says Tecentriq / Abraxane combo gets accelerated FDA approval for TNBC

Rite Aid (RAD) CEO Standley to step down; Co. to restructure, cut 400 positions

FDA approves **Aerie Pharmaceuticals' (AERI)** Rocklatan in glaucoma or ocular hypertension

Use of **Glaukos (GKOS)** iStent implantation produced 38% reduction in IOP

Volkswagen to cut up to 7,000 jobs for EUR5.9B annual savings goal

HEXO Corp (HEXO) to acquire Newstrike Brands in all-share transaction valued at \$263M

PG&E (PCG) will not face criminal charges for 2017 wildfires

PRE-MARKET MOVERS

Moving Higher: ACB 7.8%, CCL 1.8%

Moving Lower: ROKU -3.7%

INSIDER TRADING (Form 4 Filings)

Buying: CMPR, ATNX, CVS, BCO

Selling: MORN, SYK, NEE, CRL, CRAI, CDNA, OI

INSTITUTIONAL MONEY FLOW

Buying: NKE, BA, JPM, ESTC, NFLX, GM, KR, MO, XYL, ADT, EA, NUVA, Z, ORLY

Selling: IAC, CRM, T, NVDA, MU, LLY, V, IQV

OPTION HIGHLIGHTS (Prior Day)

Sirius XM (SIRI) with buyers of 15,000 May \$6 calls today up to \$0.31 to open and follows buyers of 15,750 June \$6 calls last week for more than \$630K. On 2/4, a buyer opened 7,000 January \$7 calls for more than \$1.47M. Shares have traded in a narrow range since October and nearing a downtrend break and move back above the 200-EMA at \$6.25 which targets a gap from September and retracement to \$7. SIRI has been in a strong bull trend since 2009 and pulling back in late 2018 to the 23.6% Fibonacci of the move. The long-term target above \$7.65 targets \$10.60. The \$26.16B company trades 22.3X earnings, 4.5X sales, and 19.77X FCF with a small yield and 17-20% EPS growth expected in FY20. SIRI sees 35% revenue growth in 2019 due to their recent deal for Pandora before settling into a 6.5% to 7% growth range in 2020 and 2021. SIRI is coming off a quarter with record revenues and customer adds, over 346K, while churn hit its lowest level since 2007. SIRI sees 2019 as a big year as they roll out their new 360L system which will improve user experience, generate new avenues for ad revenue, and fully integrate their XM platform with Pandora. The system rolls out with GM, FCA, and others later this year. They also just added a new long-term contract with Toyota, one of the largest adds in years which will increase penetration across all product lines. Both moves are helping them add share in new vehicles and SIRI sees a lot of untapped opportunity in used vehicles which is a 2.5X bigger market. The company recently hit 40% penetration in the space. Analysts have an average target for shares of \$7.20 with 6 buy ratings, 4 hold ratings, and 3 sell ratings. Short interest is 3.8% and down from around 6% in late 2018 due to the Pandora deal. Institutional ownership rose 16% last quarter. Berkshire Hathaway a top holder with 137.9M shares. Buckingham recently upgrading shares to Buy citing significant synergies from the Pandora deal and seeing their spectrum undervalued, potential upside being \$9.25/share given recent auctions.

AFTER HOURS MOVERS

Gainers: CARA 11.8%, NTRA 6.5%, GH 3.9%

Losers:

MARKET SENTIMENT / INTERNALS

INDICATOR	READING	SIGNAL
CBOE Equity Put/Call Ratio	0.75	Multi-Week Highs
CBOE Index Put/Call Ratio	0.96	Low
CBOE Skew Index	125.73	Low
VIX Curve	Backwardation	Negative
CNN Fear & Greed Index	55	Neutral
NYMO	-66.36	Oversold
NYSE Highs/Lows	78.25	Multi-week Lows
McClellan Summation	1072.09	Below 8-EMA
Univ. of Michigan Consumer Sentiment	95.5 (February)	-4.2% Y/Y

SMART MONEY (13g/13d Filings)

POTENTIAL SYMPATHY TRADES

NKE, FL, UAA – on Adidas 1H commentary

SECONDARY MONITOR

Intrepid Potash (IPI) files \$300M mixed shelf

Community Health (CYH) files automatic mixed shelf

MercadoLibre (MELI) prices 2.1M secondary at \$480

TRADE

WEEKLY TECHNICAL BREAKOUT

FB:



Facebook (FB) shares have held up well during the recent market pullback and consolidating under \$170. A breakout targets \$180 while the 200-EMA gives a strong level to trade against for a longer-term move.

