

## TOP STORIES

- China and U.S. to Push Back Trump-Xi Meeting to at Least April
- China Industrial Production Expands at Slowest Pace in 17 Years
- China Unemployment Ticks Higher as Growth Slowdown Weighs
- Oil Pierces 4-Month High as U.S. Stockpile Draw Eases Glut Fears

## INDEX FUTURES

Futures	Change	Fair Value
<b>S&amp;P 500</b>	<b>2812.75 (-6.75)</b>	<b>-3.17</b>
<b>Nasdaq</b>	<b>7283.5 (-13)</b>	<b>-2.48</b>
<b>Dow</b>	<b>25701 (-68)</b>	<b>-29.89</b>

## GLOBAL INDICES

INDEX	CLOSE	CHANGE
<b>FTSE</b>	<b>7189.51</b>	<b>0.42%</b>
<b>DAX</b>	<b>11545.1</b>	<b>-0.24%</b>
<b>Nikkei</b>	<b>21287.02</b>	<b>-0.02%</b>
<b>Hang Seng</b>	<b>28851.39</b>	<b>0.15%</b>

## ECONOMIC CALENDAR

TIME	INDICATOR	CONSENSUS
<b>8:30</b>	<b>Jobless Claims</b>	<b>225K</b>
<b>8:30</b>	<b>Import/Export Prices</b>	<b>0.4%/0.2%</b>
<b>10:00</b>	<b>New Home Sales</b>	<b>612K</b>
<b>10:30</b>	<b>EIA Nat Gas Report</b>	

## FOREX

<b>EUR/USD</b>	<b>1.1309 (-0.14%)</b>
<b>USD/JPY</b>	<b>111.6 (0.40%)</b>
<b>USD/CAD</b>	<b>1.3324 (0.15%)</b>
<b>GBP/USD</b>	<b>1.3241 (-0.72%)</b>
<b>USD</b>	<b>96.2 (0.23%)</b>

## COMMODITY

<b>Oil</b>	<b>58.11 (-0.26%)</b>
<b>Natural Gas</b>	<b>2.828 (0.28%)</b>
<b>Gold</b>	<b>1297.8 (-0.88%)</b>
<b>Copper</b>	<b>2.886 (-1.69%)</b>

## VOLATILITY INDICES

INDEX	SYMBOL	CLOSE
<b>S&amp;P</b>	<b>VIX</b>	<b>13.42 (-2.54%)</b>
<b>Nasdaq</b>	<b>VXN</b>	<b>15.42 (-2.16%)</b>
<b>Oil</b>	<b>OVX</b>	<b>28.13 (-1.51%)</b>
<b>Gold</b>	<b>GVZ</b>	<b>10.14 (0.60%)</b>

## MARKET OUTLOOK

Futures are indicating a lower open for the morning after weak data out of China has raised concerns about growth again. China's slowdown is now hitting unemployment which ticked higher while industrial output is having its worst start to a year since 2009. Copper is getting hit on that data, down around 1.7% and near short-term support. They will vote (again) in the UK today. This one is expected around 1 PM today and Parliament will determine whether or not to delay the March 29<sup>th</sup> exit timeline. EU's Tusk has indicated he is willing to push for a longer extension. It was pretty quiet on the trade front overnight. USTR Lighthizer testified yesterday that America must keep the option of raising tariffs on the table to ensure compliance with any deal. Former NEC head Gary Cohn said POTUS is desperate and 'needs a win.'

Asian markets were flat overnight with the Nikkei closing just slightly in the red. Markets opened much higher by faded all day. There was a slew of China data overnight. Industrial production slowed more than expected to 5.3% vs 5.5%. Retail sales rose 8.2% in February, slightly better than forecast. Unemployment ticked higher to 5.3%. **Softbank** jumped 1.5% after reports the company is joining Toyota to invest \$1B in Uber's self-driving unit. Semiconductor equipment maker **Samco** fell 11% after cutting their outlook.

European markets are a mixed bag this morning, the DAX lagging while the FTSE and CAC are strong. The UK is preparing for yet another vote today. This time the focus will be on delaying Brexit. German CPI came in light at 0.4% vs 0.5% M/M in February and 1.5% vs 1.6% annually. French CPI rose slightly to 1.3%. **Lufthansa** down around 5% in morning trade after a weak report.

**Microsoft (MSFT)** in focus today after Mizuho started coverage at Buy, \$135 PT and their Top Pick. The firm thinks Microsoft has assembled an "impressive collection" of cloud assets that should continue to drive "strong" overall growth. Overall, Azure will be 20% of overall revenue by 2022.

## S&P TECHNICALS

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



4897 Advancing	Declining 2271
64.7%	30.0%
301 New High	New Low 56
84.3%	15.7%
5729 Above SMA50	Below 1825
75.8%	24.2%
3618 Above SMA200	Below 3936
47.9%	52.1%

**KEY EVENTS TO WATCH**

**Earnings After the Close:** ADBE, AVGO, DOCU, MRAM, HTHT, NDLS, PVTI, TLYS, ULTA, VRAY, ZUMZ;

**Analyst Days:** GDI, AIZ;

**Conferences:** Barclays Healthcare;

**Economic Data Friday:** Quad Witching, Empire State Manufacturing at 8:30 AM, Industrial Production at 9:15, Consumer Sentiment at 10:00, JOLTs at 10:00;

**Earnings on Friday:** Prada (Int'l); BKE, CTRN;

**ANALYST ACTION/COMMENTS**

**General Mills (GIS)** upgraded to Buy at Deutsche Bank

**Petrobras (PBR)** upgraded to Buy at HSBC

**Northern Trust (NTRS)** upgraded to Buy at Buckingham

**Imperial Oil (IMO)** upgraded to Neutral at Credit Suisse

**Suncor (SU)** upgraded to Outperform at Credit Suisse

**Snap (SNAP)** upgraded to Buy at BTIG, \$15 PT

**Eagle Materials (EXP)** downgraded to Neutral at Longbow

**Lexicon (LXRX)** downgraded to Sell at Gabelli

**Santander Chile (BSAC)** downgraded to Neutral at JP Morgan, \$32 PT

**Husky Energy (HUSKF)** downgraded to Neutral at CSFB

Mizuho initiating in software with **MSFT, CRM, NOW, SPLK, TEAM** at Buy and **VMW, LOGM** at Neutral

**Allogene (ALLO)** initiated Outperform at William Blair

**Walker & Dunlap (WD), Fluidigm (FLDM)** initiated Buy at BTIG

B Riley initiating in alternative energy with **AMRC, CECE, HASI, JE, PLUG** at Buy and **SPKE** at Neutral

**Kala Therapeutics (KALA)** initiated Buy at Jefferies

**Collectis (CLLS)** initiated Outperform at William Blair

**Apple (AAPL)** initiated Outperform at Cowen

**Myriad Genetics (MYGN)** on cusp of positive news events, says Piper Jaffray

**Roku (ROKU)** PT raised to \$85 from \$65 at Needham

**Array BioPharma (ARRY)** price target raised to \$29 from \$18 at JPMorgan

**MEDIA HIGHLIGHTS**

**Apple (AAPL)** acquires machine learning start-up Laserlike - The Information

**Exxon Mobile (XOM)** weighs exploring for oil and gas in Israel – Reuters

**Uber** in talks to spin out self-driving car business; Softbank to invest \$1B – Bloomberg

UAW leader puts Detroit car makers 'on notice' ahead of deal talks (**F, GM, FCAU**) - Reuters

**Johnson & Johnson (JNJ)** ordered to pay \$29M in talc-linked cancer suit – Bloomberg

**Facebook (FB)** facing criminal investigation into data sharing - NY Times

**Facebook (FB)** struggles into day 2 of global outage, may consider compensating advertisers – Reuters

**Southern Copper (SCCO)** considering investment in Mexico lithium project – Reuters

**Boeing (BA)** 737 MAX deliveries 'effectively frozen' - Reuters

Other Airlines May Join Norwegian in Asking **Boeing (BA)** for Compensation – Bloomberg

**Walmart (WMT)** to introduce inexpensive, private-label tablet computer - Bloomberg

Global large-size panel output to grow 12% in '19 – Digitimes

China customs lifts suspension on **Tesla (TSLA)** Model 3 imports – Reuters

House technology panel wants FCC to delay radio frequency spectrum auction for 5G – Reuters

LNG shipper demand is growing (**FRO, NAT**) – WSJ

**STOCK SPECIFIC NEWS OF NOTE**

**GDS Holdings (GDS)** Announces \$150M equity investment by Ping An Insurance

**International Flavors (IFF)** acquires 70% stake in Leagel

**I.D. Systems (IDS)** to acquire **Pointer Telocation (PNTR)** for \$140M in cash and stock

Hestia Capital, Permit Capital send letter to **GameStop (GME)** calling for board refresh