FUNDAMENTAL TRADE OF THE WEEK

Stock: Avalara (AVLR)

Price: \$52.25

Valuation: Undervalued

Key Ratios:

	Fwd. PE	P/S	P/B	EV / EBITDA	P/FCF
Stock	--	7.4X	33X	--	--
Industry Avg.	--	7.1X	8.9X	36.2X	49X

Analysis: AVLR is a \$3.6B cloud-based software company which focuses on tax compliance for small and medium businesses. Shares trade 12.8X EV/sales and 25.5X cash with 20-25% revenue growth. AVLR is focused on adding customers as changes in the tax policy drive more businesses to look at automation. SCOTUS's recent Wayfair decision also is a driver for more customers to look at automation and AVLR's software.

IDEAS

WEEKLY TECHNICAL BREAKDOWN

BTU:



Peabody (BTU) shares are consolidating a bear flag under cloud resistance and the 50-EMA. A move lower targets the November/December support and has a long-term measured target to \$25.

PAIR TRADE OF THE WEEK

Industry: Media

Long/Short: Long Netflix (NFLX); Short Dish Network (DISH)

Analysis: NFLX is a leader in the space with the stickiest original content and strong pricing power. They continue to expand into new markets with India a major focus. DISH continues to face headwinds in sub trends. They also continue to face balance sheet issues with sizable debt and likely needs to increase wireless spend.

SMALL CAP TRADE OF THE WEEK

Enanta Pharma (ENTA) is a \$1.9B biotech which trades 8X sales and 5.5X cash with limited debt. ENTA develops small molecule drugs for the treatment of viral infections and liver diseases with trials in respiratory syncytial virus (RSV), NASH, primary biliary cholangitis (PBC), and hep B. They have Phase 2 data due mid-year and NASH data in Q3 which are key drivers for the stock.

DAILY OPTIONS REPORT

<u>Unusual Call Activity</u>	<u>Unusual Put Activity</u>	<u>Implied Volatility Riser</u>
Gerdau (GGB)	ZTO Express (ZTO)	Zion Oil (ZN)
Verastem (VSTM)	Kodak (KODK)	Genworth (GNW)
Heron Therapeutics (HRTX)	El Pollo Loco (LOCO)	WageWorks (WAGE)
Wabco (WBC)	Northern Oil (NOG)	Novavax (NVAX)
GDS Holdings (GDS)	McDermott (MDR)	Lumber Liquidators (LL)
Prologis (PLD)	Switch (SWCH)	Vera Bradley (VRA)
<u>Lowest Put/Call Ratio</u>	<u>Highest Put/Call Ratio</u>	<u>Implied Volatility Decliner</u>
Viavi (VIAV)	FTD Co (FTD)	Stitch Fix (SFIX)
PDL Bio (PDLI)	Century Casinos (CNTY)	Casey's (CASY)
Telaria (TLRA)	Triumph Group (TGI)	Intra-Cellular (ITCI)
Glu Mobile (GLU)	Meritor (MTOR)	Kodak (KODK)
Gogo (GOGO)	El Pollo Loco (LOCO)	Immunomedics (IMMU)
Novocure (NVCR)	Ebix (EBIX)	Nio (NIO)
<u>OTM Calls on Offer</u>	<u>OTM Puts on Offer</u>	<u>Elevated IV30</u>
Hasbro (HAS)	McDermott (MDR)	Tocagen (TOCA)
Restaurant Brands (QSR)	ZTO Express (ZTO)	Assembly Bio (ASMB)
Verastem (VSTM)	Pinduoduo (PDD)	Athenex (ATNX)
DR Horton (DHI)	Tesla (TSLA)	Concert Pharma (CNCE)
GE	Advanced Micro (AMD)	Intra-Cellular (ITCI)
<u>Positive Net Delta</u>	<u>Negative Net Delta</u>	<u>Option Volume Gainers (%)</u>
Pfizer (PFE)	McDermott (MDR)	ZTO Express (ZTO)
Gerdau (GGB)	Micron (MU)	Kodak (KODK)
Vale SA (VALE)	Boeing (BA)	El Pollo Loco (LOCO)
PG&E (PCG)	Altria (MO)	Gerdau (GGB)
Kroger (KR)	Tesla (TSLA)	Verastem (VSTM)
<u>Bullish Call Flow</u>	<u>Bearish Put Flow</u>	<u>Large Spread Trades</u>
CF Industries (CF)	Carvana (CVNA)	PLNT, 2,000 May \$65/\$70 call spreads
Pfizer (PFE)	GE	SEAS, September \$25/\$33 call spread 1,750X3,500
ON Semi (ON)	Triumph Group (TGI)	MDR< August \$8/\$7 bull risk reversal opening 26,000X
Heron Therapeutics (HRTX)	US Steel (X)	HRTX, June \$30/\$35 call spread, 2000X
Zscaler (ZS)	Tiffany (TIF)	X, May \$25/\$28 call spread bought 4,000X