**Becton Dickinson (BDX)** receives FDA approval for Venovo venous stent

**GE** sees FY19 Below Forecasts

**PRE-MARKET MOVERS**

**Moving Higher:** UXIN 15%

**Moving Lower:** DG -5%, GE -3%

**INSIDER TRADING (Form 4 Filings)**

**Buying:** DBD, FANG, ARNC, SIX, NTLA

**Selling:** WK, LCII, AMD, CTSH, ETN, LOGM, COST, QLYS, LLY, AFL, CCOI, TDG

**INSTITUTIONAL MONEY FLOW**

**Buying:** PDD, TEAM, HD, CMI, LRCX, PGR, KEYS, AMAT, CTSH, OMC, IPG

**Selling:** SBUX, GOOG, AAPL, GE, BABA, VZ, CELG, ABT, TSM, PG, UNH, XPO, BSX

**OPTION HIGHLIGHTS (Prior Day)**

**Honeywell (HON)** more than 4,500 April \$160 calls opening today for \$1.12 to \$1.13 and spot where 3,000 have been bought since 2/25 including 1,000 opened as risk reversals with the \$145 puts. HON has notable open interest in June and January as well from last Fall. Shares are setting up strong for a major long-term flag breakout to new highs above \$160 which targets a run to \$185+. RSI on the weekly is emerging out of a 15-month downtrend. The \$112.5B industrial leader trades 17.6X earnings, 2.7X sales, and 33.75X FCF with a 2% yield. The company expects 2019 to be a trough year before returning to 8.5% EPS growth and 4.5% revenue growth. The company was at the JP Morgan Aviation conference recently and positive on the early signs for 2019 with strength in orders, especially in aerospace, as they target double-digit backlog growth. They were also positive on their automation business as HON continues sees software and tech become a larger part of the overall mix. They see 20% software CAGR and a key driver of future growth opportunities. HON has become a leaner company in recent years with their spinoffs which has also reduced cyclical and given them a better array of end-market exposure across energy, defense, industrial, and aerospace. Analysts have an average target for shares of \$168 with 13 buy ratings and 3 hold ratings. Short interest is 0.7% and the lowest since early 2017. Institutional ownership jumped 25% last quarter. Argus positive on 2/4 noting that they can continue to see low double-digit growth for the next five years and fears about China are overblown as while infrastructure growth is slowing, Honeywell's mid-market product sales in the country are growing.

**AFTER HOURS MOVERS**

**Gainers:** MDB 19.6%, DOMO 15%

**Losers:** TLRD -18%, CLDR -14.1%

**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**

**DLTR, WMT, TGT** – on DG weak outlook

**SECONDARY MONITOR**

**GDS Holdings (GDS)** to sell \$400M in ADS

**GOL Linhas (GOL)** files to sell 14M ADS

# 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
<b>Stock</b>	--	7.4X	33X	--	--
<b>Industry Avg.</b>	--	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>
Colfax (CFX)	Geo Group (GEO)	Health Insurance (HIIQ)
Crown Castle (CCI)	Spirit Air (SPR)	Conatus (CNAT)
BCE (BCE)	Sientra (SIEN)	Insys (INSY)
Uniqure (QURE)	Yeti (YETI)	Guardant Health (GH)
Eagle Materials (EXP)	Pinduoduo (PDD)	Take-Two (TTWO)
Fortive (FTV)	Solar Edge (SEDG)	Dean Foods (DF)
<u>Lowest Put/Call Ratio</u>	<u>Highest Put/Call Ratio</u>	<u>Implied Volatility Decliner</u>
Soufun (SFUN)	Kala Pharma (KALA)	Novavax (NVAX)
MacroGenics (MGNX)	Geo Group (GEO)	Switch (SWCH)
Welbilt (WBT)	Grupo Financiero (GGAL)	Vera Bradley (VRA)
Kansas City Southern (KSU)	Onespan (OSPN)	Lumber Liquidators (LL)
Berry Global (BERY)	Crocs (CROX)	Express (EXPR)
Noble (NBL)	Discovery (DISCA)	Weatherford (WFT)
<u>OTM Calls on Offer</u>	<u>OTM Puts on Offer</u>	<u>Elevated IV30</u>
MacroGenics (MGNX)	General Electric (GE)	Tocagen (TOCA)
Elanco (ELAN)	California Resources (CRC)	Assembly Bio (ASMB)
Unum (UNM)	Cisco (CSCO)	Concert Pharma (CNCE)
Eli Lilly (LLY)	Wells Fargo (WFC)	WageWorks (WAGE)
Ericsson (ERIC)	Celgene (CELG)	Overstock (OSTK)
<u>Positive Net Delta</u>	<u>Negative Net Delta</u>	<u>Option Volume Gainers (%)</u>
BP (BP)	General Electric (GE)	Geo Group (GEO)
Ford Motor (F)	Apple (AAPL)	Spirit Air (SPR)
Facebook (FB)	Pinduoduo (PDD)	Sientra (SIEN)
Nio (NIO)	Southwest (LUV)	Colfax (CFX)
AT&T (T)	General Motors (GM)	Crown Castle (CCI)
<u>Bullish Call Flow</u>	<u>Bearish Put Flow</u>	<u>Large Spread Trades</u>
Union Pacific (UNP)	Coca Cola (KO)	KSU, 4,200 April \$120/\$125 call spreads
Intuit (INTU)	Cronos (CRON)	NLSN, 15,000 May \$28/\$31 call spreads
Keysight (KEYS)	Fed-Ex (FDX)	GS, 1,500 June \$210/\$185 bull risk reversals
Viewray (VRAY)	ConAgra (CAG)	EXP, 4,000 April \$77.5 calls to buy the \$72.5/\$67.5 put spreads
Take-Two (TTWO)	AK Steel (AKS)	



### Extras

**PTC Therapeutics (PTCT)** 400 June \$35/\$30 bull risk reversals opening for \$2 late, closing out the March \$30 calls

**Intrepid Potash (IPI)** with 4,000 June \$3 calls rolling to the \$4 strike late that open for \$0.50

**Roku (ROKU)** roll to 5,500 May \$60 puts as the 4,250 May \$70 puts from 3/1 adjust after shares fell 14% on downgrades

**Micron (MU)** with 6,000 May \$39 puts opening \$2.91 to \$2.93

**Esperion (ESPR)** closed the day strong and 400 June \$40 calls bought \$13.30 to \$14.32 in the afternoon

### Earnings

Ticker	Company	EPS Actual	EPS Estimate	Revs Actual	Revs Estimate	Y/Y Growth	Notes
CLDR	Cloudera	-\$0.15	-\$0.07	\$144.50	\$209.29	39.60%	FY Below
DOMO	Domo	-\$0.94	-\$1.24	\$39.40	\$37.77	30.90%	FY Above
FLNT	Fluent	\$0.08	\$0.06	\$70.80	\$65.93	25.30%	FY Above
GDS	GDS Holdings	-\$0.14	-\$0.46	\$829.52	\$822.31	64.10%	FY Light
MDB	MongoDB	-\$0.17	-\$0.38	\$83.10	\$74.02	84.70%	FY Above
SFS	Smart & Final Stores	\$0.08	\$0.12	\$1,102.40	\$1,091.75	3.20%	
TLRD	Tailored Brands	-\$0.28	-\$0.29	\$785.76	\$801.24	-8.60%	FY Below

**MDB – Beat on EPS and Revenues** - MongoDB Atlas, our fully managed global, multi-cloud database service, achieved a major milestone in the fourth quarter, surpassing \$100 million in annualized revenue run rate less than three years from launch. At approximately one third of our revenue, MongoDB Atlas' tremendous growth highlights its compelling value to enable customers to focus on innovation and offload the operational burden of database management.

**DOMO – Beat on EPS and Revenue** - "We executed very well in Q4 as our results show, while also delivering on our commitment to drive efficiencies in our sales and marketing spend, and we expect that strong execution to continue into fiscal 2020," said Josh James, Domo founder and CEO. "We continue to see an enormous market opportunity in front of us as we push further into organizations, while enabling customers to unleash data across the business with the speed, security and scale IT demands. I'm particularly pleased with our people and their performance delivering more than 30% growth in revenue while lowering operating expenses 11%."

**TLRD – Missed on EPS and Revenues, Lowered Outlook** - "While all of our retail brands delivered positive comps for the full year, during the fourth quarter, comps at Men's Wearhouse and Jos. A. Bank were down and this trend has continued into the first quarter of 2019. We attribute the current softness to both the macro-environment as well as the need for us to execute more quickly and effectively on our core growth strategies: deliver personalized products and services, create inspiring and seamless

experiences in and across every channel, and build brands that stand for something more than just price. Our teams are intently focused on delivering against these objectives in fiscal 2019 as we look to build long-term sustainable value creation for our stakeholders.”

### Earnings

Ticker	Company	EPS Actual	EPS Estimate	Revs Actual	Revs Estimate	Y/Y Growth	Notes
DG	Dollar General	\$1.84	\$1.89	\$6,649.80	\$6,607.15	8.50%	FY Below
ERJ	Embraer SA	-\$0.04	\$0.45	\$1,670.90	\$1,697.29	-3.60%	Affirms FY
GCO	Genesco	\$2.18	\$2.33	\$675.50	\$914.85	-2.00%	FY Below
HUD	Hudson	\$0.08	\$0.15	\$471.40	\$468.85	4.70%	
LX	LexinFintech	\$4.02	\$2.47	\$2,093.60	\$2,106.30	31.40%	
PPDF	PPDAI Group	\$2.48	\$1.70	\$1,209.70	\$1,205.60	34.60%	
RDNT	RadNet	\$0.59	\$0.18	\$257.21	\$248.21	9.20%	
SND	Smart Sand	\$0.33	\$0.13	\$52.20	\$48.33	21.40%	
TEN	Tenneco		\$1.41		\$4,269.22		
UXIN	Uxin	-\$0.27	-\$0.91	\$1,136.66	\$1,062.48	61.60%	