News and Media Mentions

Jumia Files for New York IPO as African E-Commerce Firm Seeks Funds – Bloomberg

Smartphone shipments to China hit six-year low in February – Reuters

Kayak.com says to filter travel searches by aircraft model after **Boeing (BA)** crash – Reuters

Aurora Cannabis (ACB) appoints Nelson Peltz as strategic advisor

Papa John's (PZZA) announces national partnership with **DoorDash**

Boston Scientific (BSX) receives CE Mark for next generation WATCHMAN FLX device

Apple (AAPL) races to complete studio deals for new streaming service – Bloomberg

Extras

Autodesk (ADSK) with 2,000 March 22nd (W) \$150 puts bought \$1.03 to \$1.10 to open

Lennar (LEN) late day buyers 1,000 April \$50 calls \$1.58, earnings early April

Alternative Harvest (MJ) with 3,250 July \$30 puts opening late \$1.50 to \$1.55

Qivi (QIWI) with 1,000 April \$12.5/\$15 call spreads bought late in the day, earnings late March

Neptune Wellness (NEPT) with unusual 2,000 Jan. 2021 \$4 calls opening \$1.10 to \$1.15 on the day

Service-Now (NOW) traded 700 August \$250/\$300 call spreads, have to confirm open interest tomorrow to see if new or a roll up in strikes

Earnings

Ticker	Company	EPS Actual	EPS Estimate	Revs Actual	Revs Estimate	Y/Y Growth	Notes
BPI	Bridgepoint Education	-\$0.23	-\$0.26	\$94.70	\$94.22	-9.90%	
COHU	Cohu	\$0.24	\$0.19	\$170.60	\$173.50	102.90%	Q1 Below
EVRI	Everi	-\$0.06	-\$0.05	\$119.50	\$114.20	-51.80%	
GH	Guardant Health	-\$0.30	-\$0.35	\$32.90	\$25.88	64.50%	FY Above
NTRA	Natera	-\$0.51	-\$0.51	\$67.00	\$63.90	28.80%	FY In Line
QHC	Quorum	-\$0.71	-\$0.27	\$458.60	\$470.98	-11.00%	
SWCH	Switch	\$0.05	\$0.03	\$103.20	\$104.20	3.90%	FY In Line
ZTO	ZTO Express	\$1.62	\$1.62	\$5,627.5	\$5,363.11	29.9%	

GH – Beat on EPS and Revenues, FY Above - “During 2018, we made important headway on key initiatives and are continuing to see strong adoption of our liquid biopsy platform, which has driven increased revenue of more than 80 percent over the prior year,” said Helmy Eltoukhy, PhD, Chief

Executive Officer. “We believe the recent NILE readout is an important catalyst supporting a blood-first paradigm for first-line use of Guardant360 testing for treatment selection ahead of tissue testing, offering lung cancer patients improved care with a faster time to treatment.” “In addition, we are encouraged by the progress we are making with our LUNAR program and look forward to presenting pilot LUNAR data at the AACR conference next month. As a result of these developments, we are ramping up investment to accelerate our research and development efforts toward earlier cancer detection,” continued Dr. Eltoukhy.

Earnings Before the Open

Ticker	Company	EPS Actual	EPS Estimate	Revs Actual	Revs Estimate	Y/Y Growth	Notes
EXPR	Express	\$0.19	\$0.15	\$628.40	\$629.63	-10.20%	FY Below
PDD	Pinduoduo	-\$0.24	-\$0.21	\$5,653.90	\$5,305.57	379.40%	
SGRY	Surgery Partners	-\$3.25	\$0.31	\$491.20	\$485.35	6.70%	
VRA	Vera Bradley		\$0.24		\$116.34		